

# **Student Activity Fund and Camps/Clinics Questions and Answers**

## **APPENDIX A – Statutory References and Definitions**

### Article III, Section 31, Constitution of the State of Iowa

“No extra compensation shall be made to any officer, public agent, or contractor, after the service shall have been rendered, or the contract entered into; nor, shall any money be paid on any claim, the subject matter of which shall not have been provided for by pre-existing laws, and no public money or property shall be appropriated for local, or private purposes, (emphasis added), unless such appropriation, compensation or claim be allowed by two-thirds of the members elected to each branch of the General Assembly.”

### Chapter 279.62 of the Code of Iowa

New section effective July 1, 2005. “The board of directors of a school district may take action to adopt a resolution to establish, and authorize expenditures for the operational support of, an entity or organization for the sole benefit of the school district and its students that is exempt from federal income taxation under section 501(c) (3) of the Internal Revenue Code. The entity or organization shall reimburse the school district for expenditures made by the school district on behalf of the entity or organization. Prior to establishing such an entity or organization, the board of directors shall hold a public hearing on the proposal to establish such an entity or organization. Such an entity or organization shall maintain its records in accordance with Chapter 22 (of the Code of Iowa), except that the entity or organization shall provide for the anonymity of a donor at the written request of the donor. The board of directors of a school district shall annually report to the department of education and to the local community the administrative expenditures, revenues, and activities of the entity or organization established by the school district pursuant to this section. The department shall include in its annual condition of education report a statewide summary of the expenditures and revenues submitted in accordance with this section.”

Note: Chapter 11.6 (1) (a) was also amended to require an audit of “the revenues and expenditures of any nonprofit school organization established pursuant to section 279.62.”

### Chapter 298A.8 of the Code of Iowa

Student Activity Fund. “The student activity fund is a special revenue fund. A student activity fund must be established in any school corporation receiving money from student- related activities such as admissions, activity fees, student dues, student fund-raising events, or other student-related cocurricular or extra curricular activities. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules.”

### Component Unit

“Legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, a component unit can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading.” (GASB Statement 14, as amended by GASB Statements 39 and 61)

### Dillon’s Rule

School Districts operate under Dillon’s Rule. This means school districts “possess and can exercise the following powers and no others: First, those granted in express words; second, those necessarily implied or necessarily incident to the powers expressly granted; third, those absolutely essential to the declared objects and purposes of the (school) corporation – not

simply convenient or desired, but indispensable” (Black, H.C. *Black’s Law Dictionary*, 6th ed. 1990: West Publishing, St. Paul.)

### Financial Reporting Entity

“A primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management’s professional judgment, that the inclusion of an organization that doesn’t meet the financial accountability criteria is necessary in order to prevent the reporting entity’s financial statements from being misleading. This determination should be based on the nature and significance of the organization’s relationship with the district.” (GASB Statement 14, as amended by GASB Statement 61)

### GASB

Governmental Accounting Standards Board (GASB) establishes the basic principles applicable to governmental accounting and reporting.

### Gift

Chapter 68B.2 (9) of the Code of Iowa. “Gift means a rendering or anything of value in return for which legal consideration of equal or greater value is not given or received.”

Iowa Administrative Code Section 281-12.6(1)

“Each board shall sponsor a pupil activity program sufficiently broad and balanced to offer opportunities for all pupils to participate. The program shall be supervised by qualified professional staff and shall be designed to meet the needs and interests and challenge the abilities of all pupils consistent with their individual stages of development; contribute to the physical, mental, athletic, civic, social, moral, and emotional growth of all pupils; offer opportunities for both individual and group activities; be integrated with the instructional program; and provide balance so a limited number of activities will not be perpetuated at the expense of others.”

### Internal Control

“A process, effected by an entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (1) reliability of financial reporting, (2) compliance with applicable laws and regulations and (3) effectiveness and efficiency of operations.”

Internal control is the responsibility of all officials and employees of the School District and is designed to protect both the District and its employees.

Recommended governmental internal control procedures are detailed in the Iowa Auditor of State’s Internal Control Questionnaire located at [www.auditor.iowa.gov](http://www.auditor.iowa.gov) then click on “audit practice aids” and page down to “internal control questionnaire”.

### Primary Government

“A state government or general purpose local government. Also, a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state and local governments.” (GASB Statement 14)

### Restricted Donor

Chapter 68B (2)(24)(a) of the Code of Iowa “Restricted donor includes a person who “is seeking to be a party to any one or any combination of sales, purchases, leases, or contracts to, from or with the agency in which the donee holds office or is employed.

### Iowa Administrative Code 281-98.70

“The student activity fund must be established in any school district receiving moneys from student-related activities such as admissions, activity fees, student dues, student fund-raising events, or other student-related cocurricular or extracurricular activities. Moneys collected through school activities are public funds that are the property of the school district and are

under the financial control of the school board. Upon dissolution of an activity, such as a graduating class or student club, the surplus must be used to support other student activities in the student activity fund. Prudent and proper accounting of all receipts and expenditures in these accounts is the responsibility of the board. School districts may maintain subsidiary records for student activities if those records are reconciled to the official records on a monthly basis; however, all official accounting records of the student activity fund shall be maintained within the school district's chart of account pursuant to Uniform Financial Accounting for Iowa School Districts and Area Education Agencies.”

98.70(1) Sources of revenue in the student activity fund. Sources of revenue in the student activity fund include income derived from student activities such as gate receipts, ticket sales, admissions, student club dues, donations, fund-raising events, and any other receipts derived from student body cocurricular or extracurricular activities, contests, and exhibitions as well as interest on the investment of those moneys.

98.70(2) Appropriate uses of the student activity fund. Appropriate expenditures in the student activity fund include ordinary and necessary expenses of operating school district-sponsored and district-supervised student cocurricular and extracurricular activities, including purchasing services from another school district to provide for the eligibility of enrolled students in interscholastic activities provided by the other school district when that school district does not provide an interscholastic activity for its students.

98.70(3) Inappropriate uses of the student activity fund. Inappropriate expenditures in the student activity fund include the following:

- a. Maintenance of funds raised by outside organizations.
- b. The cost of bonds for employees having custody of funds derived from cocurricular and extracurricular activities in the conduct of their duties. These are costs to the general fund.
- c. Expenditures that lack public purpose.
- d. Payments to any private organization unless a fundraiser was held expressly for that purpose and the purpose of the fundraiser was specifically identified.
- e. Transfers to any other fund of any surplus within the fund.
- f. Payments more properly accounted for in another fund such as public tax funds, trust funds, state and federal grants, textbook/library book fines, fees, rents, purchases or sales, sales of school supplies, or curricular activities.
- g. Use of the student activity fund as a clearing account for any other fund.
- h. Cash payments to student members of activity groups.
- i. The cost of optional equipment or customizing uniforms.
- j. The cost of uniforms when the following two tests are not met:
  - (1) The activity is a part of the school's educational program, and
  - (2) The wearing of the uniform or equipment is necessary in order to participate.
- k. Hospital or medical claims for student injuries or procurement of student medical insurance.
- l. Optional costs related to activities that are not necessary to the cocurricular and extracurricular program such as promotional costs.
- m. Membership fees in student activity-related associations if the fees are optional, i.e., nonmember schools may participate in sponsored events.
- n. Costs to participate in or to allow students to participate in any cocurricular and extracurricular interscholastic athletic contest or competition not sponsored or administered by either the Iowa High School Athletic Association or the Iowa Girls High School Athletic Union.

Iowa Administrative Code 281—12.6

The following standards shall apply to the activity program of accredited schools and school districts.

**12.6(1) General guidelines.** Each board shall sponsor a pupil activity program sufficiently broad and balanced to offer opportunities for all pupils to participate. The program shall be

supervised by qualified professional staff and shall be designed to meet the needs and interests and challenge the abilities of all pupils consistent with their individual stages of development; contribute to the physical, mental, athletic, civic, social, moral, and emotional growth of all pupils; offer opportunities for both individual and group activities; be integrated with the instructional program; and provide balance so a limited number of activities will not be perpetuated at the expense of others.

**12.6(2)** *Supervised intramural sports.* If the board sponsors a voluntary program of supervised intramural sports for pupils in grades seven through twelve, qualified personnel and adequate facilities, equipment, and supplies shall be provided. Middle school grades below grade seven may also participate.

Iowa Administrative Code 281—36.15(6)

*Summer camps and clinics and coaching contacts out of season.*

*a.* School personnel, whether employed or volunteers, of a member or associate member school shall not coach that school's student athletes during the school year in a sport for which the school personnel are currently under contract or are volunteers, outside the period from the official first day of practice through the finals of tournament play. Provided, however, school personnel may coach a senior student from the coach's school in an all-star contest once the senior student's interscholastic athletic season for that sport has concluded. In addition, volunteer or compensated coaching personnel shall not require students to participate in any activities outside the season of that coach's sport as a condition of participation in the coach's sport during its season.

*b.* A summer team or individual camp or clinic held at a member or associate member school facility shall not conflict with sports in season. Summertime coaching activities shall not conflict with sports in season.

*c.* Rescinded IAB 4/20/11, effective 5/25/11.

*d.* Penalty. A school whose volunteer or compensated coaching personnel violate this rule is ineligible to participate in a governing organization-sponsored event in that sport for one year with the violator(s) coaching.