GEORGETOWN ISD

# Activity Funds Guidelines
# 2025-26

LEAD | GROW | SERVE

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## A. OVERVIEW

Activity Funds consist of resources received and held by the school district as trustee to be expended or invested in accordance with conditions of the trust. Specifically, they are funds accumulated from various school-approved money-raising activities and the receipt of student dues or fees, commissions, investment interest and donations.

Under the Texas Education Agency (TEA) guidelines, a special revenue fund (Fund 461) and an agency fund (Fund 865) have been assigned to account for activity funds. While activity funds are part of the district's accounting records, they are not required to be included in the official school budget.

As required by the Texas Education Code 44.908, Georgetown ISD adopted policies CFD (Legal) and (Local) address expenditures of local funds. The Education Code 44.908 stipulates the following:

> (a) A school district shall adopt a policy governing the expenditure of local funds from vending machines, rentals, gate receipts, or other local sources of revenue over which the district has direct control.
>
> (b) A policy under this section must:
>
> (1) Require discretionary expenditures of local funds to be related to the district's educational purpose and provide a commensurate benefit to the district or its students; and
>
> (2) Meet the standards of Section 52, Article III, Texas Constitution, regarding expenditures of public funds.

All activity funds are subject to compliance with local, state and federal purchasing requirements.

## B. DISTINCTION BETWEEN STUDENT AND CAMPUS ACTIVITY FUNDS

i. **Campus Activity Funds** are funds generated on or donated to a campus as a whole and are not attributable to the fund-raising activities of a particular student group. Campus activity funds are used to promote the general welfare of the school and the educational development and morale of the student body as a whole.

- Generally, persons other than the students (such as teachers, sponsors, principals or administrators) make the financial decisions on how these discretionary funds will be used. Furthermore, the use of these funds generally is not directly governed by any given student group.
- Campus activity funds are classified as a special revenue fund (Fund 461). The accounting for these funds is centralized – meaning that they are controlled and disbursed through the district's central business office. These funds are not subject to recall by the Board into the General Fund for general district use.
- Budgetary accounting is used for campus activity funds, but budget actions do not require board approval.

- Examples of campus activity revenues
    - Donations
    - Picture monies
    - Vending receipts
    - Parking fees
    - Library fines
    - Book fairs
    - Lost textbooks
    - Elementary/middle school yearbooks
    - Sales of merchandise

**ii. Responsibility for Campus Activity Funds**

**The principal** is responsible for the proper collection, disbursement, and control of all campus activity fund monies. This responsibility includes:

- Providing for the safeguarding of monies at the school in a locked secured area.
- Proper accounting and administration of fund transactions.
- Expenditure of funds in accordance with applicable federal and state laws, Georgetown ISD Board policy, and administrative guidelines.
- Adequate training and supervision of all personnel designated by the principal to administer activity funds.
- Ensuring that money is not overspent, causing a negative balance in their respective account, or lost due to carelessness, theft, or fraud.

**The Principal's administrative assistant or bookkeeper** is responsible for the following:

- Verifying deposit amounts and forwarding deposits to the bank on a timely basis. (See Deposits & Cash Handling Procedures outlined in the Business Services Procedures Manual).
- Providing the auditor with accurate records/documentation during yearly audits.
- Reviewing monthly activity account reports for accuracy.
- Reviewing all forms sent to Business Services for completeness and accuracy.
- Ensuring that all requisitions have the appropriate documentation attached.
- Entering purchase order requisitions in the Skyward accounting software system.

Sponsors (such as coaches, counselors, librarians, and teachers) also administer campus activity funds and are subject to the same responsibilities outlined above.

Staff members that are charged with any responsibility related to campus activity funds should always adhere to the highest code of ethics as stated in the Code of Ethics and Standard Practices for Texas Educators *(The educator shall honestly account for all funds committed to his or her charge and shall conduct financial business with integrity).*

**The campus activity fund sponsor** is responsible for the following:

- Ensuring that money is not overspent, causing a negative balance in their respective account, or lost due to carelessness, theft or fraud.
- This responsibility also includes, but is not limited to, developing fund raising plans, monitoring the financial position of the activity fund, reviewing the accuracy of their account's monthly financial report from the secretary, and the safeguarding of activity fund money until it is deposited by the secretary.

**iii. Student Activity Funds** are funds generated by student groups normally through fund-raising efforts, student dues/fees, or donations.

- These funds are to be expended in accordance with the direction of the student group generating the funds. Each student activity group has a campus sponsor (teacher, coach or other employee of the district). The members and sponsors of the student group or club must approve expenditures. The ultimate financial decisions should rest solely with the students, and the funds should be expended in a manner that directly benefits the student group that raised the funds.
- Student activity funds are classified as an agency fund (Fund 865) where the district serves as the trustee of these funds.
- These funds are not subject to recall by the Board into the General Fund for general district use.
- TEA guidelines also allow a limited number of other types of accounts to be accounted for as student activity funds. These include genuine clearing funds and faculty hospitality/sunshine funds (provided that no student-generated revenue is used to supplement these funds).
- If a student group approves a donation toward a specific area of school operations, the desired amount of money from the Student Activity Fund must be transferred to the appropriate Campus Activity Fund or the General Fund.

**iv. Responsibility for Student Activity Funds**

The sponsor of each school club/organization is responsible for managing his or her respective student activity funds and maintaining adequate financial records of these funds.

The responsibility also includes, but is not limited to, developing fund raising plans, monitoring the financial position of the activity fund, reviewing the accuracy of their account's monthly financial report from the secretary, and the safeguarding of activity fund money until it is deposited by the secretary.

## C. CLUB CHARTERS

- Club charters must be completed by each club or organization and approved by the principal during the first six weeks of school or within six weeks of formation of the club. Clubs and organizations may not conduct any transactions until this form is completed.

- A roster with the newly elected officers will be furnished to the school principal at the beginning of each school year.

- The officers of a student/club activity shall surrender the club's records to the principal's office at the end of each school year to be available for the next year after sponsor assignments have been made.

**The Independent Auditor & Business Services are responsible for the annual audit of activity funds and other periodic internal audits of such funds as deemed necessary. Audits may be performed when there is a change in the principal or activity fund clerk positions.**

## D. OUTSIDE ORGANIZATIONS

Many organizations offer valuable assistance to the District in fundraising, voluntary help, and substantial fan support for school activities. Although the intent of these organizations is to assist and support school activities, these organizations are financially audited by the District. Outside organizations should be valid stand-alone entities. The School District and outside organizations should maintain separate identities and control. They should never use the school's address, telephone number, EIN/TIN, or names of school employees in conducting their activities. These organizations include booster clubs, PTA's and similar organizations.

**PTA, Booster Clubs and other associated organizations must have their own tax-exempt status and employer identification number (EIN/TIN).** They must **not** use the school district's EIN. They are **not** eligible for the tax-free days unless an exemption has been obtained from the Internal Revenue Service.

District designees (coaches, organization sponsors) oversee the activities of their respective booster club program to ensure that District rules and guidelines are followed. However, designees should not have any direct involvement in the disbursement of funds from a booster club bank account. Designees should not have access to booster club checks. Designees should not counter-sign checks.

The funds of a booster club/parent organizations **are <u>not</u> to be commingled** with campus or student/club activity funds nor managed by school district employees or students. It is the responsibility of the outside organization (parent organization or booster club) and not the responsibility of the District nor its employees to receive, receipt, deposit, or account for activity of any outside organization.

The following guidance must be followed relative to student activity clubs, booster clubs and parental organizations:

- Fundraiser requests should be appropriate for the public school environment. Fundraising events should generate support from the community at-large for each respective booster club program. Fundraising events that may generate adverse public attention to the District will not be approved or, if underway, may be subject to cancellation.

- Students and/or parents must not be required to participate in order to join the campus team or club.
- Campus staff must not direct parents/students to write checks or give funds to the booster club.
- All student fees collected for purchases required by students to participate in a school sponsored organization must be deposited into and disbursed through the school's activity funds.
- If a booster club or parental organization wishes to use their funds to purchase items or services for student organizations, the funds shall be donated to and disbursed through the school's activity funds.
- Monies collected from fundraisers organized and conducted by the school must be deposited into the school's activity fund account.
- The District does not allow employees to be reimbursed or paid directly from a parent or community organization. The only exceptions would be a teacher grant application process to fund a specific teacher project.

## E. GENERAL PROCEDURES FOR MANAGEMENT OF FUNDS

Projects for the raising of student/club activity fund monies shall, in general, contribute to the educational experience of pupils, and shall not conflict with, but shall add to the instructional program. Faculty club projects must contribute to the betterment of District employees or the District.

Student/Club activity fund money shall be expended in such a way as to benefit those pupils currently in school, who have contributed to the accumulation of such money.

- Each student/club activity shall have an individual treasurer charged with the responsibility of maintaining and accounting for the group's financial status.

- All equipment purchased on behalf of student groups is considered to be property of the school district; and if possible, will remain on the campus where purchased.

In the event of the termination of a student club or graduating class, the principal shall transfer the fund balance(s) to the campus activity account. Proper disposition of such remaining monies may include (but is not limited to) the purchase of equipment or tangible items which would benefit the student body as a whole.

Expenditures from campus and student activity funds must **NOT** be made for the following:

- Medical or hospital expenses for any individual
- Loans to employees, parents, or students.
- Personal memberships in professional, private, or civic clubs and organizations.

- Contributions to or participation in fundraising drives by charities, unless such use of funds is sanctioned by GISD or clearly stated in the student club/ organization's approved charter.
- **Gifts, awards or incentives to GISD employees valued at more than $25.00 per person. Per IRS guidelines, such items are required to be reported as taxable income to the employee.**
- Alcoholic beverages, controlled substances, or firearms.
- Auto repairs.
- Reimbursements to booster clubs or parental organizations.
- Traffic citations.
- Any political purpose
- Any illegal purpose.
- Items that should be paid from centrally located district funds (reimbursements from district budgeted funds are not allowable).
- Other expenditures that may be deemed inappropriate by the principal.
- Parent reimbursements/refunds

| **Appropriate Expenditures** | **Prohibited Expenditures** |
|---|---|
| School assemblies, student body social functions and field trips | Purchase of any gift for any person or organization outside the District |
| Student awards for merit and incentives for student involvement limited to $25 | Cash awards or debit cards used as such |
| Teacher awards for merit, incentives and appreciations limited to $25 per individual, per calendar year | Extravagant or high-priced individual awards, incentives and appreciations such as watches or other jewelry |
| Supplemental classroom instructional needs and general office supplies | Payment of an individual's personal bills |
| Improvement of campus and site facilities such as plants, bulletin boards, signs and flags | Loans to employees, parents or students for any reason |
| Expenses and purchases related to sales of items or fund-raising activities | Alcoholic beverages, tobacco products, controlled substances or weapons |
| Refreshment and snacks for teacher in-service and staff meetings | Extra compensation or bonuses to employees, whether it's in the form of cash or gifts |
| Retirement reception costs such as refreshments, plates, napkins and utensils<br><br>Scholarships | Replacement of an individual's property that was lost, stolen or damaged on the school premises or while being used at a school function |

The following activities MUST be transacted through and become part of the campus activity funds.

- All vending machine revenue.
- School store and concession sales except those approved as a fundraising activity by a student organization.
- School pictures (student) sales.
- Sales of parking permits.
- School newspaper sales.
- Yearbook sales (middle and elementary schools)
- Library book fines or sales, including book fairs and book orders.

The school principal is responsible for all purchases and purchase commitments requiring the present or future disbursement of activity fund monies. Teachers must have a commitment from the school principal before making any purchase in the name of a campus or student/club activity fund.

Only GISD employees may order, purchase and sign for the receipt of goods and services. District credit cards may not be used by anyone that is not a GISD employee.

All contracts, lease agreements and letters of agreement must be signed and approved by the CFO. No contract or agreement may extend over a period of one (1) year from the date of the contract or agreement without a specific authorization in writing by the appropriate Assistant Superintendent and Director of Purchasing.

It is recommended that any contract accepted for school pictures (student and/or group) include the condition that the photographer assume the sales and money collection role and that the school receive the appropriate profit/commission. A GISD Fundraiser/Activity Approval Form must be completed

Campus activity funds should be expended in a manner conducive to the betterment of the entire campus. This implicitly includes the student body as a whole or targeted group.

## F. BANKING PROCEDURES

- All Activity Fund collections shall be deposited into the designated district checking account. Individual clubs or organizations are not authorized to have a separate bank account for any reason.

## G. COLLECTION OF MONEY

- All money collected by an organization or club for fees, dues or other fund raising activities must be recorded in detail using pre-numbered money receipts, Tabulation of Monies Collected forms, or collection forms provided by fund raising vendors. All collections must be deposited in the designated bank account.

- Money collected should not be kept overnight in a desk or file cabinet, nor should it be taken home by the sponsor. If for some reason all records cannot be completed and recorded before the end of the day, the funds should be locked in a secure bag and stored in the campus safe or vault. Campuses should not accept temporary bank checks or postdated checks as payment for items sold during a fundraiser or for any other type of payment.

- Personal check cashing by faculty members is prohibited. Likewise, cash should not be removed from activity fund collections and replaced with the sponsor's personal check. **In addition, cash collections may not be used to purchase supplies, refreshments or for any other purpose. Activity fund collections must be deposited intact, in the same manner in which they were received. No disbursement should ever be made using un-deposited cash.**

## H. DEPOSIT PROCEDURES

Refer to Business Services Procedures Manual – Deposits & Cash Handling Procedures

## I. FUNDRAISING PROCEDURES

- A fundraising activity is defined as any activity involving the participation of a student body or a school-recognized student group undertaken for the purpose of deriving funds for a school or a school-sponsored group. All fundraising events require prior approval of the Director of Finance and appropriate administration based on the club/event.

- "Fundraising activities in the name of the school" occur when students from a club or the student body as a whole are actually the sellers of fundraising merchandise. For example, if the cheerleaders of GHS are the actual sellers of cookie dough, then this fundraiser is a "fundraising activity in the name of the school". At the elementary level, if every student on campus receives an order form to sell merchandise, this type of fundraiser is classified as a "fundraising activity in the name of the school." The TEA Financial Accountability System Resource Guide Section 5.5.6 states, "When fundraising activities are in the name of the school, all funds raised become school funds, belonging to the school sponsored group responsible for raising the money."

- During fundraising activities where students are selling the merchandise, school district personnel are responsible for collecting these funds from students to hold as a trustee. These funds are to be expended in accordance with the desires of the teachers and the general administration of the school, or in accordance with the desires of the student group generating the funds. The TEA Financial Accountability Resource Guide Section 5.5 states, "All funds collected by school district personnel from students are defined as activity funds and must be handled through the activity funds accounts."

- PTO/Booster Club fundraisers are defined as fundraising sales/events where the PTO/Booster parents are the sellers of fundraising merchandise or actively participate in the fundraising event. Examples of such fundraisers include sock hops, carnivals, t-shirt sales, school supply sales, mat sales, concession sales, raffles, silent auctions, etc. Funds raised from such fundraisers belong to the PTO/Booster Club responsible for raising these funds and must be deposited in the PTO/Booster Club bank account. School districts are not allowed to hold raffles as fundraisers according to Texas Attorney General Opinion JM-1176 (1990), which states in its summary that "Independent school districts are not qualified to hold charitable raffles under the Charitable Raffle Enabling Act, article 179f, V.T.C.S."

- Fundraising activities are not confined to regular school hours; however, they are considered an extension of the school program. When fundraising activities are conducted in the name of the school, all funds raised become school funds, belonging to the school or school-sponsored group responsible for raising the funds.

- Fundraising activities should contribute to the educational experience of students, and should not conflict with the instructional program.

- **The campus principal and the Director of Finance must approve all fundraisers. A fundraising project cannot be implemented until the principal approves the fundraiser.**

- Clubs/organizations are responsible for paying for all of the costs associated with the fundraising event.

- A principal's/sponsor's first responsibility is to pay the fundraiser vendor once the funds are available and an invoice has been received. A principal/sponsor should never overspend fundraiser proceeds, thereby causing the activity account to have insufficient funds to pay the fundraiser company. Principals/sponsors should keep in mind that they are allowed two one-day tax-free fundraisers (pending principal approval) per organization per calendar year (not school year), and should plan accordingly. For more guidance on sales taxes involved in fundraisers, refer to the Sales Taxes for Fundraisers section of this document.

- Crowd-sourcing fundraisers (ex: Go Fund Me, Snap Raise, etc) are not permitted with the exception of Adrenaline.

- NO CASH prizes can be awarded for any fundraiser. Gift certificates, bicycles, toys, electronic equipment or other prizes are valid awards/incentives for fundraising events.

- A book fair is usually not a qualified tax-free sales event because the school district is not the seller, but is acting as an agent for the vendor.

## J. CHECK POLICY AND UNCOLLECTIBLE CHECKS

When accepting payments by check please make sure of the following:

- The number and issuing state of the driver's license or state identification are on the check.

- A complete address is required.

- Do not accept a temporary check.
- Do not accept post-dated checks.
- Make sure the signature is legible.

When printing your informational sheet to advertise fundraisers, include the following: "When paying by check, please print your driver's license number and state of issue on the check."
This information could go with any notice of how the proceeds will be posted to your activity accounts. Please call Business Services for further assistance.

## K. COLLECTION OF INSUFFICIENT FUNDS "HOT CHECKS"

On occasion you will have a check returned for "insufficient funds". The Business Office will notify the campus secretary or sponsor when a check has been returned. The Business Office will reduce the appropriate activity account by the amount of the returned check. The District currently does not employee an agency to collect these funds on our behalf.

Follow the below steps to collect on the returned checks;

1. The campus or department office will call the check writer; politely notify them of the situation in which the check was returned "insufficient funds".
2. Request that the payee visit the office to reconcile the situation.
    a. In order to clear the "insufficient funds" the payee must bring the exact amount of the original check in the form of cash or money order. Then can then exchange this for their check to clear them from our database.
    b. If a phone number is not present to call the payee, send a formal notice via certified return receipt to the address listed on the check to include the process in which they can reconcile the situation.
3. Make sure the payee is aware that our deadline to reconcile the outstanding item is 10 business days from the date of mailed notice or verbal notification.
4. Keep certified mail documents as proof the notice was mailed and notate any dates and times you made verbal notification and conversation with the payee.
5. When the payee has completed the payment, deposit these funds immediately into the activity fund account.

## L. DONATIONS

Funds given by the public are governed under Board Policy CDC (Local) which gives campus administrators the authority to accept any funds on behalf of the District. The funds may be accepted when they have a purpose consistent with District purposes; place no restrictions on the school program; do not require the endorsement of a business product; and do not conflict with policies or actions of the Board or public law. In order to abide by Board Policy CDC (Local), the District prefers any funds benefiting a campus or school program to be donated to the District and used for the purposes intended.

The District does not allow employees to be reimbursed or paid directly from a parent or community organization. The only exceptions would be a teacher grant application process to fund a specific teacher project.

Parent or community organizations may provide support to their school in two manners:

1. Members raise funds for the school. Funds are deposited into the organization's bank account. The organization writes a check to the school to be deposited into the Campus Activity Fund. The funds then belong to the school and all accounting and safeguarding of the funds are the responsibility of the school**. The IRS prefers that 501(c)3 organizations use this method, since it provides the "cleanest" procedure to track how the organization spends the revenue.** Using this method, the organization's Financial Report would show a clear path of revenue generated and expended exclusively for its purpose, to support the school.
2. Members raise funds for the school. Funds are deposited into the organization's bank account. With the approval of the campus administrator, the organization writes checks to the individual vendors for the expenses related to the school through their bank account. All accounting and safeguarding of the funds are the responsibility of the organization.

Student activity clubs and organizations may utilize external donor websites to seek donations for their club or organization with the written authorization from the campus principal and CFO/designee.

Donor websites shall not be established by district staff for personal or individual student benefit. In addition, personal donor webpage links may not be distributed via district email.

All monetary donations received must be approved by the campus principal and the CFO on a Donation Approval Form prior to receiving the donation if the donation is greater than $100.00. Donations made to a campus must be deposited into its activity account. The deposit should be made to the appropriate account for which the donation was made. Local Policy approvals should be followed, CDC (Local), for donations of $1,000 or greater.

## M. FEES

Fees may not be charged for the following:

- Field trips that are part of the basic educational program or of a specific course;
  - Donations may not be requested, either orally or in writing, for field trips that are part of the basic educational program or a specific course.
- Instructional materials, workbooks, laboratory supplies, or other supplies required to be used for any educational course or program, other than fines for lost, damaged, or overdue textbooks, library books or technology devices;
- Payment of instructional costs for necessary school personnel employed in any course or educational program required for graduation;
- Library materials required to be used for any educational course or program, other than fines for lost, damaged, or overdue materials;

- Admission to any activity the student is required to attend as a prerequisite to graduation;
- Admission to or examination in any required educational course or program; or
- Lockers.

Fees that may be charged:

- Parking Permits
- Dues for Clubs
- Transcripts
- Textbook Fines
- Library Fines (Lost Library Books)
- ID Badges
- Textbooks
- Technology devices

## N. LOST TEXTBOOKS

The following procedures are to be followed in accounting for the payment for lost, damaged, or destroyed textbooks:

- All payments for lost textbooks must be deposited into the appropriate textbook account in the Campus Activity Fund. The deposit MUST contain sufficient information to identify the individuals that made the payments.
- Under no circumstances should a campus hold on to any lost textbook money or checks hoping that the textbook will be found or returned soon after. This money must be deposited into the textbook account as soon as possible.
- When issuing a refund for lost textbook, a copy of the deposit form should serve as backup documentation. There is no limit as to the time that a refund can be requested. Fill out a requisition form in Skyward, code it to the Campus Activity Fund account (Fund 461) and forward it to Business Services.

  On occasion, the campus may choose to purchase replacement and/or additional textbooks from a source other than TEA. Purchase orders must be requested via the Textbook Coordinator.

## O. EXPENDITURES

*General Information*

- **NO DISBURSEMENT SHOULD EVER BE MADE USING UNDEPOSITED CASH.** All expenditures from the campus activity account or student activity account must be paid through the District's financial software (Skyward) with a pre-numbered check.

- **<u>NO CASH</u> prizes** can be awarded to students or faculty for any fundraiser or other event.

- **Staff appreciation** – The Texas Attorney General has ruled that purchasing small awards, plaques, flowers, etc. for employees (including meals) less than $25 per person in the aggregate for all items annually does not violate Article III, Section 52 of the Texas Constitution, if the district determines that such "inexpensive perquisites…will serve the public purpose of increasing employee morale and employee productivity." Gift cards are not allowed.

- **Gift cards – $25.00 limit** on gift cards to students. They can only be purchased using Student Activity (865) funds and purchased for use at appropriate establishments. No reimbursement will be made over $25.00 or if the gift card is purchased from an inappropriate establishment. Gift cards purchased at establishments that generate 51% or more in alcohol sales are not permitted.

## P. DOCUMENTATION

The following are acceptable forms of documentation for disbursement from campus and student activity funds:

- Vendor invoices.
    - Monthly or other periodic statements rather than the invoices they reference are not acceptable.
- Itemized sales slip or cash register tapes from District staff for items purchased with their own funds (Note: Credit card statements and the customer copy of UNITEMIZED charge slips are not adequate supporting documentation. This includes restaurant receipts that are not itemized.)

- Tabulation of Money Disbursed with the signatures of all individuals concerned verifying that they received the funds.

- A list of students by name (for payment of dues or entry fees) provided that the check is made out to an organization, company, or school and NOT an individual.

- For any refund being issued to a student or parent, a memo from the sponsor requesting that a refund be issued.

- Copies of subscription renewal notices, when no invoice will be sent by the company.

## Q. SALES TAX

*<u>General Information</u>*

- As a special district authorized by the State of Texas, Georgetown ISD is exempt from paying sales taxes on purchases of goods and services used for educational purposes.

- Since the District is exempt from sales taxes when proper purchasing procedures are followed, for the most part, employees will not be reimbursed for sales taxes paid on individual purchases even if they are for use by the District.

- The sales tax exemption derives from the special status of the District. Therefore, the Georgetown ISD tax identification number CANNOT be used by employees, parent groups, patrons, or other organizations to secure exemption from sales taxes under any circumstances.

- A school must provide the vendor with a valid signed exemption certificate when claiming state sales tax exempt status. The Sales Tax Exemption Certificate can be found on Business Services webpage.

- ***The purchase, lease, or rental of a taxable item is exempt from tax when***:

  - The item is directly related to the educational purpose of the school.
  - The item remains school property and ownership does not pass to an employee, student, or other individual.
  - The vendor is provided with the Sales Tax Exemption Certificate or a purchase order issued by the District.

*Taxable Sales*

- Fees for materials when the end product becomes a possession of the student.
- Any materials used in the classroom if the end product becomes a possession of the student, such as dress material or art supplies.

*Examples Include:*

| | | |
|---|---|---|
| Agenda books | Calculators | Musical supplies – recorders, reeds |
| Agricultural sales | Calendars | PE uniforms and supplies |
| Art-supplies and works of art | Candles | Pennants |
| Artistic – DVDs, CDs, tapes, videos | Clothing – school club | Rings and other school jewelry |
| Athletic – Equipment and uniforms | Staff shirts purchased by the staff | Rummage, yard and garage sales |
| Auction items sold | Computer supplies | Safety supplies |
| Band – Equipment, supplies, patches, badges, uniforms | Cups – glass, plastic, paper | Student publications such as yearbooks and football programs |
| Book covers | Decals | School pictures |
| Books – workbooks, vocabulary, library, author (when district is the seller) | Directories – student, faculty | Spirit items |
| Books sold to students at book fairs (these sales taxes are paid directly to the vendor at the time of payment)Brochure items | Family and Consumer Science – supplies and sewing kits | Stationary, note pads, etc. produced in a classroom or vocational class |
| | Flowers | Yard signs |
| | Greeting cards | |
| | Horticulture items | |
| | Magazine subscriptions less than 6 months | |

*Non-Taxable Sales (Sales tax does not need to be collected on the following sales)*

- Ad Sales – in yearbooks, athletic programs, newspapers, posters
- Club memberships
- Facility rentals to school groups

- Food, soft drinks, and candy
  - Sold during the regular school day, including sales from vending machines
  - Sold by a person less than 18 years of age as part of a fundraiser sponsored by the school or club (Includes concession stands run by students which have been approved as a fundraising project)
- Fees and admission tickets, including athletic, play, and dance tickets provided that no part of the proceeds benefit an individual
- Newspapers sold by subscription or single copy
- Passbooks/Discount Cards (considered intangible items by the State Comptroller)
- School sponsored trips
- Lost library books or lost textbooks
- Magazine subscriptions greater than six months
- Services such as car washing
- Meals purchased by the school for athletic teams, bands, etc. on authorized school trips are exempt from the sales tax if the school contracts for the meals. The District must pay for the meals and provide the eating establishment with a Sales Tax Exempt Certificate.
- Hotels/Lodging – School districts are exempt from the State's 6% hotel occupancy tax as an "educational organization." The Hotel Tax Exempt Certificate can be printed from the on Business Services webpage. The certificate must be presented at check in. This District will not reimburse staff for state hotel taxes paid. The District, however, will continue to pay or reimburse local hotel taxes. Complete itemized hotel receipts showing room and tax charges per night are required for reimbursement.

## R. SALES TAX FOR FUNDRAISERS

An exempt organization is not required to collect sales taxes on taxable items sold during qualified one-day fundraisers. (A sale, such as yearbooks, can qualify as a one-day sale as long as all of the items sold are DELIVERED to the purchasers on one day. If any items are left over or if a new delivery arrives on a separate date, the items may still be sold, but sales taxes would have to be charged on those items.)

For an event to qualify as a one-day tax-exempt sale, the merchandise for sale must be transferred by the qualified exempt organization to the purchasers in a 24-hour period. As an example, in order for tee-shirts to qualify as a one-day tax-exempt sale, all the tee-shirts must be delivered by the student club to the purchasers in a 24-hour period. Payment however does not have to be collected in this 24-hour period. If tee-shirts are left over, they may still be sold, but sales taxes would then have to be charged on these items.

A club does not have to realize a profit for a sale to qualify as a one-day tax-exempt sale. The one-day tax-free sale applies to all sales regardless of whether or not the exempt entity realizes a profit

or gain from the sale. As an example, if a sponsor plans ahead, uniforms can be delivered to the students (purchasers) in a 24-hour period and qualify as one-day tax-exempt sale.

Each student activity club, each school, and the District are considered eligible for two tax-exempt sales events per calendar year (not school year). There is a $5,000.00 limit on the sales price of any one item to be eligible for tax-free treatment if sold during a one-day sale.

If a sale item was manufactured by the District or if a sale item is donated to the District and in turn sold, there is no limit on the sale price for the sale to be eligible for tax-free treatment if the item is sold during a one-day sale.

**SALES TAX DECISION TREE**

| **SALE** | **NOT A SALE** |
|---|---|
| Admission, fundraisers, rentals, sale of food, sale of merchandise, sales of services, school publications, etc. | Field trip fees, PSAT/AP exam fees, commissions, dues, band fees, fines, lost item fees, marathon fundraisers, NSF check payments, summer school tuition, transcript fees, etc. |
| **TAXABLE** | **NOT TAXABLE** |
| Agendas, art supplies, athletic equipment, band supplies, books, clothing, mugs, caps, decals, directories, laminating-printing-copying fees, flowers, locks, recorders, reeds, PE uniforms, facility rentals to for-profit group, t-shirt rentals, uniform rentals, garage sales, yearbooks, pictures, school store items, science boards/kits, uniforms, pens/pencils, yard signs, etc. | Ad sales, admission to events/camps, discount cards/passbooks, facility rentals to school groups, food items sold during fundraisers, magazine subscriptions longer than six months, parking permits, car washes |
| **TAX FREE DAY** | **PAY TAX** |
| Is this a bona fide chapter of a school? Were items delivered to purchasers within 24-hour period? Is this one of two tax free sales within the calendar year? | Not a bona fide chapter of a school (campus activity account). Merchandise was not delivered within 24-hour period. Both tax free sales have been used for the calendar year. |

## S. PAYMENTS FOR SERVICES PERFORMED

*District Employees*

In order to comply with IRS Circular E regulations, it is necessary that all compensable payments to district employees for any services performed that are in addition to their normal duties be included as supplemental pay on their next regularly scheduled paycheck.

*Payments to Individuals not Employed by the District*

- IRS requires that school districts maintain records of payment for services or rentals to individuals or companies, and issue a Form 1099 to those that receive payments in excess of $600. (Such services and rentals include but are not limited to judging, officiating, speaking, repair work, catering, DJ services, alterations, all rentals including charter buses, instrument rentals, cleaners, inflatable rentals, etc.)

- Ensure that there is a contract (including social security number or other tax identification number) on file for the check paid directly to the individual or company performing the

service. Sponsor/employees SHOULD NOT pay non-employees for services using either their own personal check or cash and then seek reimbursement from the activity fund.

## T. TRANSFERS TO OTHER ACTIVITY ACCOUNTS

- Periodically, it may be necessary to transfer funds from one activity fund account to another. Journal entries need to be made when money is transferred from one account to another or when the wrong budget code has been charged.

- To transfer funds, send a request to the GISD Business Services attaching any documentation that justifies the transfer.

## U. CO-CURRICULAR/EXTRACURRICULAR COMPETITION

Co-curricular/extracurricular competition is an integral part of the activities of many student clubs and organizations. Georgetown ISD encourages students to participate in these activities. Funding of these activities at various levels is as follows:

- *First level of competition (District)* – Funding must be provided from either the Campus Operating Budget or Campus Activity Fund to the maximum extent possible. Note: This includes both co-curricular (drama, FFA, etc.) and extracurricular (athletics, cheerleading, drill team, band, etc.) competition. If sufficient resources are not available from these sources, Student Activity Funds may be utilized pending student approval. Every effort must be made to ensure that no student is unable to participate in any co-curricular/extracurricular activity due to financial limitations.

- *Area, region and state level* – Funding for all reasonable expenses associated with qualifying competitions at these levels is provided by allocations in the District's Operating Budget.

- *National level* – Funding is not provided by allocations in the District's operating budget unless approved by Superintendent or CFO.

## V. STUDENT TRAVEL

Refer to the Student Travel Handbook for all guidelines on student travel.

## W. DISSOLUTION OF CLUB AND GRADUATION

- In the event of the termination of an organization, student club, group, or graduating class, the officers or the membership should move to properly expend any available money. Proper disposition of such remaining monies includes:

  - The purchase of a memorial acceptable to the principal to commemorate the historical accomplishments or services rendered by that group.
  - The purchase of equipment or tangible items that would benefit future students.
  - A donation to another Student Activity Fund.

- A donation to an acceptable established local nonprofit entity that significantly perpetuates the welfare of the district school community in the name of the group and the school. (Examples: YMCA, Boy Scouts, Caring Place, and the like.)

- Should an organization fail to take the above action, any monies remaining shall be transferred to the school's Campus Activity Fund (461) at the beginning of the school year immediately following the termination of the organization.

# FILES

# AND

# FORMS