

PASBO STUDENT ACTIVITY FUNDS WEBCAST

September 2015

ANSWERS TO COMMON QUESTIONS

1. Can an activity group donate to a scholarship fund?
 - Yes, as long as the expense is approved by the students and the scholarship fund is separate from the student activity fund.
2. Can the graduating senior class give their remaining money to the next senior class?
 - Yes, The graduating class must use their remaining money for a school purpose and providing to the next year's class if voted on by their club officers would support this. If they don't, the remaining funds will be turned over to the general fund.
3. Can interest income be posted on a quarterly basis?
 - You can post interest monthly, quarterly or annually.
4. Can interest earnings be given to a specific account that is in need of funds?
 - No. Since many individual accounts are co-mingled in one student activity fund, interest earnings must be pro-rated to each individual account based upon their average balances.
5. Can picture money be deposited into the student activity account?
 - Picture money received by the district is usually a commission-based receipt. These funds can be placed in the Student Body Activities Account or Student Benefit Account to be used to benefit all students within the building.
6. Are you required to bid yearbook contracts or is this considered a professional service?
 - It depends upon the opinion of your school district's solicitor. Some require bidding, some don't.
7. If an advisor purchased supplies for the activity, can the advisor be reimbursed?
 - Yes, as long as the advisor provides an itemized receipt. You should then generate a student activity purchase order complete with signatures of the student officers. Then you can issue an activity check to the advisor.
8. Can a student activity account pay intramural advisors?
 - Intramural programs are non-PIAA sanctioned activities. These officials should be paid from the general fund.
9. Are fundraisers done by sports teams allowed to be deposited in the student activity fund?
 - Yes, as long as there is a student activity account established for the sports team. It must have officers and bylaws, just as any other account.
10. Can a class vote to send a donation/gift to a fellow student following a fire or hospitalization?
 - Unfortunately, this use of student funds is not appropriate. Funds should not be used to benefit only one child.
11. Can loans be made between individual student groups within the activity fund?
 - This is a questionable issue. I suggest that the activities prepare their request and have your school district solicitor issue a written opinion.
12. Can money collected for the PSAT tests run through the student body account?
 - No. This is an item directly associated with the educational program. These funds should be deposited into your general fund and a general fund check should be issue.
13. Can student activity accounts give scholarships to students that participate in that activity?
 - As long as the criteria for the scholarship indicates that membership is one of the requirements, this would be acceptable.
14. Do elementary activity funds have to use student input on purchasing if the students did not raise the funds themselves?
 - It is always best to have student input. However, the principal can authorize the expense.

15. Can student charity groups give money to families in need within the school district?
 - It is never a good idea to channel student-raised money to a specific individual or family. It is best if charitable donations be given to a specific not-for-profit charity who could disburse money to hardship cases.
16. If a parent booster group raises money to support a particular group of athletes, does the district have any responsibility for the account outside the student activity account?
 - No. Parent groups are not a part of student activity funds. The district has no authority to direct their activities.
17. What happens to interest earned on an account that has been closed before the end of the year?
 - The interest earnings can be pro-rated to the remaining accounts.
18. Does each activity need to turn in by-laws every year or only when there have been changes?
 - Only when there are changes to the original document.
19. Does each activity need to turn in minutes for every meeting or only when they are going to spend money?
 - Minutes do not have to be turned in. They should remain a part of the activities files and should document the authorization of expenses. They may be needed at audit time to justify certain purchases.
20. Can the senior class give a stipend to the chaperones who accompany them on their over-night trip?
 - No. This is directly related to instruction and is not an appropriate use of student funds.
21. If multiple schools hire a contracted person for services, should the amount be totaled for the 1099?
 - Yes. You would issue only one 1099 with the combined totals.
22. Can field trip money be run through the student activity account?
 - For field trips not related to a specific activity or club, if you have a student benefit account or clearing account, you can use them to make the deposits and expenditures. If a specific club is having a field trip, the deposits and expenses should be made through their specific account.
23. Can a parent-booster club use the school district's tax ID for purchases?
 - No. These are school-affiliated organizations and are out-side the district's fiduciary responsibilities. As such, they should have their own tax ID for purchases.
24. At the end of the school year, can the senior class designate their balance be transferred for use to another activity account?
 - No. The funds must be used either for the students who raised the funds, or for another school purpose.
25. Do funds raised by the eighth grade class follow them to the high school?
 - Yes. The students who raised the money should maintain control of the money.
26. Can the Yearbook Club use profits from the sale of the yearbook to purchase additional software to enhance their ability to create a better yearbook for students?
 - If you handle the yearbook as a student activity fund, they can utilize their money to upgrade their yearbook software.
27. Must an activity advisor stipend be run through payroll if the advisor is donating their stipend to the activity? (1. advisor is an employee of the district; 2. advisor is not an employee of the district)
 - If the advisor is a district employee, yes. The advisor would receive the net check and make a donation to the activity. The stipend amount would be included in the employee's year-end tax record. If the advisor is a not a district employee, payment is made through the general fund, with a 1099 Misc issued if the amount is more than \$600. The non-employee can donate the entire general fund check to the activity. However, the 1099 must still be issued at year-end and the non-employee advisor must claim the payment as taxable personal income.

28. If we purchase items for sale in our student store and pay tax to the vendor, then do we have to charge the customer/students who purchase the items sales tax?
- School store sales are handled differently than typical fund-raiser sales. Items in the school store are purchase by the club for the sole purpose of re-sale, thereby making the sales taxable. As with any store, you should be incorporating the amount paid to the vendor into your final sales price so that you are recouping the vendor cost plus a profit. You then would submit the sales tax to the Department of Revenue for items sold. As mentioned earlier, the sales tax laws are complex. It is always best to get a written opinion from either your district solicitor or auditor.
29. If you collect money for smoking fines, can that be deposited into a student activity account?
- Because smoking fines are directly related to school district policy, the money collected should be a general fund deposit.
30. Would it be best not to have any elementary activity accounts since the children are in grades K-3?
- There is no problem with having elementary activity accounts as long as the administration follows the principle that funds are to be used for the students within the building.
31. Can the senior class donate the balance of their account to the student council for the benefit of a senior citizen dance?
- You should have the senior class donate the money to the school district for the designated purpose of holding a senior citizen dance. Another activity can sponsor the dance and the general fund can transfer the designated funds to that activity. Keep all of the paperwork as an audit trail.
32. How long must a club be inactive officially before it can be closed?
- This is discretionary on the part of the school district. However, given that senior class funds must be utilized within one-year of graduation or they are transferred to general fund, it would make sense to use the one-year period for other clubs.
33. Can a parent organization be the common thread for collection of money for a family in need?
- You can ask the parent group if they would agree to handle the funds. However, keep in mind that the district has no control over any parent group as they are outside the district's fiduciary responsibility. You would hope they would honor whatever agreement you made with them.
34. Can the graduating class donate their balance to the next year's prom?
- No. School code requires that the funds be used for a purpose of the class. Next year's prom doesn't benefit the graduating class.
35. Can the senior class donate their remaining funds to the parent's group who plans the All-Night Party after graduation?
- If this is the intent of the class, they should not donate their funds to the parent's group. The seniors should be involved in the planning of the party and make expenditures directly from their student activity account. Any unexpended funds must be utilized in accordance to school code requirements for post-graduation expenditures.
36. Can student groups such as student council spend their money on such things as a Veteran's Dinner and Senior Citizen's dinner that they put on for the community?
- As long as the club's by-laws state that community events are a part of the purpose of the group, these type of functions are acceptable expenditures of their funds.