Giving and Receiving

MASBO 2016 Fall Conference
Nancy Schulzetenberg, CPA
November 3, 2016

Topics for Today

• Disposal of Property
  – Donations
  – Sales
• Receiving Donations
  – Overview
  – Best Practices
  – Booster Clubs
• Fundraising
  – Overview
  – Best Practices

Disposal of Property

• Donations
  – donations to people, non-profits, charities, or other groups are not permitted unless they are based upon specific statutory authority
  – Gifts of public funds serve private, not public, interest and no matter how meritorious the cause, they cannot be construed as a necessary cost
  – Authority to appropriate and use money for a purpose does not equate to authority to contribute money to a body generally committed to advancing that purpose
Disposal of Property

• Donations
  – Examples of inappropriate gifts:
    • Awards for a student or group of students with improved academic improvement
    • Dinner for a winning sports team
    • Donations of cash, supplies or equipment to local charitable organizations
    • Free pop or coffee to teachers or other employees
    • Plaques, flowers, or other items for all occasions, including memorials

Disposal of Property

• Donations
  – Statutory Authorizations
    • May be able to contract with an organization to perform authorized government activities
      – Example: Can’t donate to the Girl Scouts or Boy Scouts; but, may be able to contract with the Girl Scouts or Boy Scouts to help clean school property

Disposal of Property

• Donations
  – Statutory Authorizations
    • A school board may establish and operate an employee recognition program for district employees, including teachers, and may expend funds as necessary to achieve the objectives of the program. The employee recognition program shall not include monetary awards.
Disposal of Property

• Donations
  – Statutory Authorizations
    • Requirements of an employee recognition program or event – from OSA Statement of Position
      – Need a program
      – Not parties for all employees
      – Can’t pay for spouses or third parties to attend event
      – No purchases of alcoholic beverages

• Donations
  – Statutory Authorizations
    • Operate a trust to provide district pupils with advanced education after completion of high school - Scholarships
    • Private Purpose Trust Fund

• Donations
  – Statutory Authorizations
    • Exception for Disposing of surplus school computers
    • School may convey property and title to:
      – Another school district
      – The state Department of Corrections
      – The Board of Trustees of the Minnesota State Colleges and Universities
      – The family of a student residing in the district whose total family income meets the federal definition of poverty
Disposal of Property

• Sales
  – Uniform Municipal Contracting Law (Minnesota Statute 471.345)
  – Outlines all the requirements for purchase or sale of property
  – Today we will discuss the sale of surplus property

Disposal of Property

• Sales
  – Electronic sale of surplus property
    • Purchasers must be able to compete to purchase items at the highest purchase price
    • Open and interactive environment
    • Some examples of online auction sites:
      – ebay
      – Public Surplus
      – OnlineAuction

Disposal of Property

• Sales
  – School Districts are prohibited from selling property to its officers or employees unless:
    • The property is not needed for public purposes
    • The sale is made through sealed bids or public auction
    • The officer/employee was not involved in the process
    • “notice” law was followed
Receiving Donations

• Overview
  – The board may receive donations for a proper purpose
  – That purpose must be for the benefit of the district
  – The district may apply the donation for a designated purpose
  – The board may act as trustee and receive funds into a trust for scholarship purposes as discussed

• Best Practices
  – Written gift acceptance policies are recommended that accommodate potential donations from outside organizations
  – School board must carefully evaluate any gift that is restricted to determine if the gift is aligned with district priorities
  – Restriction should be clearly documented when accepted

• Booster Clubs
  – Separate organizations
    • Must handle their own funds
    • Must have a separate ID number
    • School board should not attempt to control the outside organizations
  – Any donation, either cash or property, accepted by a district becomes the district’s property
Fundraising

• **Overview**
  – All fundraising must adhere to the school district fundraising policy
  – No statutory obligation requiring school boards to have or approve fundraisers as a method of generating revenue
  – All school-sponsored fundraising should contribute to the educational experience of students enrolled in school

• **Best Practices**
  – All fundraising activity should be approved by the board
  – All related contracts need to approved by the Board
  – Items to consider when looking at types of fundraising:
    • The extent to which the community will be inundated with sales
    • What sales are appropriate for which clubs and organizations
    • What purposes are appropriate for use of funds
Questions?

Thank you!
Nancy Schulzeitenberg
320.650.0219