

Galveston Independent School
District
2018-2019
Activity Fund Manual



Table of Contents

Introduction	Page 1
What Are Activity Funds	Page 2
Campus Activity Funds	Page 3
Student Activity Funds	Page 6
Responsibilities for Campus and Student Activity Account.....	Page 9
General Policies	Page 10
Check Request / Purchase Orders.....	Page 10
Returned Checks	Page 13
Donations... ..	Page 14
Fixed Assets	Page 15
Parent Organizations	Page 15
Faculty Funds	Page 16
Sponsor End of Year Checkout.	Page 16
Galveston ISD School Board Policy Regarding Activity Funds Management.....	Page 17
Fundraising Policies and Procedures.....	Page 19
Request for Organization Fundraiser.....	Page 20
Official GISD School Board Policy on Gifts and Solicitations	Page 20
Sales Tax.....	Page 21
Tax Free Days.....	Page 24
Food Sales.....	Page 25
Booster Clubs and Other Organizations.....	Page 26
Acknowledgment of Training.....	Page 27

Required Forms

Form 1: Activity Deposit Worksheet Form	Page 28
Form 2: Activity Fund Check Request	Page 29
Form 3: Request for Organization Fundraiser.....	Page 30
Form 4: Sponsor Responsibility Listing	Page 31
Form 5: Fundraiser Recap Form.....	Page 32

Introduction

The Activity Fund Manual has been prepared to provide assistance in the proper handling and accounting for activity fund monies on Galveston ISD campuses.

The Texas Education Agency provides some guidance and requirements on activity fund accounting in the Site Based Decision Making Module of the Financial Accountability Resource System Guide (FASRG) v14. See <http://www.tea.state.tx.us/index4.aspx?id=1222>.

The GISD Activity Fund Manual incorporates the guidance provided in the FASRG and sets out specific guidelines and procedures for Galveston ISD.

Financial accounting is essential to the successful operation of schools and school districts. The accuracy of financial information depends on the proper recording of individual transactions. Properly recording transactions at individual campuses is the responsibility of campus personnel. The campus Principal is ultimately responsible for the activity fund monies and the proper accounting of these funds.

This manual is provided to ensure that Generally Accepted Accounting Principles are followed and that sound internal controls are in place to provide protection of student and campus activity funds. The procedures and guidelines provide both administrative and accounting controls to safeguard assets and ensure reliability of the financial records. Adhering to these guidelines and procedures can help to prevent the misappropriation of funds, violations of Federal, State, and district regulations, and acts of fraud or negligence.

This manual will be continually updated and improved with more detailed guidelines and information. Please contact Ron Bedford at ronaldbedford@gisd.org with any questions and/or suggestions.

What Are Activity Funds?

Activity funds are funds generated and accumulated by the school from the collection of student fees, school and district approved fundraising and other activities. These funds are held in trust by the school district and are used to promote the general welfare of the school and educational development and moral of all students.

There are two main categories of activity funds:

Campus Activity Funds (Fund 461) are funds raised locally by the school or donated to the school and include school office and departmental accounts. Campus activity funds are considered by TEA to be district general funds. The expenditure of these funds must comply with state and board policy and with district regulations. These funds are accounted for with the special revenue governmental funds of the district.

Student Activity Funds (Fund 865) are funds generated by specific student groups, not by the district or campus. Decisions about the expenditure of student activity funds are made by the students with the assistance of a school district employee sponsor. All club and student funds are accounted for in this grouping as well as the faculty hospitality funds. These funds are accounted for as fiduciary trust funds not owned by the district.

Campus Activity Accounts (Fund 461)

Campus activity accounts contain funds raised at a particular campus which are managed by the Principal or other campus administrators. These funds are accounted for as Campus Funds (461) as stipulated by the *Texas Education Agency Financial Accountability System Resource Guide (FASRG)*. Campus accounts must be spent to promote the general welfare of the school and the educational development of students. Principals may use these funds to supplement their budgeted district funds. Each campus is to have one activity fund which can be divided into separate accounts using local codes to distinguish between campus groups. Campus funds should not be spent to benefit any individual.

Examples of Authorized Reasons for Collecting Funds for Campus Activity Accounts	
School Fundraisers	Music Class
Field Trips	Athletics
Book Fairs	Yearbooks

Activity accounts are not considered a savings account and therefore should be spent during the same school year the money is collected.

On the following pages is a list of some of the appropriate and prohibited expenditures using campus activity funds (461). The list is not all-inclusive, but can serve as a guideline. Any questionable items should be verified through the Finance Department.

Campus Activity Funds <u>Appropriate Expenditures</u>	
1	Educational field trips, meals, and other activities planned for the benefit of students. The travel expenditures for faculty/staff who must accompany students on a field trip are also acceptable provided that expenditures do not exceed the reimbursable limits established by the district's travel policies.
2	Organization or institutional memberships. However, if an individual membership is only available or is necessary for students to participate in certain activities, then the expenditure is acceptable if a notation is made to document the necessity.
3	Awards such as plaques, paperweights, caps, certificates, in recognition of students, staff or volunteers for services to the school or GISD.
4	Incentives for student involvement.
5	District approved conference attendance and travel costs for employees on school business, subject to travel allowances as established by the district.
6	Scholastic magazines and books.
7	Supplemental classroom instructional needs and general office supplies
8	Improvement of campus and site facilities such as plants, bulletin boards, signs and flags.
9	Expenses and purchases related to sales of items or fundraising activities.
10	Refreshments for teacher in-service and staff development; an agenda and roster of attendance must be provided for each meeting
11	Emergency and health or safety needs for students.
12	Tickets for school related functions when attendance is required by the Principal.
13	Onsite business meals for staff. For reasonable cost comparisons, the per diem amounts are: breakfast \$8.00; lunch \$12.00; dinner \$16.00. <u>Appropriate documentation including who was at the meeting and what</u>
14	Refreshments and snacks for meetings where the school serves as host for related activities for Students, staff, and patrons.

Campus Activity Funds <u>Prohibited</u> Expenditures	
1	Reimbursement for luncheons or dinners while attending civic organization's meetings.
2	Purchase of any GIFT for any person or organization; this includes gift certificates, retirement gifts, holiday gifts, and food gifts. Gifts of public funds are prohibited under Article III, Section 52 of the Texas Constitution.
3	Extravagant or high priced individual awards such as watches or other jewelry.
4	Payment of an individual's personal bills.
5	<u>Donations</u> to individuals, organizations, or scholarship funds.
6	Loans to employees, parents, or students for any reason.
7	Parties for staff, including food, decorations, and favors; simple receptions are acceptable.
8	Alcoholic beverages, tobacco products, controlled substances, firearms, and other weapons.
9	Payment of expenses of spouses or other nonemployees (i.e. travel expenses).
10	Payment of professional organization liability insurance on any individual.
11	Appreciation and fundraising dinner tickets.
12	Extra compensation or bonuses to employees, whether it be in the form of cash or gifts.
13	Abuse of number of meals furnished to staff.
14	Meals furnished to employees which exceed the reasonable limitations based on meal reimbursements during overnight travel.
15	Replacement of an individual's property that was lost, stolen, or damaged on the school or district's premises or while being used at a school or district function. Use of funds in this manner is prohibited by the Texas Tort Claims Act.
16	Meals for day travel. IRS considers this income that must be reported on the annual Form W2.
17	Transfer of funds to the hospitality/faculty accounts
18	Any expense which appears to benefit private individuals or entities in ways so out of proportion to the overall public benefit that they amount to a virtual donation.
19	Beverages that are not Pepsi products unless Pepsi does not offer a comparable product.
20	Any other expenditure prohibited by federal or state law, TEA or Board policy or GISD regulations.

Student Activity Fund (865)

Student Activity Funds consist of money that is received and held by the district as trustee. Individual student groups raise these funds and their disbursement is controlled by that group as long as the decisions regarding the use of funds do not conflict with Board policy and/or legal regulations or restrictions. Student activity funds (865) are accounted for the district as agency funds in compliance with the *Texas Education Agency Financial Accountability System Resource Guide (FASRG)*. The basic purpose for the collecting or raising and expending of activity funds must be for the direct benefit of the students or for the general benefit of the school. Within this scope, funds are to be used to finance activities that supplement the educational curriculum of the district. Fundraising activities shall in general contribute to the educational experience of pupils and shall not conflict with the instructional program.

Student activity money shall be expended to benefit a bona-fide student group that contributed to its accumulation. **Fundraising activities should not be for the individual benefit of a student based on sales, but should be equally distributed to the students holding the fund raiser.** A **bona fide student group** is one that has been properly approved by the campus Principal and consists of elected student officers and a faculty sponsor. Students not only participate in the activities of the organization, but also are involved in managing and directing the organization's activities. **A roster of newly elected officers is to be furnished to the Principal, Campus Secretary and Finance department by September 15th of each school year.** Clubs that do not elect officers and/or hold regular activities for an entire school year will be considered inactive and any balances transferred to the campus activity funds account. In addition, organizations that do not have a slate of approved officers will not be allowed to conduct tax free fundraising activities.

The sponsor of each school organization is required to ensure that adequate records are maintained. These records, which are subject to audit, should include, at a minimum, the following:

- Minutes of each meeting which detail, at a minimum, attendance, approval of expenditures, discussion of fundraising activities and approval of financial status.
- Fundraising request approved by the Principal and Finance Department.
- Summary sheet to provide the Finance Department with total revenue and expenses for specific fundraiser.

Examples of Authorized Student Activity Groups

Art Club	Thespian Club
Auto Club	Foreign Language Club
Journalism Club	Marching Band
National Honor Society	Student Council
Chorus Club	Class of 2XXX

Acceptable Expenditures of Student Activity Funds: [See House Bill 3646](#)

- 1 Supplies & materials to be used by student members of the group.
- 2 Entry fees and other expenses associated with competitions & meetings.
- 3 Travel expenses and meals consumed by the student members and their adult sponsors (travel disbursements must be documented in the Galveston ISD Finance Department)
- 4 Membership in related organizations
- 5 Charitable contributions and scholarships
- 6 Expenditures related to parties and other entertainment of student members
- 7 Equipment to be used by the student members of the organization
- 8 Refreshments for Open House, Parent Night and other parent/student functions
- 9 Other reasonable expenditures approved by student membership of the group

Unacceptable Expenditures of Student Activity Funds

- 1 Any purchases not approved by the student membership of the group.
- 2 Any purchases other than those listed above which benefit adult sponsors and not the benefit of the student members.
- 3 Beverages that are not Pepsi Cola products unless Pepsi Cola does not offer a comparable product.
- 4 Replacement of an individual's property that was lost, stolen, or damaged on the school or district's premises or while being used on a school or district function. The Texas Tort Claims Act prohibits use of funds in this manner.

Student activity accounts are not considered a savings account and therefore should be spent during the same school year the money is collected.

Funds derived from the student body as a whole shall be expended in a manner benefiting all students. The management of student activity funds shall be in accordance with sound business practices, including established budgetary and accounting procedures.

The [Sponsor Responsibility Listing](#) form needs to be completed each school year by the Campus Secretary for each student group utilizing the Student Activity Funds (865). Also, the an [Activity Fund Manual Acknowledgement](#) Form must be signed by the sponsor of each club or organization. A copy of completed form must be sent to the Finance Department, all forms can be found on the GISD website:

Responsibilities for Campus and Student Activity Accounts

All campus personnel including Principals, Sponsors, Secretaries and Faculty will be held responsible for any campus and student activity funds entrusted to them. The responsible party will reimburse the account for money or property purchased with student activity funds which is lost due to carelessness, fraud, or theft due to carelessness.

The **Principal** is responsible for assurance that the overall administration of the Student Activity and the Campus Activity Accounts, deposits of funds at the Finance Department in a timely manner, and compliance with the policies and procedures manual. The Principal will approve all fundraising activities in advance and will monitor the activities by reviewing and signing the [Request for Organizational Fundraiser](#) and ensuring the fundraiser has also been approved by the Finance Department in advance.

Each campus that handles Campus and Student Activity Funds must deliver cash deposits to the Finance Department the day the cash is received. **Under no circumstances are funds to be kept at the campus overnight.**

The **Campus Secretary** (or designated employee) is responsible for maintaining the accounting records turning in deposits, creating purchase orders, ensuring all documentation is reported to the Finance Department, and assisting Teachers/Sponsors, and informing Principals of problems and concerns.

The **Faculty Sponsor** of a student activity group is responsible for safeguarding and accounting for all student activity funds entrusted to him/her. It is the obligation of the faculty sponsor to follow the procedures presented in the Cash Handling Procedures section of this manual. This includes maintaining detailed financial records, completing the [Request for Organization Fundraiser](#) form in order to account for all fundraisers and for maintaining a positive balance in the respective account at all times. The faculty sponsor will sign an [Activity Fund Manual Acknowledgement Form](#) before undertaking the sponsorship of a student club or organization. If forms are not filled out, sponsors will not be allowed to conduct any fundraising activity. The forms will be filed at each campus as well at the Finance Department.

The **Finance Department** is responsible for training the campus secretaries and providing an Activity Fund Manual as well as providing help with question and concerns. Finance Department staff will be responsible for monitoring the monthly account activity and bank reconciliations for all campuses. They will work with the campus staff to correct any deviations from the requirements of the policy and procedures and will inform the Principal in the event that such deviations cannot be resolved.

Payments from the Campus and Student Activity Accounts

General Policies

All expenditures shall be paid by check from the appropriate account. No checks will be issued without prior authorization from the Principal. **Under no circumstances should cash collected for a fundraiser ever change hands to make a payment.**

Checks will be made to a specific person, company or organization. Checks must not be made to "cash" or to the school itself.

Funds held for either the Campus or Student Activity Account may not be used to cash checks. This practice is strictly prohibited because check cashing, in effect, is a loan until the check has cleared the bank.

Purchases of a personal nature shall not be commingled with purchases made for district use. Personnel cannot use the district's tax exempt status to avoid paying sales tax on personal items. If an employee makes both personal and school related purchases from a vendor at the same time, the two purchases must be rung up separately.

Check Requests/Purchase Orders

Before a check for a purchase or an advance may be issued, proper Purchase Order procedures must be followed:

- Purchases must be made using a GISD approved vendor; the PO must be approved by Campus Principal and Purchasing Coordinator. All supporting documentation must be turned in at the time of the PO creation. (preferably attached to the requisition)
- Request for Advance must be accompanied with the appropriate form listing the reason for the advance and why a purchase order directly to the vendor is not acceptable as payment.
-

Under no circumstances will a payment be authorized when there are not sufficient funds in the account.

FUND 461 ACCOUNTS: Requires 2 signatures on Check Request Form (Sponsor and Principal)

FUND 865 ACCOUNTS: Requires 3 signatures on Check Request Form (Student Officer, Sponsor and Principal)

Every check request from either the Campus or Student Activity Account must be documented further by some additional support. In most cases this will be an invoice which will be presented along with the requisition.

The Principal should use professional judgment to obtain the most appropriate written evidence that the expenditure was made to the payee named on the check, in the amount indicated on the check, and that it was made for legitimate purposes. There are some cases when an invoice is not available in advance.

The following list, although it is not considered all-inclusive, outlines alternate forms of support until the actual invoice is available.

1. A copy of an order form may be used when an order is placed and paid in advance. This could involve periodicals, seminar fees, etc. If a receipt or statement documenting a payment is received later, it should be sent to Accounts Payable in the Finance Department.
2. Sometimes it is necessary to make multiple refunds due to the cancellation of field trips, overcharges, or other occasions. In such instances, a single check may be issued to the activity sponsor who will distribute the refunds to each student. A Transmittal List—[Money Disbursed to Student](#) form should be utilized. This form will include the student's name, amount disbursed and the student's initials/signature to verify the amount of money received. Each person due a refund shall sign or initial the list verifying that the refund was received. The activity sponsor will return the signed Transmittal List to the Campus Secretary who in turn will attach it to the original paperwork.

The following are NOT considered support for checks:

1. Statement rather than the invoice they reference.
2. Note from sponsor detailing costs without receipts or invoices attached.

This additional documentation is critical for maintaining control over the Campus and Student Activity Accounts. It is the responsibility of the sponsor or other designated employee who requests a check to provide all of the support required in this section. It is ultimately the Principal's responsibility to see to it that these requirements are met.

Returned Checks

A check which has been deposited may be returned unpaid by the bank for a variety of reasons. The following procedures will be followed to account for returned checks.

1. The Finance Department will determine which account originally collected the check. This is why it is very important that the club account name and or number should be written on the memo line of the check.
2. The amount of the check will be entered as a disbursement on the associated Activity Fund Account with a notation concerning the maker of the check and the date it was returned.
3. A copy of the check will be returned to the appropriate Campus Secretary who in turn will return to the faculty sponsor for collection. The sponsor should notify the maker and request that the amount of the check be redeemed with cash or money order.
4. Collection should be made in cash or money order ONLY.
5. A receipt will be made for the amount of funds collected. The receipt will indicate that the amount is a redeposit.
6. The amount of the redeposit will be entered as a deposit, with a notation identifying it as a redeposit and indicating the maker of the check.
8. Do not accept checks from anyone who has already given you a check with insufficient funds.

Donations

Galveston Independent School District Procedures for Donations of \$5,000.00 or More

Any funds of \$5,000.00 or more that are donated should be approved by the Director of Finance prior to accepting the donation. Send an email with donation paperwork attached, to the Finance Department contact, who will forward all information to the Director of Finance.

Fixed Assets

Student Activity Purchases

All equipment donations must have the approval of the Chief Financial Officer when the value is \$500.00 or more. All monetary donations used for the purchase of equipment must be submitted in writing to the Campus Principal and must be approved by the Director of Finance

Student Activity purchases become property of the campus/department and are placed on the campus/department Fixed Assets Inventory list if the value is over \$5000.00.

Parent Organizations

Funds raised by outside groups such as PTA, Booster Clubs, and so forth, are the responsibility of the officers of that organization. It is the sole responsibility of these officers to get properly registered and obtain their own tax identification number. **Under no circumstances should the campus allow these organizations to use the district's tax ID number.** The TEA Financial Accountability System Resource Guide states that using the resources of the school district to account for such funds could be in violation of the section of the Texas Constitution that prohibits the appropriation of public funds for individual private purposes. Funds belonging to these groups will not be accounted for in either the Campus or Student Activity accounts.

Faculty Funds

Faculty Funds are defined as funds generated solely by and for the use of the school faculty to be utilized and expended at their own discretion (Hospitality, Climate accounts). All expenditures for hospitality, condolence or other purpose which is for the sole benefit of the faculty shall be paid out of Faculty Funds.

These funds may also be contributed by the school faculty and other staff members to be utilized and expended at the staff's own discretion. The revenues in the account shall be obtained voluntarily.

Regulations governing receipt and disbursement of Activity Fund moneys are applicable to Faculty Fund transactions. However, control of these moneys rests primarily with the staff. These funds must be accounted for in a separate 865 account established specifically for that purpose.

The Faculty Fund is to be administered by a committee chosen by the campus faculty. The chairperson of the committee is the fund's sponsor, who shall have signature authority for expenses incurred by this fund.

The sales tax exemption CANNOT be claimed for purchases from the Faculty Fund for gifts, condolences, or other such items of a personal nature.

Sponsor End of Year Checkout

It is required that the campus have all sponsors "check out" with the secretary in order to clear any pending items related to student activities such as missing receipts. At this time the Campus Secretary should request that all binders or files containing student activity information be submitted by personnel that will no longer serve as sponsor for the following school year.

FIDUCIARY
RESPONSIBILITY

The Superintendent, Principal, and sponsor, as applicable, shall be responsible for the proper administration of District and campus activity funds and student activity funds in accordance with state law and local policy, District approved accounting practices and procedures, and the TEA *Financial Accountability System Resource Guide*.

STUDENT ACTIVITY
FUNDS

The Superintendent or designee shall ensure that student activity accounts are maintained to manage all class funds, organization funds, and any other funds collected from students for a school related purpose. The Principal or designee shall issue receipts for all funds prior to their deposit into the appropriate District account at the District depository.

USE AND
EXPENDITURE

Student activity funds shall be included in the annual audit of the District’s fiscal accounts. [See CFC]

Funds collected by student groups shall be used only for purposes authorized by the organization or upon approval of the sponsor. The Principal or designee shall approve all disbursements. All funds raised by student organizations must be expended for the benefit of the students.

DISTRICT AND
CAMPUS ACTIVITY
FUNDS

The Superintendent shall establish regulations governing the expenditure of District and campus activity funds generated from vending machines, rentals, gate receipts, concessions, and other local sources of revenue over which the District has direct control. Funds generated from such sources shall be expended for the benefit of the District or its students and shall be related to the District’s educational purpose.

APPROVAL

Approval from the immediate supervisor or designee shall be obtained prior to a disbursement being made to any employee, including the Principal.

CARRYOVER FUNDS

All funds shall be left in the appropriate account and each sponsoring group shall retain the carryover funds for the next fiscal year. If an organization ceases to function or exist, the unexpended funds of the organization shall be credited to the appropriate administrative activity account.

District Requirements for Employees Handling Cash

- All District Employees handling funds on behalf of Galveston ISD will be required to attend a mandatory annual training session.
- All funds collected on behalf of the Galveston ISD will adhere to all board policies referring to the collection of money.
- Each employee will be required to sign an [Activity Fund Manual Acknowledgement Form](#)
- **Funds collected from all sources within the District shall be receipted by the appropriate methods:**
 - 1. Sponsor will give receipt to all students bringing money to the sponsor.**
 - 2. Campus Secretary will give receipt to sponsor bringing money to the Secretary.**
 - 3. Finance staff will give receipt to the Campus Secretary when depositing funds with the Finance Department. Campus Secretary should in turn give a copy of the Accounting receipt to the sponsor.**

******* RECEIPTS WILL BE AUDITED*******

- Funds should be brought to the Galveston ISD Finance Department (Support Center Annex) the day the money is turned into the Campus Secretary BY 3:00 PM.
- [The GISD Deposit Worksheet form](#) must be filled out prior to taking to the Finance Department with the appropriate information filled out, including the reason for the deposit (fundraiser or donation) and the account to which the deposit is being posted to.
- All checks deposited into a Galveston ISD bank account must be identified by their proper organization, group, club number, etc., on the bottom part of the check in the memo space. (LAST 3 DIGITS OF ACCOUNT CODE)
- A separate deposit slip should be used for each activity and/or fundraiser.
- The District will not provide check cashing services to employees, students, or community patrons.
- All checks should be made to Galveston ISD, NOT the campus.
- All funds must be delivered to both the Campus Secretary as well as the Finance Department in the manner they were collected. No checks may be cashed from the collected funds.
- Any discrepancies found at the bank will be addressed at the Finance Department and adjustments will be made to the account. The sponsor will be notified.

Fundraising Policies and Procedures

Fundraising activities by student groups and/or school sponsored projects shall be allowed, with prior administration approval and under the supervision of the project sponsor, for students in all grades. All fundraising projects shall be subject to the approval of the Principal.

All fundraising requests MUST BE submitted to the Finance Department for approval before the event takes place.

The Principal of the school shall be responsible for the proper administration of each organization's funds in accordance with state and local laws, district approved accounting practices and procedures and state approved guidelines.

Monies collected by student groups shall be disbursed only for purposes authorized by the organization or upon approval of the sponsor. The Principal or a designee shall approve all disbursements. **All funds raised by student organizations must be expended for the benefit of the students.**

The sponsor is responsible for maintaining accurate records of all sales activities and accounting for all items purchased from vendors for resale.

The [Request for Organization Fundraiser Form](#) is used to request pre-approval for the fundraiser

The sponsor will complete [Request for Organization Fundraiser form](#) and submit it to the campus Principal and Finance Department for approval. The Principal will return the approved form to the sponsor. The Campus Secretary will enter the information onto the school district facilities calendar for easy access by Superintendent and Finance Department.

THE "Request for Organization Fundraiser" form **MUST ACCOMPANY EVERY DEPOSIT.**

The "Fundraiser Recap Form" is supplied for Sponsor use.

Request for Organization Fundraiser form

Submit the completed and signed form to the Campus Secretary at least 10 days prior to the start of the activity for the consideration of the Principal. All materials related to the activity should be included, such as eligibility for sales tax, methods of advertising, profit margins, schedule of events, level of student participation, etc.

Upon approval by the Principal and the Finance Department, the activity will be placed on the appropriate campus and district calendars.

If any school facilities are to be used in conjunction with the approved field trip or event, they must also be placed on the official school calendar by the Campus Secretary.

The activity is not officially approved until approved forms are returned to the sponsor from the Finance Department.

Galveston ISD 084902

GIFTS AND SOLICITATIONS

FJ
(LEGAL)

CHARITABLE RAFFLES

The District is not a “qualified nonprofit organization” for purposes of the Charitable Raffle Enabling Act and shall not sponsor or conduct raffles, i.e., award one or more prizes by chance at a single occasion among a pool or group of persons who have paid or promised a thing of value for a ticket that represents a chance to win a prize. *Occupations Code 2002.001 et seq.; Atty. Gen. Op. JM1176 (1990)* [See also GKB]

Sales Tax

Public schools are exempt from paying state sales and use tax. Therefore, public schools do not pay sales tax on items purchased for their own use. However, exemption from paying taxes does not relieve public schools from the obligation to collect tax on taxable sales. In most cases, when a school organization sells items to individuals, which become the property of the individual, sales tax must be collected. Some items are specifically exempt from sales tax and there are some cases when sales which would ordinarily be taxable are exempt. All sales (whether taxable or not) are to be reported.

In some fundraising activities, the school or school group is merely acting as a sales representative for a retailer, and tax must be collected. The tax would be remitted to the retailer, and the retailer would claim it as their sale and they would pay the tax to the Comptroller's office. The school would not report this type revenue as a sale. Examples are vending machine sales where the vendor services the machine, school pictures, and library book sales. Only when the school or school group purchases the merchandise and then resells these items to their customers is the school the seller.

First it must be decided whether money collected is for an actual sale or not.

Sales vs. Not a Sale

Sale	Not a Sale
Admission—athletic, dances, dance performances, drama performance	Collection of money from students to pay a company for admission or service (i.e., Dallas
Admission—summer camps, clinics, workshops	Lost payments—books, handbooks, calculators, lock, ID cards
Donated items that are sold	Donations of money to the school or school group or do nations for a commemorative brick
Fundraiser where we are the seller, not just the middle people	Dues received for clubs
Parking Permits	Fees—musical instrument maintenance, lab, uniform cleaning, transcripts
Rentals of items	Fieldtrip collections
Rental of facilities	Fines received—textbooks, library books, parking, locker, uniforms, calculators,
Sales of food	Fundraiser when the school group merely receives a commission (i.e., library book fairs, school pictures, recycling)
Sales of merchandise (to include items made by students)	Marathon fundraisers—these are donations (i.e., lift-a-thon, jump rope for heart
School publication sales	Summer school, Saturday school, Community Education tuition and fees

Taxable Sales vs. Non-Taxable Sales

Texas sales tax statutes impose tax on the sale, lease or rental of tangible personal property and selected services. Tangible personal property includes personal property that can be seen, weighed, measured, felt, touched, or that is perceptible to the senses in any other manner. When an individual purchases a tangible item and it becomes the personal property of someone, it is taxable. It is irrelevant if the school logo is on the item or that the item will be utilized by a student in a school group for a school function.

School districts, schools, and school groups making sales of taxable items that do not have a specific exemption must collect and remit the tax. The items or activities on the following lists have been identified as being taxable or nontaxable by the Comptroller’s Office when sold or sponsored by a school, by an organization with a school, PTAs, Booster Clubs and employee associations. The lists are not all-inclusive but may help you make determinations on other similar sales.

Non-Taxable Sales
Ad sales—in yearbooks, athletic programs, newspapers, posters
Admission—athletic, dances, dance performances, drama and musical performances
Admission—summer camps, clinics, workshops
Admission—banquet fees
Admission—bids, prom, homecoming
Admission—tournament fees, academic competition fees
Discount/Entertainment cards and books
Facility rentals for school groups
Food items sold during fundraiser (including annual plants and seed that produce food for
Labor—automotive, upholstery classes (parts are taxable)
Magazine subscriptions greater than six months
Parking permits
Services—car wash, cleaning

Taxable Sales

Agenda books	Magazine—subscriptions less than six months
Agricultural sales	Magazines—when sold individually
Art supplies and works of art	Musical supplies—recorders, reeds
Artistic—CDs, tapes, videos	Parts—Career & Technology classes
Athletic—equipment and uniforms	Parts—upholstery
Auction items sold	PE—uniforms, supplies
Automotive—parts and supplies	Pennants
Band—equipment, supplies, patches, badges, uniform sales or rentals	Pictures—school, group (if school is the seller)
Book covers	Plants—holiday greenery and poinsettias
Books—workbooks, vocabulary, library author (when we are the seller)	Rentals—equipment of any kinds
Brochure items	Rentals—uniforms of any kind, towels
Calculators	Repairs to tangible personal property (i.e., computer repair, house remodeling)
Calendars	Rings and other school jewelry
Candles	Rummage, yard and garage sales
Car painting, pin striping	Safety supplies
Clothing—school, club, class, spirit	school publications—athletic programs, posters
Computer—supplies, mouse pads	school publications—brochures
Cups—glass, plastic, paper	school publications—magazines (unless greater than six months)
Decals	school publications—newsletter, newspapers
Directories—student, faculty	school publications—reading books
Drafting—supplies	school publications—sheet music, hymnals
Family and Consumer Science—supplies and	school publications—yearbooks
Fees—copies, printing, laminating	school store—all items (except food)
Flowers—roses, carnations, arrangements	Science—science kits, boards, supplies
Greeting cards	Spirit items
Handicrafts	Stadium seats
Horticulture items	Stationery
Hygiene supplies	Supplies—any sold to students
Identification cards—when they are sold to entire student body (not just the fine for a lost ID card)	Uniforms—any type to include PE, dance teams, drill team, cheerleaders, athletic, club shirts
Locks—sales and rentals	Vending—pencils and other nonedible supplies when the school services the

Tax Free Days

Each school **district**, each **school**, and each **bona fide group (student group)** of each school is allowed to have two, one day tax-free sales each calendar year. During these tax-free sales, the organization may sell any taxable item tax-free. The exemption does not apply to items sold for more than \$5,000 unless the item is manufactured by the organization, or the item is donated to the organization and is not sold to the donor. There is no limit on the number of bona fide groups at a school or school district.

A **bona fide group** is a group that must be organized for some business or activity other than instruction or a participatory group. Essentially, any student group that is recognized by the school and is organized by **electing officers** (not just participatory captains), **holding meetings**, and **conducting business** are bona fide clubs of a the school and each group may have two, one day, tax-free sales in a **calendar** year.

Groups meeting for classroom instruction or team sports are not categorized as bona fide club and do not qualify for the tax-free day sales.

For example:

- The school district qualifies for a tax-free day.
- The schoolwide fundraiser qualifies for a tax-free day.
- The Debate Club qualifies but debate teams and classes do not.
- The French Club qualifies but the French classes do not.
- The Band Organization qualifies but not individual band classes.
- The Senior Class qualifies but not one particular class that has seniors in it.

One day means 24 consecutive hours; the delivery should be made on a single day. Generally title passes to the purchaser when the item is given to the purchaser. In the case of pre ordered and prepaid sales, title can transfer as soon as the seller (school) receives the order. Therefore, the date the items are delivered by the vendor to the seller is designated as the one day for the purposes of the tax-free sales. However, person buying from surplus stock on subsequent dates after the tax-free day owe tax on the items.

When the school or school group received a commission, the tax-free day sales provisions cannot apply because the sale is the vendor's sale, not the school's sales. The school group would collect and remit tax to the vendor, and the vendor would report the sale and remit tax to the Comptroller's office.

- ❖ **It is recommended that the Campus Secretary or Bookkeeper utilize a Tax-free Day log to keep track of all tax free days.**

Food Sales

The sales tax statute exempts the sales of food, including meals, soft drinks, and candy by a group associated with a public or private elementary or secondary school when the sales are part of a fundraising drive sponsored by the organization, and all net proceeds from the sale go to the organization for its exclusive use. Student group, PTAs and Booster Clubs are included in the provision. It does not matter if the sale is during the school day, the evening, or on a weekend; if it is a fundraiser, it is not taxable.

However, tax-exempt sales of food by a school district (i.e., food service) are limited to the regular school day. Catered food sales by the district's food service are taxable unless sold to the school district. All athletic event concession sales are taxable unless the sales are part of a fundraising event.

Sales Tax Collection Procedures

1. When calculating the sales tax on items sold to individuals you need to divide the amount collected by 1.0825. For example: Students sell mugs for \$5.00 INCLUDING the tax. Divide \$5.00 by 1.0825 which is \$4.62 leaving \$0.38 as sales tax.
2. All sales tax collected by the school shall be reported each month and submitted to the Finance Department with payment by the 10th of the following month.
3. The check for payment including taxes should be made payable to Galveston Independent School District or the appropriate campus.
4. The Finance Department will assume responsibility for submitting Sales Tax Collections to the State Comptroller's Office.

Fine: According to the Texas Sales and Use Tax Return, fines can be imposed by the State Comptroller's office when sales tax reports are not submitted on a timely basis.

Booster Clubs, PTAs, and Other Associated Groups

Occasionally we have found that Booster Clubs, PTAs, and other parent organizations have used the School District's tax exemption certificate or the employer identification number. By law, these groups must obtain their own tax exemption status and employer identification number independent of the school district.

These groups associated with the school district may qualify to obtain a federal 501 © (3) exemption under the federal Internal Revenue Service (IRS) code. These organizations must also apply to the Texas Comptroller's office to be recognized as exempt entities. They should complete an IRS Form SS4 to obtain their own employee Identification number (EIN).

Organization may choose to file IRS Form 1023 for 501 © (3) tax exempt status; however, they may be able to be recognized as an exempt organization without filing the form. An organization that is organized as a

501c(3) that is not a private foundation, or has gross receipts in each taxable year of normally not more than \$5,000 can automatically obtain the 501c(3) status. However, the organization can only obtain a determination letter from the IRS if they do complete the Form 1023 along with the other required documentation.

These groups must file their own Sales and Use Tax Return. These groups may hold raffles, but school district and school district groups may not.

Questions or Concerns

If you have any questions or concerns regarding the policies and procedures of Galveston ISD Activity Funds, please contact Ron Bedford at 409-766-5132



DEPOSIT WORKSHEET

ORGANIZATION & SCHOOL: _____

CLUB NAME & NUMBER: _____

***REQUIRED*:** ENTER ACCOUNT NUMBER IN BOXES AT BOTTOM OF FORM

REASON FOR DEPOSIT: _____

FUND/BANK: GENERAL ACTIVITY

Money Count (to be completed by sponsor):

\$100		COINS		Total Coins	: \$		
\$50							
\$20		.01		# Checks*:			
\$10		.05					
\$5		.10				Total Check	Amount: \$
\$2		.25					
\$1		1.00					
Cash		Coins		*Attach copy of checks to deposit.			
Total:		Total:					

Total Currency (Cash & Coin): _____

Total Checks: _____

Total Deposit: _____

Sponsor Signature

Date

Secretary/Bookkeeper Signature

Date

Finance Office Use Only:

Receipt# _____

Date: _____

Rev. 6/29/16

FUND CODE:

			E																			
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Galveston Independent School District ACTIVITY FUND CHECK REQUEST FORM

- Check Request MUST have all signatures.
- Submit check request 5 days prior to date needed.
- Emergency check requests will be decided on an individual basis.
- If using this form, attach to Requisition.

School/Organization: _____

Date: _____

PAYEE: _____

ADDRESS: _____

\$

AMOUNT

Group, Club or Class: _____

Description of service rendered or merchandise received:
(INVOICE OR RECEIPT(S) MUST BE ATTACHED)

**Signature of Student Representative
(REQUIRED FOR ALL 865 FUND ACCOUNTS)**

Signature of Sponsor

School Principal

FUNDRAISER RECAP FORM

ORGANIZATION NAME:	
SPONSOR NAME:	
DATE(S) OF SALE:	
ITEMS SOLD:	
SALES TAX COLLECTED:	Yes or No (Circle one)

***Sales Tax must be collected if more than two fund-raisers are held per calendar year per group. Review Activity Fund Manual for guidelines.

RECORD OF DEPOSITS			
(Deposit Number provided by Finance Department)			
Deposit No.	Amount	Deposit No.	Amount
TOTAL DEPOSITS (SALES):			

RECORD OF EXPENSES		
Check Number	Vendor	Amount
TOTAL EXPENSES:		

TOTAL PROFIT:

Sponsor Signature

Date

Student Representative Signature

Date

Principal Signature

Date