

ASB GUIDELINES

ASB is an opportunity for students to learn the principals of operating a small business and make a contribution to their school. It is formed for the sole benefit of the students and is meant to promote the general welfare, morale and educational experiences of students and enhance their extracurricular experience. Expenditures must directly benefit students and be outside what goods and services the district provides or has provided in the past – not because of district budget cuts. Although long term goals are allowed, funds raised should be spent for the benefit of current students. Students can't be forced to fundraise, nor can they be left out because they did not.

ASB in **elementary school ASB** is considered "**unorganized**" and is typically overseen by the principal – elementary schools don't usually have a student council or different student clubs. **ASB in middle and high schools** are considered "**organized**" - students organize their activities around student clubs and an elected student council.

Any group of **currently enrolled students may apply for permission to form a club** by submitting their club name and purpose, proposed charter/constitution, budget, and name of certificated faculty member acting as advisor (advisors must be certificated, but can have classified assistants) to the principal for approval. Once approved, the club elects officers and holds regular meetings with minutes kept by their club secretary – copies are to be given to the ASB Bookkeeper.

The principal is responsible for activities at his/her school, explaining policies to staff and students, making sure that each club has an advisor, that minutes are kept of all ASB and club meetings, supervising the ASB bookkeeper, reviewing monthly financial statements, supervising ASB advisors, ensuring that ASB funds are spent appropriately, working with the district to allow training to implement good business practices, resolving audit findings, and reporting suspected fraud or abuse to the district.

The ASB Advisor is responsible for all of the above and also serves as a link from the club to the ASB bookkeeper and the principal. In addition, the ASB Advisor is responsible for ensuring that adequate internal controls are established and funds are given to the ASB bookkeeper with the necessary paperwork (receipts/tally sheets/ticket logs – funds should be submitted immediately and the ASB Deposit Form should agree with the receipted amount). The advisor signs/dates purchase receipts verifying that they comply with the approved purchase order and were received complete. Note: No rolled coin – put it in a baggie, bills arranged neatly and face up in groups of like denominations, checks should have the student name/club/purpose written in lower left-hand corner of check. The ASB Advisor also works with clubs to prepare the annual budget and, along with the Student Council, authorize the club's expenses.

The ASB Bookkeeper is responsible for maintaining adequate financial records that clearly reflect all ASB financial transactions, following district policies related to ASB funds, ensuring that ASB funds are safeguarded while at school, re-counting deposits to verify their accuracy and preparing them for weekly Garda pick up, (auditing all deposits with The ASB Deposit slip, receipts, tally sheets, ticket logs, Tracks, School Books), reporting suspected fraud or abuse and significant deposit shortages/overages to the club advisor, ASB advisor, and school principal, keeping current year and one year prior records on hand at the school site, issuing and keeping track of ticket rolls and receipts books, keeping available necessary forms, maintaining a master log of receipt books and tickets rolls. The ASB bookkeeper should pay all current year bills in a timely manner and by the year end cut-off date in June.

The ASB Officers (Student Council) oversee student clubs, authorize fundraising events, approve expenditures of ASB funds, adopt an annual budget (projected budgets for following school year are due May 1st, actual budget is due by mid-September for Board approval October 1st). The ASB Secretary should give a copy of the minutes to the ASB bookkeeper by the next day (minutes approval must occur before the event occurs). The ASB Treasurer typically numbers Requisitions and writes up PO's and enters them on a PO Log and gives a copy of the log to the ASB Bookkeeper. It is best to approve club and ASB yearly event NTE blanket purchase orders at the beginning of the school year to avoid overlooking them. No student should handle cash without direct adult supervision.

District oversight is responsible for researching ASB/Booster Club questions and providing answers, working with sites/auditors, School Books and Tracks issue resolution, training, updating bank account signers, monthly ASB bank statement reconciliations, Garda scheduling, ASB Employee Billing, Booster Club Applications.

Audit findings - top 3 reasons for them are: 1.) Not receipting properly (lack of receipt, receipted amount does not match deposited amount, out of sequence receipt numbers, not accounting for all pre-numbered receipts numbers, reusing receipt number by making photocopies of blank receipt books. 2.) Not making timely (weekly) bank deposits. 3.) Lack of proper back up – missing minutes approval, after-the-fact approval, missing back up documents, lack of required signatures and verification on all required documents. Auditors look for a Purchase Order Log that references minutes approval.

Awards:

Ed Code section 44015 authorized awards to employees for exceptional contributions and to students for excellence. If items are intended as some form of employee or student awards, it also requires the governing board to adopt rules and regulations concerning such awards. Such awards shall not exceed \$200 unless a larger award is expressly approved by the governing board. Awards to community members are not considered authorized.

The governing board of a school district may make awards to employees who do any of the following:

- Propose procedures or ideas that thereafter are adopted and effectuated, and that result in eliminating or reducing district expenditures or improving operations.
- Perform special acts or special services in the public interest.

- By their superior accomplishments, make exceptional contributions to the efficiency, economy, or other improvement in the operations of the school district.

The governing board of a school district may also make awards to pupils for excellence.

Thus, if a governing board adopts rules and regulations prior to any awards being made, a district or ASB can recognize superior accomplishments of any employee or student within the guidelines and provisions contained in the applicable district policies, rules and/or regulations. In the absence of applicable policies, rules and/or regulations, no district official can make the award and no one can legitimately purchase the award.

Life transition events such as birthdays, weddings, funerals, holidays and other similar circumstances can happen to anyone and so cannot be considered superior accomplishments, or merit an award.

Awards are often signified by letters of commendation, board resolutions, trophies, certificates, plaques, medals, badges, pins and the like, but may also be in the form of a gift certificate or a scholarship, within the statutory monetary limits and subject to IRS reporting requirements. The board may also approve an expenditure for flowers or candy as part of an award, which is appropriate on if the school district's board policy on awards complies with the education code and IRS regulations.

Mugs, cards and similar items given to promote good will or positive relations between either the district and its employees or between staff and students, are not considered awards. **The expenditure of public funds to promote positive employer-employee and/or staff-student relations does not serve a direct and/or substantial public purpose, so would likely violate the gift of public funds provisions contained in the California constitution. 5/29/08**

Booster Clubs, Foundations, PTA's:

These groups are not legally considered part of the school district but are established to provide support to the school district and its students and may raise funds and donate these funds to the district or purchase items with their funds for donation or assistance to the district. All Booster Clubs must have insurance for the entire year as nothing they are not covered under AUSD coverage. AIM Companies has fairly inexpensive coverage if boosters would like to purchase insurance with them. www.aim-companies.com. Aim offers six different insurance policies: 1.) General Liability, 2.) Accidental Medical, 3.) Bonding (Commercial Crime, 4.) Property, 5.) Officers Liability (Non-Profit Association Professional Liability, 6.) Identity Theft. Funds raised by Booster Clubs, Foundations, and PTA's should be deposited into the group's own bank account and not commingled with ASB Funds. The group's own tax ID number is used to open their bank account. Additional coaching stipends (exceeding the allotted coaching stipends already paid for by the district), funded by booster clubs are paid through our district payroll. A Personnel Action (PA) must be approved noting that the coaching stipend will be paid for by the booster club. The booster club's check and the completed donation form should be sent to Coye DeCuir/Accounts Receivable in Fiscal Services (both the check and donation form should specify the purpose of the donation, i.e., additional coaching stipend: John Smith/Baseball/Novi. Let these groups with non-profit status handle thank you/gift card/teacher

appreciation/reward/incentive/needful families type “gifts” to avoid “gift of public fund” issues with ASB.

Cash Control Procedures require that all monies collected be deposited weekly and run through the bank – never pay for expenses with cash. Three signatures are required before an expenditure is considered approved (ASB Student Officer, ASB Advisor, and Principal/AP. Two signatures are required on all ASB checks. **Pre-numbered tickets** are to be used for all sales events: dances, entertainment events, car washes, athletic events, festivals. **Pre-numbered Receipt Books** for all transactions not receipted in Tracks or Schools Books. Receipts must be used in sequential order – if voided state the reason and leave them in the receipt book.

Carrying Over Unexpended Balances

Whenever possible, it should be ensured that funds raised by students during a given school year are spent on behalf of those same students. “Saving” money is clearly contrary to the intent of the law, although reasonable carryover balances are often used as seed money for a project in the next year, or a club may work toward a large project that takes more than one year to fund. It is the large or excessive carryover balances that are discouraged. Thus, a good practice would include a regular review of carryover balances to be certain that the funds are spent for the benefit of the students who raised the funds.

Good business practice should include a limit on carryover in its ASB policy, such as “no more than 20 percent of the total amount raised in any given school year without a spending plan that has been approved by the business office”. FCMAT has included a Budget Carryover Request Form in the FCMAT ASB Manual that can be used to carry over excess ending balances. This type of form could be completed and submitted to the business office in April or May of each year to request approval over the allowed amount contained in policy (i.e. over the example % of 20%).

Using a requisition at year end to place fund in carryover status is not necessary, although your district could certainly decide that this is a requirement. Basically, carryover is revenue less expenditures, so the financial statements would reflect the carryover amount at the end of the fiscal year. 11/29/06

Contracts (Yearbook, DJ, etc.):

Contracts may only be signed at the district level by the Sid Salazar, Superintendent, Virginia Eves, Assistant Superintendent, Ami Shackelford, CFO.

DJ’s, etc., and District Policy:

Contracts with DJ’s may not be signed by administration at the site – contracts of any kinds must be signed at the district level. DJ’s must carry \$1,000,000.000 liability insurance with Alvord Unified School District named as “additional insured” – you must have a copy of this policy. The DJ must also provide proof of current auto insurance (glove box type card is okay) in addition to a “Certificate of Worker’s Compensation Insurance” if they have employees. A current/correct W-9 must be on file and ASB must fill out a “Request for Use of District

Premises & Facilities” form and have the DJ initial and date the Acceptance of Indemnification at the top.

Employees & Consultants:

Individuals hired by ASB to perform services that are not the responsibility of the district are to be paid through the district payroll if they are district employees (ASB will be invoiced). Consultants who are not employees must complete a W-9.

FCMAT:

FCMAT publishes the *Associated Student Body Accounting Manual & Desk Reference* that covers internal controls, procedures, policies, governance, organization, and laws. It can be downloaded at <http://www.fcmat.org/stories/storyReader%24911>. FCMAT’s (Fiscal Crisis and Management Assistance Team) mission is to help California’s local educational agencies fulfill their financial and management responsibilities by providing fiscal advice, management assistance, training and other related school business services.

Forms:

All necessary forms are available on the intranet <http://intranet/> under ASB Corner – ASB Forms. (Go to Alvord Unified School District website and type the above link in the top browser to get to ASB Corner and ASB Forms.) Some forms on the intranet are similar to each other, use what works best for your school, and, if necessary, add information. If you already use a similar form, there is no need to change. However, if you are not, start now. (Selling in Tracks eliminates the need for tally sheets and hand-written receipts.)

Forms available:

- ASB Purchase Order Log
- Gift/Donation Form
- Inventory Form
- Pre-Activity Request
- Purchase Order
- Receipt Book Log
- Request for Carryover (Excess Ending Balances)
- Requisition
- Statement of Missing Receipt
- Tally Sheet
- Ticket Inventory
- Ticket Sellers Report **or** Report of Ticket Sales
- W-9

Regulations:

- Food Sales Tax Regulation 1602
- Food Sales Tax Regulation 1603
- Fundraising for a Sick or Needy Student
- Incentives, Gifts, Thank Yous
- Raffles in California

Food Sales - Middle and High School: Food can be sold during or after school (after school is defined as either ½ hour before or ½ hour after the school day ends) if: approved by Child Nutrition, not prepared on campus, not sold by the lunch program that day. Only four food sales annually are held for any and all student groups for only four days during the school year. One student group may also sell up to 3 food items daily. **Food items must comply with our district's Wellness Policy or be sold off campus.**

http://www.schoolnutritionandfitness.com/schools/ausd_0603080055078751/WellnessPolicy.pdf

Fundraisers:

- **Check with Risk Management regarding use of facilities, \$1,000,000,000 liability and other insurance requirements and their list of discouraged/prohibited fundraisers (mechanical or animal rides, live targets, darts & arrows, etc.).**
- ASB cannot conduct **lotteries** (including **50/50** and **other raffles** – paying money for a chance to win) – Penal Code 320.5. Must be an eligible adult group with nonprofit status for at least one year prior to conducting the raffle – there are many other restrictions. **Bingo/Bunco** fall under the same requirements.
- **Auctions** are allowed.
- It is against California law for teachers to solicit funds from students in their classroom for fundraising {Ed Code Section 51520(a)}. Clubs – not teachers, should conduct fundraisers as the teacher would be subject to income tax.

Gifts & Donations:

ASB accounts are not to be used as holding accounts for deposits or donations from another entity (such as a parent club) unless the intent is to truly donate those funds to ASB, as once those funds are deposited into ASB accounts, they are considered ASB's property. Once the parent group has donated/deposited the funds into ASB, the parents no longer have discretion over the funds; the students do. Funds deposited into ASB can't be donated to another agency as that is considered a "gift of public funds". Students can raise money for a charity but it can't be an ASB fundraiser. **Checks/money orders are to be made payable directly to the specific relief agency such as the Red Cross, so the funds do NOT go through ASB.** The Gift/Donation Form is available on the intranet. The District does not refuse monetary donations, however, if donated goods present safety or maintenance and expense issues, then there would be grounds for disapproval.

Gift of Public Funds:

The reason that ASB and the district cannot be involved in fundraising for an ill or underprivileged student is that it would be a gift of public funds. In the absence of a statute granting public local educational agencies (LEA's) the legal authority to make a special expenditure (i.e., for food, clothing, awards, donations, etc.), the legality of any expenditure is determined by the "gift of public funds: provision in the California Constitution, Article 16, Section 6. This constitutional provision prohibits making any gift of public money to any individual (including public employees), corporation, or other government agency, It states, "...

the Legislature shall have no ... power to make any gift, or authorize the making of any gift, of any public money or thing of value to any individual...whatever...”

Expenditures of school funds must be for a direct and primary public purpose to avoid being a gift. An approved public purpose must be within the scope of a school district’s jurisdiction and purpose, which does not extend to purposes such as aid to the indigent and the like, or the promotion of social welfare, though these may be lawful public purposes for other agencies. On the other hand, it is also well established that expenditures of public funds which involve a benefit to private persons (including public employees) are not gifts within the meaning of the California Constitution if those funds are expended for a public purpose. This means that public funds may be expended only if a direct and substantial public purpose is served by the expenditure and private individuals are benefited only incidentally to the promotion of the public purpose. To justify the expenditure of public funds, a LEA’s governing board must determine that the expenditure will benefit the education of students within its schools. Expenditures that most directly and tangibly benefit students’ education are more likely justified. Expenditures driven by personal motives are not justified even if they have been a long standing local custom or are based on benevolent feelings. So, a district or ASB doing fund-raising specifically to benefit one student would clearly not be appropriate, no matter how worthy the cause or the student. District/ASB funds are legally considered public funds because they are raised through the district’s tax identification number and under its nontaxable status. In general, fund-raising that occurs on campus should be for the benefit of the district/ASB and not for other organizations or people. Under no circumstance should student groups donate funds to an individual needy student or use school equipment for a charity fund-raising drive. Those donations are not tax-deductible unless a legal foundation has been established for that family. So, the correct way to fund-raise for this student would be for someone (not the district) to work on establishing a legal foundation. 12-4-09

Non Profit Status 501 c (3):

Alvord Unified School District is a tax-exempt organization; though, it is not tax exempt under section 501 c (3) of the IRS tax code. As a public school district, AUSD is a political subdivision of the State of California, organized under the state’s Education Code. The district is a government agency. Government agencies are tax free and not required to have a tax exempt status under section 501 c (3). However, we do pay sales/use tax. Booster Clubs are required to have non-profit 501 c (3) status to hold raffles, 50/50 raffles, lotteries, Bingo, games of chance. Must be an eligible adult group with nonprofit status for at least one year prior to conducting the raffle – there are many other restrictions.

NTE Checks and Reimbursements:

Pre-approved reimbursements should be used instead of NTE checks. (Each month bank reconciliation completion is held up because NTE receipts have not been turned in, have been lost, or have not yet been entered in School Books resulting in inaccurate balances.) Vendors who take purchase orders should be used when possible to avoid the need for a reimbursement. Bookkeepers will cut pre-approved reimbursement checks in a timely manner.

PE Clothes:

Excessive PE Clothes inventory should be avoided. Projected sales estimates can be obtained from prior year sales history information and pricing and new student enrollment information.

Reports – What to look for and what they tell you:

- **Account Analysis Summary** (Reserve, Class, Clubs/Trust, Income, Expense)
 1. Clubs balances – look for negative club balances (should never be allowed to be in the negative)
 2. Excessive Reserve – funds should be spent for the benefit of the students who raised the funds during the school year
 3. Income, Expenses, Transfers

Sales and Use Tax:

The tax rate is the same for sales tax and use tax. The consumer owes and pays the use tax due on items purchased without payment of sales tax. The tax is measured by the purchase price. Out-of-state retailers engaged in business in California must collect and pay use tax on items sold to Californians.

In general, no blanket exemption from sales or use tax exists for nonprofit or charitable organizations. The organization's sales of tangible personal property are subject to tax. The organization's purchases of tangible personal property, including supplies are subject to tax. (**Tangible Personal Property** is personal property, which may be seen, weighed, measured, felt, or touched, or which is in any other way perceptible to the senses. **A Sale** is any transfer of title or possession, of tangible personal property for a consideration, regardless of when payment is received. [bake sale, rummage sale, silent auction]).

Student Store pays sales tax - filed with the district return.

Sales tax is due on the full selling price of PE Clothes and spirit shirts. If tax was paid to the vendor on the purchase price, we will file a tax-paid purchase resold credit when we file our sales and use tax return.

Yearbook sales to students are not taxable.

Sales of tangible personal property, such as pencils and paper, etc., are taxable and sales tax is due on the full selling price. Any cold food items, water, juice drinks, or cup-o-noodle soup that students ware up themselves are exempt food products and not taxable. However, hot prepared food items and carbonated drinks are taxable. Please refer to Regulation 1602 for more examples of exempt food products and Regulation 1603 for hot prepared food.

Gate fees (admission fee) charged for admission into games or other events are not taxable.

Regulation 1603 (d) (4) states that any food products sold for consumption within a place the entrance to which is subject to the admission fee (gate fee) are taxable. Therefore, all food and drinks sold are taxable when gate fees are charged to enter the event.

ASB Card sales are not taxable.

The sale of prom tickets to students that include food and entertainment are not taxable. However, our school district is the consumer of the food provided at the prom and must pay tax to the vendor on the purchase price.

School youth organizations are consumers and not the retailer of food products and tangible personal property if the fundraising activities are conducted by (1) a school youth organization (not by the school itself) on (2) an irregular or intermittent basis, (3) the profits are used in furtherance of education, and (4) the items were created by students. Tax must be paid to the vendor on purchase price of the materials used in preparation of the items sold by school youth organizations and the sale by the school youth organization is not taxable if all of the above four requirements are met.

However, if an annual auction is held by the school Parent-Teacher-Association (PTA) who uses profit for the benefit of all students, the sale of donated property also qualified for the exemption. The PTA is a consumer and not a retailer of items sold at the annual auction held by them.

The charge for car washes is for exempt labor and not taxable.

If the ROP restaurant program is run on a regularly scheduled basis and the meals prepared by students, whether hot or cold, are served at tables, chairs, or counters provided by students, tax is due on selling price of all items served to staff.

Scholarships/Trusts:

Student Body organizations can hold scholarship monies – written direction from the donor explaining intended use is required (formal trust agreement).

W-9's:

W-9's are required to be on file for all vendors providing a "service" (walk-on coaches, refs, speaks/assemblies, DJ's, printing done on; t-shirts, yearbooks, and newspapers). The W-9 must be completed before service is provided. A 1099 is reported to IRS for vendors paid \$600 or more (collectively among all sites). The district bookkeeper will run a 1099 Report in School Books in early January for all such vendors who have been paid \$1 or more.

Yearbooks:

Pre-sale of yearbooks is recommended. Excess ordering should be avoided unless the yearbook company will purchase back unsold yearbooks. Projected sales estimates can be obtained from pre-sale and prior year sales history information and pricing – this should be discussed before the amount of yearbooks to be ordered is approved.

True or False?

1. The purpose of ASB is to enhance student's educational experience by teaching them to operate a small business and provide financial means to purchase goods and services outside what the district provides. ASB students decide how their funds are spent (in compliance with Board Policy, Ed Code, Rules, Regulations, Law) **True**
2. Auditors don't require minutes approval for purchases or receipts or tally sheets when items are sold and they think a Purchase Order Log is a waste of time. **False – audit finding, and look for PO Logs**
3. Ed Code Section 44015 authorized awards to employees for exceptional contributions and to students for excellence. However, mugs, cards and similar items given to promote good will or positive relations between either the district and its employees or between staff and students, are not considered awards. The expenditure of public funds to promote positive employer-employee and/or staff-student relations does not serve a direct and/or substantial public purpose, so would likely violate the gift of public funds provisions contained in the California constitution. **True**
4. It should be ensured that funds raised by students during a given school year are spent on behalf of those same students. "Saving" money is clearly contrary to the intent of the law, although reasonable carryover balances are often used as seed money for a project in the next year, and a club may work toward a large project that takes more than one year to fund. **True**
5. An ASB Advisor or principal can sign contracts. **False – contracts may only be signed at the district level.** Contracts may only be signed at the district level by the **Sid Salazar, Superintendent, Virginia Eves, Assistant Superintendent, Ami Shackelford, CFO.**
6. Students can raise money for a charity. Checks/money orders are to be made payable directly to the specific relief agency such as the Red Cross, so the funds do NOT go through ASB. **True**
7. Student groups should not donate funds to an individual needy student or use school equipment for a charity fundraising drive. Those donations are not tax-deductible unless a legal foundation has been established for that family. So, the correct way to fundraise for a needy student or family would be for someone (not the district) to work on establishing a legal foundation. **True**

8. ASB doesn't have to pay sales or use tax. **False. ASB pays both sales and use tax (for items purchased without payment of sales tax) on sales of tangible personal property (Tangible Personal Property-personal property which may be seen, weighed, measured, felt, or touched, or which is in any other way perceptible to the senses. The tax is measured by the purchase price. PE Clothes, spirit shirts, food sold when an entrance fee is charged, etc.**

9. Ordering too many yearbooks from a company that does not buy back unsold yearbooks will result in a loss. **True. Yearbook presales and prior year sales should be taken into consideration before placing an order.**

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