

KENTUCKY DEPARTMENT OF EDUCATION

# Accounting Procedures for Kentucky School Activity Funds

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“Redbook”

Incorporated by Reference [702 KAR 3:130](#)

Effective July 1, 2013



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## INTRODUCTION

The Kentucky Department of Education (KDE) introduces the *Accounting Procedures for Kentucky School Activity Funds* (“Redbook”) as mandated and referenced in ~~702 KAR 3:130~~ 702 KAR 3:130 (2) and ~~KRS 156.070~~ KRS 156.070. It is incorporated by reference and becomes a part of the Kentucky Administrative Regulation (KAR) cited. The guidance presented in the “Redbook” will enable districts to provide necessary reporting of monies received and expended through a method of uniform accounting for school activity funds as required in ~~702 KAR 3:130~~ 702 KAR 3:130 (3). After incorporating the guidance provided in the “Redbook” all schools will be able to present to the public an efficient system of accounting for all monies received and expended through school activity funds.

District compliance with the guidance provided in the “Redbook” must hold to its minimum standard, however districts through their local board of education may strengthen and add to any document(s) or procedure(s) that are within the scope of their authority and their responsibility of insuring an accurate accounting for all financial

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records, as well as insuring school activity funds are expended as intended. The system of safeguarding and accounting for school activity funds is dependent on the soundness and effectiveness of board of education policies and guidelines.

Why do schools have school activities? School activities are provided by the local board of education. The local board of education is obligated to provide its students with activity programs that are attractive, meaningful, worthwhile, and within the framework of the educational and organizational policies of the local board of education. Students will be enriched through a well-designed activity program, increased quality of the curriculum, new learning experiences, encouragement to be interested in classroom work, and strengthening morale and discipline with the opportunity to participate in the planning and execution of club activities as a life-preparation experience. Through student participation in school activities there may be fees collected and fundraisers held for their group to participate in selected activities producing a need to track what is done, thus the need for the *Accounting Procedures for Kentucky School Activity Funds* ("Redbook").

## **BUDGETS**

Budget development for the school activity accounts should be similar to the budget cycle for the school district. Information provided in the budget shall include estimated beginning balance; anticipated receipts from all sources, including fundraising; anticipated expenditures by category; and estimated ending balance.

- 1) Each club, organization and activity account shall prepare a tentative budget for the next school year on the Individual Activity Account Budget Worksheet (Form F-SA-4A).
  - a) The Individual Activity Account Budget Worksheets are due to the principal by April 15.
  - b) The sponsor shall work with the officers of the club in this process to assure continuity of programs.
  - c) The principal or designee shall prepare budgets for activity accounts without sponsors for SBDM approval.
- 2) The principal shall prepare the Principal's Combining Budget (Form F-SA-3).

- a) The Combining Budget will list the summary budget information for each activity account in the school activity fund.
- b) The Combining Budget and the Individual Activity Account Budget Worksheets are due to the district finance officer by May 15.
- c) The district finance officer will work with the superintendent to submit all school budgets to the local board for approval by the end of May.

## RECEIPTS

### General guidelines

- 1) All money collected by a teacher/sponsor shall be given to the school treasurer on the day collected.
  - a) The school treasurer shall never collect money directly from a student or parent; the school treasurer shall not issue a receipt to students or parents and prepare the deposit of the funds to maintain segregation of duties.
  - b) The school treasurer shall not open the mail; any checks that come through the mail shall be annotated on the Multiple Receipt Form (Form F-SA-6) by the person opening the mail then submitted to the school treasurer.
  - c) The school treasurer and the person turning in the money shall jointly count the money.
- 2) A pre-numbered receipt ~~[Pre Pre-numbered receipts receipts]~~ shall be issued to the payer immediately by the school treasurer any time money is received, and all receipt numbers shall be accounted for (if electronic receipts are issued print a copy for the payer).
- 3) Teachers/sponsors/students shall use the Multiple Receipt Form (Form F-SA-6) or pre-numbered receipts when collecting money.
  - a) Students third grade and above must sign the Multiple Receipt Form.
  - b) A copy of the Multiple Receipt Form (Form F-SA-6) or a copy of the pre-numbered receipt shall be retained by the teacher/sponsor and the original shall be given to the school treasurer.
  - c) A two part (carbon) Multiple Receipt Form is recommended for use to provide appropriate copies to staff.
- 4) Immediately upon receipt, the school treasurer shall endorse all checks: "For Deposit Only".
- 5) Each school shall have one interest earning checking account at a board approved bank and one school treasurer (no student can serve in this position) for all school activity accounts, which will be designated as the school activity fund bank account.
  - a) The only exception to having one checking account shall be when a school participates in charitable gaming.
  - b) A separate bank account is required for depositing gross receipts from charitable gaming. See Charitable Gaming section.
- 6) Investments in accordance with local board policy are encouraged for excess cash balances to maximize investment earnings. All investments must be reported on the Monthly/Annual Financial Report Form (F-SA-15A).
- 7) The school treasurer shall prepare deposit slips containing the issuer name and the amount of each check or retain a copy of all checks to be deposited. The deposit slip shall note the receipt numbers in the deposit.
- 8) An employee, other than the person preparing the deposit slip, shall verify the amount on the deposit ticket agrees with the amount of receipts recorded in the ledger sheets and that the deposit ticket has been validated by the bank and the employee initials the deposit ticket. Discrepancies shall be reported immediately to the district finance officer.

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- 9) Generally, all monies collected should be deposited on a daily basis.
- a) A deposit shall be made on any day in which at least \$100 is on hand to deposit. In the event that less than \$100 is on hand to deposit, smaller amounts may be held in a secure location until \$100 is collected. If not deposited the day the money is collected, the treasurer still must write the receipt the day the money is collected.
- b) Money ~~[The money shall be secured in the school safe or night depository if~~The money shall be secured in the school safe or night depository if collected after school business hours for evening events shall be placed in a night depository or night drop and processed for deposit the following business day by the school treasurer.
- c) At a minimum, deposits shall be made on a weekly basis even if the deposit amount is less than \$100.
- 10) Personal checks shall not be cashed using cash on hand for deposit. The school is not a bank.
- 11) The school treasurer shall record receipts in the Principal's Combined Activity Fund Ledger (Form F-SA-11), as well as in the appropriate Individual Activity Account Ledger (Form F-SA-12).
- 12) Charging a fee for checks returned for insufficient funds is permissible if such policy is clearly advertised. Districts may use collection agencies to collect checks deemed uncollectible.
- 13) Checks returned for insufficient funds shall be re-deposited on a separate deposit slip indicating negative and positive entries in order to prevent receipts from being overstated. The returned checks shall be filed with the bank statements for audit trail.
- 14) Schools are not authorized to borrow money from nor loan money to anyone, including district employees.
- 15) No grant monies, day care fees, adult education fees or tuition fees shall be deposited in the school activity fund as they must be handled through the central office bank account.
- 16) All student fees and charges shall be adopted by the board. The fee shall remain in place until modified or removed by Board resolution. All student fees adopted by the board shall be used for the purposes set forth in the motion and shall not be spent for any other purpose.
- 17) Proper segregation of duties should be maintained for receipts. An example of proper segregation of duties among school staff is provided in ~~Appendix A~~Appendix A- Segregation of Duties.

## Fundraising

- 1) Fundraising is defined as an organized activity of soliciting and collecting money for school or nonprofit purposes. Contributions and collections derived from school-sponsored fundraising activities shall be deposited in the school's activity fund bank account
- 2) The local board shall approve all school-wide fundraisers, including the proposed use of funds. The Fundraiser Approval (Form F-SA-2A) shall be completed before the fundraiser begins.
- 3) The principal or a designee shall approve all other fundraisers in the school, including the proposed use of funds. The same Fundraiser Approval (Form F-SA-2A) shall be completed before the fundraiser begins.
- 4) Income from a fundraiser must be used for the purpose indicated on the Fundraiser Approval (Form F-SA-2A).
- 5) Fundraising activities are to benefit students, so fundraisers to cover staff payroll and other operating costs are not permitted. Fundraisers cannot be used to supplement a staff account in the school activity fund.

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- 6) Fundraising should be administratively efficient or else have an important instructional purpose. Fundraising activities should require less effort (cost less) than the expected revenue to be generated, including the effort required to administer the fundraiser (record-keeping, counting money, making bank deposits, etc.), unless the value of the instructional purpose outweighs the cost of administration.
- 7) Fundraising proceeds must benefit the entire group of students involved, regardless of participation in the fundraising activity. There will be no fundraisers tracked by individual students.
- 8) ~~KRS 367.515~~KRS 367.515 requires magazine sales be approved in writing by the superintendent.
  - a) The approval shall identify the product or products being sold, solicitors involved, and duration of sales.
  - b) The approval letter must be filed with the county clerk as a Miscellaneous Recording.
- 9) Fundraisers where items are sold, whether they are purchased or donated or both, require the use of the Fundraiser Worksheet (Form F-SA-2B), which is used to recap the profitability of a fundraiser sales cycle.
- 10) The activity sponsor shall complete the Fundraiser Worksheet (Form F-SA-2B) and forward the report to the principal for review and filing within one week of the completion of the fundraising period or event.
- 11) Fundraiser activities such as concessions, bookstores, pencil machines and other activities involving inventory for sale shall use the Inventory Control Worksheet (Form F-SA-5). The Inventory Control Worksheet recaps the flow of inventory monthly and identifies overages or shortages; it is not designed to measure profits. The person filling out this form cannot be the same person that collects monies and completes out the Sales From Concessions/Bookstore/School Store/Pencil Machine Form (Form F-SA-17).
- 12) The Sales from Concessions/Bookstore/School Store/Pencil Machine Form (Form F-SA-17) is to be used each time money is collected from these activities and turned in with the money to the school treasurer.
  - a) The form must be completed for each event and each time the machine is serviced or money from these activities are collected. There must be a different individual to collect and count the monies from sales of respective sources that does not also do the Inventory Control Worksheet (F-SA-5).
  - b) The original form shall be given to the school treasurer with the money and a copy kept with the Inventory Control Worksheet.
  - c) The form shall be signed by the individual(s) preparing the form and by the school treasurer.
- 13) ~~Appendix B~~Appendix B – Fundraiser Types and Corresponding Forms Needed lists types of fundraisers and the forms necessary to account for the activity.

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#### **Ticket sales**

- 1) Pre-numbered tickets shall be used with **ALL** events for which admission is charged (including athletic events, dances, concerts, plays, prom or season passes). Change or rotate ticket colors with each event. (Not necessary if there are two games played back to back).
- 2) Unused tickets shall be stored in a secure location.
- 3) The Requisition and Report of Ticket Sales (Form F-SA-1) is to be used to report and reconcile the number of tickets sold and the funds collected.
- 4) The principal or school treasurer, who shall not be the person in charge of sales, is to have safekeeping of the pre-numbered tickets (be the ticket controller). The school treasurer shall not sell tickets either.
- 5) The person in charge of sales requests one or more rolls of tickets (more than one color if there are to be different adult and student ticket prices) from the ticket controller. The first ticket from each roll is attached to the Requisition and Report of Ticket Sales as the tickets are picked up.

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- 6) The person in charge of sales records the beginning ticket numbers and notes the amount of change received or “none” if none is received, and signs the Ticket Requisition section.
- 7) Two people (ticket seller, ticket taker) are required to work the gate. The ticket seller gives the entire ticket to the customer as they collect the entrance fee.
- 8) The ticket taker tears the ticket in half, gives half to the customer, and retains half until after the Report of Sales section is completed.
- 9) The number of tickets collected is reconciled with the number of tickets sold on Requisition and Report of Ticket Sales (Form F-SA-1). The amount of cash collected and the total sales amount is compared to the amount to be deposited. Cash collected is compared to number of tickets sold with any Cash Over/Short identified before turning the form and money into the school treasurer.
- 10) The person in charge of sales is responsible for the safekeeping of the ticket sales money collected.
- 11) The person in charge of sales, the ticket taker and the school treasurer sign the Requisition and Report of Ticket Sales (Form F-SA-1).
- 12) The money and the report are to be given to the school treasurer the first business day following the event.
- 13) The school treasurer will retrieve or confirm with the bank amounts placed in the night deposit.
- 14) The person in charge of sales and the school treasurer shall verify the beginning and ending numbers of tickets and account for money collected. Discrepancies must be resolved immediately.
- 15) The school treasurer prepares a receipt and attaches a copy to the Requisition and Report of Ticket (Form F-SA-1) and the original signed receipt is given to the person in charge of sales.
- 16) Money collected shall be promptly deposited. If collected after business hours, the money for deposit shall be placed in a night depository or night drop.
- 17) A change fund shall be initiated with a check written to the Athletic Director or responsible person. The change fund money shall be kept in a secure location between games and redeposited at the end of the season on a separate receipt and not commingled with gate or concession receipts.

### **Donations**

- 1) Donations are defined as gifts of real or personal property to the school from persons or entities outside the school system for use at the school or for the students of the school.
- 2) Local boards shall receive any gift for the benefit of schools in the district and hold and use them as requested, provided that the purpose for which it is used shall be in harmony with the aims and general program of public education in this state. Schools receive contributions and donations from a variety of sources, including external support/booster organizations. Boards should ensure the purpose of the contributions and donations is clear and the donor and school staff all understand and agree upon the purpose for which the funds will be used.
- 3) However, the local board may give the responsibility for the donations to the schools by establishing a policy allowing schools to maintain their own donations. If the board allows donations to be kept at the school level, the principal and/or bookkeeper shall produce a listing of donations for submission to the school board at year-end.

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- 4) The Donation Acceptance Form (Form F-SA-18) shall be completed stating the purpose of and any restrictions on the funds received. A donation acknowledgement should be sent to the donor.
- 5) Cash donations to the school for a specific purpose (restricted purpose) shall be maintained in a separate activity account and expended as indicated by the donor as long as the board has approved a policy for the donation to be maintained at the school level. Tracking this balance as a separate account with proper supporting documentation for expenditures will reflect that the donor's wishes were met.
- 6) Cash donations to the school for general use (unrestricted purpose) shall be deposited in a general account as long as the board has approved a policy for donations to be maintained at the school level. The principal and SBDM council will decide the use of these donations. These donations must be used to support student activity.
- 7) Equipment or other property donations to the school will remain at the school and be included on school inventory records and become the property of the local board. These donated items shall be reported at year-end along with cash donations to the school board.

### Charitable Gaming

- 1) Charitable gaming is defined as fundraisers that involve games of chance for a charitable purpose.
- 2) ~~The Department of Charitable Gaming~~Department of Charitable Gaming regulates all charitable gaming in the state. These activities must be in compliance with [KRS Chapter 238](http://dcg.ky.gov/Pages/default.aspx) ~~[http://dcg.ky.gov/Pages/default.aspx]~~~~(http://dcg.ky.gov/Pages/default.aspx)~~~~http://dcg.ky.gov/Pages/default.aspx]~~ and ~~KAR Title 820~~KAR Title 820.
- 3) Schools and external support/booster organizations must each abide by guidance issued by the Department of Charitable Gaming.
- 4) Any organization participating in charitable gaming that is regulated by the Department of Charitable Gaming must have one (1) checking account devoted exclusively to charitable gaming receipts as stated in ~~KRS 238.550 (2)~~KRS 238.550 (2).
- 5) Below is a table of gaming activities (not inclusive of all possibilities) and the licensing requirements:

No Exemption or License Necessary (deposited in school activity fund bank account)	Exempt Charitable Gaming License (Combined gross receipts cannot exceed \$25,000 per calendar year and must be deposited in a charitable gaming bank account )	Charitable Gaming License (Combined gross receipts exceed \$25,000 per calendar year and must be deposited in a charitable gaming bank account)
Three or less raffles held per calendar year with none of the raffles having gross receipts over \$150 each	Bingo Raffles including Split the Pot Wheel Games Cow-pie Bingo Ker-Plunk Pre-Recorded Horse Races Horse Race Bingo Golf Ball Drop Cake Walk Other Charity Fundraising Games of Chance	Bingo Raffles Pull-Tabs Wheel Games

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- 6) The following activities **are not** considered charitable gaming and do not require a license or exemption: sale of items and games of skill such as Dart Throw, Basketball Shot, Golf Putt, Bean Bag Toss, Bean Count, Milk Bottle Throw, Ring Toss, Duck Pond (all players win prize equal to or greater than cost to play), and Auctions (individuals bid - high bid wins).
- 7) It is imperative any organization conducting charitable gaming activities be knowledgeable of all requirements and regulations pertaining to gaming. The requirements apply to any organization participating in charitable gaming as a fundraising tool.
- 8) A school's exemption or license covers actions of the internal activity accounts, not the external support/booster organizations. The external support/booster organizations exemption or license covers actions of the external support/booster organizations and not the school.
- 9) The Department of Charitable Gaming offers training courses that should be utilized by personnel engaged in charitable gaming.
- 10) The licensing requirements for charitable organizations are found in ~~KRS 238.535~~KRS 238.535 and applications are available at the ~~Department of Charitable Gaming~~Department of Charitable Gaming website. Any questions concerning charitable gaming, licensing or recordkeeping for these activities should be directed to the Department of Charitable Gaming.

## EXPENDITURES

### General Guidelines

- 1) The use of pre-numbered checks is required for all disbursements.
- 2) Signature stamps are not permitted to be used for indicating approval of school activity fund checks or any other documents. All checks shall contain the signatures of the principal or his designee, and the school treasurer. The principal designee must be someone that has administrative approving authority.
- 3) The school treasurer shall be bonded.
- 4) Checks shall be mailed the same day as written.
- 5) Checks **shall not** be made payable to "CASH", to the "School" or to the "Bank." Petty cash or change fund checks shall be made payable to the sponsor or to the responsible person.
- 6) Schools are exempt from the payment of sales tax in Kentucky. The only exception is reimbursing tax on meals and hotel expenses for employees and students during travel for school activity fund purposes. Employees purchasing items for the school cannot be reimbursed for sales tax. A copy of the Tax Exemption Certificate is to be sent to any vendor requesting one for a school activity fund purchase. Support ~~External support~~External support/booster organizations **shall not make tax-free purchases using the school's tax exemption, unless their funds are maintained in the school activity fund.**
- 7) The invoice or Standard Invoice (Form F-SA-8) must have a confirmation signature of the person receiving the goods or services before the payment process can continue.
- 8) The school treasurer shall match up the purchase order, shipping document (if applicable), and vendor or standard invoice and verify that all items ordered have been received, services have been satisfactorily

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performed, all amounts agree, and that all necessary approvals and signatures have been obtained. Any problems or discrepancies shall be resolved before a check is written.

- 9) The school treasurer shall post the disbursement to the Principal's Combined Activity Fund Ledger (Form F-SA-11), as well as to the appropriate Individual Activity Account Ledger (Form F-SA-12).
- 10) The check number and date paid shall be noted on the invoice.
- 11) The school treasurer shall then file all documents for a disbursement together by month, in check numerical order.
- 12) To void checks print the word VOID across the face of the check and tear the signature portion off. If the check was entered in the account ledgers, the entry shall be marked VOID or alternatively, post an entry reversing the payment. Amounts shall be recorded as negative expenses, NOT RECEIPTS. Void checks or Stop Payment Orders must be filed with the monthly records.
- 13) If there is a need to reimburse or refund monies to students, use the Student Refund/Disbursement Form (F-SA-14) and have students sign as they receive their refund. Return the form to the school treasurer to be included as documentation for the expenditures.
- 14) Proper segregation of duties should be maintained for expenditures. An example of proper segregation of duties among school staff is provided in Appendix A – Segregation of Duties.

### **Purchasing**

- 1) School activity fund purchases shall comply with Kentucky Revised Statutes (KRS), Kentucky Administrative Regulations (KAR), and local board policies.
- 2) Bidding and purchasing is a local board's responsibility. Individual schools do not have the authority to advertise and award bids. A school does not operate as a separate entity, but as a part of the school district. The local board is accountable for funds maintained and expended at the school level. Aggregate expenditures of the district are examined for adherence to bid laws.
- 3) Schools may legally purchase items from the central office bid list, the cooperative bid list, the Governmental Services Administration (GSA) bid list, or the Kentucky state bid list. All purchases shall be made in accordance with the board's purchasing policies.
- 4) The following items, normally purchased with school activity funds, may be subject to district bidding requirements:
  - a) instructional materials
  - b) items for resale (concession items, snacks, colas, bookstore items, shirts, etc.)
  - c) class rings, yearbooks, school pictures
  - d) athletic supplies and equipment
  - e) band equipment and uniforms
- 5) Use the district's purchasing procedures to make any school activity fund purchase. Use requisitions if required by the district, but always use a Purchase Order (Form F-SA-7) to initiate a purchase, including for independent contractors and reimbursements to district employees. The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated. The principal shall not be the vendor on a purchase order, with the only exception being for authorized travel expenses. The sponsor's signature indicates there are funds available to pay for the purchase in the specific activity account. The purchase order is filed with the school

treasurer after the order is placed. The employee requesting the purchase shall also retain a copy of the purchase order.

- 6) Shipping tickets for merchandise ordered shall be compared to the purchase order, initialed and dated by the receiver.
- 7) Before being processed, each disbursement shall be documented by a completed purchase order and an original vendor invoice. If a vendor invoice is not available, the disbursement shall be supported by a Standard Invoice (Form F-SA-8), which must be signed by the payee.

**Cash Advances & Travel Reimbursements**

- 1) Cash Advances - A club sponsor/teacher may receive cash advances only if there are **students** participating in a class trip or club outing.
  - a) Cash advances and expense reimbursements shall be supported by the Expense Report (Form F-SA-9).
  - b) The completed form, related receipts, other support documents, and unused cash shall be returned by close of the next business day after the trip.
- 2) Travel Reimbursements - Reimbursement of travel expenses incurred by employees performing special duty, such as attending a Beta Club convention, shall be consistent with local board policy.
  - a) Reimbursement may be made from the school activity fund with submission of a Travel Voucher (Form F-SA-16) approved by the principal.
  - b) Travel Vouchers shall be submitted within one week of the travel and shall follow the local board’s and school’s policies. Employees may be reimbursed for sales tax on food and hotel expenses.
  - c) District and school administrators cannot be reimbursed expenses for travel from the activity fund unless students are on the trip.

**Payment for Services**

A determination of worker status must be made by the principal and approved by the district finance officer as to whether individuals performing work for the school are acting as employees of the district or as independent contractors. The [Internal Revenue Service \(IRS\)](#) provides guidance for making this determination on its [website \(www.irs.gov\)](#) (PDF document for employers). The IRS developed a list of twenty common law factors to aid in determining whether an employer-employee relationship exists.

The twenty factors are:

- 1) **Instructions:** If the person for whom the services are performed has the right to require compliance with instructions, this indicates employee status.
- 2) **Training:** Worker training (e.g., by requiring attendance at training sessions) indicates that the person for whom services are performed wants the services performed in a particular manner (which indicates employee status).
- 3) **Integration:** Integration of the worker’s services into the business operations of the person for whom services are performed is an indication of employee status.
- 4) **Services rendered personally:** If the services are required to be performed personally, this is an indication that the person for whom services are performed is interested in the methods used to accomplish the work (which indicates employee status).

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- 5) **Hiring, supervision, and paying assistants:** If the person for whom services are performed hires, supervises or pays assistants, this generally indicates employee status. However, if the worker hires and supervises others under a contract pursuant to which the worker agrees to provide material and labor and is only responsible for the result, this indicates independent contractor status.
- 6) **Continuing relationship:** A continuing relationship between the worker and the person for whom the services are performed indicates employee status.
- 7) **Set hours of work:** The establishment of set hours for the worker indicates employee status.
- 8) **Full time required:** If the worker must devote substantially full time to the business of the person for whom services are performed, this indicates employee status. An independent contractor is free to work when and for whom he or she chooses.
- 9) **Doing work on employer's premises:** If the work is performed on the premises of the person for whom the services are performed, this indicates employee status, especially if the work could be done elsewhere.
- 10) **Order or sequence test:** If a worker must perform services in the order or sequence set by the person for whom services are performed, that shows the worker is not free to follow his or her own pattern of work, and indicates employee status.
- 11) **Oral or written reports:** A requirement that the worker submit regular reports indicates employee status.
- 12) **Payment by the hour, week, or month:** Payment by the hour, week, or month generally points to employment status; payment by the job or a commission indicates independent contractor status.
- 13) **Payment of business and/or traveling expenses.** If the person for whom the services are performed pays expenses, this indicates employee status. An employer, to control expenses, generally retains the right to direct the worker.
- 14) **Furnishing tools and materials:** The provision of significant tools and materials to the worker indicates employee status.
- 15) **Significant investment:** Investment in facilities used by the worker indicates independent contractor status.
- 16) **Realization of profit or loss:** A worker who can realize a profit or suffer a loss as a result of the services (in addition to profit or loss ordinarily realized by employees) is generally an independent contractor.
- 17) **Working for more than one entity at a time:** If a worker performs more than de minimis services for multiple entities at the same time, that generally indicates independent contractor status.
- 18) **Making service available to the general public:** If a worker makes his or her services available to the public on a regular and consistent basis[+] that indicates independent contractor status.
- 19) **Right to discharge:** The right to discharge a worker is a factor indicating that the worker is an employee.
- 20) **Right to terminate:** If a worker has the right to terminate the relationship with the person for whom services are performed at any time he or she wishes without incurring liability[-] that indicates employee status.

A determination must consider the degree of control and independence in the relationship between worker and school. Facts that provide evidence of the degree of control and independence fall into the following three categories:

- 1) **Behavioral:** Does the school control or have the right to control what the worker does and how the worker does his or her job?
- 2) **Financial:** Are the business aspects of the worker's job controlled by the payer? (these include things like how worker is paid, whether expenses are reimbursed, who provides tools/supplies, etc.)
- 3) **Type of Relationship:** Are there written contracts or employee type benefits (i.e., pension plan, insurance, vacation pay, etc.)? Will the relationship continue and is the work performed a key aspect of the business?

All factors must be considered and a determination made based on the entire set of evidence. The determination is made on a job-by-job basis. For example, if an individual performs more than one job for the school, evaluate each job separately. This includes situations in which the individual is a regular employee of the school district. It is permissible for a single individual to receive both a W-2 and a 1099 from the same issuer.

If the evidence does not clearly point to one status over the other, an IRS ~~Form SS-8~~Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding may be completed and filed with the IRS. The IRS will review the facts and circumstances and make an official determination upon which the school can rely. The form and instructions may be found on the IRS website.

The IRS, not the *Redbook*, is the authoritative source regarding worker status. The following chart details some typical work performed at the school level and the typical worker status of each. ***This is not definitive guidance*** – each situation is different and a determination of worker status must be made on a case by case basis.

Work Performed	Typical Worker Status
Referee	Independent Contractor
Ticket Seller/Taker	Employee
Teacher	Employee
Artist in Residence (Art, Dance, Music, Theater)	Independent Contractor

### **Independent Contractors**

Payments to persons who are independent contractors, not employees, shall be made by school check from the school activity fund bank account with an accompanying invoice or Standard Invoice (Form F-SA-8) signed by the payee. A copy of the invoice with the independent contractor's federal employer identification number (FEIN) or social security number shall be submitted to the board office for the purpose of issuing IRS Form 1099.

An IRS ~~Form W-9, Request for Taxpayer Identification Number and Certification~~Form W-9, Request for Taxpayer Identification Number and Certification must be on file at the school for each independent contractor prior to making payment.

### **Employees**

Payments to any employee for extra duties or extra services must be made from the central office, not the school. Documentation of services rendered must be submitted to the central office payroll staff to initiate payment to district employees (for example, timesheet). Reimbursement to the central office shall be made from the school activity fund bank account for all payroll related costs incurred for extra duty work performed to be paid at the school level from the school activity fund.

### **Petty Cash**

- 1) With local board approval, a petty cash account may be maintained for miscellaneous small purchases, such as stamps, and making change.
- 2) The board policy shall establish the maximum amount of the petty cash account.

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- 3) The principal shall select the person to be in charge of the petty cash account.
- 4) To first establish the account, a Standard Invoice (Form F-SA-8) shall be prepared and a check written to the person responsible for the petty cash account in the amount agreed upon. The general activity subaccount shall be charged.
- 5) The cash obtained shall be safeguarded at all times. It must be stored in a secure location.
- 6) All cash disbursed from petty cash requires a receipt stating amount and reason. The receipts are stored with the cash. At any time, the amount of cash and receipts shall total the established account balance.
- 7) When the cash in the account must be replenished, the receipts are totaled and a Standard Invoice (Form F-SA-8) is prepared for the amount of the receipts. All receipts are attached to the Standard Invoice.
- 8) A check made payable to the responsible person is written for the total amount of the receipts on hand to replenish the petty cash.
- 9) Reconciliation of the account shall be done before and after replenishment. The reconciliation shall be filed with the Standard Invoice (Form F-SA-8).
- 10) Personal checks shall not be cashed using the petty cash account.
- 11) The petty cash account shall not be used to loan money to anyone for any reason.
- 12) The petty cash account shall be closed at the end of the fiscal year (June 30). The cash is deposited and an entry is made to the general activity account originally charged when the petty cash account was created.
- 13) The petty cash account shall appear on the Monthly/Annual Financial Report (Form F-SA-15A).

### **Credit Cards**

- 1) Credit cards (including store cards) may be used only if allowed by board policy.
- 2) No employees shall make personal purchases using the school credit cards.
- 3) Credit cards must be safeguarded and kept under lock and key to protect against unauthorized use.
- 4) Cards may be checked out to individual employees (each card has different last four digits) using Credit Card Sign-In/Out Log (Form F-SA-13). There shall be separate identification for each type of credit card. Each card shall have a separate Credit Card Sign-In/Out Log (Form F-SA-13).
- 5) All charges on the card require a prior-approved purchase order and a signed itemized store receipt. Employees shall be responsible for reimbursing any charges made without prior approval.
- 6) The card, approved purchase orders and itemized store receipts shall be submitted immediately or no later than the close of the next business day.
- 7) Loss of cards shall be reported immediately to the appropriate district office and the district finance officer.

### **Fixed Assets**

- 1) Fixed assets are defined as real or personal, stand-alone property that has an estimated life of greater than one year and an original cost equal to or greater than the capitalization level set by the local board. KDE recommends a threshold of \$5,000.
- 2) However, each district's board of education has the authority to set the threshold for tracking classes of assets as directed in the KDE Capital Asset Guide[KDE Capital Asset Guide](#).

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- 3) **Workstations/Laptops are not required to be capitalized, unless they meet the district's threshold, but should be tracked for control purposes.** Any technology purchases should be approved by Chief Information Officer or District Technology Coordinator.
- 4) Purchases of fixed assets with school activity funds require notification of the district finance officer, who will give the proper procedures for each fixed asset purchase. Direction may be given by the district finance officer to do one of the following:
  - a) Fixed assets are purchased with school activity funds and then detailed information about the item is sent by the school treasurer to the appropriate person tracking fixed assets in the district.
  - b) The school treasurer remits school activity funds for the purchase of the asset to the central office so the acquisition can be recorded in the same manner as other fixed asset purchases in the district and pulled directly into the fixed asset module for reporting.
- 5) Any equipment purchased with school activity funds shall become the property of the school district and assets over the threshold set by the local board must be included in the inventory of the district.

**Allowable Expenditures** (This is a guideline and not all inclusive of allowable expenditures.)

- 1) Emblems of membership for students who are members of an organization;
- 2) Awards such as merit certificates, trophies, plaques or other means of recognition for behavior, athletic or academic achievement for students;
- 3) Student incentives for scholarship, athletics, specialized area performance, school spirit, involvement, academics and other achievements;
- 4) Equipment, supplies and materials used by student organization;
- 5) Expenditures for activities approved on the Fundraiser Approval (Form F-SA-2A);
- 6) Entry fees and other expenses associated with competitions and meetings for student groups;
- 7) Travel expenses and meals consumed by the student members and their adult sponsors during official school trip;
- 8) Membership in related organizations for student groups;
- 9) **Charitable contributions and donations made with funds collected specifically for that purpose** ~~as approved by the local board~~ as approved by the local board;
- 10) Parent/student functions such as open house, back to school bash, parent night, or orientation;
- 11) Other allowable expenditures approved by members of the student organization or by the principal and SBDM council for accounts without student involvement.

**12) Expenses for trainings which are required for sponsors/coaches of a student group.**

**Disallowed Expenditures** (This is a guideline and not all inclusive of disallowed expenditures.)

- 1) Cash awards, gift cards or prepaid credit cards;
- 2) Personal purchases for staff members even with a reimbursement agreement;

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3) Renovation or maintenance of school facilities or buildings;

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4) Attendance incentives for the compulsory instructional day, unless the incentives are considered instructional, (i.e., instructional field trips, books, magazines or other instructional materials); attendance incentives such as tee shirts, parties or non-instructional field trips shall be funded by non-tax, non-board controlled dollars such as donations from local businesses, external support/booster organizations such as the PTA or PTO, ~~The other organizations shall pay for the incentive directly and money for these expenditures shall not be deposited in the school activity fund bank account.~~ The other organizations shall pay for the incentive directly and money for these expenditures shall not be deposited in the school activity fund bank account.

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5) Gifts, services, or donations to district employees or external support/booster organizations, unless using staff generated funds, such as proceeds from snack machines in staff areas (not used by students at any time of the day) or money donated by staff for this purpose;

6) Loans to employees, parents, students or sponsors and/or organizations for any reason;

7) Any purchase that benefits the adult sponsors or district personnel and not the student organization;

8) Payment of an individual's organization dues or fees that do not provide a direct benefit to the students, or group of students;

9) Extra compensation or bonuses to district employees whether in the form of cash or gifts;

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~~10) [Payment of an individual's personal bills, unless that was the purpose of a fundraiser.]~~

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~~10) [Payment of an individual's personal bills, unless that was the purpose of a fundraiser;]~~

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~~11) Alcoholic beverages, tobacco products, controlled substances, firearms, and weapons;~~

~~11) Furniture for administrative offices;~~

~~12) Structural additions or improvements to the buildings or grounds, unless approved on a Fundraiser Approval (Form F SA 2A);~~

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~~13) Books, magazines and memberships not benefiting the students;~~

~~14) Expenditures related to professional development or staff development;~~

~~15) Any expenditure prohibited by federal or state law or regulations.~~

## Title IX

1) ~~Title IX of the Education Amendments of 1972~~ Title IX of the Education Amendments of 1972 is a federal law that prohibits sex discrimination in education programs that receive federal funds.

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2) It is the responsibility of all district staff, volunteers and external support/booster organizations to report and be aware of any purchases from any source on Title IX compliance.

3) All school activity fund expenditures for athletics must be reported to the district personnel responsible for preparing the Annual Verification of Title IX Procedures report (Title IX Report). The Title IX report must

include all expenditures for student athletics including external support/booster organizations, school activity fund monies, SBDM allocations, and grants.

- 4) Ensure appropriate administrative oversight of booster activities. Ensure that written procedures provide for athletic director/principal/ board approval for booster organization fundraising and expenditures that benefit all teams.
- 5) Include representative(s) from booster organization(s) as well as the other required members on the Gender Equity Review Committee.
- 6) Meet with booster organizations and other community groups periodically. Provide information for all interested parties that clearly delineates your school's commitment to equitable funding of boys' athletics and girls' athletics.

### **Inactive Account Balances**

- 1) An inactive student organization, club or activity account may be closed at any time. The principal should be notified of the termination by the student organization's sponsor.
  - a) The student organization should vote on the distribution of the remaining funds.
  - b) After the vote, the student organization's leadership or the sponsor may designate in writing to the principal how the unobligated funds should be disposed.
  - c) Under no circumstance should the funds from an inactive account be transferred to an entity or bank account outside the school.
  - d) If the student organization did not designate in writing how the unobligated remaining funds should be disposed, then the funds shall be transferred to the school activity general account and used for the general benefit of all students attending that school.
  - e) Graduating senior class accounts cease to exist at graduation since the graduated students are no longer part of the student body and, therefore, cannot have an account in the school activity fund.
    - i. Senior class accounts become inactive on commencement day.
    - ii. The members of the senior class must decide how to distribute their remaining funds before commencement day.
    - iii. If no decision is documented in an official class meeting, the remaining funds will be transferred to the school activity general account and used for the general benefit of all students.
  - f) The sponsor and principal shall sign the Transfer Form (Form F-SA-10) to distribute the remaining funds of the inactive account.
- 2) An activity account will be considered inactive if there has been no activity during the preceding 12 months.
  - a) If the student organization did not designate in writing how the unobligated remaining funds should be disposed, then the funds shall be transferred to the school activity general account and used for the general benefit of all students.
  - b) The sponsor and principal shall sign the Transfer Form (Form F-SA-10) to distribute the remaining funds of the inactive account.
- 3) If an inactive account has a negative (deficit) balance, the school activity general account shall be used to cover the deficit prior to the inactive account being terminated. The sponsor and the principal shall sign the Transfer Form (Form F-SA-10) and have it completed by June 30.

## **ELECTRONIC RECEIPTS AND PAYMENTS**

Increasingly electronic banking is being used by school districts to be able to collect fees for lunch room fees. This process can also be used to collect school activity fees. Banks also offer many electronic payment options.

- 1) Before you begin processing transactions electronically, you shall have detailed policies and procedures in place that specify online banking activities and electronic fund transactions in which your organization is authorized to engage and proof of the local board of education's approval. The policy should include or the software package that is selected should handle the following:
  - a) What online banking and electronic activities will be used;
  - b) Who is authorized to accept electronic transactions;
  - c) Who will approve electronic transactions;
  - d) Who will transmit electronic transactions;
  - e) Who will record electronic transactions;
  - f) Who will review and reconcile electronic transactions.
- 2) This policy must be consistent with statutory and other legal responsibilities of the officers and employees involved.
- 3) Proper segregation of duties should be maintained for electronic receipts and payments. An example of proper segregation of duties among school staff is provided in [Appendix A – Segregation of Duties](#)

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## TRANSFERS

- 1) Transfers Between Activity Accounts - Amounts may be transferred between activity accounts only by proper completion of a Transfer Form (Form F-SA-10). If, for example, a portion of athletic receipts is given to the band for their participation, an entry is made to reduce one account balance and increase the other. Such a transfer does not affect the school activity fund as a whole nor the bank account balance. The sponsor of the remitting (paying) activity account and the principal shall sign the Transfer Form. The explanation on the Individual Activity Account Ledger (Form F-SA-12) shall state which account is affected and why.
- 2) Transfers from the Local Board - While transfer of local board monies to the school for any purpose is highly discouraged, the practice is a local issue. If a transfer is made, it shall be clearly described in the Activity Fund Ledger. If the money is restricted to a specific use, it shall be posted to a new Individual Activity Account Ledger for audit trail purposes.
- 3) No transfers or reimbursements are allowed from the school activity fund:
  - a) To external support/booster organizations
  - b) To staff accounts.

## REPORTING

Proper segregation of duties should be maintained for reporting on a regular basis. An example of proper segregation of duties among school staff is provided in [Appendix A – Segregation of Duties](#).

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### Account Balances

Prior year balances shall be entered at the beginning of each fiscal year (July 1). The ledger and checkbook shall be maintained on a daily basis to ensure current balances.

- 1) School activity funds are raised for a specific function or purpose during a specific fiscal year and must be used for that specific function during that period.

- 2) Due to timing of fundraiser activities, a school may have to carry forward funds from year to year. However, a school should not carry forward an excessive balance year to year.
- 3) The school principal or designee shall review the school activity account balances monthly for excessive amounts and evaluate if specific student organizations should be prohibited from fundraising, until the excessive balances have decreased appropriately.
- 4) Individual school activity accounts and the school activity fund bank account as a whole cannot end the fiscal year with a negative (deficit) balance.
- 5) If an activity account ends the year with a negative balance (after taking receivable and accounts payable into consideration), then the general activity account must cover the deficit by June 30.
  - a) If the school activity fund bank account ends the year with a negative balance (after taking receivable and accounts payable into consideration), then the district's general fund shall cover any deficit by June 30.
  - b) A written request signed by the principal requesting to have general funds cover the deficit in the school activity fund bank account shall be submitted to the district's finance officer. The written request and finance officer's signature to transfer general fund monies [of approval of approval] to transfer general fund monies shall be maintained at the school level and is due by June 30 level and is due by June 30.

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#### **Bank Statement Reconciliation (used on Monthly/Annual Financial Report Form F-SA-15A):**

The bank statement of the school activity fund bank account must be reviewed by the school principal and the school treasurer.

##### Principal

- 1) Each month the bank statement shall be e-mailed directly (if electronically) or opened (if mailed or picked up) by the principal prior to the treasurer having access to it.
- 2) Review the bank statement, signing and dating the front page after review. See the recommended review steps in Appendix D – Recommended Report Review Procedures.
- 3) Give the reviewed bank statement to the school treasurer for account reconciliation and financial report preparation.

##### School Treasurer

- 1) The school treasurer shall prepare the Monthly/Annual Financial Report (Form F-SA-15A) at the close of each month or as directed by local board policy.
- 2) Upon receipt of the monthly student activity fund account bank statement (after principal review), the statement balance is to be reconciled to the monthly report. The school treasurer should use the reconciliation section on the Monthly/Annual Financial Report (Form F-SA-15A). See Appendix D – Recommended Report Review Procedures for the recommended steps in performing the reconciliation.
- 3) The original Monthly/Annual Financial Report (Form F-SA-15A) shall be signed and reviewed for accuracy and reasonableness by the principal.
- 4) The Monthly/Annual Financial Report (Form F-SA-15A) shall be submitted to the district finance officer and a copy retained in the school files.

## Monthly Reports

Several reports are filled out by the treasurer each month and will be submitted to the principal and then forwarded to the district finance officer.

### Reports to Submit to the District Finance Officer

- 1) Monthly/Annual Financial Report (Form F-SA-15A);
- 2) Accounts Receivable and Accounts Payable (Form F-SA-15B);
- 3) List of expenditures;
- 4) List of receipts;
- 5) List of journal adjustments;
- 6) List of activity account transfers;
- 7) List of ~~[1099]~~ 1099 payments **made to non-employees for federal compliance** ~~[(at the end of each calendar year)]~~ ~~(at the end of each calendar year)~~ **made to non-employees for federal compliance** (annual only);
- 8) List of donations ~~[(at the end of each fiscal year)]~~ ~~(at the end of each fiscal year)~~ (annual only).

## Other Reporting Requirements

- 1) Copies of the Monthly/Annual Financial Report (Form F-SA-15A) shall be sent to each club/class/team sponsor/coach along with the Individual Activity Account Ledger (Form F-SA-12) showing all activity during that month.
- 2) The school treasurer shall prepare the June Monthly/Annual Financial Report (Form F-SA-15A) and the June Accounts Receivable and Accounts Payable (Form F-SA-15B) by July 25.

## Financial Records

- 1) The school activity fund shall be audited by a certified public accountant (CPA) annually ~~(702 KAR 3:130.702 KAR 3:130)~~.
  - a) The audit report shall be reviewed and accepted by the local board and appropriate action taken.
  - b) A copy of the school's report shall be on file in the office of the principal and the superintendent.
- 2) School activity fund financial records are to be retained for three (3) years.

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## EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

External support/booster organizations are adult/parent organizations established to promote school programs or complement student groups or activities, (i.e., PTA, PTO, booster organizations, etc.). An external support/booster organization's purpose may be to support a student group or program at a particular school or various student groups or programs at various schools. Even though an external support/booster organization

works very closely with the district, it is a separate legal entity—and is responsible for adherence to IRS guidelines and Title IX regulations.

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## General Guidelines

- 1) Created by the parents, external support/booster organizations provide support for school programs. Generally, fundraising efforts should be planned and carried out by the parents.
- 2) External support/booster organizations must receive local board approval to establish and lend support/seek assistance/fundraise in the name of the district or school or students or a district or school program.
- 3) An external support/booster organization must use external bank accounts and shall obtain its own ~~Federal Employer Identification Number~~Federal Employer Identification Number (FEIN) specifically and only for its use. External support/booster organizations shall not use the FEIN of the school or district.
- 4) An external support/booster organization is exempt from state sales tax on purchases only if it obtains its own ~~state tax exempt number~~state tax exempt number. External support/booster organizations shall not use the state tax exempt number of the school or district. Sales made by external support/booster organizations may be subject to the collection and remittance of sales tax.
- 5) An external support/booster organization is exempt from federal tax, and donations made to the organization are tax-deductible to donors, only if it obtains its ~~own federal tax exempt~~federal tax exempt status.
- 6) Each external support/booster organization ~~must~~should have written by-laws. The by-laws ~~must~~should define the offices and their terms.
- 7) Each external support/booster organization must submit the FEIN and the names of the organization's officers to the principal at the beginning of the school year or within thirty days of the first transaction of the organization.
- 8) External support/booster organization officers are solely responsible for ensuring that their group is in compliance with district policies, external support/booster organization guidelines in the *Redbook*, and state and federal regulations. A district, including any district employee, cannot be held responsible for any deficiencies by the external support/booster organization.
- 9) District employees may serve external support/booster organizations as a general member or as a member of its executive board. However, local board members may only serve external support/booster organizations as a general member and shall not serve as an officer of the organization.
- 10) Neither local board members nor district employees shall serve external support/booster organizations as the treasurer or any other officer with check signing authority on the external support/booster organization's bank account.
- 11) The school activity fund shall not reimburse external support/booster organizations for any purchases.
- 12) No booster club shall pay the fee for any referees or officials of athletic events. External support/booster organizations may, however, donate to the district/school for these purposes.
- 13) Booster clubs shall not pay ~~or~~or enhance salaries~~/or~~or stipends~~, incentives nor purchase gifts~~for any district employee ~~[, incentives nor purchase gifts.]~~. External support/booster organizations may, however, donate to the district/school for these purposes as long as the salaries paid are within the limits set by the local board.

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- 14) Anything purchased by an external support/booster organization for the school, in the name of the school or for the athletic group they support, becomes the property of the school district. If the district accepts the item, then the district will be responsible for maintaining and repairing it.
- 15) The school or district, with approval of the local board of education, may establish additional guidelines/requirements for the external support/booster organizations.
- 16) The school may disassociate with any external support/booster organization that does not comply with the External Support/Booster Organization section in the *Redbook*. If the school disassociates with the external organization, the external organization shall not use the school name for their activities, conduct any fundraising in the name of the school or athletic group within the school and may not use the school facilities to conduct such activities.
- 17) Additional resources for external support/booster organizations can be found in Appendix C – External Support/Booster Organization Resources.

## Insurance

- 1) Treasurers of external support/booster organizations ~~shall be bonded. Documentation of the bond must be submitted to the principal prior to commencing any fundraising activities.~~ should be bonded [shall be bonded. Documentation of the bond must be submitted to the principal prior to commencing any fundraising activities].
- 2) All external support/booster organizations are required to carry separate insurance for general liability with the appropriate coverage to operate their organization. External support/booster organizations **are not** covered by the district liability insurance. ~~Contact the district finance officer and the insurance carrier for recommended minimum coverage amounts. Amounts may vary by type of events in which the group will be involved.~~
- 3) Proof of liability insurance coverage must be submitted to the principal prior to commencing any fundraising activities.

## Fundraising

- 1) The local board's approval of all school-wide fundraisers proposed by external support/booster organizations, including the use of funds, is required. The Fundraiser Approval (Form F-SA-2A) shall be completed and approved before the fundraiser begins.
- 2) The principal or a designee's approval of all other fundraisers proposed by external support/booster organizations, including the use of funds, is required. The Fundraiser Approval (Form F-SA-2A) shall be completed and approved before the fundraiser begins.
- 3) The external support/booster organization must ensure funds are expended in accordance with only the purpose and intended use stated on the Fundraiser Approval (Form F-SA-2A). The Fundraiser Approval shall be obtained prior to commencing the fundraising activity.
- 4) External support/booster organization fundraising must benefit the members of the group as a whole; no fundraising monies shall be applied to individual student accounts. Accounting by student places the external support/booster organization tax status in jeopardy as stated in Compliance Guide for 501(c)(3) Public

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Charities, Page 2 under heading Private Benefit and Inurement  
Compliance Guide for 501(c)(3) Public Charities, Page 2 under heading Private Benefit and Inurement.

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- 5) The IRS prohibits tax-exempt organizations from **requiring** participation in fundraisers. Likewise, support/booster organizations **may not** require an amount be “donated” in lieu of participating in a fundraiser.
- 6) Individuals choosing not to participate in a fundraiser cannot be excluded from benefitting from the fundraiser and cannot be penalized in any way.

~~School staff cannot~~District employees shall not ~~[School staff cannot] not~~ be involved with an external support/booster organization by ordering or receiving goods, receipting, depositing funds, paying vendors or otherwise disbursing funds. External support/booster organization funds remaining on school property must be kept in a secure location which cannot be accessed by any school personnel.

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~~7) District employees should not handle funds during any fundraiser conducted by an external support/booster organization.~~ [9] District employees should not handle funds during any fundraiser conducted by an external support/booster organization.

- 8) Students may handle funds during a fundraiser conducted by an external support/booster organization.

9) [10] If a fundraiser involves stations (carnival or fall festival, for example), tickets shall be sold at a central  
9) \_\_\_\_\_ ticket booth. Patrons purchase tickets from the central ticket booth and remit a ticket at each station.

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10) [11] External support/booster organizations may provide financial support to student groups by donating  
10) \_\_\_\_\_ funds to the school for expenditure or by expending the funds directly.

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11) [12] If the external support/booster organization donates funds to the school for expenditure, the external

11) support/booster organization writes a check to the school where the student group is located. The school deposits the funds into the student group’s activity account, as long as the board has given the school authority to maintain donations at the school level. The funds then belong to the members of the student group, to be spent at their discretion (under the supervision of the sponsor). All accounting and safeguarding of the funds is the responsibility of the school, once the school has received the funds and all “Redbook” guidelines must be followed.

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12) [13] If the external support/booster organization expends the funds directly, the external support/booster

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organization writes checks to the individual vendors for the expenses related to the student group through the organization’s bank account. All accounting and safeguarding of the funds is the responsibility of the external support/booster organization.

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12) [14] It is recommended that external support/booster organizations donate funds to the school for expenditure.

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13) It is recommended that external support/booster organizations donate funds to the school for expenditure.

## Reporting

- 1) Each external support/booster organization must submit an annual External Support/Booster Organization Budget Worksheet (Form F-SA-4B) to the principal within the first thirty days of the school year or within thirty days of the first transaction of the group. The budget shall contain, at a minimum, estimated revenues from admissions, fundraisers, dues, concession sales, and other categories and estimated expenditures by category.
- 2) Each external support/booster organization must submit an annual financial report ~~and copies of all monthly bank statements~~ for the fiscal year ending June 30 to the principal by **July 15**. The annual financial report shall contain, at a minimum, ~~[receipts from admissions, fundraisers, dues, concession sales, and other categories, expenditures by payee]~~ receipts from admissions, fundraisers, dues, concession sales, and other categories, expenditures by payee, cash beginning balance, ~~[and]~~ and cash ending balance, and revenues and expenditures by category. (i.e., admission revenues, concession revenues, items for resale, supplies).

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## Title IX

- 1) External support/booster organizations must ensure compliance with ~~Title IX~~ Title IX. Title IX of the Educational Amendments of 1972 is a federal law that prohibits sex discrimination in educational programs which receive federal funding. Since all public schools in Kentucky receive federal funding, Title IX applies to all programs in the public schools.
- 2) Benefits provided by boosters are viewed under ~~Title IX~~ Title IX as being provided by the school and the school's administration is responsible for ensuring equity.
- 3) Expenditures made by external support/booster organizations must be reported to the principal annually by **July 15**.

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## SCHOOL BANKS

School banks should be used as a learning tool for students where they will be taught the fundamentals of banking. It is a positive and valuable experience for students. The following are general guidelines for the school banks which are usually located at the high school.

- 1) Supporters will be an important component of a school bank. District level supporters shall include the local board of education, high school principal and Education to Career Program Leader (sponsor).
- 2) The Financial Supporter of the school bank may be a bank or credit union. Ask federal and state regulatory agencies for suggestions on institutions that meet the criteria you have established. Federal regulators can give you a list of local institutions that have "outstanding" ~~Community Reinvestment Act (CRA)~~ Community Reinvestment Act (CRA) ratings and a reputation for being active in the community. (A bank's location near the school facilities would be ideal.)
- 3) A financial institution that participates in school banking shall be licensed to conduct banking, investment, and other financial business in the Commonwealth of Kentucky.
- 4) All school banks are to be created/operated under the federal employer identification number (FEIN) of the supporter bank or credit union.
- 5) National banks that seek to set up school-based bank savings programs in nonbank branch settings must meet the conditions in 12 CFR 7.1021. National banks that have student banker school based savings programs that do not meet the conditions in 12 CFR 7.1021 must submit branch applications to the Office of the Comptroller of the Currency.

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- 6) Determine whether to institute a nonbank branch or a school bank branch. See [ABA.com “Starting a school bank”](#) for more information. Notify the state and federal regulators once a determination is made.
- 7) In a nonbank branch setting the school bank is not considered a branch of a bank but a financial literacy program. The school premises or facility is not considered an authorized branch of the Financial Supporter.
- Bank employees work at the site only to participate in the program.
  - No services are provided to the general public.
  - The principal purpose is educational.
  - If the program does not lend money or cash checks but merely collects deposits and processes them at the host bank, then the facility is not considered a branch and no branch application is required.
- 8) In a School Bank Branch setting the school bank can be considered a branch depending, in part, on which regulator supervises the bank. Generally speaking if any of the following functions are performed on site, a branch application and prior notice to the state and federal regulators is required:
- Deposits are received.
  - Checks are paid.
  - Money is lent.
- 9) If the Financial Supporter chooses to establish an authorized bank branch in a school, the necessary applications to apply for an additional branch must be submitted by the Financial Supporter. Banks must follow the branching requirements of both their federal regulatory authorities and of the state where the bank is chartered and where the in-school bank branch will be located.
- 10) Any dividends/interest for school bank accounts shall be subject to IRS Form 1099 reporting requirements.
- 11) Before opening a school bank a written partnership agreement must be obtained between the Financial Supporter and the local board.
- 12) The school must obtain written permission forms from the parent or guardian of each student before the student may participate in the school bank. Parents must agree to be responsible for any financial obligations incurred by the student through the student’s participation in the school bank.
- 13) Account balances and cash must be reconciled daily.
- 14) School activity fund money shall not be deposited into a school bank.
- 15) School bank sponsors shall not have a personal account in the school bank.
- 16) The school bank is not included in the district’s annual financial audit.

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## DEFINITIONS

**Accounts Payable** - ~~Services-Goods or services that have been~~ [Services] received [or merchandise received for which the product(s) has been invoiced by] ~~or merchandise received~~but that have not been paid for which the product(s) has been invoiced by month or year-end.

**Monthly/Annual Financial Report (Form F-SA-15A)** - A report completed by the school treasurer monthly, signed by the principal and submitted to the finance officer or as directed by local board policy, which details each school activity account. The report includes the beginning balances, receipts, expenditures, and ending balances as well as reconciliation to the bank statement and accounts receivable and accounts payable monthly. The June monthly report is considered the annual report for the fiscal year.

**Bank Reconciliation** – A schedule prepared at the end of each month explaining any differences between the bank's and the school's records of cash. The bank statement balance is to be reconciled to the school's monthly report.

**Change Fund**- An amount of money obtained by issuing a check to a designated individual for the purpose of making change for a specific event or series of events where admission fee is charged or goods are sold. No expenditures are to be made from these monies.

**Club (Student Organization)** - Group of students organized into a single body for the purpose of pursuing common goals and objectives including various types of student clubs and class organizations, which are under the direct supervision of authorized personnel.

**Deficit** - The excess of the liabilities of a fund over its assets.

**Excessive Balance** – Due to the nature of activity accounts, excessive balance(s) should be determined by the school principal and district finance officer and the excessive balance may vary according to the type and timing of student activities.

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**External support/booster organization account** –Accounts for funds derived from external support/booster organizations. The state tax exempt or federal employer identification number of the district cannot be used in conjunction with an external support/booster organization account.

**District Finance Officer** - The district finance officer, under the control of the superintendent, manages the control of all receipts and expenditures flowing in the school activity fund, except as otherwise directed by the superintendent and/or board policy. The finance officer's control of the funds **will not** be construed as authority to sign checks. Check signing must be performed by the school treasurer, principal or delegates, but the finance officer can be used as an alternate endorser, if the school treasurer, principal or delegates are not present.

**Fiscal Year** – A consecutive 12-month period for which financial statements are prepared to detail results of operations. Schools and school districts operate on a July 1 – June 30 fiscal year.

**Fundraiser Approval (Form F-SA-2A)** - Approval form for each individual fundraising activity, including charitable gaming. The approval form must be signed to indicate approval. The signature necessary depends on the fundraiser.

**Gift** - Something of value received for which no repayment or special service to the contributor is expected.

**Gift Cards/ Prepaid Cards** – Prepaid credit/merchant card or gift certificate that enables the recipient to purchase goods or services up to the value of the card. Gift cards or prepaid credit cards are not permitted to be purchased with school activity fund money.

**Individual Activity Account Budget Worksheet (Form F-SA-4A)** – An internal budget report of individual activity accounts including beginning balance, receipts, expenditures and ending balance for next school year. The budget is completed by an internal club or organization sponsor and/or designated officer to be submitted to the principal by April 15 each year. This will ensure that the internal student activity program is continued.

**Individual Activity Account Ledger (Form F-SA-12)** –A daily transaction list for each activity account prepared by the school treasurer, which is then combined on the Principal's Combined Activity Fund Ledger (Form F-SA-11). The total of all individual activity account ledger balances must equal the balance in the Principal's Combined Activity Fund Ledger (Form F-SA-11).

**Insufficient Funds (NSF Check)** - Check returned by the bank because sufficient funds are not available in the payor's bank account to process the payment. Refer to the appropriate procedures for recording and collecting NSF checks.

**Internal Control** - A plan of organization under which employees' duties are arranged, and records and procedures are designed, to make it possible to exercise effective accounting control over assets, liabilities, revenues, and expenditures. Internal control procedures which call for proper authorizations by designated officials for all actions performed must be specified and followed. For example, work must be subdivided so that no one employee performs a complete cycle of operations in a transaction class.

**Inventory** - A detailed list or record showing quantities, descriptions, and values of property on hand at a given time. A physical inventory is the actual count of the items.

**Inventory Control Worksheet (Form F-SA-5)** -An inventory control report detailing the beginning and ending inventories, quantities, descriptions, values, units of measure, and unit selling prices for each individual activity involving concessions, vending machines sales, bookstore sales and any other stocked items held for resale.

**Investment** - Securities or other property held for the production of revenue in the form of interest, dividends, rentals or lease payments; funds placed in interest earning accounts to be used to offset expenses for maintaining school activity funds and accounts payable **or** in accordance with board investment policy.

**Invoice** - An itemized statement of goods or services sold to a purchaser, listing the quantity, price, order number, order date, date of delivery or shipping, and terms of payment. In the case of the credit card purchases, the cash register receipt is considered the invoice. The statement is used to record the formal accounts payable or disbursement transaction in the financial system of the school.

**Ledger** – An accounting of bookkeeping entries in which transactions are recorded. If the school has an automated accounting system, manual ledgers are not required as long as the computer program is capable of printing this information out in numerical/chronological order.

**Maintenance—Activities concerned with keeping the physical plant open, comfortable, and safe for use and with keeping the grounds, buildings, and equipment in effective working condition and state of repair. These include the activities of maintaining safety in buildings, on the grounds, and in the school vicinity.**

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**Multiple Receipt Form (Form F-SA-6)** – Form used to record monies collected for a particular event by teachers or sponsors from a group of students. This form is used as documentation of the receipt of funds in lieu of individual receipts. This form will be given to the school treasurer by the teacher or sponsor collecting the funds and a receipt will be written for the total on the form to the teacher or sponsor.

**Outstanding Checks** - Checks issued and recorded which have not yet been recorded (“cleared”) by the bank.

**Principal** - The principal is the school administrator and acts as the school activity fund “supervisor”. As supervisor of the school activity fund, the principal has an overall responsibility to ensure compliance of all school activity fund requirements, which includes supervising the collection and deposit of school activity fund monies, approving disbursements of school activity fund monies, and supervising selected designees who handle the bookkeeping responsibilities.

**Principal’s Combined Activity Fund Ledger (Form F-SA-11)** - A combined listing of all daily transactions prepared by the school treasurer, which are posted to the appropriate activity account ledgers. The form is used to reconcile monthly the school activity fund with the bank statement.

**Principal’s Combining Budget (Form F-SA-3)** – A report compiling all budget information from each Form F-SA-4A in order for it to be submitted to the district finance officer. The report details the receipts and expenditures of each activity and their beginning and ending balances. The finance officer will work with the superintendent to present these reports to the board by the end of May.

**Procurement** - The purchasing, buying, renting, leasing, or otherwise obtaining any supplies, services, or construction. It also includes all functions that pertain to the obtaining of any public procurement, including description of requirements, selection, and solicitation of sources, preparation and award of contract, and all phases of contract administration.

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**Professional Development—Includes such activities as seminars and conferences, continuing professional education, courses for college credit, and other activities related to the ongoing growth and development of personnel.**

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**PTA/Parent-Teacher Association** – A parent group affiliated with the state's PTA. PTA is an external support/booster organization of the school. PTA is a separate legal entity that has a cooperative agreement between the school and the PTA which must be approved by the superintendent and all projects and plans must be carried out in cooperation with the principal.

**PTO/Parent Teacher Organization** - A parent/teacher organization that promotes the welfare of children in the school. PTO is an external support/booster organization. PTO is a separate legal entity that has a cooperative agreement between the school and the PTO which must be approved by the superintendent and all projects and plans must be carried out in cooperation with the principal.

**Purchase Order (Form F-SA-7)** - A document, approved by the sponsor and principal, issued to an authorized vendor approving the delivery of goods or services which indicates funds have been obligated.

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**Receipt** – A written acknowledgement of having received a specified amount of money.

**Receivable** - An asset created when goods or services are delivered prior to the end of the accounting reporting period, but for which payment has not yet been received.

**Reconciliation** - Process of explaining, usually with the preparation of a schedule, the differences in financial balances.

**Reimbursement** - Repayment of authorized expenditures made on behalf of another party.

**Requisition and Report of Ticket Sales (Form F-SA-1)** - Form used by person in charge to record the issuance of tickets for sale at an event, and the ticket sales realized. The form is reconciled and signed with explanation of shortages/overages and is turned in by the person in charge to the school treasurer the first work day following the event. The money shall be placed in a night depository or night drop if collected after business hours.

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**School Activity Fund** –All school funds derived from fundraising activities and fees sponsored under the auspices of the school by student clubs or student organizations. These funds are primarily derived from charges of club or organization fees, fundraisers and/or sales of supplies and materials. The school activity fund does not include funds raised or received by organizations which do not come under the direct supervision of school authorities, such as legally separate external support/booster organizations. (702 KAR 3:130.702 KAR 3:130)

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**School Activity Fund Bank Account** –One centralized interest bearing bank account used for all school activity fund money representing all student clubs and student organizations. All monies received are deposited into this account and all expenditures are made by a check drawn on this account.

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**School Bank** - A centralized bank used for educational purposes only. This bank will be with the depository bank selected by the local board of education and high school principal. The school bank must have a sponsor at the high school at which it is located.

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**School Based Decision Making Council (SBDM)** -A body comprised of educators and parents who make decisions regarding instruction, curriculum, extracurricular programs, personnel, and other aspects of school management.

**School Treasurer** – The school treasurer is responsible for maintaining the financial records of the school activity fund.

**School-wide Fundraiser** – A fundraiser benefiting all students of a school.



**Secure Location** – A secure, locked location designated to house cash, until deposited, or other valuable items. Unlocked desk drawers or file cabinets are NOT secure locations. Money is to be deposited each day according to *Redbook* guidelines or those established by the board if more stringent.

**Segregation of duties** - Organizational structure and alignment of job duties that provide adequate separation of duties to prevent a single individual from controlling or processing transactions from beginning to end. This will reduce the opportunities for any person to be in a position to both perpetrate and conceal errors or irregularities in the normal course of the duties.

**Sponsor** -The individual responsible for supervising, planning and implementing activities of the student organization or activity to ensure compliance. The sponsor may be a teacher or an administrative employee of the district. The sponsor will work with the principal and school treasurer to maintain financial records in a timely and accurate manner.

**Standard Invoice (Form F-SA-8)** - A form which serves as an invoice if one is not provided or is not available, to be used as supporting documentation for disbursement. This form must have a confirmation signature of the person receiving the goods or services before the payment can be processed.

**School Activity Accounts or Activity Accounts** – Individual accounts, that as a whole make up the school activity fund, are called school activity accounts or activity accounts. These monies support endeavors for the students' benefit. The receipts and expenditures are maintained separately for each activity account. Examples of school activity accounts include: Beta Club, Cheerleader's Club, Marching Band, Library, Class of 2015, etc. Students not only participate in the activities of organizations, but also are involved in managing and directing the organization's activities.

**Superintendent** - The superintendent is responsible for administering all board policies, ensuring compliance and school activity fund budget submission to the board.

**Supplier** – A person or business used to furnish goods or services.

**Supporting Documentation** – Evidence to attest to the authenticity, accuracy and authority of a financial transaction.

**Support/Booster Organizations** –An organization of parents and/or community members that support a school activity financially and/or by other means. Examples of external support/booster organizations include PTA, PTO, band boosters, cheer boosters and athletic boosters. The principal must approve all activities of the external support/booster organization.

**Tax Exempt Status** – Designation granted to entities with state sales tax exemption status; could also indicate exemption from federal tax when 501 (c) (3) status is granted by the Internal Revenue Service. External support/booster organizations may not use the school district sales tax exemption or federal employer identification number unless their funds are deposited in the school activity fund bank account.

**Tickets** - Pre-numbered tickets used at school functions where an admission price is charged and all tickets acquired must be accounted for by perpetual inventory records.

**Transfer Form (Form F-SA-10)** - Authorized transfer of monies between activity accounts. Transfers are not receipts or expenditures. No transfers are allowed to staff accounts.



## FORMS

All transactions shall, at a minimum, be in accordance within the guidelines of this document, Accounting Procedures for Kentucky School Activity Funds (*Redbook*), and using the forms contained in the Kentucky School Activity Funds (*Redbook*) Forms, herein or equivalent. The equivalent must contain, at a minimum, the information listed on the forms, however, additional information may be added, if desired. If the school is using an automated accounting program for their school activity fund money, manual ledgers are not required as long as they contain at least the information included on the *Redbook* forms.

Document Number	Document Description	Page
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<del>F-SA-2AF-</del> SA-2A	Fundraiser Approval	34
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## SCHOOL ACTIVITY FUND REQUISITION AND REPORT OF TICKET SALES

School
Activity Account

Event
Date

### TICKET REQUISITION

This is to acknowledge receipt of the tickets to be sold for the event listed above. The first ticket number sold (not the one attached to this form) is recorded in Column B. The unsold end ticket number will be recorded in Column D on completion of ticket sales. Receipt of \$ \_\_\_\_\_ is acknowledged.

Attach full and unsold start and end tickets here.

Person in Charge of Sales

### REPORT OF SALES

		A	B	C	D	E	F	G	H
		Ticket Color	Beginning Ticket No. Sold	Ticket Seller Initials	Next Available Ticket No.	Ticket Seller Initials	No. of Tickets Sold (D-B)	Price Each	Total (F x G)
Advance Sales	Adults								
	Students								
Gate 1	Adults								
	Students								
Gate 2	Adults								
	Students								
Gate 3	Adults								
	Students								
Gate 4	Adults								
	Students								

Checks	
Currency	
Coins	
Total	

Total Sales	
Change Returned	
Cash Over/Short	
Total Cash	

Person in Charge of Sales: \_\_\_\_\_

Received by: \_\_\_\_\_

School Treasurer

Ticket Taker: \_\_\_\_\_

**\*Form and money must be turned in to the school treasurer the first work day following the event.**

SCHOOL ACTIVITY FUND  
FUNDRAISER APPROVAL

School
Activity Account
External Support/Booster Organization
Name of Fundraiser
Sponsor
Date Submitted

Purpose of fundraising activity:

\_\_\_\_\_

\_\_\_\_\_

Items to be sold:

\_\_\_\_\_

\_\_\_\_\_

Beneficiary of fundraising activity:

\_\_\_\_\_

\_\_\_\_\_

Date(s) scheduled:

\_\_\_\_\_

Names of adult supervisors of activity (chaperones, custodians, etc.):

\_\_\_\_\_

\_\_\_\_\_

Athletic Fundraiser		Yes <input type="checkbox"/>	No <input type="checkbox"/>
If yes, sport involved:			
Corresponding sport participating in fundraiser?		Yes <input type="checkbox"/>	No <input type="checkbox"/>
Coach's signature (corresponding sport)	Date		

Circle One:      Approved                      Disapproved      Date: \_\_\_\_\_

Principal	Date
SBDM Council (If council policy)	Date
Superintendent as directed by Board	Date

(If School-Wide fundraiser)

F-SA-2B

## SCHOOL ACTIVITY FUND FUNDRAISER WORKSHEET

School
Activity Account
Fundraiser
<u>Date</u>
<u>Date</u>

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1. Total Count of Items to be sold

2. Item Count x Sales Price = Budget Sales

Item	Count x	Sales Price =	Budget Sales

Total count must equal line 1.

Total Budgeted Sales

3. Receipts Date Amount

Receipts Date	Amount

Receipts Date Amount

Receipts Date	Amount

Total Receipts

4. Expenses

Date Check # Amount

Date	Check #	Amount

Date Check # Amount

Date	Check #	Amount

Total Expenses

5. Total Count of Unsold Items

6. Item Count x Sales Price = Unsold Items

Item	Count x	Sales Price =	Unsold Items

Total count must equal line 5.

Total Value of Unsold Items

7. Anticipated Profit (Line 2 - Line 4)	
8. Value of Unsold Items (Line 6)	
9. Subtotal (Line 7 - Line 8)	
10. Actual Profit (Line 3 - Line 4)	

Disposition of Unsold Items:

	Returned
	Held for Next
	Fundraiser
	Other (Please explain)









<b>TOTALS</b>		

\_\_\_\_\_  
Organization Treasurer

\_\_\_\_\_  
Principal

\_\_\_\_\_  
Organization President

\_\_\_\_\_  
Date

Submit to Principal within first 30 days of school year or within 30 days of first transaction.

F-SA-5

### SCHOOL ACTIVITY FUND INVENTORY CONTROL WORKSHEET

School
Activity Account
Type of Inventory
Vendors
Reporting Period

**1. Beginning Inventory (What you start with)**

Item	Count x	Sales Price	=Total

Cash in the machine or on hand.

Total Value  
Beginning Inventory

**2. Deliveries (What you purchased and receive to sell)**

Date	Item	Count x	Sales Price	=Total

Cash in the machine or on hand.

Total Value  
Deliveries

Subtotal A

**3. Collections (collected to turn in to Bookkeeper/Treasurer)**

Date	Initial	Amount	Date	Initials	Amount

Total Value  
Collections

4. Ending Inventory (What you end with)

Item	Count x	Sales Price	=Total
Cash in the machine or on hand.			

Total Value  
Ending Inventory

Subtotal B

If Subtotal A > Subtotal B, there is a shortage. Explain if significant. List retail value of items lost, damaged or given away.

If Subtotal B > Subtotal A, there is an overage. Explain if significant.

\_\_\_\_\_  
Signature of Person Completing Inventory  
Must be completed monthly

\_\_\_\_\_  
Date

F-SA-6

## SCHOOL ACTIVITY FUND MULTIPLE RECEIPT FORM

School
Activity Fund

Receipt No.
Fundraiser
Teacher

#	Student Signature	Cash	Check	#	Student Signature	Cash	Check
1.				16.			
2.				17.			
3.				18.			
4.				19.			
5.				20.			
6.				21.			
7.				22.			
8.				23.			
9.				24.			
10.				25.			
11.				26.			
12.				27.			
13.				28.			
14.				29.			

15.				30.		
-----	--	--	--	-----	--	--

Total Cash	
Total Coins	
Total Checks	
Total	

Students in third grade and above must sign form as they turn in money. The form and collected money must be given to the school treasurer daily. The school treasurer will complete the Recapitulation section and issue a receipt.

Recapitulation:	# of Students	<input type="text"/>	Total Amount Remitted	<input type="text"/>
-----------------	---------------	----------------------	-----------------------	----------------------

Person Remitting Money \_\_\_\_\_

School Treasurer \_\_\_\_\_

Date \_\_\_\_\_  
*White copy to School Treasurer*

Date \_\_\_\_\_  
*Yellow Copy for Teacher/Sponsor*

F-SA-7

### SCHOOL ACTIVITY FUND PURCHASE ORDER

School	P.O. No.
Activity	Date

Section A				
Vendor Name _____				
Address: _____				
Line	Quantity	Catalog Number	Item Description	Cost
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				

16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.				
24.				
Total				

I authorize this order and there are sufficient funds available for this purchase.

Authorized by: \_\_\_\_\_

Approved by: \_\_\_\_\_

Amount Paid: \_\_\_\_\_

Date Paid: \_\_\_\_\_

Check Number: \_\_\_\_\_

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F-SA-8

# SCHOOL ACTIVITY FUND STANDARD INVOICE

School	Date
Activity Account	

Vendor's Name	
Address	
Phone	
Fax	
FEIN or Soc. Sec. No.	

Quantity	Item Description	Unit Cost	Total Cost




Attach Receipts

Total Allowed Expenses: \_\_\_\_\_

Amount Advanced (Check No. \_\_\_\_\_): \_\_\_\_\_

Other Adjustments (please explain): \_\_\_\_\_

Amount Returned (Receipt No. \_\_\_\_\_): \_\_\_\_\_

Amount Reimbursed (Check No. \_\_\_\_\_): \_\_\_\_\_

Approval

Sponsor

Principal

School Treasurer

Must be submitted by close of the next business day after the trip.

F-SA-10

# SCHOOL ACTIVITY FUND TRANSFER FORM

School

Transfer No.

Date

Activity Account	Transfer Amount	
	From	To

Explanation:



Approval

**\*\*Form must be completed prior to the transfer**

Transfer-From Sponsor (if applicable)

Principal

**F-SA-10**

**SCHOOL ACTIVITY FUND  
TRANSFER FORM**

School

Transfer No.

Date

Activity Account	Transfer Amount	
	From	To

Explanation:

Approval

**\*\*Form must be completed prior to the transfer**

Transfer-From Sponsor (if applicable)

Principal

**F-SA-11**

**SCHOOL ACTIVITY FUND  
PRINCIPAL'S COMBINED ACTIVITY FUND LEDGER**

School

Date	Check No.	Receipt No.	Acct. Posted	Item Description	Receipts	Expenditures	Balance
				Balance Forward			



[illegible]

**SCHOOL ACTIVITY FUND  
CREDIT CARD SIGN IN/OUT LOG**

School
Credit Card Type
Credit Card Account No.

I request permission to use the credit card identified above to procure supplies or pay for travel expenses as approved by separate documentation, which is in my possession. I understand that disciplinary action may result from my use of the credit card when its use violates board policy or purchasing procedures.

I agree to be personally liable for any charges on the card for which I have not obtained prior approval before making said charges.

I further agree I will promptly reimburse the school district upon notification that a charge made by me has been determined to be inappropriate, made without prior approval, or otherwise determined to be my responsibility. The school district may withhold said funds from my paycheck at their option.

Employee's Name Checking Out Credit Card (Please Print)	Employee's Signature	Date & Time of Issuance	Date & Time of Return	Purchase Order No.	Employee Witnessing Return of Credit Card

--	--	--	--	--	--

**SCHOOL ACTIVITY FUND  
STUDENT REFUND / DISBURSEMENT FORM**

School
Activity Fund

Teacher/Sponsor
-----------------

#	Student Signature	Amount	#	Student Signature	Amount
1.			16.		
2.			17.		
3.			18.		
4.			19.		
5.			20.		
6.			21.		
7.			22.		
8.			23.		
9.			24.		
10.			25.		
11.			26.		
12.			27.		
13.			28.		
14.			29.		
15.			30.		

Students in 3<sup>rd</sup> grade and above must sign form as they receive the refund.  
The form must be returned to the school treasurer after all funds are disbursed.

Recapitulation:                      # of Students                         Total Amount Remitted  

\_\_\_\_\_  
Person Remitting Money

\_\_\_\_\_  
School Treasurer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

*White copy to School Treasurer*

*Yellow Copy for Teacher/Sponsor*

F-SA-15A

**SCHOOL ACTIVITY FUND  
MONTHLY / ANNUAL FINANCIAL REPORT**

School	Month
	Year

Activity Account	Beginning Balance	Receipts	Expenditures	Ending Balances

Reconciliation			
<b>Beginning Balance</b>	<u>          </u>	<b>Balance Per Bank Statement</b>	<u>          </u>
<b>Add: Receipts (Line C)</b>	<u>          </u>	<b>Add: Investment Balance</b>	<u>          </u>
<b>Subtotal:</b>	<u>          </u>	<b>Add: Deposits in Transit</b>	<u>          </u>
<b>Less: Expenditures (Line C)</b>	<u>          </u>	<b>Subtotal</b>	<u>          </u>
<b>Ending Ledger Balance</b>	<u>          </u> *	<b>Less: Outstanding Checks</b>	<u>          </u>
		<b>Other Adjustments (Explain)</b>	<u>          </u>
		<b>Actual Cash Balance</b>	<u>          </u> *
		<b>Add: Accounts Receivable</b>	<u>          </u>
		<b>Less: Accounts Payable</b>	<u>          </u>
		<b>Add: Petty Cash</b>	<u>          </u>
		<b>Total Balance</b>	<u>          </u>
June Report is considered the Annual Financial Report			

The above information is a true statement of the financial condition of the various activity fund accounts of this school.

\_\_\_\_\_  
Principal

\_\_\_\_\_  
School Treasurer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

School	Month
	Year

School	Month
	Year

School	Month
	Year

School	Month
	Year

School	Month
	Year



### SCHOOL ACTIVITY FUND TRAVEL VOUCHER

Employee
School
Activity Account
Phone No.

Month	Day	Time of		Location		Mileage	Lodging	Meals	Total
		Departure	Return	From	To				
								B	
Purpose								L	
								D	

Month	Day	Time of		Location		Mileage	Lodging	Meals	Total
		Departure	Return	From	To				
								B	
Purpose								L	
								D	

Month	Day	Time of		Location		Mileage	Lodging	Meals	Total
		Departure	Return	From	To				
								B	
Purpose								L	
								D	

Month	Day	Time of		Location		Mileage	Lodging	Meals	Total
		Departure	Return	From	To				
								B	
Purpose								L	
								D	

						Mileage	Lodging	Meals	Total
Total for Page									
Other Allowed Expenses (attach explanation)									
Submit within one week after travel dates								Grand Total	

\_\_\_\_\_  
Employee

\_\_\_\_\_  
Principal

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

F-SA-17

**SCHOOL ACTIVITY FUND**  
**SALES FROM CONCESSIONS/BOOKSTORE/SCHOOL STORE/PENCIL MACHINE FORM**

School	Date
Activity Account	Turned in by

Activity Fund		
Coins		
Currency		
Checks		
Total		

Explanation

---



---

School Treasurer

Sponsor

Original to school treasurer

-----

F-SA-17

**SCHOOL ACTIVITY FUND**  
**SALES FROM CONCESSIONS/BOOKSTORE/SCHOOL STORE/PENCIL MACHINE FORM**

School	Date
Activity Account	Turned in by

Activity Fund		
Coins		
Currency		
Checks		

Explanation

---



---

School Treasurer

Sponsor

Original to school treasurer

# **SCHOOL ACTIVITY FUND DONATION ACCEPTANCE FORM**

<b>School:</b>	<b>Fiscal Year Ending:</b>
----------------	----------------------------

<b>Date of Gift:</b>
----------------------

<b>Donor Name:</b>
--------------------

<b>Donor Address:</b>		
<b>Street Address</b>		
<b>Street Address (Continued)</b>		
<b>City</b>	<b>State</b>	<b>Zip Code</b>

<b>Donor Phone Number:</b>
----------------------------

(Circle as appropriate)

<b>Type of Donation:</b>	Cash	Check	Personal Property	Real Property	Service	Other
--------------------------	------	-------	-------------------	---------------	---------	-------

<b>Other gift description including purpose and any restrictions on donation:</b>

<b>Was anything of value received in exchange for donation?</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
---	------------------------------	-----------------------------

<b>If yes, description and dollar value:</b>

\_\_\_\_\_  
**Principal**

\_\_\_\_\_  
**Date**

## **Appendix A - Segregation of Duties**

The segregation of duties demands that more than one person be involved in satisfying accounting procedures. The following are recommendations for achieving proper segregation of duties and do not represent requirements of the Redbook. Per KRS 160.345(2)(h)), precautions must be taken to protect school activity fund money from loss and limit the liability of persons handling the money. If schools are participating in electronic receipts and payments, all segregation of duties applies.

### **Reasons for Segregation of Duties**

- 1) Because significant amounts of school activity fund cash receipts are collected as currency.
- 2) Internal control procedures designed to safeguard monies collected should be especially emphasized.
- 3) Although the foregoing general principles are helpful in addressing concerns about monetary safety, additional attention should be given to segregating the duties related to school activity funds.
- 4) Specifically, three critical duties should be segregated for internal control purposes:
  - a) Signing checks
  - b) Maintaining fund accounting records
  - c) Reconciling bank statements.

### **Responsible Parties for Segregation of Duties**

#### Principal

- 1) Designated administrator of the school activity fund.
- 2) Important to identify, describe and monitor the duties of the school treasurer in relation to the segregation of duties.

#### School treasurer

- 1) Typically assigned the task of collecting school activity fund monies from other school staff
  - a) Associated financial tasks include
    - i. Preparing the deposit slip
    - ii. Depositing monies
    - iii. Prepares checks for disbursements.
  - b) Associated reporting tasks include
    - i. Bank reconciliation as used on the monthly/annual report
    - ii. Monthly/Annual financial reporting for all school activity accounts
    - iii. Yearly financial reporting for all actions in the school activity fund.
- 2) Same person generally maintains the school activity fund accounting records
  - a) These tasks demand adequate training and require the school treasurer to have a thorough knowledge of the process of accounting, auditing, and reporting.
  - b) Work of any person handling money should be subject to appropriate checks and balances.
  - 3) Signature controls are an important aspect of accounting procedures, therefore two signatures should be required on all checks that result in a disbursement from the school activity fund.

#### Third Person (someone other than the school treasurer)

- 1) Responsible for reconciling bank statements.
- 2) Verifying receipts and expenditures.

## **Segregation of Duties Detailed**

Essential to the process of segregation of duties are internal accounting controls over the school activity fund cash collections.

- 1) Adequate procedures should be established for completing an audit trail that creates sufficient documentary (physical) evidence for each step in the flow of transactions within the school activity fund.
- 2) These procedures include using
  - a) Pre-numbered forms and receipts
  - b) Purchase orders
  - c) Receipts and tickets
  - d) Depositing receipts intact
  - e) Making timely deposits.

Precautions must be taken to protect school activity fund money from loss and limit the liability of persons handling the money. Recommendations made by the school district auditor shall be implemented. The following are suggested ways to segregate duties. Persons (#1), (#2), and (#3) cannot be the same person. The clerk could be a club treasurer or sponsor or other school staff.

Below are examples of suggested segregation of duties.

## **Handling Receipts**

- 1) Clerk (#1)—could be a club treasurer or sponsor or other school staff
  - a) Opens the mail but does not open bank statements.
  - b) Records the checks by payee in chronological order.
  - c) Receives cash and writes pre-numbered receipt for cash to payee.
- 2) School Treasurer (#2)
  - a) Photocopies the checks. (Optional, but encouraged.)
  - b) Records receipts on a deposit ticket.
  - c) Records revenue in school accounting system to agree with the deposit tickets.
- 3) Principal (#3)
  - a) Reconciles the log produced by person #1 to the deposit ticket.
  - b) Deposits checks and cash.

## **PAYING BILLS**

- 1) Principal (#3)

Approves invoices (Not necessary if the principal approved the requisition and /or the purchase order).
- 2) School Treasurer (#2)
  - a) Enters invoices-Every invoice paid should contain
    - a) An invoice
    - b) Signed PO
    - c) A receipt of goods/packing slip initialed by the purchaser
    - d) Confirming receipt except recurring bills such as newspaper subscriptions.
  - b) Prints checks.
- 3) Clerk (#1)

- a) Matches invoices to checks
- b) Mails checks

### **Preparing Bank Reconciliation**

- 1) Principal (#3)
  - a) Opens bank statement (It is important that a perception exists that someone is looking.)
    - i. The checks could be fanned to scan signatures.
    - ii. Bank statement could be reviewed to find inconsistent check number or abnormal transaction amounts.
  - b) Compares chronological listing of receipts from (School Treasurer #2) to deposits on bank statement.
- 2) School Treasurer (#2)
  - a) Sorts checks in numerical order and clears them in school accounting system.
  - b) Reconciles bank statement to books using Form F-SA-15A.
- 3) Clerk (#1)

Reviews bank reconciliation.

## Appendix B - Fundraiser Types and Corresponding Forms Needed

Any activity used as a fundraiser **must** be approved and documented on Fundraiser Approval (F-SA-2A)

Description of Fundraiser or Collection of Funds	*Form Required	**Additional Form Required
Field Trip	Multiple Receipt Form F-SA-6	
Pictures	Multiple Receipt Form F-SA-6	
Trip Collections	Multiple Receipt Form F-SA-6	
Uniform/Shoe etc. Collections	Multiple Receipt Form F-SA-6	
Misc. Fee Collections	Multiple Receipt Form F-SA-6	
Checks for Fees (that come through the mail)	Multiple Receipt Form F-SA-6	
Library Fee Collections (Late/Lost Books)	Multiple Receipt Form F-SA-6	
Assembly (collected in classroom)	Multiple Receipt Form F-SA-6	
Yearbook Sales	Multiple Receipt Form F-SA-6	
Bookfair	Sales Collection Form F-SA-17	Fundraiser W/S F-SA-2B
Fundraiser Money Collected from Students	Multiple Receipt Form F-SA-6	Fundraiser W/S F-SA-2B
Collections for Specific Donations (i.e. Red Cross)	Multiple Receipt Form F-SA-6	Fundraiser W/S F-SA-2B
Penny War	Sales Collection Form F-SA-17	Fundraiser W/S F-SA-2B
Hat Day, Candy Grams, etc.	Multiple Receipt Form F-SA-6	Fundraiser W/S F-SA-2B
Fundraiser Checks (that comes through the mail)	Multiple Receipt Form F-SA-6	Fundraiser W/S F-SA-2B
Sale of Purchased Merchandise	Sales Collection Form F-SA-17	Fundraiser W/S F-SA-2B
Sale of Donated Items	Sales Collection Form F-SA-17	Fundraiser W/S F-SA-2B
Fall Festivals	Report of Ticket Sales Form F-SA-1	Fundraiser W/S F-SA-2B
Prom/Dance (must be pre-numbered tickets)	Report of Ticket Sales Form F-SA-1	Fundraiser W/S F-SA-2B
Gate Receipts	Report of Ticket Sales Form F-SA-1	
Season Tickets (must be pre-numbered tickets)	Report of Ticket Sales Form F-SA-1	
Assembly (collected at the door)	Report of Ticket Sales Form F-SA-1	
Concession/Snack Sales	Sales Collection Form F-SA-17	Inventory Control WS F-SA-5
Pencil/Paper Machine	Sales Collection Form F-SA-17	Inventory Control WS F-SA-5
Green House Sales	Sales Collection Form F-SA-17	Inventory Control WS F-SA-5

<b>Description of Fundraiser or Collection of Funds</b>	<b>*Form Required</b>	<b>**Additional Form Required</b>
School Store/Bookstore	Sales Collection Form F-SA-17	Inventory Control WS F-SA-5
Vending Machine Collections (not full service)	Sales Collection Form F-SA-17	Inventory Control WS F-SA-5
Program Sales (at ballgames)	Sales Collection Form F-SA-17	Inventory Control WS F-SA-5
T-Shirt/Clothing Sales (at ballgames)	Sales Collection Form F-SA-17	Inventory Control WS F-SA-5
Ice Cream, Slush Puppy, Popcorn Sales	Sales Collection Form F-SA-17	Inventory Control WS F-SA-5

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\*These Forms required at the time the money is collected

\*\*Fundraiser Worksheet Form F-SA-2B due at the completion of the fundraiser event

\*\*Inventory Control Worksheet F-SA-5 due monthly



## Appendix C - External Support/Booster Organization Resources

### Life Cycle of a Public Charity

*The following excerpts were downloaded from the IRS website. The information documented below is subject to change by the IRS. Therefore, for the most up-to-date version of this information, please go to [www.irs.gov/charities](http://www.irs.gov/charities).*

Organizations that meet the requirements of Internal Revenue Code section 501(c)(3) are exempt from federal income tax as charitable organizations. In addition, contributions made to charitable organizations by individuals and corporations are deductible under Code section 170.

During its existence, a public charity has numerous interactions with the IRS – from filing an application for recognition of tax-exempt status, to filing the required annual information returns, to making changes in its mission and purpose. The IRS provides information, explanations, guides, forms and publications on all of these subjects – they are available through this IRS web site. The illustration below provides an easy-to-use way of linking to the documents most charities will need as they proceed through the phases of their “life cycle.”

The IRS web site includes examples of various documents found in the following sections.

#### Starting Out

- 1) [Organizing Documents](#)
  - a) [Required Provisions](#)
  - b) [Sample Organizing Documents](#)
  - c) [Governance and related topics](#)
- 2) [Bylaws](#)  
[State law requirements](#)
- 3) [Employer Identification Number](#)
  - a) [Application Form](#)
  - b) [Online EIN Application](#)
- 4) [Charitable Solicitation](#)
  - a) [Initial State Registration](#)
  - b) [Periodic State Reporting](#)
  - c) [State Charity Offices](#)
- 5) [Help from the IRS](#)

#### Applying to IRS

- 1) [Requirements for Exemption](#)
- 2) [Application Forms](#)
- 3) [Exemption Application](#)
- 4) [Group exemption](#)
- 5) [User Fee](#)

- 6) [Power of Attorney](#)
- 7) [Disclosure of Applications](#)
- 8) [IRS Processing](#)
  - a) [While You Wait](#)
  - b) [Rulings and Determination Letters](#)
- 9) [Help from the IRS](#)
  - a) [Application Process Step by Step](#)
  - b) [Customer Account Services](#)
  - c) [Publication 4220, Applying for 501\(c\)\(3\) Tax-Exempt Status](#)
  - d) [Publication 557, Tax-Exempt Status for Your Organization](#)

#### **Required Filings**

- 1) [Annual Exempt Organization Return Requirements for Filing](#)
- 2) [e-File for Exempt Organizations](#)  
[e-Postcard for Small Exempt Organizations](#)
- 3) [Unrelated Business Income Tax](#)
  - a) [Requirements for Filing](#)
    - i. [Form 990-T](#)
    - ii. [Form 990-T instructions](#)
    - iii. [Form 990-W](#)
    - iv. [Estimated Tax](#)
  - b) [Exceptions and Exclusions](#)
  - c) [Publication 598, Tax on Unrelated Business Income for Exempt Organizations](#)
- 4) [Help from the IRS](#)
  - a) [Customer Account Services](#)
  - b) [Publication 4221-PC, Compliance Guide for 501\(c\)\(3\) Public Charities](#)
  - c) [Publication 557, Tax-Exempt Status for Your Organization](#)

#### **Ongoing Compliance**

- 1) [Jeopardizing Exemption](#)
  - a) [Inurement/Private Benefit](#)
  - b) [Intermediate Sanctions](#)
  - c) [Lobbying/Political Activity](#)
  - d) [Not Filing Annual Return or Notice](#)
- 2) [Employment Taxes](#)
  - a) [Requirement to Pay](#)
  - b) [Exceptions and Exclusions](#)
  - c) [Worker Classification](#)
  - d) [Forms and Publications](#)
- 3) [Retirement Plan Compliance](#)
- 4) [Substantiation and Disclosure](#)

#### Charitable Contributions

- a) Publication 1771, [\*Charitable Contributions Substantiation and Disclosure Requirements\*](#)
- b) [Written acknowledgments](#)
- c) [Quid pro quo contributions](#)
- d) [Charity auctions](#)

#### 5) Noncash Contributions

- a) Donor ( [Form 8283](#) )
- b) Donee ( [Form 8282](#) )
- c) [Publication 561](#), *Determining the Value of Donated Property*

#### 6) Public Disclosure Requirements

#### 7) Help from the IRS

- a) [Customer Account Services](#)
- b) [Publication 4221-PC](#), *Compliance Guide for 501(c)(3) Public Charities*
- c) [Publication 557](#), *Tax-Exempt Status for Your Organization*

### **Significant Events**

#### 1) Reporting Changes to IRS

#### 2) Private Letter Rulings and Determination Letters

#### 3) Audits of Exempt Organizations

- a) [Potential Examination Consequences](#)
- b) [Examination Procedures](#)
- c) [Power of Attorney](#)

#### 4) Termination of an Exempt Organization

#### 5) Help from the IRS

### **Record Retention**

Booster Clubs should establish a record file that is passed to the new officers each year. Some items need to be kept indefinitely while other items only need to be kept for a certain length of time. The record file should contain at least the following items on a permanent basis:

### **Permanent Record**

#### 1) Internal Records

- a) Booster Club Registration & Approval Form
- b) Articles of Incorporation/Articles of Association
- c) Bylaws/Charter/Constitution
- d) Minutes from meetings

#### 2) State Records

- a) Sales Tax Permit Application
- b) Sales Tax Permit
- c) Certificate of Incorporation from State of Kentucky (if applicable)
- d) State Sales Tax Exemption Notification

- e) State Franchise Tax Exemption Notification (if incorporated)

**Federal Records**

- 1) Copy of IRS Form SS-4, Application for Employer Identification Number
- 2) Copy of IRS Form 1023, Application for Recognition of Exemption, with all attachments
- 3) Copy of IRS Form 8718, User Fee for Exempt Organization
- 4) Determination Letter Request, and copy of check sent to IRS with this form
- 5) Acknowledgement of Your Request
- 6) Determination Letter
- 7) Copy of IRS Form 8734, Support Schedule for Advance Ruling Period
- 8) IRS's notice granting a permanent exempt status to the organization, if applicable

According to the IRS, Booster Clubs must keep each annual information return (i.e., Form 990, Form 990-EZ, or Form 990-N) for 3 years from the date the form is required to be filed or from the date the form is actually filed, whichever is later. However, if fraud is suspected or if returns have not been filed as applicable, the IRS could request information prior to the 3-year period discussed above.

**Non-permanent Records**

- 1) Internal Records
  - a) Financial Reports and Review Committee Reports
  - b) All financial backup including checkbook and banks records
  - c) Information related to contributions received by a Booster Club from individuals or businesses
  - d) Financial Aid Guidelines
- 2) State Records
  - a) Sales Tax Forms Filed
  - b) Copy of correspondence with the Kentucky Department of Revenue
- 3) Federal Records
  - a) Copy of IRS Forms 990, 990-EZ, or 990-N filed
  - b) Copy of correspondence with the IRS

**Before discarding any records, confirm with the Kentucky Department of Revenue and the IRS that your organization is in good-standing and that there are no open items or issues.**

## **Appendix D - Recommended Report Review Procedures**

The following includes recommendations for report review procedures and do not necessarily represent requirements of the Redbook.

### **Bank Statement Reconciliation (used on the F-SA-15A):**

#### Principal

- 1) Each month the bank statement shall be e-mailed directly (if electronically) to the principal or opened (if mailed or picked up) by the principal prior to the treasurer having access to it.
- 2) Review the bank statement, signing and dating the front page after review.
- 3) Review deposit dates and amounts (usually on the front page of bank statement).
  - a) Look at dates and amounts deposited (this will show deposit activity and will help make a determination if money is being held and not deposited timely).
  - b) Review photo images of deposit slips.
- 4) Look for checks deposited being line listed on deposit slips (each check must be line listed or photo copied).
  - a) Look to see if cash is being deposited.
  - b) Look at the date on deposit slips to see if it matches the date deposited.
- 5) Review photo images of checks.
  - a) Verify the “principal signature.”
  - b) Review payee (should not see checks written to vendors you do not recognize).
  - c) If any checks are questionable, review the supporting documentation for the check.
- 6) Familiarize yourself with other debits and credits.
  - a) Bank interest.
  - b) Returned checks – Insufficient Funds (NSF).
  - c) Adjustments to deposits.
  - d) Any fees listed.
- 7) After reviewing, sign and date the front page of the bank statement as required in step #2 and give the reviewed bank statement to the school treasurer for account reconciliation and financial report preparation.

#### School Treasurer

- 1) The school treasurer shall prepare the Monthly/Annual Financial Report (Form F-SA-15A) at the close of each month or as directed by local board policy.
- 2) The original shall be signed and reviewed for accuracy and reasonableness by the principal.
- 3) The Monthly/Annual Financial Report (Form F-SA-15A) shall be submitted to the finance officer and a copy retained in the school files.
- 4) Upon receipt of the monthly school activity fund checking account bank statement (after principal review), the statement balance is to be reconciled to the monthly report. The school treasurer should use the reconciliation section on Form F-SA-15A.

- a) Arrange the canceled checks in numerical order and determine outstanding checks including outstanding checks from prior months.
  - b) Arrange the deposit slips in chronological order and determine whether all deposits have been recorded accurately on the statement.
- 5) In the proper spaces in the reconciliation section, complete the following information:
- a) Beginning ledger balance (ending balance from the prior month's reconciliation).
  - b) Total monthly deposits (receipts) and disbursements (expenditures) (from the month-to-date columns of the journal or from the computer generated monthly detailed transaction summary).
  - c) Other reconciling items (record any transactions that the bank handled, but were not entered in school books; such as, interest, returned checks, re-deposits, service charges, etc.).
  - d) Outstanding checks and deposits.
  - e) Ending balance (complete steps in reconciliation process).
- 6) Compare and reconcile the ending balance per the reconciliation with the ending balance stated by the bank.
- 7) All items returned by the bank should be filed with the checking account statement on which they appear.

### **Monthly Reports**

Several reports are filled out by the treasurer each month and will be submitted to the principal and then forwarded to district finance officer.

#### Review Procedures for the Reports Submitted to the District Finance Officer (steps for reviewing the reports)

- 1) Monthly/Annual Financial Report (Form F-SA-15A)
  - a) Make sure report shows the bank reconciliation, if using software generated financial reports (original signed copy).
  - b) List of outstanding checks.
  - c) Complete copy of the bank statement (original stays at the school).
  - d) Verify "Outstanding Checks" entry on the Monthly/Annual Financial Report (Form F-SA-15A) to the list of outstanding checks report, the two totals should match.
  - e) List of outstanding checks.
    - i. The total amount of this list of outstanding checks should be reflected on the Monthly/Annual Financial Report (Form F-SA-15A).
    - ii. Write off any outstanding check with an issuance date older than one year (refer to district guidance).
  - f) This report should show adjustments for investments, interest, NSF checks, fees, or any other adjustments.
  - g) Verify each adjustment to the bank statement. If the matching entry is not found on the bank statement, then the bookkeeper should annotate on the Monthly/Annual Financial Report (Form F-SA-15A) why the adjusting entry was made.
  - h) Compare "Balance per Bank Statement" on the report to the month ending balance on the actual bank statement.
- 2) Monthly Receivables/Payables Report (Form F-SA-15B)
  - a) For payables, this report should only list unpaid invoices dated on or before the end of the month.
  - b) For receivables, any reimbursements submitted to the district office not reimbursed, or commissions/credits from vendors earned but not received by the end of the month.
  - c) Open purchase orders where the product/service has not been provided/received are "not" account payables.

- 3) List of expenditures
  - a) Review to see if the school is purchasing from the appropriate vendors (refer to board policy).
  - b) Review to see if there are technology or fixed asset purchases that should have been purchased through the district central office.
  - c) Review to see if expenditures are being paid out of the appropriate activity account.
- 4) List of Receipts
  - a) Review concession, pencil machine, store/bookstore sales, etc.
    - i. Look at the amount of the receipt to see if there are patterns or consistent amounts receipted.
    - ii. Check the frequency of the receipts being written to see if money is being held and receipted in on a certain day or at the end of the week.
  - b) Randomly check receipt dates to deposit dates on the bank statement. This will also identify funds being held and not deposited timely.
- 5) List of journal adjustments.
- 6) List of activity account transfers. Make sure no student generated funds are being transferred into staff/faculty accounts.
- 7) List of 1099 payments (at the end of each calendar year) (annual only).
- 8) List of donations (at the end of each fiscal year) (annual only).
- 9) Look for deficit balances and resolve these before the end of the fiscal year.
- 10) Look for activity (receipts/expenses) in accounts that are active during the current month (i.e., sports accounts during the season, clubs currently conducting fundraisers). If there is no activity, then where is the money going?
- 11) Research any “Deposits in Transit” or “Other Adjustments”. These entries need to be verified. This is one area that entries are made to “force balance.”
- 12) Make sure if the school has any investment money (CD’s) that they are accounted for on the Monthly/Annual Financial Report.