



Activity Fund Do's and Don'ts



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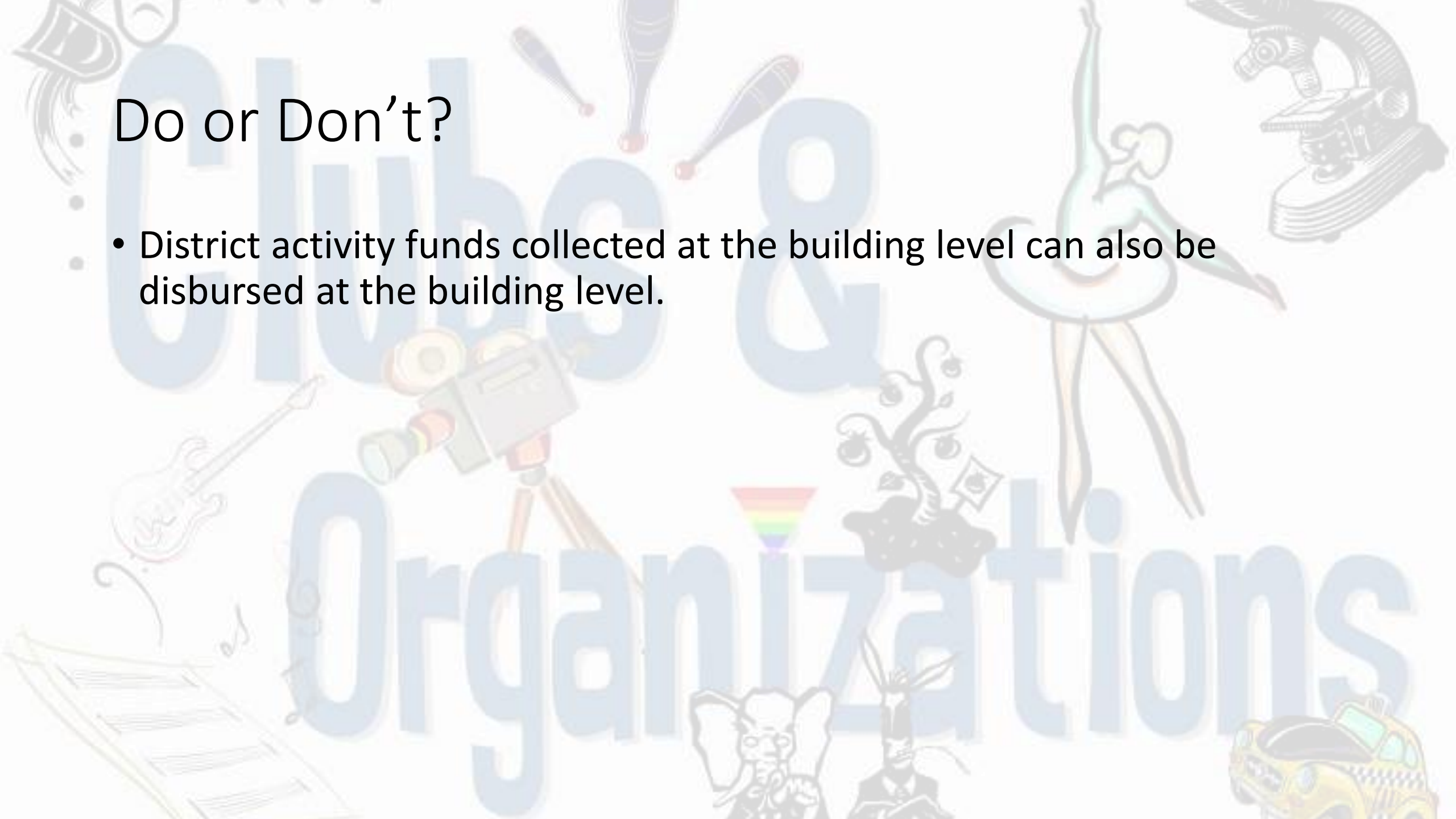
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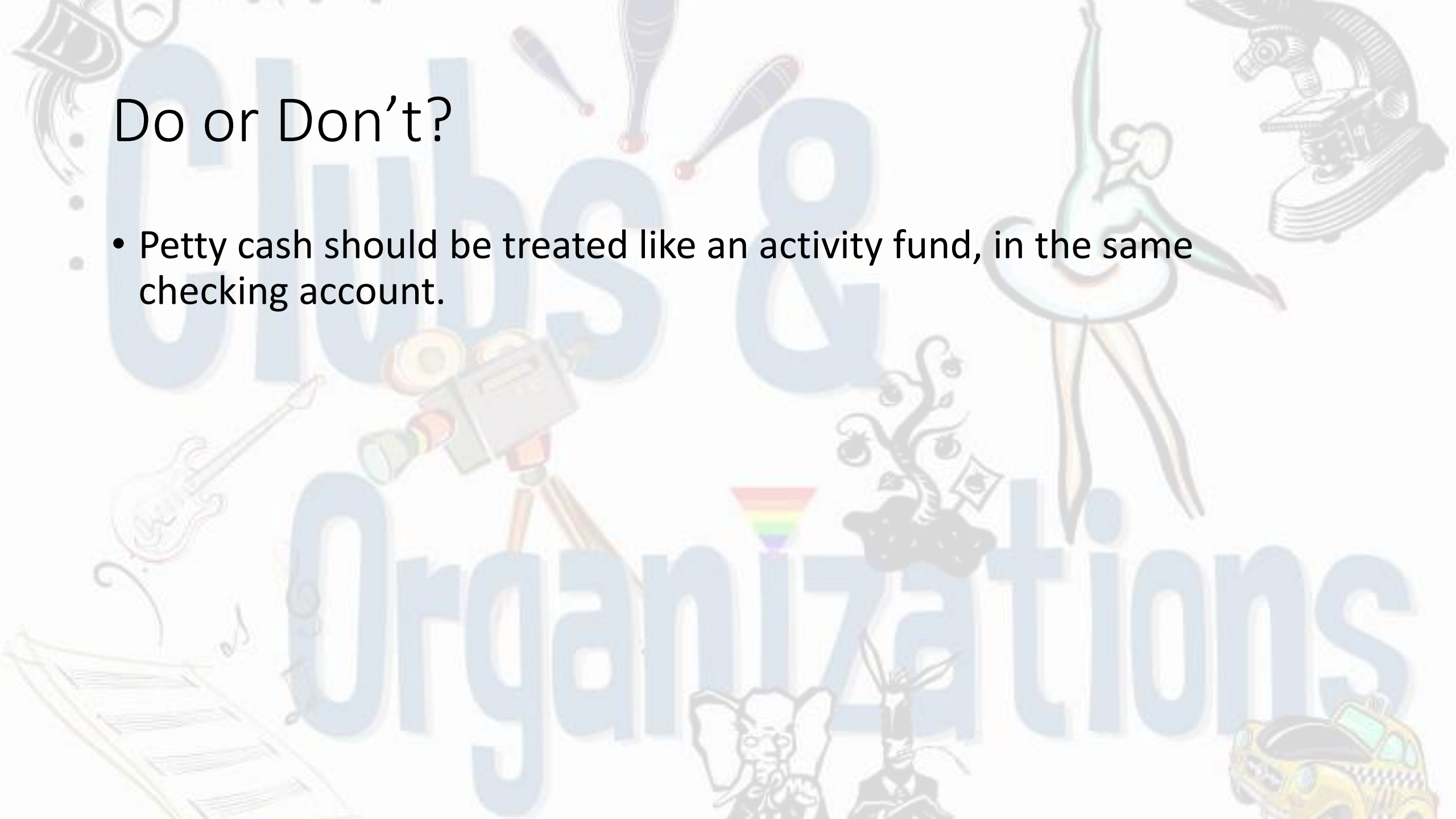
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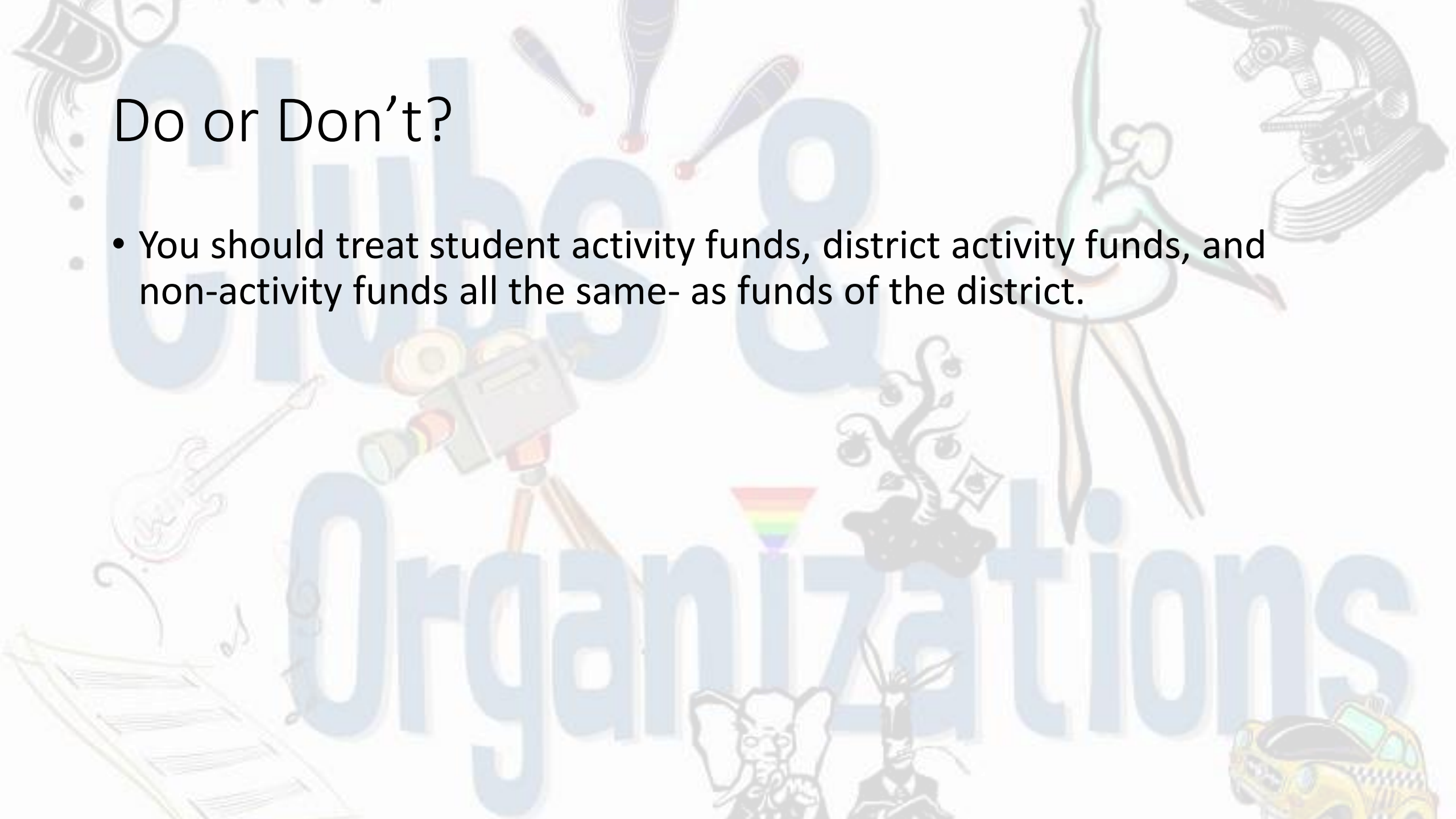
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Do (usually)

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- You should treat student activity funds, district activity funds, and non-activity funds all the same- as funds of the district.



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- In order to properly safeguard student activity funds, disbursements of these funds should follow the Board's procedures established for disbursement of all other types of funds.

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- It is best practice to designate the building principal as the activity fund supervisor and the principal's secretary as the activity fund bookkeeper.

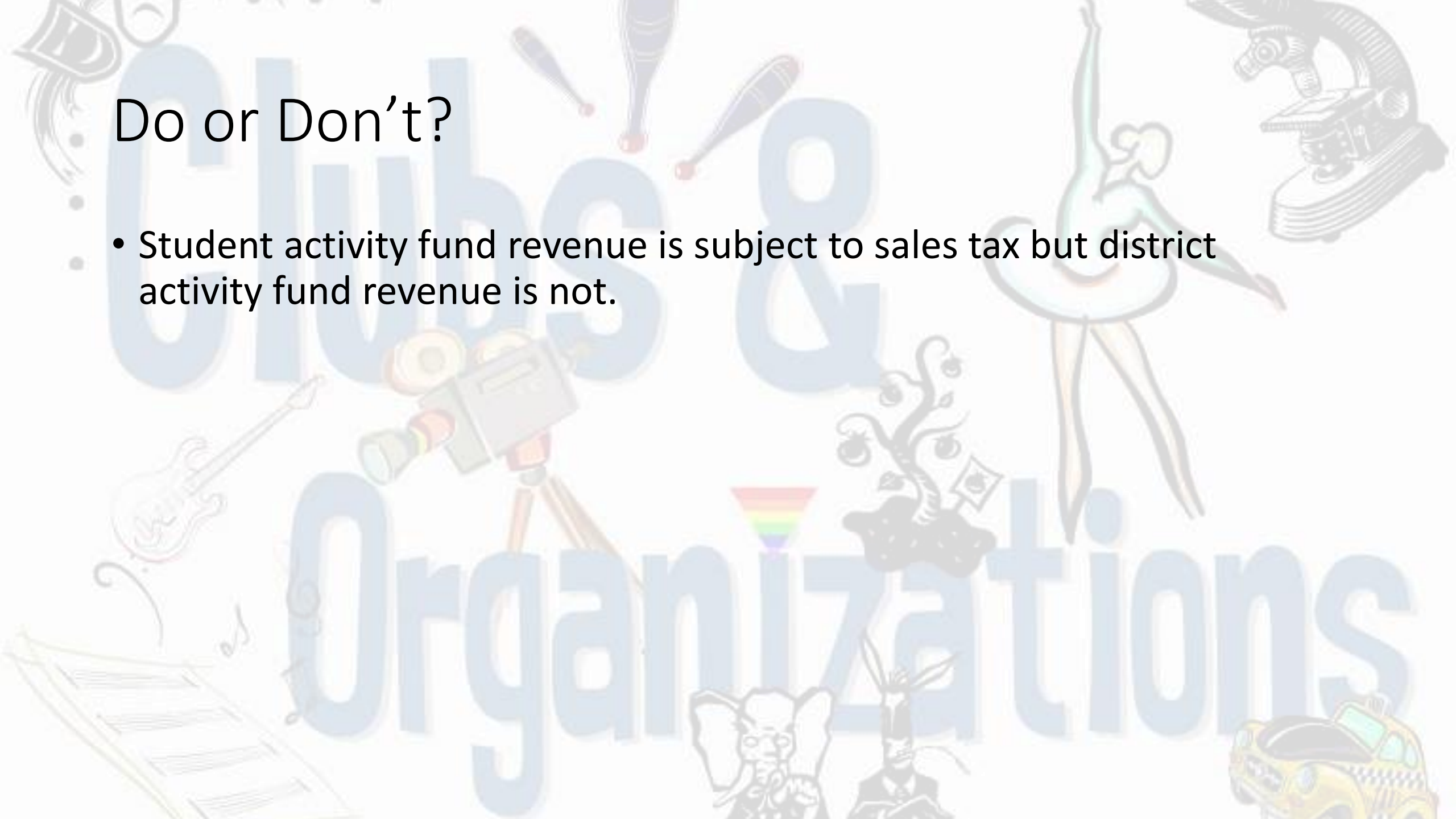
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Kansas Retailer's Sales Tax Exemptions



Taxable	Exempt	Item	Comments
X		Activity Tickets	
X		Admission to Sports Events	
	X	Advertising (sale of ads in Yearbook and School Newspaper)	Sale of advertising space is exempt – but sale of yearbooks is taxable.
X		American Field Service Club	
X		Bake Sales	
X		Band Club/Choir Club/Honor Choir/Vocal Club	
X		Banquets (teacher or students)	Receipts are exempt if banquet is held at an outside restaurant which charges the tax.
	X	Book Rentals	Sales of books are taxable – rental fees are not
X		Book Sales (new & used) including textbooks	
	X	Building Rental	
	X	Business Professionals of America	
X		Campus Pride Club	
X		Candy, popcorn, ice cream, flowers, jewelry, cheese, doughnuts, sausage, balloons, tote bags, etc.	
X		Car Wash	
X		Cheerleader Club	
X		Class Clubs (Art, Music, Science, Language Clubs, History, Technology, Computer Lab, English, Industrial Arts, Foreign Language, Environmental, Rodeo, Library, Chess)	
X		Class Clubs (Sophomore, Junior, Senior)	
X		Community Against Destructive Decisions – CADD (community group)	
X		Concession Stands (dances, etc.)	
X		Discount Cards	See footnote on page 3
	X	Distributive Education Clubs of America (DECA)	
	X	Donations	Free will, do not designate amount
X		Drill Team	

Taxable	Exempt	Item	Comments
	X	Entry Fees for participation in sports games or recreational activities	As per K.S.A. 79-3603(m)
	X	Family, Career and Community Leaders of America/Home Economics (FCCLA) (formerly Future Homemakers of America)	
	X	Fees (Art, Science, Industrial Arts, Library, etc.)	Any fee which includes sale of tangible property should report applicable percentage of fee representing tangible property as taxable.
X		Fellowship of Christian Athletes	
X		Forensics Club	
	X	Future Business Leaders of America	
	X	Future Farmers of America	
X		Graduation Items (announcements, cards, rings, etc.)	
	X	Health Occupations Students of America	
X		Health Supplies	
X		History Day Club	
X		Kansas Association for Youth--KAY	
X		Letterman Club	
X		Lock Rentals (separate from locker)	
X		Lyceum Tickets	
	X	Meals	Occasional sale acceptable. NOT open to public
X		Meals	IF open to public
	X	Motel/Hotel accommodations purchased and paid directly from Board or District Funds	
	X	Motor Vehicle Parking Charge	
X		Multicultural Club	
X		Musical Festival Club	
X		Musical Instrument Rental	
X		National Forensics League	
X		National Honor Society	
X		Newspaper Club	
	X	Parties (bowling, roller skating, etc.)	Only if paid for directly by school and not resold to students.
	X	Party Food Items (in-school and elsewhere)	Only if paid for directly by school. If not, sales tax will apply.
X		Pep Club	

Taxable	Exempt	Item	Comments
X		Periodicals and Newspapers	School newspaper/periodical sales are taxable; sale of advertising is exempt
X		Pictures (school)	
X		Projects (Art, Home Ec., Industrial Arts, etc.)	
	X	Reimbursement for lost or destroyed books, equipment, school property	
X		Renaissance (academic reward system for students)	
	X	Sale (isolated or occasional) of School Property	
X		Scholars Bowl	
X		School Dance Tickets (includes out-of-school guests)	
	X	SkillsUSA - Vocational Industrial Clubs of America (VICA)	
X		Sporting Goods, T-shirts, Shoes, Sports Equipment, etc.	
X		Student Council	
X		Students Against Drunk Drivers/Alcohol Drug Prevention	
X		Supplies (pencils, notebooks, etc.)	
	X	Technology Students Association	
X		Teens as Teachers	
X		Tickets (admissions) for performances by out-of-school performers or in-school organizations, i.e., plays, musicals, concerts, special events and movies, in-school or elsewhere	
X		Towel Rentals	
X		Uniforms	
X		Vending Machine Sales	
X		Yearbook	Yearbook sales are taxable; sale of advertising space is exempt

Note: "Discount cards" sold by clubs or organizations are taxable for all clubs and organizations, including the exempt clubs. The reason is that the exempt clubs are only exempt for selling products and materials, but a discount card would not fall within the exemption.

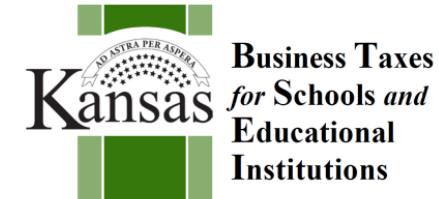
Disclaimer: KSDE prepared this fact sheet listing items that would be common in school districts.

This document was reviewed in March 2016 by staff of the Kansas Department of Revenue.

If you have questions relating to Kansas sales tax exemptions, please call the Department of Revenue and speak to a tax specialist. Contact: Taxpayer Assistance Center at (785) 368-8222

SALES TAX RESOURCES FROM THE KANSAS DEPARTMENT OF REVENUE

If you have questions on whether sales and purchases by schools are taxable, refer to the **Kansas Department of Revenue** publication: [Tax Guide for Schools and Educational Institutions \(KS-1560\)](#)



This publication (KS-1560) is designed to assist schools, educational institutions, student organizations, PTAs, booster clubs and retailers in understanding how Kansas sales and use taxes apply to the varied activities of an elementary or secondary school, college, technical school or university. It uses common school situations to illustrate the sales and purchases by schools that are taxable and how to properly claim the exemptions available. Information about tax reporting, other taxes applicable to schools and your departmental resources are also included.

Also included is information about how to report and pay the taxes. By law, businesses are now required to submit their Sales and Compensating Use Tax returns electronically. Kansas offers several electronic file and pay solutions through [webtax.org](#).

Use this guide as a supplement to KDOR's (Kansas Department of Revenue) basic [sales tax guides](#), Publication KS1510, Kansas Sales and Compensating Use Tax and Publication KS-1520, Kansas Exemption Certificates.

To find out answers to specific questions, please speak to a tax specialist.

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- Best practice must be audited along with other funds of the district.
- Best practice indicates there should be one more than one activity fund supervisor at each building or attendance center.
- Best practice allows for small loans to students or employees, as long as properly documented.

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- Both student activity funds and district activity funds should be transferred to the district treasurer.

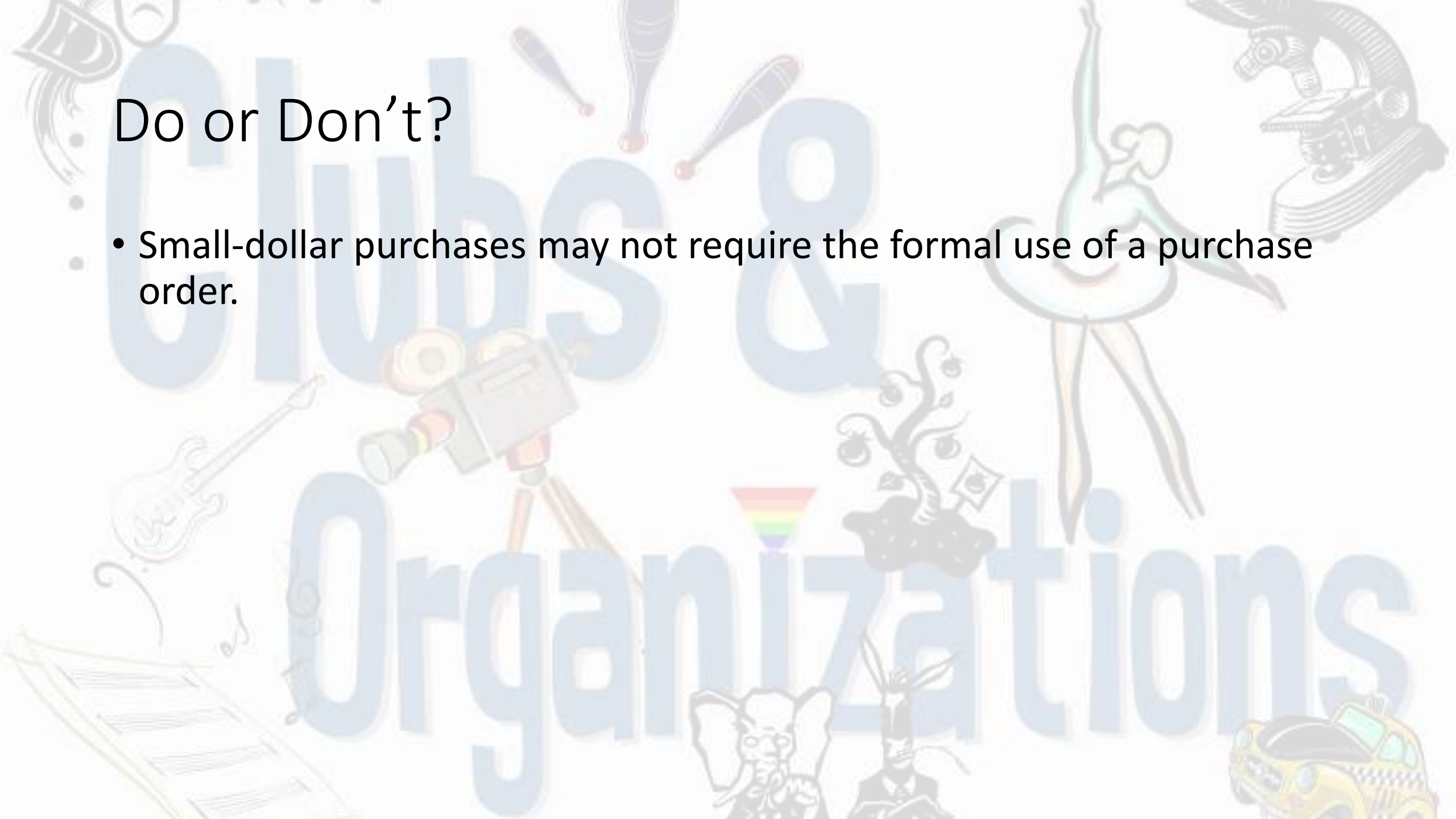
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Suggested Policy Components

- All activity funds should be approved by the board of education or its designee. Application for creation of a student organization should be accompanied by a statement of the organization's purpose and proposed fund-raising activities. The name of the student organization should, insofar as possible, indicate its purpose. Acronyms should be avoided as much as possible in naming the organization.
- All activity funds should be operated in accordance with sound internal control procedures and forms prescribed by the district treasurer.
- All fund-raising activities for activity funds should be approved in advance by the superintendent or designee.
- Activity fund moneys should, insofar as possible, be expended in such a way as to benefit those students who have contributed to the accumulation of such moneys.

Suggested Policy Components

- Each activity fund must comply with the cash-basis law. That is, no commitments or indebtedness should be incurred unless there is available cash in the fund.
- All activity funds must be audited along with other funds of the district.
- The superintendent should designate one or more activity fund supervisors. Generally, there should be no more than one activity fund supervisor at each building or attendance center. More or less supervisors can be designated, depending on the needs of the district

Suggested Policy Components

- Each activity fund supervisor should maintain a checking account and/or petty cash account at the attendance center, depending on the needs of the center. Using more than one checking account per attendance center should be discouraged.
- Activity fund moneys should not be used for any purpose that represents an accommodation, loan, or credit to school employees or other persons

Statutes

School Activity Funds – established by board resolution. K.S.A. 72-1178.

- (a) The board of education of any school district may authorize, by separate resolutions, the establishment of school activity funds from which to make needed expenditures for the payment of expenses attributable to activities in which pupils of the district may participate directly or indirectly. Every such resolution shall specify the general purpose for which the fund is to be established and shall authorize an employee of the school district to administer the fund.
- (b) The employee authorized to administer any school activity fund established by any resolution provided for in this section shall keep a record of all receipts and expenditures from the fund, and shall, from time to time, and at the end of each school year, prepare a statement for the board of education showing all receipts, expenditures, and the balance in the fund. The fund shall be kept separate from all other funds and be used only for authorized expenditures, and itemized receipts shall be taken for each expenditure.
- (c) All moneys received from the sale of admissions to activities which the school district sponsors shall be credited to school activity funds in accordance with policies and procedures adopted by the board of education. Such moneys shall not be considered to be moneys of the school district for the purposes of K.S.A. 72-1136, and amendments thereto.

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KANSAS STATE DEPARTMENT OF EDUCATION

WHAT FEES MAY SCHOOL DISTRICTS CHARGE?



- (d) The provisions of K.S.A. 12-105b, and amendments thereto, shall not apply to claims against any school activity fund established by any resolution provided for in this section.
- (e) As used in this section, the term "activities" means activities, events, and competitions in such fields as athletics, music, forensics, and dramatics, and other interschool or intraschool extracurricular activities in which pupils may participate directly or indirectly.

Internal Controls

- Where tickets are used, ticket reports and unsold tickets should be available for audit.
- Pre-numbered forms should not be printed in the school printing office.
- The student organization's sponsor should keep records of cash collections by source.
- The person who collects cash for an event should be changed frequently. For example, you should rotate persons used as cash collection agents for sporting events, concessions, and vending machines. To the extent possible, **DO NOT ALLOW** the same person to collect cash for the same event or purpose continuously.

Internal Controls

- Generally, for gate receipts, such as cash collected at sporting events, the cashier should sell tickets, which are then collected by a second person. This two-person arrangement may not be feasible for low-attendance events.
- For concession stands, it is preferable to use one cashier. This procedure will normally speed up concession operations and reduce cash handling problems. This arrangement may not be feasible depending on the volume of activity and physical arrangement of the stand.
- No collections should be turned over to a cashier, such as the activity fund bookkeeper, without receiving a pre-numbered receipt.

Internal Controls

- The activity fund bookkeeper should use pre-numbered, bound receipts for all currency or checks received. One copy of each receipt should be retained in the receipt book.
- The activity fund bookkeeper should deposit all receipts intact. This means that all receipts should be deposited in the form they are collected. They should not be used for making change or disbursements.
- The activity fund bookkeeper should deposit all receipts as often as possible, preferably on a daily basis. Undeposited receipts should be kept under lock with limited access.

Disbursement Procedures- Student Activities

- The activity fund supervisor will be handling two types of funds at the building level:
 - funds which contain moneys belonging to the students (student activity funds)
 - funds which contain moneys belonging to the district
- Moneys which belong to the students will normally stay at the building level, whereas moneys which belong to the district will be transferred to the district treasurer, usually by means of a check being written on the activity fund checking account.

Disbursement Procedures- Student Activities

- Disbursement of student activity fund moneys is controlled at the building level. In contrast, district moneys collected at the building level (i.e. moneys belonging to the district, as opposed to the students, must, by law, be transferred to, and deposited by, the district treasurer (unless exempt under K.S.A. 72-1177) and a policy approved by your local board of education).

Disbursement Procedures- Student Activities

- Disbursement procedures for student activity fund moneys will differ somewhat from the procedures followed by the district treasurer for expending district moneys because of the strict laws that must be followed for disbursement of district funds. This approval process is the primary difference between student activity funds and district funds:
 - Disbursement of student activity funds requires approval of the student organization's sponsor and activity fund supervisor (principal).
 - Disbursement of district funds requires the approval of the governing body (local school board).

Disbursement Procedures- Student Activities

Generally speaking, the disbursement procedures for student activity funds at the building level should parallel the disbursement procedures at the district level as closely as possible. The following procedures are recommended specifically for student activity funds. You may wish to add additional procedures, or change these procedures, depending on your situation.

- Student activity fund cash disbursements should be first approved by the student organization and then by the organization's sponsor. It is a good idea to also require the approval of the activity fund supervisor (principal).

Disbursement Procedures- Student Activities

- The district may wish to establish a dollar limit for student activity fund disbursements, any disbursement in excess of the limit requiring approval at the district level by either the superintendent or the school board.
- Student activity fund disbursements should be substantiated by a voucher signed by the organization's sponsor and/or the principal. A voucher system similar to that used at the district level would be appropriate
- All disbursements should be made by a pre-numbered check. The checks normally will be prepared by the activity fund bookkeeper and signed by the activity fund supervisor (principal).

Disbursement Procedures- Student Activities

- Certain “small-dollar” purchases may not require the formal use of a purchase order or voucher. However, this does not mean that approval of the disbursement and related documentation is eliminated. Assuming a formal purchase order/voucher form is in use, a form similar to the voucher should be completed at the time the activity fund bookkeeper writes the check for the disbursement. This documentation of the disbursement should then be filed in the same manner as the purchase order/voucher forms. This alternative voucher form should show:
 - who requested the purchase
 - what the purchase was for
 - which activity fund is to be charged
 - amount
 - check number

Disbursement Procedures- Student Activities

- The activity fund bookkeeper should prepare each month a report showing the financial activity for each fund the bookkeeper is responsible for. Title this report “Activity Fund Monthly Report of Cash Receipts and Disbursements” and use these column headings:
 - beginning cash balance (this figure should agree with the ending cash balance on the prior month’s report)
 - cash receipts
 - cash disbursements
 - ending cash balance
 - unpaid purchase orders
 - unencumbered cash

Disbursement Procedures- Student Activities

- If unpaid purchase orders exceed the ending cash balance for any fund, a cash basis law violation has occurred. The activity fund supervisor (principal) should review this report and submit the report to the superintendent or designee on a timely basis.

Disbursement Procedures- Student Activities

- The activity fund bookkeeper should prepare a financial report for each student organization showing, at a minimum, the organization's cash receipts and disbursements. Preferably these reports should be prepared monthly. The reports should be reviewed by the activity fund supervisor (principal) and submitted to the student organization's sponsor.
- Each student organization sponsor should compare the report prepared by the activity fund bookkeep

Disbursement Procedures- Student Activities

- It is the Attorney General's opinion that all student activity (i.e. clubs and organizations) monies belong to the students. In the event of a student activity being dissolved, an attempt should be made to contact the student officers that last participated in that student activity to determine how those funds should be spent. If the student officers cannot be located, the Board should consider a policy on how those funds should be used at the student level.

Disbursement Procedures- Student Activities

Example: A class fund that has money left in the account after that class graduates.

The board could pass a policy that the club spend the money by a certain date. If the fund still has a balance after that date, the money is transferred to the next senior class

With All That Being Said....

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Guidelines and Manuals

Online Budget Packet Document

[Click here to see guidelines included in the online budget packet](#)

Manuals

- [18-E Annual Statistical Report - User's Guide \(PDF\)](#) due 8/31/2023
- [Directory Updates Users Guide \(PDF\)](#) due 8/21/2023 (available for mid-year updates through early June)
- Organization Number Request Form ([Word doc](#)) ([PDF](#)) **for Non-Public Schools**
- [Driver Education Data Entry Handbook \(PDF\)](#) due 8/31/23
- [ESSA Building Expenditures Report - User's Guide \(PDF\)](#) - 2022-2023 due 10/20/23
- [Form 308 User Guide \(PDF\)](#) Special Education Transportation - due 5/10/23
 - [Form 308 Q&A - \(PDF\)](#)
- [Interlocal Agreements Instruction Manual \(PDF\)](#) due 10/10/23
- [LOB Percentage Form User's Guide \(PDF\)](#) due 3/22/2023
- [Local Effort Instructions \(PDF\)](#) due 6/7/23
- [Mill Rate User's Guide \(PDF\)](#) due 12/15/23
- [PBR User Guide \(Principal Building Report \(PDF\)](#) due 10/10/2023
- [Professional Development User Guide \(PDF\)](#) due 6/2/2023
- [SO66 User's Guide \(PDF\)](#) Superintendent's Organization Report (S066) due 10/10/2023

Guidelines

- [1,116 Hours School Year Requirement \(PDF\)](#)
- [Accounting Handbook](#) - recording expenditures in USD budget and Interlocal/Service Center Budget
 - [ESSER Reporting - Common Expenditures](#)
 - [School Activity Funds \(PDF\)](#) Student and District Activity Funds; Non-Activity Funds; Petty Cash
- [At-Risk Pupil Assistance Program Guidelines \(PDF\)](#)



Clubs & Organizations

Q&A