

ACTIVITY FUND

HANDBOOK

Carrizo Springs CISD

ACTIVITY FUND HANDBOOK

INTRODUCTION

These Activity Fund Guidelines and Procedures have been prepared to provide assistance in the proper handling and accounting for activity fund monies to Carrizo Springs CISD 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). This handbook incorporates the guidance provided in the FASRG and sets out specific guidelines and procedures for Carrizo Springs CISD.

Financial accounting is essential to the successful operations 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 handbook 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 handbook will be continually updated and improved with more detailed guidelines and information. Please notify the Executive Director for Financial Services with any suggestions.

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WHAT ARE ACTIVITY FUNDS?

Activity funds are funds generated and accounted for by the school from the collection of student fees, school-approved fund raising, 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 morale of students.

There are two main categories of activity funds:

Student **STUDENT ACTIVITY FUNDSUB (865)** are funds generated by specific student groups, not by the district or campus. Decisions about the expenditure of student activity funds are made solely by the students. Student activity funds are held by the school as trustee to be expended only for the purposes authorized by the student club, class or organization. All funds raised by the student organizations must be expended exclusively for the benefit of students.

Campus **CAMPUS ACTIVITY FUNDS (461)** are funds generated or raised locally by students, teachers, sponsors, or the principal as a result of fundraising, vending or other approved campus activities at 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 all state and board policy and with district regulations.

*The determining factor is the **DECISION MAKING** process for spending these funds.*

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ACTIVITY FUNDS ACCOUNTING

Carrizo Springs CISD uses a centralized accounting and bank reconciliation system. Activity is entered and processed by CSCISD Business Office using one accounting system.

ACTIVITY FUND RESPONSIBILITIES

The responsibilities of the various people involved in handling and accounting for activity funds is outlined below. Specific roles and responsibilities for each group will be detailed in this handbook.

SPONSORS	Sponsors are responsible for following these procedures and guidelines in processing transactions and maintaining records as set out in this handbook.
ACTIVITY FUND BOOKKEEPERS	Campus bookkeepers are responsible for following these procedures and guidelines in processing transactions.
CAMPUS PRINCIPALS	Campus principals have ultimate responsibility for the proper handling of activity funds on their campus, the correct accounting for these funds, and overall adherence to the procedures and guidelines set out in this handbook.
CSCISD BUSINESS & FINANCE	The Business Office is responsible for maintaining and updating these procedures and guidelines for activity funds, providing training for principals, bookkeepers and sponsors, and reviewing the activity of the funds to ensure adherence to the procedures and guidelines.
INDEPENDENT AUDITORS	The district's independent audit firm includes activity funds in the annual independent audit of the district's financial records.

BANK ACCOUNTS

One bank account for each campus will be maintained for the activity accounts at the school district's depository bank. Each campus may maintain only one checking account at the district depository. Opening of additional bank accounts or purchases of investments with activity funds are not allowed. The school District's current depository bank is **Capital Bank of Texas**. The district is required to comply with state laws regarding selection of a district depository bank and investing of district funds. All questions or requests regarding banking services should be directed to the Executive Director for Financial Services.

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ACTIVITY FUND GUIDELINES

- 1) All financial transactions for campus clubs and activities must be accounted for through the campus activity bank account.
- 2) All money should be counted by two persons prior to being receipted by the Campus Secretary.
- 3) Money should be deposited in the bank daily or more often, if needed.
- 4) All cash and checks received for the activity fund must be deposited to the bank. The sponsor should issue receipts when receiving cash or checks. The Campus Bookkeeper should issue receipts when receiving money from the sponsor. **All monies must be receipted.**
- 5) All payments must be processed through a purchase order (PO). **No transactions should be made from cash.**
- 6) Each campus must secure in a locked location overnight funds and petty cash.
- 7) In no circumstance should written checks be processed or used for payments.
- 8) Interest earned and bank charges will be allocated back to each campus activity fund bank account.
- 9) Monthly bank reconciliations will be performed by the Campus to reconcile the ending bank balance to the CSCISD accounting system balance at the end of the month. A copy of the reconciliation, bank statement and month-end totals by fund will be sent to the Business Office each month after it is completed.

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GUIDELINES FOR HANDLING FUND-RAISERS: SPONSORS

10) The various types of transaction that may occur with activity funds are described below. The following guidelines are designed to protect each individual that handles money during fund-raising events in the processing, handling, documenting and recording of each.

FUNDRAISING

- 1) All fundraisers must be pre-approved.
- 2) The sponsor is responsible for maintaining accurate records of all sales activities and accounting for all items purchased from vendors for resale.
- 3) The Fundraiser Request Form is used to request approval for the fundraiser, notify the business office of planned fundraisers, and provide an accounting of the fundraising activity, including sales tax collected and payable to the state.
- 4) The sponsor will complete the Fundraiser Request Form and submit the form to the campus principal for approval. It is sent to the Business Office for approval.
- 5) Part 1 of the Fundraiser Operating Report form will be used by the sponsor to keep track of deposits related to the fund-raiser that are submitted to the activity fund bookkeeper. Each deposit should be receipted as described in the "Receipting Funds Collected" section of this handbook.
- 6) Part 2 of the Fundraiser Operating Report form will be used to account for all items purchased for resale for the fund-raiser.
- 7) Part 3 of the Fundraiser Operating Report form will be used to record the net proceeds and the bottom portion is used to record the disposition of net proceeds. The Fundraiser Operating Report form is to be turned in to the district's Business Office **within five business days of the end of the fundraiser.**
- 8) Items may be purchased on a pre-order basis using vendor sales brochures and order forms. For pre-order sales, the sponsor should receive a sales summary from the vendor, which indicates the amount of funds to be collected. This amount should be entered on the form and a copy of the sales summary from the vendor should be stapled to the form. The vendor's sales summary amount is compared to the total amount collected and any differences must be explained on the form.

Example: The vendor provides a sales brochure or catalogue. The students take orders for items in the catalogue and the activity sponsor places an order with the vendor. The items are

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shipped by the vendor and distributed by the students. Funds may be collected by the students when orders are placed or when the items are delivered.

- 9) When items are purchased from a vendor for resale without preorders, the sponsor will receive an invoice from the vendor indicating the number of resale items purchased. This information is entered on the Fund Operating Report. The number of any damaged or unsold items that will be returned to the vendor for credit is listed and subtracted for the number of items purchased to determine the number of items available for resale. This number is then multiplied by the sales price to determine the amount of funds that should have been deposited. Any differences between the expected deposits and the actual deposits should be explained at the bottom of the form.

Example: The activity fund sponsor purchased items directly from a vendor for resale. (Items not sold are usually not allowed to be returned to the vendor.) Students sell the items and collect the funds as sales are made.

- 10) Sponsors should take care to select a reputable company and maintain a good relationship with district vendors by submitting the bills to the bookkeeper for payment in a timely manner.
- 11) Sponsors must keep control of the merchandise and money. Both should be secured at all times. Deposit the collected funds with the bookkeeper regularly. (Daily is recommended.)
- 12) Sponsors should keep good record of who purchased items and funds received. Collect all money due to the activity account and keep a detailed list of any amounts due from students. Notify your campus administration if student obligations are not paid.
- 13) **Raffles are not allowable fundraisers for the school district or activity fund clubs.** Attorney General Opinion No. JM-1176 states that independent school districts and their related activity fund accounts are not qualified to hold charitable raffles.

Use of Tickets

- Be sure that tickets have a number on each ticket for tracking purposes.
- Be sure that tickets distributed to individuals are accounted for on a roster.
- Be sure that tickets **sold** are identified and those **not sold** are accounted for and kept for audit purposes, if necessary.
- Be sure that money collected is identified by individual on the same roster used when tickets were distributed.
- Be sure to keep all paperwork for the fundraiser in a file to be audited, if necessary.
- Count the money (by two people-use Cash Counting Form) and fill out a Deposit Form (make two copies – one for your file and one for the principal's secretary) to be presented to the principal's secretary. If two faculty members are not available, parents or booster club officers may help count money.

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- The money will be recounted by the campus office staff and deposited. A copy of the deposit slip will be given to the person making out the Deposit Form. Attach this to your copy of the cash count form.

Use of Products (food, t-shirts, caps, dinner plates, etc) & Services (car washes, etc)

- Product should be counted for accuracy on the invoice.
- Product should be stored under lock and key.
- Depending on the service rendered, accurate accounting should be made on some document as to what the service was and how the money collected was applied.
- If change is needed, please make out an Activity Fund Check Request form for the cash needed. At no time is money to be taken from a previous activity as change for the next activity.
- Proceeds from the product sold should reflect the purchase of the product.
- Count the money (by two people-use Cash Counting Form) and fill out a Deposit Form Make two copies – one for your file and one for the principal's secretary. If two faculty members are not available, parents or booster club officers may help count money.
- The money will be recounted by the office staff and deposited. A copy of the deposit slip will be given to the person making out the Deposit Form. Attach this to your copy of the cash count form.

SALES TAX COLLECTION AND PAYMENT

All funds received and deposited to the activity fund must be reviewed to determine if sales tax should be collected and paid to the state. Some funds collected through the activity fund are classified as sales, and other funds are not. All sales, both taxable and not-taxable, must be reported to the state. **The district must collect sales tax and remit the tax to the state on a quarterly basis.**

Two days' tax-free sales mean that collection and remittance of states sales taxes is not required on qualified sales on that day. While the sale of yearbooks can be selected as one of the two one-day tax-free fundraisers, a book fair is usually not a qualified sales event because the school is not the seller and the school is therefore acting as an agent for the vendor. The sale of items received from a vendor, in which the school and the respective vendor have an agreement that the vendor will take back any unsold items, would also generally not qualify as a one-day tax-free sale.

According to the Comptroller's office a bona fide chapter 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 chapters on the school and each group may have two tax-free sales in a calendar year.

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

For example:

- The school district qualifies for a tax-free day.
- The school-wide fundraiser qualifies for a tax-free day.
- The Basketball Club qualifies, but the basketball team does not.
- The Cheerleader Club qualifies, but not the cheerleader team.
- The Debate Club qualifies, but the debate team and classes do not.
- The French Club qualifies, but the French classes do not.
- 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. Therefore, the date the items are delivered by the vendor to the seller is designated as the one-day for the purposes of tax-free sales. However, persons buying from surplus stock on subsequent dates after the tax-free day owe tax on the items. When the school or school group receives a commission, the tax-free day sale provisions cannot apply because the sale is the vendor's sale, not the school's sale. 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.

- 1) A sale is defined as the transfer of title or possession of tangible personal property for consideration (usually money), or the performance of a taxable service for consideration. Tangible, personal property includes personal property that can be seen, weighed, measured, felt, touched or that is perceptible to the senses in any manner.
- 2) For all sales, the district must determine if the sale is taxable or non-taxable.
- 3) All sales, whether taxable or not, are to be reported on the Texas Sales and Use Tax Return to the State Comptroller for the district by the CSCISD Business Office.
- 4) Texas sales tax statutes impose tax on the sale, lease, or rental of tangible personal property and selected services.
- 5) Public schools and school-related organizations **must collect sales tax** on all sales which are not specifically exempt. This is not a comprehensive list; other taxable sales may be made by a school district for which sales tax must be collected, reported and paid. For example, sales tax must be collected on the following:
 - a. school purchased supplies sold directly to students including athletic equipment and physical education uniforms,
 - b. fees for materials when the end product becomes a possession of the student,
 - c. student publications such as yearbooks and football programs,
 - d. the sale of a school newspaper if the sales price per copy exceeds \$.75 per issue (i.e. subscriptions to community businesses or individuals),
 - e. school rings,

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- f. books sold at student book fairs (unless acting as an agent for the vendor and the vendor is collecting and remitting sales tax), and
 - g. charges to the general public for parking (Rule 3.315).
- 6) Public schools and school-related organizations are **not required to collect sales tax** on the following:
- a. Fees and admission tickets
 - b. Student club membership fees
 - c. Parking permits and fees charged to students, faculty or staff for parking (Rule 3.315)
 - d. Sales of food and soft drinks that are:
 - i. Sold and served during the regular school day
 - ii. Sold by a person under 19 years of age who is a member of an organization devoted to the exclusive purpose of education, and groups associated with public or private elementary or secondary schools as part of a fund-raising drive sponsored by the organization for its exclusive use.
- 7) Copies of documents that the district is required to provide through an Open Records Act request are **not taxable**. (Rule 3.341)
- 8) Sales tax is required to be collected on sales of regular publications, records, or general information sold by the district. The sale of district or campus directories, the campus newspaper, or other information available and sold to the general public is taxable. (Rule 3.341)
- 9) In some fund-raising activities, the school group is merely acting as a sales agent for the vendor. The vendor then remits the sales tax to the State Comptroller. The school would not report this activity as a sale since it is reported by the vendor.

A bona-fide group is one that must be organized for some business or activity other than instruction or a participatory group. Any student group that is recognized by the school and is organized by electing officers (not just participatory captains), holding meetings, and conducting business is a bona-fide group of the school.

- 10) The current sales tax rate for Carrizo Springs CISD is 8.25%.
- 11) Rules for state sales and use tax can be found under the Texas Administrative Code, Title 34 Public Finance, Part 1 Comptroller of Public Accounts, Chapter 3 Tax Administration, Subchapter O State Sales and Use Tax.

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COLLECTING & DEPOSITING FUNDS

- 1) All money (cash and checks) collected must be deposited to the activity fund bank account. Cash collected may not be used to make purchases or payments of any kind. All payments from the activity fund must be made with a check from the activity fund bank account.
- 2) All money collected must be deposited in the same form as collected. A personal check may not be substituted for cash collected. No personal checks are to be cashed from funds collected.
- 3) Do not co-mingle personal funds and district funds for any reason.
- 4) Change funds may be set up for the campus or for specific accounts or events. Information about use of change funds is provided in the “Change Funds” section of this handbook.
- 5) For control purposes, there should be at least two people involved in the collecting and depositing of funds. All activity funds will have a sponsor who is not the activity fund bookkeeper for the campus. Sponsors are responsible for collecting, counting, and turning in all funds collected to the activity fund bookkeeper. The bookkeeper is responsible for verifying the count and depositing the funds to the bank account.
- 6) Sponsors are not to take money home or keep it unsecured in classrooms. Large collections should be deposited with the activity fund bookkeeper daily; smaller amounts may be secured by the sponsor in a locked location daily and deposited with the activity fund bookkeeper by the end of the week. Sponsors should not hold more than \$50 longer than overnight. **DO** keep a copy of all invoices, deposit forms, check requests and deposit slips given to you by the office personnel. Keep all paperwork in a file.
- 7) The activity fund bookkeeper may want to establish set times each day for collected funds to be turned in. Please check with the bookkeeper on your campus and help them by complying with this schedule. All funds should be properly receipted and counted as described below before they are brought to the bookkeeper for deposit.

RECEIPTING FUNDS COLLECTED

- 1) The sponsor must provide a receipt for all funds that are received for the activity fund. Receipts should be prepared as the funds are received.
- 2) All receipts must be written in non-erasable ink. Any corrections should be noted with a line through the error, the correction and the initials of the person making the correction. Do not use whiteout or similar products to correct receipts.
- 3) One of the following receipt forms may be used by sponsors. Each form is designed to facilitate the receipting process for different situations. The sponsor should keep a copy of each receipt form turned in to the activity fund bookkeeper

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- 4) The Multiple Receipt Record may be used by the sponsor when receiving small amounts from multiple individuals for the same purpose. The sponsor will list each person who paid, the date, the amount, and indicate whether cash or check was used. Before delivery to the bookkeeper, the sponsor will tally the funds received on the bottom of the form and verify that the counted cash or checks total the amount listed on the form. The activity fund account number must be listed by the sponsor on the top of the form.
- 5) The Cash Counting Form may be used by the sponsor when collecting money for activities where it is not feasible or not possible to list each individual payee. These events may include sales of items at a table such as food, T-shirts, book fairs, tickets for dances or events, and school store sales. Before delivery to the bookkeeper, the sponsor will list the items, quantities and price of items sold, tally the funds received on the bottom of the form and verify that the counted cash and checks total the amount listed on the form. The activity fund account number must be listed by the sponsor on the top of the form.
- 6) Individual receipt books may be issued to sponsors for funds collected individually. Only district issued receipt books may be used and can be obtained from the activity fund bookkeeper. When individual receipt books are used, the sponsor provides the original receipt to the payee, retains one carbon copy in the receipt book, and submits the second carbon copy of the receipt along with the Multiple Receipt Form to the bookkeeper with the deposit. The Multiple Receipt Forms should indicate "Receipt #s _____ through _____". It is not necessary to list each receipt individually. The sponsor must verify that the cash and checks delivered to the bookkeeper for deposit equal the total of the receipt copies turned in. Receipt books are subject to audit at any time, and should be returned to the activity fund bookkeeper when all receipts are used.
- 7) On each of the receipt forms, a box is provided on the bottom right hand corner for the sponsor to track their account balance (see appendix for forms). Before submitting deposits to the bookkeeper, each sponsor should enter their current balance in this box.
- 8) Activity fund bookkeepers have been instructed not to accept funds for deposit that have not been properly counted and receipted by activity fund sponsors.
- 9) The campus bookkeeper will count the deposit and verify the totals on the Multiple Receipt Record in the "Office Use Only" box. A copy of the Multiple Receipt Record will be provided to the sponsor as their deposit record.

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PURCHASES FROM THE ACTIVITY FUND

- 1) All purchases and payments from the activity fund must be requested and authorized in advance using the purchase order process.
- 2) The activity fund sponsor should complete the Activity Fund Check Request and submit it to the campus bookkeeper for administrator approval.
- 3) Create requisition in TxEIS for approval of all purchases.
- 4) Purchase Order is the only legal document authorized for purchases and payments to vendors.

REQUESTS FOR PAYMENT FROM THE ACTIVITY FUND

- 1) Invoices/receipts for payment to vendors must be submitted to the bookkeeper with a copy of the Campus Activity Fund Check Request in a timely manner. Late payments to vendors reflect on the entire school district, and could result in late payment fees or interest charged to the account.
- 2) The original vendor invoice or detailed receipt must be attached. Invoice copies and vendor statements of the balance due are not acceptable forms of documentation. In certain circumstances, a letter or renewal notice may be used when no invoice exists. The principal must approve these alternate forms of documentation for payment.
- 3) The bookkeeper may not prepare a requisition without the Campus Activity Fund Check Request and proper documentation from the sponsor.
- 4) Texas Government Code Chapter 2251 requires the district to pay vendors within 45 days of the later of: the date the goods are received; the date of the performance of the services; or the date we receive the invoice.
- 5) All payments from the activity fund must be made by PO prepared by the activity fund bookkeeper and signed by authorized personnel. No payments may be made from cash collected or received by the sponsor or the bookkeeper.
- 6) The bookkeeper will verify that sufficient funds are available in the appropriate activity fund account before preparing a requisition.
- 7) Income received for a specific group should be spent for that group.
- 8) Payments to district employees must be made through the CSCISD Payroll Office. Payments should never be made to employees from the activity fund for services rendered or extra-duty or overtime. If it is necessary to pay a district employee for time or services rendered from an activity fund account, please see your activity fund bookkeeper for instructions.

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- 9) People or companies who are not district employees and are paid for services provided to an activity fund account must be identified as contractors. Payments to contractors will be reported to the IRS and a Form 1099 will be issued to the contractor for any amounts paid. An IRS Form W-9 indicating the tax payer ID must be on file with the bookkeeper before a contractor is paid.
- 10) The district is subject to fines and back taxes on payments to contractors or employees that are not handled and reported properly. Please see your activity fund bookkeeper for assistance if you anticipate paying for services from your activity fund account.
- 11) Fixed assets may be purchased with activity funds, but require pre-approval from the CSCISD Business Office. The Business Office will check bid requirements and process a district purchase order from the campus if the item is allowed. A Transfer form from the activity fund will be sent to the Business Office with the purchase order to cover the cost of the asset. The assets purchased will become district property and will be accounted for in the fixed asset inventory.
- 12) Provisions under Article 21.023 of the Federal Statutes provide tax exemption to the school district. Exempt organizations are entitled to an exemption only on items purchased and used directly and exclusively in pursuit of the exempt purpose. For school districts, items purchased must relate to the educational process.
- 13) The Texas Sales and Use Tax Exemption Certificate must be presented each time a purchase is made. The certificate must state that the merchandise being purchased is for the organization's own use in providing education, is being made in the name of the organization, and that payment will be made from the organization's own funds.
- 14) Purchases by individual members, teachers or coaches of classes or teams do not have exemption from sales tax even though they are connected with the school or a school organization. Examples of these types of purchases are cheerleaders purchasing their own uniforms, athletic team members purchasing their own jackets, or science students purchasing a science board.
- 15) Booster clubs, PTAs, and other associated groups may not use the district's tax exemption certificate or employer identification number. By law, these groups must obtain their own tax exemption status and employer identification number.

CHANGE FUNDS

Change funds may be set up for special events or activities as follows:

- 1) The sponsor will complete the Activity Fund Check Request indicating the amount of change needed and the denominations. The form should include a description of the event for which the change is needed, the date and the duration.

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- 2) The bookkeeper will prepare a PO and request a check from the Business Office. The sponsor will take the check to the bank to get the change. The bookkeeper should request a change slip from the bank indicating the amount of change received and the denominations. The change slip should be attached to the Activity Fund Check Request as documentation.
- 3) The exact amount of the change fund must be returned to the bookkeeper immediately following the event or at the beginning of the next work day.
- 4) The bookkeeper will write a receipt to the sponsor when the change is returned. The sponsor should attach the original receipt to their copy of the Activity Fund Check Request for documentation that the change was returned to the bookkeeper.

RECORD KEEPING

Sponsors will maintain a binder with receipt and expenditure records in chronological order. The balance of the account will be tracked on receipt and expenditure forms.

ACTIVITY FUND AUDITS

Activity funds will be audited on a regular basis by the district's independent auditors and district Business Office staff. All records of the sponsors and bookkeepers are subject to audit and must be made available upon request.

ACTIVITY FUND ACCOUNTING SYSTEM

All campuses will use the TxEIS accounting module to account for transactions in the activity fund. All transactions are posted to the TxEIS system. Reports and inquiries on account balances and transactions are available through the system.

All campuses will use a consistent filing system for the transactions that are processed through the activity fund in order to facilitate auditing of the accounts. The Receipt forms and check request forms will be filed numerically. All documentation for each transaction are available through the system.

Each campus bookkeeper will receive a logon to TxEIS system. Each transaction will be recorded in the accounting system by the campus Bookkeeper as follows:

DEPOSITS

- 1) The bookkeeper should count all funds from account sponsors in the presence of the sponsor at the time the funds and receipt form are turned in. Any discrepancy in the count should be resolved at that time.

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- 2) The bookkeeper will number all receipts sequentially and reference these numbers on the deposit slips. Receipts will be filed in numerical order to facilitate auditing.
- 3) The bookkeeper may combine several receipts and prepare as one deposit to the bank. The bank deposit slip should be completed by the bookkeeper and include all receipt numbers for the deposit. The validated deposit slip should be filed along with the receipt forms.
- 4) All receipts for each deposit will be entered into the system as a cash receipt. The bookkeeper will enter the following information from the receipt form:
 - Receipt number
 - Account code
 - Receipt amount
 - Description
 - Receipt date
- 5) The system will automatically post the contra account entry to cash.

PURCHASE ORDERS

- 1) Purchase Order (PO) will be posted to the system as an appropriation. A requisition is created by entering the following information into TxEIS purchasing module:
 - Vendor number
 - Vendor name
 - Description of the purchase
 - Shipping fees
 - Delivery address
 - Note/Comments
 - Account Code
 - Bid number
- 2) The bookkeeper should track all purchase orders status and payments.
- 3) All bidding requirements will apply to all purchase orders.

OTHER TRANSACTIONS

- 1) Bank charges for check orders, deposit slip orders, returned checks, and other fees will be entered in the system as a Journal Adjustment by the business office.
- 2) Interest earned and bank charges on the bank account will be entered in the system as a Journal Adjustment Entry by the business office.
- 3) Transfers/adjustments/corrective entries will be posted by the business office after Principal approval.

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OTHER FUNCTIONS

- Vendor Setup (W-9 forms, IRS Form 1099, and EDGAR requirements)
- Complete a sales tax report and remit to the State Comptroller
- Reconcile bank statements (Fund 865 only)
- Print month-end reports
- Send monthly activity fund documentation to the Business Office
 - Bank reconciliations
 - Bank Statements (all except check and deposit copies), include back of statement if you are manually reconciling the bank statement.
 - General Ledger Reports from TxEIS system.
- Campus Bank Account Spreadsheet that shows the beginning balance to ending balance for each month for all Campus and Student Account (for audit).

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FORMS

ACTIVITY FUND FORMS

- Activity Fund Sales Tax Guide
- Fundraiser Request Form
- Fundraiser Operating Report
- Cash Counting Form
- Multiple Receipt Record
- Deposit Form
- Activity Fund Check Request
- Texas Sales and Use Tax Exemption Certification
- Campus Activity Account (Year End Balance by Month)
- Acknowledgement of Receipt and Understanding of Activity Fund Handbook
- Designation of Type of Activity Fund (Sponsor)

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***** Determining if it a Taxable Sale *****

LINE	DESCRIPTION	Sale?		Taxable Sale?		Comment
		Yes	No	Yes	No	
1	Food Sales	X			X	unless sold to outside entity, ex: Lion's Club
2	Admission tickets to district productions/games	X			X	
3	Parking permits	X			x	
4	Fines		X			
5	Lost items -books, ID cards, calculators, etc.		X			
6	Merchandise- pencils, science boards, art sup.	X		X		
7	NSF check redeposit		X			
8	Commissions		X			
9	Collection of field trip monies		X			
10	Rentals - facilities, uniforms, band instruments	X		X		unless facilities are rented to a school group
11	Dues		X			
12	Fees- transcripts, open records requests, lab		X			
13	Services	X				
14	Walkathons/Bikathons, etc.		X			
15	Artistic works-art, cds, videos, crafts	X		x		
16	Spirit items- stadium seats, cups, decals	X		X		
17	School publications- Yearbooks, newspapers	X		X		
18	Rummage sales/ garage sales	X		X		
19	Ads	X			X	
20	Personal Property	X		X		
21	Fees for copying or laminating	X		X		
22	Uniforms - sales or rentals	X		X		
23	Discount/Entertainment Books/ Cards	X			X	
24	Equipment sales or rentals	X		X		unless sold or rented to other gov. entity
25	Football programs	X		X		

Rev. 8/31/11

**CARRIZO SPRINGS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
FUNDRAISER REQUEST FORM**

PERMISSION REQUEST

Name of Campus: _____ Taxable Sale Non-Taxable Sale
 1st Tax-Free Sale 2nd Tax-Free Sale

Permission is requested to conduct the following money-raising activity:

Date Beginning: _____ Date Ending: _____ Time of the day: _____

1st Performance _____ 2nd Performance _____

Estimated Gross Proceeds: Estimated Net Proceeds:

Specific purpose(s) for which the net proceeds is (are) to be used:

The following Activity Fund Account(s) will receive the net proceeds:

REQUESTOR INFORMATION

This is the 1st _____, 2nd _____, 3rd _____, 4th _____, 5th _____, 6th _____, 7th _____ money raising activity for this semester (that I have requested).

I, _____, have requested permission to conduct a money-raising activity, and I will be responsible for the preparation of the "Fundraiser Operating Report" shown on the next page. I will be responsible for the accountability of all monies collected at the conclusion of the money-raising activity, and I will turn in all records to the principal or finance clerk. I understand that all money collected must be turned in daily or whenever the aggregate amount exceeds one hundred dollars (\$100.00). None of the money collected may be spent under any circumstances, except through the activity checking account.

_____ DATE _____ SPONSOR / PERSON REQUESTING PERMISSION

AUTHORIZATION

I, _____, recommend and approve _____, do not recommend _____ this activity.

_____ DATE _____ CAMPUS PRINCIPAL

I, Jose Keubke, recommend and approve _____, do not recommend _____ this activity.

_____ DATE _____ EXECUTIVE DIRECTOR FOR FINANCIAL SERVICES

I, as the Interim Superintendent, **received** recommendation and approval as indicated above from director/administrator.

**CARRIZO SPRINGS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
FUNDRAISER OPERATING REPORT**

1.) Total Collections from fundraiser

NUMBER	DESCRIPTION	AMOUNT
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
TOTAL COLLECTIONS		\$ _____

2.) Less Disbursements for merchandise, advertising, prizes, etc., pertaining to fundraiser.

CHECK NO.	DESCRIPTION	AMOUNT
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
TOTAL DISBURSEMENTS**		\$ _____

3.) NET PROCEEDS from above activity (Total 1 minus Total 2)

\$ _____

**All disbursements must be made from Activity Fund checks (disbursement purchase orders) or petty cash.

DISPOSITION OF NET PROCEEDS

DESCRIPTION	AMOUNT
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

DATE	PERSON MAKING REQUEST
DATE	PRINCIPAL

CARRIZO SPRINGS CISD

CASH COUNTING FORM

CAMPUS / DEPARTMENT: _____

PROGRAM: _____

DATE: _____

CURRENCY COUNT ONLY	CURRENCY	TOTAL
	x \$100	
	x \$50	
	x \$20	
	x \$10	
	x \$5	
	x \$1	
	SUB-TOTAL	
COIN COUNT ONLY	COINS	TOTAL
	x \$1.00	
	x \$0.50	
	x \$0.25	
	x \$0.10	
	x \$0.05	
	x \$0.01	
	SUB-TOTAL	
LIST CHECKS	AMOUNT	TOTAL
	SUB-TOTAL:	
	GRAND TOTAL:	

SIGNATURE: _____

SIGNATURE: _____

RECEIVED BY: _____

CARRIZO SPRINGS CISD MULTIPLE RECEIPT RECORD

Campus:
 Event:
 Sponsor:
 Organization:
 Organization Account#:
 Start date: _____
 End date: _____

Receipt#:

	Payer	Date	Amount	Cash	Check #
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					

Account Balance: _____

Sponsor Signature

Office Use Only:	Deposit Amnt	Copy to Sponsor?	
		yes	no

CARRIZO SPRINGS CISD
CAMPUS ACTIVITY FUND DEPOSIT FORM

Campus: _____

Account: _____

Source of fund: _____

Amount of deposit: _____ **Date:** _____

Receipt number/s: _____

Signature: _____

Account Balance

CAMPUS: _____
ACTIVITY FUND CHECK REQUEST

Date: _____ Check No: _____

Organization Requesting Check: _____ Acct No: _____

Check Payable To: _____ Vendor ID: _____

Account Balance: \$ _____ Amount Requested: \$ _____

Check Delivery: Mail Vendor will pick up Requestor will pick up

- | | | | |
|---|-----------|----------|-----------|
| 1. Has fundraiser request form been completed? | Yes _____ | No _____ | N/A _____ |
| 2. Is 1099 needed? (If yes, need W-9 sent to Business Office) | Yes _____ | No _____ | |
| 3. Will expense be reimbursed from General Fund? | Yes _____ | No _____ | |

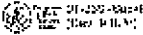
Purpose:

Signature of Sponsor making request Date

Approved **Not Approved** Reason: _____

Principal's Signature Date

READY TO FILE -- ALL BACKUP ATTACHED



TEXAS SALES AND USE TAX EXEMPTION CERTIFICATION

Name of purchaser firm or agency Carrizo Springs Consolidated Independent School District ID #74-6000490	
Address (Street, Number, P.O. Box or Rural mailbox) 300 N. 7th Street	Phone (Area code and number) (830) 876-3503
City, State, ZIP code Carrizo Springs, Texas 78834	

I, the purchaser named above, claim an exemption from payment of sales and use taxes (for the purchase of taxable items described below or on the attached order or invoice) from:

Refer to _____

Street address: _____ City, State, ZIP code: _____

Description of items to be purchased or on the attached order or invoice:
Supplies & Services

Purchaser claims this exemption for the following reason:
Government Entity (Public School)

I understand that I will be liable for payment of all state and local sales or use taxes which may become due for failure to comply with the provisions of the Tax Code under all applicable law.

I understand that it is a criminal offense to give an exemption certificate to the seller for taxable items that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate, and depending on the amount of tax avoided, the offense may range from a Class C misdemeanor to a felony of the second degree.

Purchaser _____ Title _____ Date _____

sign here

NOTE: This certificate cannot be issued for the purchase, lease, or rental of a motor vehicle.
 THIS CERTIFICATE DOES NOT REQUIRE A NUMBER TO BE VALID.
 Sales and Use Tax "Exemption Numbers" or "Tax Exempt" Numbers do not exist.

This certificate should be furnished to the supplier. Do not send the completed certificate to the Comptroller of Public Accounts.

CARRIZO SPRINGS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

CAMPUS ACTIVITY ACCOUNT

Year Ending 8/31/20__

CAMPUS:

Carrizo Springs Elementary School

Month:	Beginning Balance	Deposits	Interest	Checks	Bank Fees	Ending Balance
August 31, 20__						\$0.00
September	\$0.00					\$0.00
October	\$0.00					\$0.00
November	\$0.00					\$0.00
December	\$0.00					\$0.00
January	\$0.00					\$0.00
February	\$0.00					\$0.00
March	\$0.00					\$0.00
April	\$0.00					\$0.00
May	\$0.00					\$0.00
June	\$0.00					\$0.00
July	\$0.00					\$0.00
August 31, 20__	\$0.00					\$0.00
BALANCE	TOTALS-->	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Preparer's Signature and Date: _____

Principal's Signature and Date: _____

ACKNOWLEDGEMENT OF RECEIPT AND UNDERSTANDING

- Principal/Asst. Principal Campus Bookkeeper
 Authorized Bank Signor Sponsor

Complete below and return to the Business Office:

I, (print name) _____ have received, read and understood the Carrizo Springs CISD Activity Fund Handbook and CAF Forms on (date) _____.

SIGNATURE: _____

PRINTED NAME: _____

DESIGNATION OF TYPE OF ACTIVITY FUND (Sponsor)

CAMPUS: _____

ORGANIZATION NAME: _____

SPONSOR NAME (Print): _____

CONTACT NUMBER: _____

BRIEF DESCRIPTION OF ACTIVITIES: _____

TYPE OF ACTIVITY FUND:

Student Activity Fund: Funds are generated by specific student groups, not by the district or campus. Decisions about the expenditure of student activity funds are made solely by the students. All funds raised by the student organizations must be expended exclusively for the benefit of students.

Campus Activity Fund: Funds are generated or raised locally by students, teachers, sponsors, or the principal as a result of fundraising, vending or other approved campus activities at 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 all state and board policy and with district regulations.

The determining factor is the DECISION MAKING process for spending these funds.

The designation of the type of activity fund indicated above is correct to the best of my knowledge.

SIGNATURE: _____ DATE: _____

PRINCIPAL: _____ DATE: _____

BUSINESS OFFICE: _____

DATE: _____



Carrizo Springs CISD Campus Fundraisers

Campus	Fundraiser Description	Start Date	End Date	Sponsor Name	Taxable(T) - Non Taxable (NT)	One Day Tax free Sales (Allowed-2 Per Calendar Year)

STUDENT/CAMPUS ACTIVITY CHECKS

AP Calendar

Month	For Requests Received	Date Due To Accounts Payable by 10AM	Check Run Date
SEPTEMBER	August 30, 2018 - September 5, 2018	Thursday, September 6, 2018	Friday, September 7, 2018
	September 6, 2018 - September 12, 2018	Thursday, September 13, 2018	Friday, September 14, 2018
	September 13, 2018 - September 19, 2018	Thursday, September 20, 2018	Friday, September 21, 2018
	September 20, 2018 - September 26, 2018	Thursday, September 27, 2018	Friday, September 28, 2018
OCTOBER	September 27, 2018 - October 3, 2018	Thursday, October 4, 2018	Friday, October 5, 2018
	October 4, 2018 - October 10, 2018	Thursday, October 11, 2018	Friday, October 12, 2018
	October 11, 2018 - October 17, 2018	Thursday, October 18, 2018	Friday, October 19, 2018
	October 18, 2018 - October 24, 2018	Thursday, October 25, 2018	Friday, October 26, 2018
NOVEMBER	October 25, 2018 - October 31, 2018	Thursday, November 1, 2018	Friday, November 2, 2018
	November 1, 2018 - November 7, 2018	Thursday, November 8, 2018	Friday, November 9, 2018
	November 8, 2018 - November 14, 2018	Thursday, November 15, 2018	Friday, November 16, 2018
	THANKSGIVING/THANKSGIVING/THANKSGIVING/THANKSGIVING/THANKSGIVING/THANKSGIVING/	Thursday, November 29, 2018	Friday, November 23, 2018
DECEMBER	November 15, 2018 - November 28, 2018	Thursday, November 29, 2018	Friday, November 30, 2018
	November 29, 2018 - December 5, 2018	Thursday, December 6, 2018	Friday, December 7, 2018
	December 6, 2018 - December 12, 2018	Thursday, December 13, 2018	Friday, December 14, 2018
	December 13, 2018 - December 19, 2018	Thursday, December 20, 2018	Friday, December 21, 2018
JANUARY	CHRISTMAS/CHRISTMAS/CHRISTMAS/CHRISTMAS/CHRISTMAS/CHRISTMAS/CHRISTMAS/CHRISTMAS/		Friday, December 28, 2018
	December 20, 2018 - January 9, 2019	Thursday, January 10, 2019	Friday, January 4, 2019
	January 10, 2019 - January 16, 2019	Thursday, January 17, 2019	Friday, January 11, 2019
	January 17, 2019 - January 23, 2019	Thursday, January 24, 2019	Friday, January 18, 2019
FEBRUARY	January 24, 2019 - January 30, 2019	Thursday, January 31, 2019	Friday, January 25, 2019
	January 31, 2019 - February 6, 2019	Thursday, February 7, 2019	Friday, February 1, 2019
	February 7, 2019 - February 13, 2019	Thursday, February 14, 2019	Friday, February 8, 2019
	February 14, 2019 - February 20, 2019	Thursday, February 21, 2019	Friday, February 15, 2019
MARCH	February 21, 2019 - February 27, 2019	Thursday, February 28, 2019	Friday, February 22, 2019
	February 28, 2019 - March 6, 2019	Thursday, March 7, 2019	Friday, March 1, 2019
	SPRING BREAK/SPRING BREAK/SPRING BREAK/SPRING BREAK/SPRING BREAK/SPRING BREAK/		Friday, March 8, 2019
	March 8, 2019 - March 20, 2019	Thursday, March 21, 2019	Friday, March 15, 2019
APRIL	March 21, 2019 - March 27, 2019	Thursday, March 28, 2019	Friday, March 22, 2019
	March 28, 2019 - April 3, 2019	Thursday, April 4, 2019	Friday, March 29, 2019
	April 4, 2019 - April 10, 2019	Thursday, April 11, 2019	Friday, April 5, 2019
	April 11, 2019 - April 17, 2019	Thursday, April 18, 2019	Friday, April 12, 2019
MAY	April 18, 2019 - April 24, 2019	Thursday, April 25, 2019	Friday, April 19, 2019
	April 25, 2019 - May 1, 2019	Thursday, May 2, 2019	Friday, April 26, 2019
	May 2, 2019 - May 8, 2019	Thursday, May 9, 2019	Friday, May 3, 2019
	May 9, 2019 - May 15, 2019	Thursday, May 16, 2019	Friday, May 10, 2019
JUNE	May 16, 2019 - May 22, 2019	Thursday, May 23, 2019	Friday, May 17, 2019
	May 23, 2019 - May 29, 2019	Thursday, May 30, 2019	Friday, May 24, 2019
	May 30, 2019 - June 5, 2019	Thursday, June 6, 2019	Friday, May 31, 2019
	June 6, 2019 - June 12, 2019	Thursday, June 13, 2019	Friday, June 7, 2019
JULY	June 13, 2019 - June 19, 2019	Thursday, June 20, 2019	Friday, June 14, 2019
	June 20, 2019 - June 26, 2019	Thursday, June 27, 2019	Friday, June 21, 2019
	June 27, 2019 - July 3, 2019	Thursday, July 4, 2019	Friday, June 28, 2019
	July 4, 2019 - July 10, 2019	Thursday, July 11, 2019	Friday, July 5, 2019
AUGUST	July 11, 2019 - July 17, 2019	Thursday, July 18, 2019	Friday, July 12, 2019
	July 19, 2019 - July 24, 2019	Thursday, July 25, 2019	Friday, July 19, 2019
	July 26, 2019 - July 31, 2019	Thursday, August 1, 2019	Friday, July 26, 2019
	August 1, 2019 - August 7, 2019	Thursday, August 8, 2019	Friday, August 2, 2019
	August 8, 2019 - August 14, 2019	Thursday, August 15, 2019	Friday, August 9, 2019
	August 15, 2019 - August 21, 2019	Thursday, August 22, 2019	Friday, August 16, 2019
	August 22, 2019 - August 28, 2019	Thursday, August 29, 2019	Friday, August 23, 2019
			Friday, August 30, 2019

****ANYTHING RECEIVED AFTER 10 AM WILL BE PROCESSED THE FOLLOWING CHECK RUN NO EXCEPTIONS**

****CHECKS WILL BE READY FOR PICKUP ON MONDAYS AFTER 10 AM**



BULLETIN

Susan Combs, Texas Comptroller of Public Accounts

School Fundraisers and Texas Sales Tax

Texas school districts, public schools, qualified exempt private schools and each bona fide chapter within a qualifying school are exempt from the payment of Texas sales and use tax on purchases of taxable items for their use, if the purchases are related to the organization's exempt function.

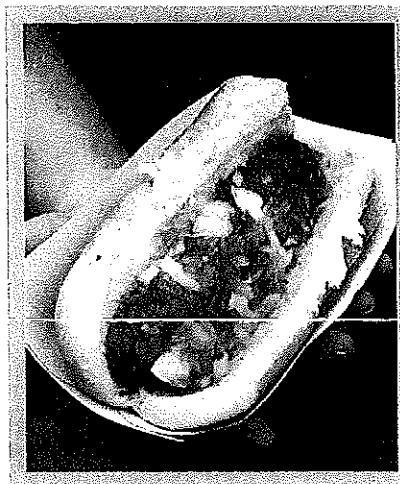
The organization must obtain a sales tax permit and collect and remit sales tax on taxable items it sells unless one of the exemptions listed below applies. An organization does not have to register for a sales tax permit if all its sales are of exempt items or if its sales take place through tax-free fundraisers.

Two One-Day Tax-Free Sales

School districts, public schools, qualified exempt private schools and bona fide chapters within a qualifying school may conduct two one-day tax-free sales or auctions each calendar year. For the purposes of this exemption, one day is counted as 24 consecutive hours and a calendar year is the 12-month period from January through December. See subsection (h) of Rule 3.322, "Exempt Organizations."

For example, a school may sell taxable items such as t-shirts, hats, uniforms, school supplies or crafts

tax-free on a designated tax-free sale day. These days should be designated in advance so that purchasers are aware that the sales are not subject to tax. The organization may not collect tax on the transactions and keep the tax under the "tax-free" sale provision. The exemption does not apply to any item sold for more than \$5,000 unless it is manufactured by the organization or donated to the organization and not sold back to the donor.



Either the date on which the items are delivered by the vendor to the school organization or the day on which the school organization delivers the items to its customers may be designated as the one-day tax-free sale day. Persons buying from surplus inventory on the designated date do not owe tax. Those buying on subsequent dates owe tax unless the purchase occurs on the organization's other tax-free sale day.

For example, a school group selling yearbooks may accept pre-orders without collecting tax if the day the yearbooks will be delivered to customers is designated as one of the group's tax-free fundraisers. Surplus yearbooks sold during the same day also qualify for the exemption. Surplus yearbooks sold on other days are taxable unless sold at the group's other tax-free fundraiser.



SALES AND USE TAX BULLETIN

School Fundraisers and Texas Sales Tax

If two or more groups hold a one-day tax-free sale together, the event counts as one tax-free sale for each participating organization. Each of those organizations then is limited to one additional tax-free sale during the remainder of the calendar year.

If an exempt organization is purchasing taxable items for resale during its designated tax-free sale days and it holds a sales tax permit, the organization may either give the retailer a resale certificate, Form 01-339 (front), or an exemption certificate, Form 01-339 (back) to purchase the items tax-free. A non-permitted exempt organization, however, may purchase items for resale tax-free by issuing an exemption certificate to the vendor for items sold during its two one-day, tax-free sales.

Schools and Bona Fide Chapters
To qualify as a bona fide chapter of a school, a group of students must be organized for an activity other than instruction or to have a tax-free sale. Bona fide chapters include student groups recognized by the school and organized by electing officers, holding meetings and conducting business. There is no limit on the number of bona fide chapters a school can have. Bona fide chapters can include whole grade levels (e.g. senior class, junior class or freshmen), but cannot be limited to specific classes (e.g. Senior English or Biology II). Various other school groups such as a student council, science club or drama club can qualify if they are composed of students and school staff.

A department of a school, such as a purchasing, accounting, maintenance or IT department, is not a bona fide chapter even though it is part of the school or school district.

Groups that are not considered bona fide chapters, unless otherwise qualified to hold the two one-day tax-free sales, must obtain a sales tax permit and collect and remit sales tax on all taxable items sold at

fundraisers. Non-student organizations such as booster clubs and PTAs/PTOs cannot qualify as bona fide chapters of a school, but may qualify for the tax-free sale days under other provisions of the Tax Code. See the "Nonstudent Nonprofit Organizations" section in this publication for more information.

Non-Qualifying Fundraisers -

Acting as an Agent or Sales Representatives

When a school, school group, PTA/PTO, booster club or other exempt organization raises funds by acting as a sales representative or commissioned sales agent for a for-profit retailer, the group is not responsible

for reporting and remitting sales and use tax. As a result, however, the exempt organization is not considered to be the seller and cannot use a tax-free sale day for this type of event. In these cases, the group receives a commission for holding a book fair or for selling candy, gift wrap, holiday ornaments, candles or similar items.



When an exempt organization acts as a commissioned sales agent or representative for a for-profit seller, the seller should provide instructions and information regarding the proper collection of tax. The for-profit retailer may

advertise in the sales catalog or state on each invoice that tax is included or require that tax be calculated and collected based on the selling price of each taxable item. The for-profit retailer is then responsible for remitting the tax collected or backed out to the Comptroller. Similarly, sales of taxable items made through the Web site of a for-profit retailer are also taxable and may not be sold tax-free in connection with a fundraiser.

Nonstudent Nonprofit Organizations

Nonstudent nonprofit organizations that are not bona fide chapters of schools may qualify for two one-day tax-free sales or auctions on their own.

A **booster club** for a band, football team or similar group may hold two one-day tax-free sales or auctions



SALES AND USE TAX BULLETIN

School Fundraisers and Texas Sales Tax

once it has obtained a sales tax exemption from the Comptroller's office on its purchases.

A nonprofit organization with an Internal Revenue Service (IRS) exemption under Section 501(c)(3), (4), (8), (10) or (19) is exempt from sales and franchise taxes. A booster club that has a 501(c) federal exemptions should complete AP-204 and submit it, along with a copy of its IRS exemption letter, to the Comptroller's office. After the Comptroller's office notifies the club of its exempt status, the club can hold two one-day tax-free sales or auctions each calendar year.

Parent-teacher associations (PTAs) affiliated with the Texas state PTA or the national PTA are exempt as educational organizations and can hold two one-day tax-free sales or auctions each calendar year. **Parent-teacher organizations** (PTOs), as well as **parent-teacher-student associations** (PTSAs) and **organizations** (PTSOs), are also exempt from sales tax as educational organizations.

PTAs *not* affiliated with the Texas state PTA or the national PTA, parent-teacher organizations (PTOs) and parent-teacher-student associations (PTSAs) and organizations (PTSOs) are also eligible for exemption from sales tax as educational organizations. These organizations should complete form AP-207 and submit it to the Comptroller's office. Once the exemption has been granted, these organizations can also hold two one-day tax-free sales or auctions each calendar year.

Sales of taxable items by PTAs, PTOs, PTSAs, and PTSOs made at other times of the year are subject to tax.

Internet Sales

Sales of taxable items over the Internet are treated the same as sales of taxable items made at the school or at any other sales location. Schools, school groups and

other non-student, nonprofit organizations that accept online orders through a Web site must collect sales tax on taxable items they sell online. An online sale occurring during a one-day tax-free sale, however, would qualify for the exemption.

Food and Beverage Sales

A public or private elementary or secondary school, school group or PTA/PTO does not have to collect tax on sales of meals and food products (including candy and soft drinks) if the sales are made during the regular school day and by agreement with the proper school authorities. This exemption includes food, soft drinks and candy sold through vending machines.

PTAs/PTOs and other qualifying groups associated with a specific public or private elementary or secondary school or school group may also sell meals, food, candy or soft drinks tax-free outside of the school day if the sales are part of the organization's fundraising drive and all net proceeds go to the group for its exclusive use.

Concession Stands

Concession-stand food sales are exempt from tax when made by a school group, PTA/PTO or other group (such as a booster club) associated with a public or private elementary or secondary school, if the sales are part of the organization's fundraising drive and all net proceeds go to the organization for its exclusive use. The exemption applies to sales of soft drinks and candy, but does not include sales of alcoholic beverages. The group can issue an exemption certificate in lieu of paying tax on purchases of candy, sodas, gum and other taxable food items sold at its concession stand. The exemption certificate should state that the group will sell the items as a fundraiser.

Annual Banquets and Annual Food Fundraisers
All volunteer nonprofit organizations can hold a tax-free annual banquet or other food sale provided the





SALES AND USE TAX BULLETIN

School Fundraisers and Texas Sales Tax

event is not professionally catered; is not held in a restaurant, hotel or similar place of business; is not in competition with a retailer required to collect tax; and the food is prepared, served and sold by members of the organization. The exemption does not apply to the sale or purchase of alcoholic beverages. To qualify for exemption, the food sale must:

- be an annual event;
- last no more than one week;
- be a fundraising project exclusively provided by the volunteers of the participating nonprofit organizations;
- be non-commercial in every respect (that is, the food and beverages cannot be prepared or served by a caterer or a restaurant, and must be prepared and served by the participating organizations' volunteers, without pay); and
- not be held in competition with a retailer at the same event who must collect tax on food and beverage sales.

The annual food sale or banquet exemption does not apply to sales of alcoholic beverages or non-food items (e.g., arts, crafts or t-shirts). Alcoholic beverages are not food products and are taxable. The type of tax due (sales tax or mixed beverage gross receipts tax) depends upon the type of permit held by the selling organization. Sales of alcoholic beverages, including beer, wine and mixers, are subject to the Texas 14 percent mixed beverage gross receipts tax when sold by a mixed-beverage permit holder, while sales of beer and wine made by a beer and wine-only permit holder are subject to sales tax.

Nontaxable Sales

Some items are not subject to sales tax no matter who sells them.

Nontaxable Food Items

Sales tax is not due on nontaxable food items. Examples of such items include cookie dough, pizza kits, cheese spreads, meat sticks, jelly, salsa, fresh fruit and mixes packaged for preparation at home.

Magazine Subscriptions

Subscriptions to magazines entered as periodicals-class (formerly called second-class) mail and sold for six months or more are exempt from sales tax. Single issues and subscriptions for fewer than six months are taxable, however.



Bakery Items

Bakery products (including but not limited to pies, cakes, cookies, bagels and muffins) are exempt unless sold with plates or eating utensils.

Gift Certificates and Passbooks

Sales of intangibles such as gift certificates and coupon passbooks are not subject to sales tax. Instead, retailers should collect tax when the certificate or coupon is redeemed for the purchase of taxable merchandise or services. The tax is based on the item's actual retail selling price less any cash discount given at

the time of the sale (e.g., a deduction for a coupon). Of course, if the gift certificate is for a nontaxable service such as a haircut, manicure or facial, no sales tax is due when the certificate is redeemed. Taxable services are listed in "Taxable Services" (Tax Publication 96-259.)

Car Washes

Washing a car is not a taxable service under the Texas Tax Code. Groups holding car washes are not required to collect tax on their charges for this service.

Amusement Services

The sale of an amusement service provided exclusively by a nonprofit organization, other than an IRS Section



SALES AND USE TAX BULLETIN

School Fundraisers and Texas Sales Tax

501(c)(7) organization, is exempt from sales tax. For example, the sale of an admission ticket to a school carnival, dance, athletic event or musical concert is exempt.

Periodicals and Writings

Periodicals and writings (reading materials including those presented on audio tape, videotape and computer disk) are exempt from tax if published and distributed by a religious, philanthropic, charitable, historical, scientific or other similar organization not operated for profit. A "similar" organization must be organized for a benevolent purpose and must not be operated for profit. Similar organizations include PTAs, PTOs, PTSAs and PTSOs, but exclude all public and private educational organizations.

This means that PTAs, PTOs, PTSAs and PTSOs may publish and sell printed reading materials such as yearbooks, books, calendars, directories, magazines, brochures and newsletters without collecting sales tax. The qualifying organization may issue a properly completed resale certificate to the printer in lieu of paying tax on charges for printing, binding and item placement.

Items that contain printed materials that can be read but primarily serve other purposes or functions, such as school logo t-shirts, bookmarks, photographs and novelties, are subject to sales tax *unless* sold during a qualifying and designated tax-free sale or auction.

School districts, schools and school groups, however, must collect tax on sales of printed reading materials unless the sale is designated as one of the organization's tax-free fundraisers.

Donations

A purchaser using personal funds may give an exemption certificate to vendors when buying taxable items

that will be donated to a qualifying organization, such as a school, before the individual makes any use of the items. The exemption certificate must state that the taxable item is being purchased by the individual for donation to an exempt organization and must clearly identify the organization accepting the a donation (see Tax Code Section 151.155[b]). If the purchaser makes use of the item before it is donated, the purchaser is responsible for paying or accruing tax on the item's purchase price.

Donations (gifts) of cash or taxable items or services made to an organization are not taxable sales unless the exempt organization gives the donor a taxable item in exchange for the donation, and the item is of proportionate or equal value to the donation.



Sales to Students

Generally, other than the exemptions previously identified, schools and associated groups must collect, report and remit sales tax on taxable items that they sell or taxable services they provide to others, including sales made to students.

Schools may issue a resale certificate in lieu of paying tax to suppliers when purchasing taxable items to sell. Schools may issue an exemption certificate in lieu of paying tax when purchasing taxable items for their use or for giving away to students or others as part of a course of instruction. A district must collect tax on the sales price of taxable items when selling them to students or to others.

For example, if a school sells uniforms, gloves and shoes to drill team members, it must collect tax on the sales unless it designates their sale as one of its two one-day tax-free sales. The school may purchase the uniforms tax-free for resale to the drill team members.

The table on the following page is a short list of examples of taxable and nontaxable sales.



SALES AND USE TAX BULLETIN

School Fundraisers and Texas Sales Tax

TAXABLE	NONTAXABLE
Rental of tangible personal property such as locks, musical instruments, calculators and computers	Rental of real property such as a gymnasium, auditorium, library or cafeteria
Horticultural products such as flower arrangements, roses, carnations, holiday greenery and poinsettias	Agricultural products (plants and seeds), the products of which ordinarily constitute food for human consumption
Cosmetology products such as shampoo, conditioner and nail polish sold to customers	Cosmetology services such as haircuts, shampoo, manicures and pedicures
Parking permits for the general public	Parking permits for public school students, faculty and staff
Animals that do not ordinarily constitute food or food products, such as hamsters, mice, cats and dogs	Farm animals such as pigs, cows, chickens and other livestock
Publications such as football, basketball or volleyball programs	Sales of advertising space in athletic programs, yearbooks, newspapers
Automobile repair parts (a separately stated charge for parts is taxable; a separately stated charge for repair labor is not taxable)	Automobile repair (a lump-sum charge for parts and labor)
Car carpet shampooing	Car washes
Magazines (single issue or subscription less than six months)	Magazine subscriptions for six months or longer

Need More Information?

For more information, see:

Rule 3.286, "Seller's and Purchaser's Responsibilities"

Rule 3.322, "Exempt Organizations"

Rule 3.293, "Food; Food Products; Meals; Food Service"

Rule 3.298, "Amusement Services"

Rule 3.299, "Newspapers, Magazines, Publishers, Exempt Writings"

Tax Publication 96-122, "Exempt Organizations - Sales and Purchases" — Frequently Asked Questions section provides information about school organizations applying for exemption from state taxes.

Tax Publication 96-259, "Taxable Services"

Please use our Texas Online Sales Tax Registration System to apply for a sales tax permit. An application also can be downloaded from our Tax Forms Online page. You can also obtain an application by calling (800) 252-5555 or by visiting one of our enforcement field offices.

For questions about an organization's Texas tax-exempt status, please use our Texas Tax-Exempt Entity Search, write to exempt.orgs@cpa.state.tx.us, or call Tax Assistance at (800) 531-5441 and ask for the Exempt Organizations Section.

For information on how to apply for federal exemptions, contact the U.S. Internal Revenue Service at (877) 829-5500 or online at <http://www.irs.gov/>.

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