



**IASBO**

**Student Activity Fund  
Handbook of Frequently  
Asked Questions**

**March 23, 2022**

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# Items of Interest

- Part I: Update Overview
- Part II: Excerpts of Additions and Updates

# Part I: Update Overview

# Locating the Document

- [Student Activity Fund](#) page on Department website
- [Department website](#)
- Search Term: Student Activity Fund
- A-Z Index: Student Activity Fund

# Focus of the Update

1. Added statutory reference to each response.
2. Reviewed each Q & A for relevance to current environment. Focused on differentiating between:
  - Statutory requirements
  - Board flexibility
  - Best practices

# Focus of the Update (cont.)

3. Ensured the interpretation of related statute was as liberally construed as possible pursuant to Iowa Code § 274.3(3) (commonly referenced as home rule light).

- This statute authorizes districts to exercise any broad and implied power, not inconsistent with the laws of the general assembly, and related administrative rules adopted by state agencies related to the operation, control, and supervision of those public schools.
- For example, [Iowa Code section 282.6\(2\)](#) requires every school be free from tuition, which includes student activities. [Iowa Code section 274.3\(2\)"b"](#) prohibits a district from charging a fee other than those expressly stated in code. Therefore, districts are unable to charge a required fee unless authority for it already exists in statute.

# Review Process

- Internal Review
- Iowa High School Athletic Association
- Iowa Girl's High School Athletic Union
- Auditor of State
- SBO Task Force (Thank you Paul, Shonna, Kevin, Tim, & Patricia!)

# Frequently Used References

- Constitution of the State of Iowa
- Code of Iowa, Chapters 12B, 20, 24, 28E, 68B, 99B, 257, 274, 278, 279, 280, 282, 283, 283A, 284, 285, 291, 297, and 298A, 301, 483A, 565, 721, 724, and 903.
- Iowa Administrative Code (IAC), chapters 281 and 282
- Iowa Attorney General (OAG) opinions
- Iowa Auditor of State (AOS)
- Iowa Board of Educational Examiners (BOEE)
- Industry Resources
- Other Department, State, or Federal Resources



# Frequently Used References (cont.)

- Constitution of the State of Iowa
  - Article III, Section 31 - Public funds may only be spent for public purpose
  - Article VII, Section 1 - Credit may not be loaned



# Frequently Used References (cont.)

- 274.3 – Exercise of powers (including Home Rule Light)
- 279.29 – Board, Audit & allow
- 279.30 – Board, Payments
- 279.8 – Board shall make rules for employees, pupils, property, etc.
- 280.13 – Interscholastic Contests and Competition
- 280.14 – Board shall establish & maintain adequate staffing, facilities, etc.
- 282.6 – Tuition
- 282.20 – Tuition Fees
- 291.6 – Duties of the secretary
- 297.9 – Use for other than school purposes
- 298A.2 – General Fund, flexibility account
- 298A.8 – Establish Student Activity Fund
- 565.6 – Gifts to Board

# Frequently Used References (cont.)

- Iowa Administrative Code r. Chapter 281
  - 12.6 – Requirement to offer student activity program
  - 18.1 – Prohibition to deny participation for inability to pay
  - 18.3 – Fee waivers
  - 36.15 – Coaching out of season
  - 98.60 – Levies and funds
  - 98.61 – General Fund
  - 98.64 – PPEL Fund
  - 98.70 – Student Activity Fund
  - 98.101 – Agency Funds

# Frequently Used References (cont.)

- [The Iowa Legislature](#)
- [Department](#) References
  - Uniform Financial Accounting ([UFA](#))
  - Uniform Administrative Procedures Manual ([UAP](#))
  - [Title IX](#)
- Auditor of State: Internal Control [Questionnaire](#)

# Part II: Excerpts of Additions and Updates

# Board Policy: Authority and Responsibility

- “The board should exercise its authority under Iowa Code section 279.8 and responsibility under Iowa Code section 280.14 to establish policies for its...”

# Board Policy: Public Purpose

- How many districts have a public purpose policy?
- or
- Are currently work on drafting one?

# Public Purpose: OAG

- It is impossible to conceive of a public improvement which will not incidentally benefit some private individual engaged in private enterprise for gain. The proper inquiry for the public purpose requirement is to determine if a public interest is served, regardless of whether incidental private purposes exist. In other words, a violation occurs in the absence of *any* public purpose (OAG #01-4-2(L)).
- Defining public purpose is not exclusively a legal determination. It is more policy and wisdom, properly determinable in light of public welfare, present and future, in a broad sense (OAG #79-4-26).
- The phrase “public purpose” has a flexible and expansive scope (OAG #90-7-3(L)).
- It should not be construed narrowly. It must have sufficient flexibility to meet the challenges of increasingly complex social, economic, and technological conditions, and the absence of any public purpose must be so clear as to be perceptible by every mind at first blush (OAG #95-5-1).
- If the primary objective is to promote some private end, the expenditure is illegal, although it may incidentally serve some public purpose also (OAG #76-6-15).



# Source of Funds for Activity Student Program

- **Question:** Is the Student Activity Fund the *only source* of funds to pay for expenditures related to the board-approved student activity program?
- **Answer:** No.
  - Statute does not limit the district to funding expenditures related to fulfilling its statutory obligation to offer a broad and balanced student activity program only with funds appropriately receipted to the Student Activity Fund.
  - Regulatory references directly exist to control student activity revenue by restricting to which fund revenue derived from student activities will be receipted (Iowa Code § 298A.8) and how those funds may be expended (281 IAC 98.70).

# Appropriate Fund Use

- **Question:** From which funds is it appropriate to pay for costs related to the district's student activity program?
- **Answer:** Multiple funds are appropriate.
- Student Activity Fund - ordinary and necessary costs related to the program (e.g., supplies, uniforms)
- General Fund (e.g., staff salary, benefits, transportation)
- PPEL Fund for related capital costs (e.g., eligible equipment, greenhouse construction)
- Enterprise Fund for costs related to enterprise activities (e.g., student farm).
- There are a number of costs that could be equally appropriate to multiple funds.

# Board Policy: Ordinary and Necessary

- How many districts have a policy that defines “ordinary and necessary” costs with regard to the Student Activity Fund?

# Player Meals

- **Question:** Can school district accounts pay for team/player meals?
- **Answer:** Yes, if a public purpose has been established by the board through board policy (Iowa Code § 279.8) or board action (IA Const. art. III, § 31); 281 IAC 98.70(3)"c"). Defining public purpose is not exclusively a legal determination. It is more policy and wisdom, properly determinable in light of public welfare, present and future, in a broad sense (OAG #79-4-26).
- The district should exercise its authority under Iowa Code section 279.8 and responsibility under Iowa Code section 280.14 to establish a policy regarding extracurricular activities. As part of this policy, or through other board action, the board may establish public purpose for providing pre-game meals.
- Review the information in the introduction related to establishing public purpose.

# Student Farm

- **Question:** The district received a donation to support a student farm with the understanding the proceeds from the farm would be used to support the FFA student activity program. How do we account for the donation and the proceeds?

## Answer:

- Board must choose to accept the donation; board is obligated to terms if accepted ([Iowa Code § 565.6](#)).
- The Farm, as an ongoing, substantial effort, is an enterprise effort.
- Enterprise efforts are meant to be self-sustaining.
- Account for related revenue and expenditures in the Enterprise Fund.
  
- Enterprise efforts are meant to be self-sustaining.
  - Determine amount of proceeds to retain for future costs, vs those to transfer.
  - Transfer via board resolution identified proceeds to Student Activity Fund.
- Co-curricular costs related to the farm as part of the FFA activity program may be accounted for in the Enterprise Fund, General Fund, or Student Activity Fund, as otherwise appropriate.

# Transfer to Student Activity Fund

- **Question:** If the Student Activity Fund has a negative balance, can a permanent transfer from the General Fund be used to cover the deficit?
- **Answer:** No; one fund may not retire the debt of another fund unless it is specifically authorized in statute (281 IAC 98.60). The district may consider allowable expenditures to both the General Fund (281 IAC 98.61(2)) and Student Activity Fund (281 IAC 98.70(2)) when budgeting and coding expenditures to help prevent the Student Activity Fund from going negative.
- It is possible the district may also have expenditure reclassifications for costs appropriate to other funds.

# Transfer to Student Activity Fund (cont.)

- (same question) **Question:** If the Student Activity Fund has a negative balance, can a permanent transfer from the General Fund be used to cover the deficit?
- For FY21, FY22, FY23, may transfer revenue shortfall to cover actual costs incurred.
- [May 2021 School Business Alert](#) provides details.
- IASB and ISFIS have sample resolutions.

# Costs for Chaperones

- **Question:** How should costs for chaperones be handled for district-sponsored trips? Can the charges to students going on the trip be high enough to cover the costs of the trip for the chaperones?
- **Answer:** No. Chaperone costs incurred related to district-sponsored trips offered as part of the district's activity program (281 IAC 12.6), whether the trip is required or optional, are district costs.
- It is the district's responsibility to provide adequate supervision for its students (Iowa Code § 280.14; 281 IAC 12.6) including all teams and contestants engaging in interscholastic activities (281 IAC 36.18(9)).
- Required district expenditures may not be forcibly passed on to the students for participation in activities as this could be perceived as akin to either tuition or a mandatory fee to participate, both of which are strictly prohibited (Iowa Code §§ 274.3(2)"b" and 282.6(2)).



# Board Policy: Fundraising

- How many districts have a policy related to fundraising that includes:
  - A pre-approval process for the fundraiser
  - A pre-approval process for the intended use of funds
  - A process for reconciliation

# Fundraising: Pre-Approval

- **Question:** Do districts have to approve and account for all fundraising activity, including fundraising activities of affiliated organizations as well as board-sponsored fundraising activities?

**Answer:** It depends. (Board has authority to approve or deny internal & external requests.)

- The board must approve all district-sponsored fundraising activities prior to implementation as only the board has the authority to accept the donation to the district, agree to the subsequent use of those funds (Iowa Code § 565.6), and approve district expenditures (Iowa Code § 279.29), including those in the Student Activity Fund (Iowa Code § 298A.8).

# Fundraising: Pre-Approval (cont.)

- Revenues generated from district-sponsored student activity fundraisers are under the control of the board, shall be deposited into the Student Activity Fund, and are required to be maintained within the district's chart of accounts (281 IAC 98.70, 281 IAC 98.70(2)).
- Outside Entity:
  - The district has the authority to regulate fundraising activities occurring during school hours and district-sponsored events as well as the authority to regulate the use of the funds derived from those sources (OAG # 83-9-1(L)).
  - If the funds are held by the district for the outside organization, the funds should be accounted for in a Custodial (previously Agency) Fund.

# Fundraising Rewards

- **Question:** When is it appropriate for students to receive rewards for fundraising efforts?
- **Answer:** District funds, including those donated to the district, may only be expended for public purpose ([IA Const. art. III § 31](#)). Expressly inappropriate uses of the Student Activity Fund include expenditures that lack public purpose and cash payments to students ([281 IAC 98.70\(3\) “c” and “h”](#)).
- The district must be mindful of who is absorbing the cost of the student reward.
- If district receives “less” from the company conducting the fundraiser in order to pay for student rewards, the rewards are inappropriate as they’re taking away from district funds for an inappropriate purpose.
- If the district is receiving the “same” benefit (dollars, goods, etc.) from the fundraiser, regardless of the amount spent on student rewards, the rewards are not of consequence to the district.

# Fundraising Rewards: Examples

- **Fundraising Example:** An outside entity is conducting a fundraiser and will pay the district \$.15 of every \$1.00 worth of widgets sold by the students.
- **Reward Scenario 1:** Any classroom that sells over 100 widgets gets a pizza party paid by the outside entity. Or, if the entire school sells 1,000 widgets, every classroom gets a pizza party paid for by the outside entity.
- **Reward Scenario 2:** Any student that sells \$50.00 worth of widgets gets their choice of a stuffed school mascot or \$5.00 cash, both paid for by the outside entity.
- In both reward scenarios above, the district is still receiving \$.15 for every \$1.00 worth of widgets sold so the student rewards are not taking anything away from the district and therefore the rewards are inconsequential to the district.

# Fundraising Rewards: Examples (cont.)

- **Reward Scenario 3:** The outside company will pay \$.15 per \$1.00 of widgets sold by the district. All students participating in the fundraiser received a stuffed school mascot. The students sold \$20,000 worth of widgets which means the district earned \$3,000 from the fundraising company. The fundraising company deducted the \$200 for the stuffed school mascots and sent a check to the district for \$2,800.
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- The final scenario is an example of when rewarding students is not appropriate as the district is ultimately absorbing the cost of the reward resulting in district resources being used for private purpose.

# Fundraising: Rewards (cont.)

- Important Distinction: The district must be mindful of which entity is absorbing the cost of any incentives.
- Consider the example below:

District sales	\$15,000
District cut	X 40%
District retains/receives =	\$ 6,000
Company retains/receives	\$ 9,000

# Fundraising: Rewards (cont.)

Allowable		Not Allowable	
District Sales	\$15,000	District Sales	\$15,000
District cut	X 40%	District cut	X 40%
Check to district	= \$ 6,000	Incentives for sellers	- \$ 1,000
		Check to district	= \$ 5,000
Company retains	\$ 9,000	Company retains	\$ 9,000
Incentives for sellers	\$ 1,000		
Total retained by company	\$ 8,000		

**Incentives paid by fundraising company.**

**Incentives paid by fundraising district.**



# Fundraising: Scholarships

- **Question:** Is it allowable to have a student activity fundraiser for school scholarships and if so, what is the appropriate fund to account for the revenue and expenditures?
- **Answer:** Revenues for student activity fundraising should be receipted to the Student Activity Fund ([Iowa Code § 298A.8](#)), unless otherwise defined by the purpose of the fundraiser as approved by the local board.
- Scholarships should not be receipted to Student Activity Fund.
  - The General Fund should be avoided due to spending authority misrepresentation.
  - **Fund 81, Fiduciary Scholarship Trust Fund** - If the Scholarship Fund meets the criteria for a trust and the district does not have administrative involvement.
  - **Fund 99, Custodial Fund** - If the scholarship does not meet the criteria for a trust, the district does not have administrative involvement, and the funds are held for a separate legal entity.
  - **Fund 19, Special Revenue Fund** - If the scholarship does or does not meet the criteria for a Trust or Custodial Fund, but the district does have administrative involvement.

# Trips

- **Question:** Our district offers a cultural trip to Washington D.C. every summer for 8<sup>th</sup> grade students. The trip is sponsored by the district and voluntary for students to participate. Students are provided with numerous opportunities to engage in district-sponsored fundraisers to raise money toward the overall cost of the trip for all participants. They usually have to cover some out of pocket expenses as well so parents or sometimes other family members will pay toward their cost. How is the money accounted for in the district?
- **Answer:** All funds raised during the district-sponsored fundraisers should be deposited to the Student Activity Fund ([281 IAC 98.70](#)). Regardless of a student's participation in related district-sponsored fundraisers, the funds raised will be used to equally offset the cost for all students participating in the field trip.

# Trips (cont.)

## Example:

- The student cost of the trip is \$500 per student.
- Thirty (30) students will participate in the trip.
- District-sponsored fundraising efforts resulted in \$9,000.
- An equal distribution ( $\$9,000/30$ ) reduces the cost from \$500 to \$200 for each student participating in the field trip.
  
- If the student pays toward their \$200 and then elects not to attend the trip, the portion they paid (\$200) should be refunded according to district policy.
  
- Any funds raised through a district-sponsored fundraiser remain the property of the district and may be redistributed to other students attending the trip equally or saved for the following year's trip, depending on the purpose stated in the fundraiser and district policy.

# Booster Club

- **Question:** Our Booster club (entity legally separate from the district) offers scholarships to students to attend out-of-season camps and optional district-supervised activity trips. Since these are not allowable expenditures for the district, are they allowable expenditures of the booster club?
- **Answer:** The appropriateness of a particular booster club expenditure is determined by the booster club, not the district.
- Determination of an “appropriate” expenditure of the booster club should be considered in the context of the organization of the entity, IRS business structure, articles of incorporation, mission, purpose, by-laws, communicated purpose of the fundraiser from which funds will be expended, and so forth. Booster clubs can be organized in a variety of ways so an appropriate expenditure for one booster club may not be an appropriate expenditure for another. The booster club should consult its own attorney if it is unsure whether an expense is appropriate.

# Shooting Sports

- **Question:** May the district purchase shotguns for use in shooting sports (trap shooting) program or must student participants provide their own?
- **Answer:** If the board approves shooting sports as part of the district's statutory requirement to offer a broad and balanced activity program ([281 IAC 12.6](#)), there is no statutory authority to charge students or require them to provide their own supplies and equipment ([Iowa Code § 274.3](#)). Providing the items necessary to conduct the activity would be a cost to the district.

# Shooting Sports (cont.)

Additional considerations for districts offering shooting sports:

- The board may permit instructors certified by the Department of Natural Resources to conduct department-approved courses or activities on school property (Iowa Code § 483A.27(11)).
- The school has the authority to permit specific persons to go armed with, carry, or transport firearms on school grounds for instructional purposes (Iowa Code § 724.4B(2)"b").
- Firearms transported on vehicles with students must be stowed separately from the passenger compartment (281 IAC 43.38(2)).
- No statutory limitation exists to prevent students from using their own equipment. If the district allows the students to use personal equipment while participating in shooting sports, the board may consider developing related procedures.

# Student Equipment

- **Question:** How should the district buy equipment for students that are unable to afford the equipment (e.g., basketball shoes) required to participate in an activity?
- **Answer:** The district should differentiate between items that are required for participation and items that are optional.
- Districts are required to provide items that are required for participation, regardless of whether or not it is a personal item.



# Student Equipment (cont.)

- If a student is unable to afford an item required for participation, the district may treat this situation the same as any other equipment or uniform that is provided to the student for participation. The district would issue the equipment (e.g., basketball shoes) to the student at the beginning of the season.
- Then, to ensure there is no private gain, the equipment should be returned at the end of the season or period of usage. The district may dispose of the inventory for a cost equal to its remaining useful life.
- Iowa Administrative Code r. 281 – 18.1 prevents districts from denying participation with a class, program, or activity based on a student's (or their family's) inability to pay. The board may exercise its authority under Iowa Code section 279.8 to establish a policy for student activity equipment and uniform requirements.
- The district could also partner with an appropriate organization in the community to assist with such requests but the responsibility of providing required items still lies with the district.



# Donations

- **Question:** If a community member gives a cash donation to the district with a stipulation to use the funds to help provide items for students that are unable to afford it themselves, how should those funds be managed?
- **Answer:** The district should first determine whether it is appropriate to accept the donation. The district has multiple options for using the funds once the donation is approved by the board (Iowa Code §§ 279.29 and 565.5). Unless otherwise directed in the donation, by statute, or by board action, the donation will be receipted to the General Fund of the district (Iowa Code § 298A.2). It is the board's responsibility to establish a public purpose of district expenditures (IA. Const. art. III § 31). The district has multiple options to manage the funds.

# Donations (cont.)

- If the donations are large and ongoing, the district may elect to establish their own non-profit organization (Iowa Code § 279.62), which could receive and manage the funds and expenditures.
- Depending on the circumstances of the donation, the district may also receive a donation as part of a private purpose trust fund. Iowa Administrative Code r. 281 – 98.92.
- It is appropriate for a district to refuse a donation if they believe the donation stipulations are inappropriate, do not serve a public purpose, or cannot handle the extra responsibility accompanied by the stipulations. In that case, the district may return the donation and direct the individual to an organization that provides those social services.

# Donations (cont.)

- If the district's PTO/PTA, booster club, or other affiliated organization is organized as a separate entity, including its own tax id number, the district could direct the donation to one of those organizations for receipt and management. Determination of an "appropriate" expenditure of an entity separate from the district is determined by the entity.
- The board may exercise its authority under Iowa Code section 279.8 to establish a policy regarding donations to the district. The policy may address, for example, when a district should or should not accept donations, and, if accepted, the eligibility and process for determining awardees, storage, oversight, etc. The district may also wish to consult with its attorney or auditor when deciding how to receive and manage the funds.

# Board Policy: Coaching Apparel

- How many districts have a policy regarding the purchase of coaching apparel?

# Apparel for Coaches

- **Question:** Can the district purchase shirts, jackets, or other clothing for district employees from the Student Activity Fund?
- **Answer:** While not specifically prohibited from the Student Activity Fund, clothing for staff is generally a cost of the General Fund. Iowa Administrative Code r. 281 – 98.70(2) allows for appropriate uses of the Student Activity Fund including ordinary and necessary expenses of operating school district-sponsored and district-supervised student co-curricular and extracurricular activities.
- Regardless of the fund from which it is purchased, coaching apparel should be identified as
  - (1) a personal expense, purchased and retained by coach; or
  - (2) a district expense, purchased and retained by the district or part of the coach's compensation.

# Paying for Officials

- **Question:** Is it appropriate for a district to pay sporting event referees/officials from the General Fund rather than the Student Activity Fund?
- **Answer:** Yes; either the Student Activity Fund or General Fund may be used to pay costs related to referees/officials.

# Paying for Staff: Pre-Paid Debit Cards

- **Question:** Can a district pay an official through a pre-paid debit card?
- **Answer:** It does not appear paying staff through a pre-paid debit card would meet the requirements of Iowa Code section 279.30 which requires payments to be made payable to entitled person or deposited directly into a financial institution, as defined in Iowa Code section 527.2. Each payment must be made payable only to the person performing the service or presenting the verified bill, and must state the purpose for which the payment is issued.

# Questions?

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