

Student Activity Fund Handbook of Frequently Asked Questions



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State of Iowa
Department of Education
Grimes State Office Building
400 E. 14th Street
Des Moines, IA 50319-0146

State Board of Education

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Executive Summary

This guidance document was updated with three main intentions. First, effort was made to identify supporting statutory, rule, industry, or other relevant references to support each answer. Second, questions were reviewed in the context of the current environment to improve clarity or simplicity while maintaining relevance to current contexts. Questions were added regarding topics that have been brought to the Department recently or on topics which are anticipated. Third, each answer was reviewed to ensure that it either followed specific legal directive or that any interpretation of code was as liberally construed as possible pursuant to Iowa Code section 274.3(3).

During the 2017 legislative session, increased flexibility was established for districts through the enactment of [Iowa Code section 274.3](#) (limited home rule). This is not equal to the home rule authority for cities and counties. 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. This law also requires that statutes relating to boards of directors and school districts are liberally construed to allow for that flexibility.

This broadened exercise of power for school districts applies in contexts where the law or administrative rule does not already prescribe or prohibit action; a school district's exercise of power may not be inconsistent with the state or federal law. 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.

Prior to public release, the document was again reviewed by multiple groups to help vet responses, including a task force of school business officials, representatives of the activity and athletic associations and unions, the office of the Auditor of State, and multiple internal staff members.

The Department recognizes it is unreasonable to think all unique situations that occur surrounding the use of the Student Activity Fund can be addressed in one document. Therefore, this document is intended to address situations or questions that arise with frequency or may be anticipated. Interested parties are encouraged to continue to reach out to the Department as questions arise locally.

The majority of the answers have been updated based on the purposes of the FAQ revision so the summary of changes is extensive.

Introduction

Funds held in the Student Activity Fund **are public funds**. As such, these funds are subject to the statutory requirements for all public funds of the district. Public funds are governed by Article III, Section 31 of the Constitution of the State of Iowa, which stipulates public funds may only be spent for the **public benefit**. The questions and answers contained in this document are designed to address issues pertaining to internal control and/or statutory compliance requirements, primarily pertaining to school activities.

Student Activity Funds are under the fiduciary control and responsibility of the district's board of education (board) ([281 IAC 98.70](#)), as are all district funds ([Iowa Code § 279.29](#)). Each board should exercise its authority under [Iowa Code section 279.8](#) and responsibility under [Iowa Code section 280.14](#) to establish policies for its statutorily required activities program ([281 IAC 12.6](#)). Procedures are then put into place by the district's administration and business office to establish internal control over

these funds and ensure compliance with local board policies and statutory requirements. Each response includes a relevant statutory, rule, or industry reference. Most are linked to [Appendix B: Statutory References and Definitions](#) which provides the complete statutory or rule reference. Other references may be linked to external industry resources or to the website of the Iowa Legislature which has all statutory and rule references available online. Published opinions of the Iowa Attorney General are linked directly to the opinion available on Westlaw's website. Unpublished opinions are also linked to the website of the Iowa Legislature for the year in which the unpublished opinion was created.

References in this document include the following:

- 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

When comparing student activity information with guidance or information from other states or the national sports federation, keep in mind that Iowa statute and rule take precedence and may differ from other states

Establishing Public Purpose

Public purpose is based on [Article III, Section 31 of the Constitution of the State of Iowa](#); public money may be spent only for the public benefit. The district should exercise its authority under [Iowa Code section 279.8](#) to establish its interpretation of public purpose through its policies. The board is responsible for determining and documenting public purpose for each expenditure made by the district prior to an expenditure being incurred. Documentation of the determination of public purpose should be through board minutes and supported by board policy ([Iowa Code § 279.29](#)). This is not a determination that can be made by district employees beyond clear board policy. The harder it is to document public purpose, the more likely none exists.

Since public purpose is not strictly defined, the board should consider guiding principles of this topic that have been discussed in numerous opinions of the Iowa Attorney General.

- 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](#)).

Establishing public purpose is not the board simply saying that it believes there is public purpose. The determination must be an equitable, carefully-considered, logical conclusion which, at first blush, an independent, prudent person, and the district's auditor during the annual audit, would also reasonably conclude to be for the greater public good. Iowa Code section 721.2(5) defines official misconduct to include any public officer or employee who knowingly uses or permits "any other person to use the property owned by the state or any subdivision or agency of the state for any private purpose and for personal gain, to the detriment of the state or any subdivision thereof." If a district is unsure whether an expenditure meets the test of public purpose, the district should work with its attorney and/or auditor. Specific code language may be reviewed on the website of [The Iowa Legislature](#).

Finance and Operation

Student Activity Fund Purpose and Creation

1. **Question:** What is the broad plan of activities required by Iowa Administrative Code (IAC)?

Answer: [Iowa Administrative Code r. 281 – 12.6\(1\)](#) states that each board shall sponsor a student 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.

Simply because a community member or a district employee requests to do a project, and wants to use students for that project, does not make it part of the district's student activity program.

2. **Question:** How often should the board review its activity program?

Answer: Board policies are required to be reviewed at least every five years to ensure relevance to current practices and compliance with regulatory changes ([281 IAC 12.3\(2\)](#)). During the policy review, the board should continue to consider how it is meeting its statutory obligation to offer an activity program ([281 IAC 12.6\(1\)](#)). The board should exercise its authority under [Iowa Code section 279.8](#) and responsibility under [Iowa Code section 280.14](#) to establish and maintain extracurricular activity policies.

3. **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 **received 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 received ([Iowa Code § 298A.8](#)) and how those funds may be expended ([281 IAC 98.70](#)).

4. **Question:** From which funds is it appropriate to pay for costs related to the district's student activity program?

Answer: There are multiple funds from which student activity program expenditures would be appropriate. Some examples include the Student Activity Fund for any 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), and 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.

Uses of Funds

1. **Question:** Which fund is used to pay for safety items such as helmets and football pads?

Answer: Costs associated with purchasing or reconditioning protective and safety equipment for extracurricular activities are appropriate to the Student Activity Fund. The board may, by board resolution, transfer from the General Fund to the Student Activity Fund an amount equal to the purchase or recondition cost of protective or safety equipment if such equipment is required to participate by an organization as defined in [Iowa Code section 280.13](#) pursuant to [Iowa Code section 298A.8\(2\)](#).

2. **Question:** If parents are buying and organizing pre-game meals, can the district use the Student Activity Fund to account for the expenditure?

Answer: Yes; this may be handled in a variety of ways.

Option A: Parents may pay for and provide the meals directly to the students.

Option B: If the parents want the district to hold the funds they spend for this purpose, then the funds would be accounted for in a Custodial (previously Agency) Fund. The [Uniform Financial Account Coding](#) definitions define Custodial Funds as a fund used to account for funds that are held in a custodial capacity by a school district for individuals, private organizations, or other governments. If the district is holding funds for a purpose that is not tied to a separate legal entity, a public purpose for costs must still be established.

Option C: If the district wishes to account for the costs from the Student Activity Fund, public purpose for the expenditures must be established ([281 IAC 98-70](#)). 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. If pre-game meals are considered to have an established public purpose by the board, the parents may donate the funds to the district with a stipulation the funds will support expenditures for pre-game meals. Districts should also consider [Title IX](#) equity compliance during the policy and decision-making process.

3. **Question:** Can school district accounts pay for team/player meals? For example, a district's football team pays for a pre-game meal every Thursday night for all team members and coaches prior to their Friday night game. They also pay for submarine sandwiches for games on the road. Is this allowed or should students be paying for their own food?

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](#).

4. **Question:** Can a district's student council, or other student group, give a scholarship to a graduating senior?

Answer: No; A scholarship would not be an appropriate cost from the Student Activity Fund. Appropriate uses of the Student Activity Fund are identified in [Iowa Administrative Code r. 281 – 98.70\(2\)](#) which includes ordinary and necessary expenditures of operating school co-curricular and extracurricular activities. If the board approves fundraising for scholarships, the funds should be receipted to the appropriate scholarship fund.

5. **Question:** A district-sponsored student club has funds in the Student Activity Fund and also has a checking account at a local bank. The club wants to donate to a city playground. The club wants to use the money in the Student Activity Fund for this purpose because it does not have enough in its checking account. Is this allowable?

Answer: It depends. A payment to a private organization is only allowable if a fundraiser was conducted for that purpose and the purpose was communicated to participants of the fundraiser ([281 IAC 98.70\(3\)"d"](#)).

A school-sponsored club is not allowed to hold a bank account outside of the district ([Iowa Code § 291.6](#)). Club fundraising and other revenues are required to be accounted for in the Student Activity Fund ([Iowa Code § 298A.8](#)).

6. **Question:** A district has an activity related to a business course. One component of the course can be satisfied by attending a meeting in Des Moines, which is not district-sponsored, that would involve a registration fee and overnight stay. Can the district require participating students to pay the cost of registration and overnight stay in this situation? Could the cost be paid from the Student Activity Fund?

Answer: No, the district cannot require students to pay for the cost. However, if students wish to engage in *optional* activities outside the scope of the classroom in an activity *not sponsored* by the district, the student incurs the cost.

If attending the Des Moines meeting is required for the course, then the district would pay the associated costs. [Iowa Code section 282.6\(2\)](#) requires districts to offer schools free of tuition. [Iowa Code section 274.3\(2\)"b"](#) prohibits a district from charging a mandatory fee other than those specifically authorized by code.

Yes, if the district deems this is an appropriate expenditure, it should be accounted for in the General Fund as the expenditure is related to the curricular program. [Iowa Administrative Code r. 281 – 98.70\(3\)](#) lists the inappropriate uses of the Student Activity Fund. Paragraph "f" excludes payments more appropriate to another fund, which includes curricular activities.

7. **Question:** Can a district's Student Senate use money in its Student Activity Fund account to purchase "prizes" to give away to elementary, middle, and high school students during Thrill Night (Homecoming)?

Answer: No; Student Activity Funds are public funds and should not be used for rewards, prizes, or other private benefits. [Iowa Administrative Code r. 281 – 98.70\(2\)](#) states the allowable uses of the Student Activity Fund which include ordinary and necessary expenses to operate the student co-curricular and extracurricular activity program approved by the district. An inappropriate expenditure

from the Student Activity Fund is specified as an expense that lacks public purpose ([281 IAC 98.70\(3\)"c"](#)). Review "[Establishing Public Purpose](#)" for more information.

5. **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: If a school board elects to accept a donation, the school board is statutorily obligated to the terms of the donation ([Iowa Code § 565.6](#)). In this case, it appears the terms attached to the gifts (e.g., use of donated items) included the farm income generated by use of the gifts were meant to support the FFA activity program. The board has the authority to determine the amount of the proceeds and transfer, via board resolution, funds from the Enterprise Fund to the Student Activity Fund with a designated use of the FFA student activity program.

The Farm, as an ongoing, substantial effort, is an enterprise effort. As such, related revenue and expenditures are appropriately accounted for through an Enterprise Fund. Enterprise efforts are meant to be self-sustaining. The board should determine the amount of income generated by the farm that should be retained in the Enterprise Fund to be available for costs related to farming in future years if to support the ongoing effort. Co-curricular (i.e., FFA activity program) costs (e.g., transportation outside of the school day to the farm) 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.

Accounting

1. **Question:** A district charges admission to its athletic and other student activity events. What is the best way to address admission receipts and related processes?

Answer: [Iowa Administrative Code r. 281 – 98.70](#) provides an overview of the requirements for holding a Student Activity Fund which requires proper accounting of all receipts and expenditures as a responsibility of the board. An implementation process of board policy ([Iowa Code § 279.8](#)) may include cash handling procedures for all student activity events, including athletic events. This is what is necessary to discharge its fiduciary duty over public funds and establish the appropriate internal controls. The board may work with the business office to develop consistent and viable procedures. The board may also need to establish a process for online ticket purchase reconciliation.

At a minimum, these procedures and best practices should be considered:

- Establishment of cash or change boxes with a specified amount.
 - The cash or change boxes will be given to the administrative personnel responsible for the "accounting" function at the event.
- Using pre-numbered tickets for admission to events.
- Involving two or more individuals in the cash collection/ticket sales process. In addition to cash collection/ticket sales procedures, instruct the individuals to not leave the cash/change boxes unattended under any circumstances.
- Counting and reconciling cash (by two or more individuals) to sales/pre-numbered tickets sold, including the amount of the beginning cash, at the end of the event.
 - To reconcile, use the next unsold ticket number less the beginning ticket number to determine the number of tickets sold. Multiply the number of tickets sold by the price per ticket to calculate total sales. Total sales compared to total collected should reconcile. Variances, if any should be minimal.
- Completion and signing of a reconciliation form by the individuals responsible for counting and reconciling the cash. A sample [reconciliation form](#) is provided on the Iowa Department of Education's (Department's) website.

- Requiring the cash or change box be turned in to the administrative personnel responsible for the “accounting” function at the event.
- Requiring the administrative personnel to take the cash collections to the bank night depository or, at a minimum, lock the cash collections in the district’s vault or other secure location in the district’s office for deposit on the next working day.
 - Prohibiting individuals from taking cash collections home.
- Maintaining a calendar of district events by the district’s business office. Verifying on the next working day following the event that the office received either the cash collection or a deposit slip for that event.
- Issuing a pre-numbered receipt, in the amount of the confirmed deposit, by the district’s business office the next working day.
- Periodically reviewing and testing of the above listed processes by administrative personnel to ensure the district’s procedures are working as prescribed.

Remember: A district won’t be able to know if it has accounted for everything, if it doesn’t know how much should have been collected.

2. **Question:** May an athletic director, coaching staff, or other activity sponsors or staff establish separate checking accounts for fundraising or other activities related to district athletics? If so, is it okay to use the district’s taxpayer identification number?

Answer: No. An athletic director, coaching staff, or other activity sponsors or staff should not establish separate checking accounts for fundraising, or any other purpose, using the district’s taxpayer identification number or their own personal taxpayer identification number. These individuals should comply with the accounting procedures established by the district. Such activity would require the district to notify the Auditor of State, which may result in a special audit of the district.

If a separate checking account is deemed necessary and appropriate, it should be opened and accounted for through the district’s business office rather than an individual. This allows the district to comply with [Iowa Code section 291.6](#) regarding the duties of the district secretary to “keep an accurate account of all expenses incurred by the corporation, and present the same to the board for audit and payment” pursuant to [Iowa Code section 279.29](#). This also ensures that proper internal control procedures are in place for compliance and accountability and allows legitimate use of the district’s taxpayer identification number and sales tax exemption on purchases made from this account.

As a recommended practice, where possible, districts are encouraged to annually request from banks all accounts which include the district’s tax identification number, including those with which the district does not currently do business.

3. **Question:** Is the money collected through a specific sport or activity automatically designated to that sport or activity to be used solely for its benefit?

Answer: It depends on the source of the funds. All moneys collected through school activities are public funds, property of the school district, and under the financial control of the school board ([281 IAC 98.70](#)). If this question is related to a distinct, district-approved fundraiser for which the public who gave or otherwise participated in the fundraiser were told the proceeds would support one specific activity or use, then the district must honor what it told the public and accepted funds to support ([Iowa Code § 565.6](#)). Otherwise, the entire Student Activity Fund is one fund under the control of the board.

Individual accounts in the Student Activity Fund are for the convenience of activity sponsors to track fundraisers and club activities—they do not imply ownership of any monies by any entity other than the board. The board has authority to move money within that fund from one account to another as it

chooses. For example, football gate receipts are not necessarily just for the football program; their use will be determined by the board in its support of the entire program of student activities required to be provided by law ([281 IAC 12.6](#); [281 IAC 98.70](#)).

Individual accounts in the Student Activity Fund follow the same concept as line items in the General Fund.

4. Question: What are subsidiary records in relationship to Student Activity Fund?

Answer: Subsidiary records are unofficial records maintained by activity sponsors or student officers, generally on the cash basis, to record balances, receipts, and disbursements in an individual student activity. The records generally do not consider inventory, receivables, prepaids, payables, or other accrued items.

Subsidiary records are not official records of the district, which must be kept according to Generally Accepted Accounting Principles (GAAP) pursuant to Iowa Code section 257.31(4). [Iowa Code section 291.6\(3\)](#) requires the board secretary to keep an accurate accounting record of each payment or electronic funds transfer from each fund. [Iowa Administrative Code r. 281 – 98.70](#) specifically allows the use of subsidiary records for student activities if those records are reconciled to the official records on a monthly basis. All official accounting records of the Student Activity Fund shall be maintained within the school district's chart of accounts pursuant to [Uniform Financial Accounting](#) for Iowa School Districts. Specific code language may be reviewed on the website of [The Iowa Legislature](#).

5. Question: Should the athletic account in the Student Activity Fund have subaccounts, for example, high school boys' basketball, track, and golf accounts, or how should it be set up?

Answer: That is a local determination. Most districts use a project code as defined in [Uniform Financial Accounting](#) (UFA) for board-sponsored co-curricular activities and athletics, as well as student clubs and organizations. A district can pull a report from its accounting records to create a report of all revenues, expenditures, and balances by project code for each activity. A district is not required to keep each activity separate; however, the district is required to use the appropriate program code to differentiate between school-sponsored activities, school-sponsored athletics, and student clubs/organizations as reflected in the chart of accounts required by the UFA. The district could have one generic athletic project code to cover all athletic activities. It is a local decision on what level of detail best serves the district. [Iowa Administrative Code r. 281 – 98.70](#) allows for the use of subsidiary accounts as long as those records are reconciled to the official records on a monthly basis.

6. Question: If a public purpose has not been determined by the board for a particular expenditure, what district funds may be used for that expenditure?

Answer: None; if an expenditure does not meet public purpose, it cannot be paid from any district money in any fund ([IA Const. art III, § 31](#)).

7. Question: What should a district do with excess student activity money? Can the excess be moved to another fund?

Answer: No, the funds may not be moved. [Iowa Administrative Code r. 281 – 98.70\(3\)](#) identifies inappropriate uses of the Student Activity Fund; paragraph "e" specifically includes "transfers to any other fund of any surplus within the fund" as an inappropriate use of the funds. The board will use funds in the Student Activity Fund to support the entire student activity program developed and provided by the district. If the original purpose of the fundraised dollars no longer exists (e.g., defunct program,

graduated class account), the board must use the surplus to support other activity programs within the Student Activity Fund ([281 IAC 98.70](#)).

8. Question: What kinds of revenues belong in the Student Activity Fund?

Answer: [Iowa Code section 298A.8\(1\)](#) and [Iowa Administrative Code r. 281 – 98.70\(1\)](#) identify appropriate sources of revenue for the Student Activity Fund. These include income derived from student activities such as gate receipts, ticket sales, admissions, student club dues, donations, fundraising events, and other receipts derived from student body co-curricular or extracurricular activities, contests, and exhibitions as well as interest on the investment of those moneys.

[Iowa Code section 298A.2\(1\)](#) specifies that revenues should be receipted to the General Fund unless required to be deposited into another fund. Therefore, the Student Activity Fund should not be used to account for revenues that are more appropriate to another fund. This would include activities that are curricular in nature, which are more appropriate to the General Fund ([281 IAC 98.61\(2\)"a"](#)).

9. Question: Is there a specific reference that can be used to easily determine the expenditures that may and those that may not be paid from the Student Activity Fund?

Answer: [Iowa Code section 298A.8](#) and [Iowa Administrative Code r. 281 – 98.70\(2\)](#) identify appropriate expenditures from the Student Activity Fund including “ordinary and necessary expenses of operating school district-sponsored and district-supervised student co-curricular and extracurricular activities.” However, expenditures considered “ordinary and necessary” are not defined. Further, [Iowa Administrative Code r. 281 – 98.70\(3\)](#) provides a list of inappropriate fund expenditures.

The board of each district has the responsibility to determine public purpose ([Iowa Code § 279.8](#)), create policies for their extracurricular programs ([Iowa Code § 280.14](#)), approve the programs that support their statutory requirement to provide an activity program ([281 IAC 12.6\(1\)](#)), and define the related “ordinary and necessary” expenses to operate those activities ([281 IAC 98.70](#)).

10. Question: When guidance from the Department or an activity’s governing body states that an item is required for an activity and must be provided by the district, does that mean that it must be paid from General Fund?

Answer: No; the intent of the guidance is to clarify that the district cannot charge the student a fee or cost for items that are the responsibility of the district. [Iowa Code section 282.6\(2\)](#) states schools should be provided free of tuition. [Iowa Code section 274.3\(2\)"b"](#) prohibits districts from charging mandatory fees unless they are fees specifically authorized in code.

11. Question: Are academic clubs any different than other student clubs? The district accounts for the academic clubs similar to other student clubs, in that they are in the Student Activity Fund and generate donations and conduct fundraising events to fund the activities. Is this correct? Examples of academic clubs include debate team, mock trial, Science Olympiad, math team, and robotics.

Answer: Academic clubs are no different than other student clubs; they are all considered part of the district’s activity program. The accounting process described is correct. [Iowa Code section 298A.8](#) specifies revenue related to co-curricular and extracurricular activities must be deposited in the Student Activity Fund.

The National Center for Education Statistics, an arm of the US Department of Education, provides in its [Financial Accounting for State and Local School Systems: 2014 Edition](#) that “as a general rule, cocurricular activities are any kinds of school-related activities outside the regular classroom that

directly add value to the formal or stated curriculum. Cocurricular activities involve a wide range of student clubs and organizations.”

In no case should an activity that is not sponsored by the district ([281 IAC 12.6\(1\)](#)) be considered either co-curricular or extracurricular.

12. Question: What determines whether high school speech expenditures should be paid out of the General Fund or out of the Student Activity Fund, specifically entry fees and scripts for students participating in speech contests? Is the correct criterion that if it is a student cost, it should be paid out of the Student Activity Fund, but if it is the speech sponsor's cost, it should be paid out of General Fund?

Answer: This distinction is not correct. The district would first need to differentiate any speech activities as part of the speech curricular program from those part of the student activity program. If participation in the contest is required or offered as part of a course, expenditures for the contest would be paid from the General Fund and are prohibited from the Student Activity Fund as these would be instructional costs ([281 IAC 98.61\(2\)](#), [281 IAC 98.70\(3\)"f"](#)).

If participation in the contest is not part of the curricular program and is part of the board-approved student activity program of the district, then costs considered ordinary and necessary for participation in the speech contests may be paid from the Student Activity Fund.

[Iowa Administrative Code r. 281 – 12.6\(1\)](#) states that each board shall sponsor a student activity program sufficiently broad and balanced to offer opportunities for all pupils to participate. Only expenditures that are “ordinary and necessary” to operate the activity program are appropriate to the Student Activity Fund. The board should exercise its authority under [Iowa Code section 279.8](#) and its responsibility under [Iowa Code section 280.14](#) to establish policies for its activity program, which may include the district’s definition of ordinary and necessary costs.

The stipend or payment for acting as the sponsor, providing supervision on behalf of the board, and instructing students in various skills might be more appropriate to the General Fund. The district would have to ensure there is no “pay to play”, by either requiring students to conduct fundraising, pay higher dues, or pay activity fees to cover the stipend or payment for performing the work of being the sponsor (such as travel costs). It is possible there may be student expenditures that would be in the General Fund and some that would be in the Student Activity Fund, so separating costs by whether they apply to a student or the sponsor would not always result in the correct fund being used.

Refer to the [People section](#) for additional information.

Balancing Negative Accounts Within the Student Activity Fund

1. Question: How should districts fund expenditures related to sports or other activities that do not generate enough revenue to cover costs of the particular sport or activity?

Answer: Gate receipts, activity ticket sales, interest, and similar revenues deposited into the Student Activity Fund are public funds under the financial control of the board ([281 IAC 98.70](#)). These funds are used to support the district’s broad activity program for all students ([281 IAC 12.6\(1\)](#)). As an example, even though gate receipts might have been from football games, the board may determine the funds from those gate receipts would be used to cover expenditures for other student activities including those at the elementary and middle school levels.

The district could also consider using fundraising dollars raised for the specific activity or for the activity program in general. General donations to the district may be another source of revenue for these programs if their use meets the accepted use of the funds ([Iowa Code § 565.6](#)).

2. **Question:** Non-revenue generating sports often have negative balances at the end of the year. Past practice in the district is to transfer money from an "all-activities" or interest-bearing account to zero out the negative balances. The district's auditor has said the district can't subjectively move that money and suggested fundraising in these areas. Requiring certain student athletes to fundraise when others are not required to do so seems discriminatory. How should a district balance non-revenue sports that have negative accounts annually?

Answer: The district's auditor probably meant the district may not transfer money from one fund to another fund without special permission. Interfund transfers or loans require board action. Some require a vote of the electorate (Iowa Code § 278.1(1)"e") and some require authorization from the School Budget Review Committee (SBRC) (Iowa Code §§ 24.22, 24.6(2)"b", or 257.31(7)). For example, the district may not transfer money from the General Fund to the Student Activity Fund simply because the Student Activity Fund has a negative balance. Specific code language may be reviewed on the website of [The Iowa Legislature](#).

[Iowa Administrative Code r. 281 – 98.70](#) specifies that 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. A board may move from one account to another account within the Student Activity Fund, as the board chooses per the local district policy ([Iowa Code § 280.14](#)).

Some activities will generate more gate or ticket revenues than others, but all activities are necessary to meet the district's obligation to provide a balanced program of student activities ([281 IAC 12.6\(1\)](#)). The board may re-balance these accounts periodically, generally at least at year end, so that activities with lower gate or ticket revenues are not put in jeopardy of discontinuation. It is not uncommon for football gate receipts to support other athletics, including those at the elementary and middle school, and for athletic gate receipts to support non-athletic district-sponsored activities. This is appropriate.

It is also permissible, at the board's discretion, to allow an individual activity's account to be negative and carried forward to the following year as long as the total of all accounts in the Student Activity Fund is positive. For example, the district may want to continue an account with a negative balance if revenues are anticipated in the following year that would offset that negative amount. However, a district would not want to maintain a negative balance in an account that will not continue into the following year, such as the account for a graduating class. The board would move money with a general journal entry from another student activity account to zero out the negative student activity account which will not continue in existence in the subsequent year. This is done through general journal entries within the fund balance accounts, not through operations as intrafund revenues and expenditures transfers.

3. **Question:** The district's auditor says districts must balance each account in the Student Activity Fund at year end so that no account is negative. This leads to districts moving money in the Student Activity Fund around to cover deficit accounts. Is it appropriate to move money between individual activities in the fund at the board's discretion?

Answer: Yes. Student Activity Funds are public funds under the financial control of the board ([281 IAC 98.70](#)). If the board elects to move funds within the Student Activity Fund accounts, it must ensure it is abiding by the uses for which funds were initially received. For example, a district may have certain money in the Student Activity Fund that is not earmarked money, such as all gate receipts, activity ticket sales, and interest. However, some of the money in the Student Activity Fund may be from

student dues, donations, or a fundraiser where the public was told the proceeds would be supporting a specific activity or event. A district must honor those restrictions on donations and restrictions on fundraiser proceeds as the district is obligated to abide by how they told the public those proceeds would be used (Iowa Code § 565.6). Generally, that would mean that student clubs or organizations would not have money moved from their balances unless the organization disbands (such as the senior class upon graduation), because most money raised by the club or organization would be dues or restricted donations and fundraisers.

The district's certified annual report (CAR) must reflect a positive balance in the Student Activity Fund to reflect the district has not spent more than was generated. However, the CAR review process does not include action regarding sub-account balances within the Student Activity Fund. If a district has a negative balance in a sub-account, the district may experience an audit finding.

4. **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.

5. **Question:** What options are available to a district that has low gate receipts and unsuccessful fundraisers for its Student Activity Fund?

Answer: Some options could include, but are not limited to:

- Verify the low or negative balance in question is for the full activity fund, not each subaccount. It is allowable for subaccounts to have a low or negative balance as long as the overall fund is positive.
- Conduct a detailed review of activity fund expenditures. This might reveal items that should/could have been paid from another fund, such as General Fund ([281 IAC 98.61\(2\)](#)).
- Contact the booster club to see if it would purchase or donate toward higher-cost items.
- Discuss the situation directly with the vendors; perhaps they could provide some options.
- Seek free-will donations. The same goes for fundraising; though charging admission or formal fundraisers may not be viable, providing an option to donate for a stated purpose might be worthwhile.
- Consider partnering with a neighboring district or discontinuing low participation, non-revenue generating activities. If discontinuing an activity, [Title IX](#) requirements must still be met.

The district must continue to consider how it will meet its obligation to offer a balanced activity program ([281 IAC 12.6](#)). 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 extracurricular programs. Board policies are required to be reviewed at least every five years to ensure relevance to current practices and compliance with regulatory changes ([281 IAC 12.3\(2\)](#)). During the policy review, the board should continue to consider how it is meeting its statutory obligation to offer an activity program ([281 IAC 12.6\(1\)](#)). Specific code language may be reviewed on the website of [The Iowa Legislature](#).

Auditing

1. **Question:** Is a separate nonprofit organization not established by the district pursuant to [Iowa Code section 279.62](#), but independently established to benefit the district's student activity program (e.g., Booster Club, Foundation) required to be included in the district's audit?

Answer: It depends. In accordance with criteria established by Governmental Accounting Standards Board (GASB), in GASB [statement 14](#), as amended by statements [39](#) and [61](#), school business officials and district auditors must review the organization and financial information of these potential component units (PCU) to determine if they are part of the district's financial reporting entity. GASB [statement 80](#) provides additional clarification of PCUs for separately established, non-profit entities where the government corporation is the sole corporate member. GASB [statement 84](#) establishes criteria for identifying PCUs for those with whom a fiduciary relationship exists. The financial reporting entity consists of the district and organizations for which the district is financially accountable. If the PCU is deemed to be part of the district's financial reporting entity, the school business officials and district auditors will include the activity in the district's audit report.

In addition, the district may determine, through exercise of management's professional judgment, the inclusion of an organization that doesn't meet the financial accountability criteria is necessary in order to prevent the district's financial statements from being misleading. This determination should be based on the nature and significance of the organization's relationship with the district.

Some districts perform the accounting and record-keeping functions for booster clubs that are not a component unit. In those cases, the financial information is reported in the district's [Certified Annual Report](#) and audit in a Custodial (previously Agency) Fund since the district has fiduciary responsibility over the booster club's financial activity. Whether or not the district performs the accounting and record-keeping function for the organization, inclusion in the audit report is for reporting purposes only. It does not change or affect the legal status, operating activities, or requirements of the booster club.

These entities should provide the district with their IRS Form 990.

Construction and Facility Maintenance

1. **Question:** The district's Athletic Booster Club (or Band, Vocal Music, Parent-Teacher Organization [PTO], etc.), which is a separate nonprofit organization, requested permission from the district's board to construct a concession stand on district property. They have asked the district to share in the cost. Can the district make a contribution from the Student Activity Fund or Capital Projects, Physical Plant & Equipment Levy (PPEL) Fund to the Athletic Booster Club for this specific purpose?

Answer: No; the district may not contribute public funds to a private organization such as this Athletic Booster Club ([IA Const. art III, § 31](#)). Building on district property, if the facility will not be entirely owned by the district, would require a 28E agreement (see Iowa Code chapter 28E). Consult the district's attorney to determine if a 28E agreement is possible for construction with a private entity on district property where the district is not the sole owner of the facility. Specific code language may be reviewed at the website of [The Iowa Legislature](#).

If the construction is allowed pursuant to a 28E agreement, the district's share of the cost may be paid from the PPEL or Secure an Advanced Vision for Education (SAVE) Fund, but not from the General Fund or the Student Activity Fund, because the General Fund and the Student Activity Fund may not be used for construction costs ([281 IAC 98.61\(3\)"b"](#) and [281 IAC 98.70\(3\)"f"](#)).

Alternatively, the district could make payments to a contractor or other vendor pursuant to [Iowa Code section 279.29](#) for a portion (or percentage share) of the cost of the concession stand. The district (and

private entity) must comply with the bidding and competitive quote requirements for public construction in Chapter 26 of the Code of Iowa.

The district would need to manage the project in order to ensure compliance with these statutory requirements, as well as to ensure adequate insurance coverage is in place. Best practice would be for the Athletic Booster Club to donate its share to the district, if joint construction is permitted, and the district accounts for the entire project.

2. Question: What fund should pay for painting a district's track?

Answer: It depends. The district should exercise its authority under [Iowa Code section 279.8](#) and responsibility under [Iowa Code section 280.14](#) to establish policies for its extracurricular programs. These policies may address "ordinary and necessary" costs of operating the district's co-curricular and extracurricular activities which are appropriate expenditures to the Student Activity Fund ([281 IAC 98.70\(2\)](#)). For example, if painting the track or chalking the baseball or football field is needed each time there is a meet, then the cost may be paid from the General Fund ([Iowa Op. Atty. Gen. No. 92-11-3](#)) or the Student Activity Fund ([281 IAC 98.70\(2\)](#)). The district may also consider what percentage of track use or field use is to support the curricular program as associated costs are only appropriate to the General Fund and not the Student Activity Fund ([Iowa Code § 298A.8](#), [281 IAC 98.70\(3\)"f"](#)).

If painting the track is done periodically, such as annually, it is property maintenance and would be paid from General Fund. Upgrades to the track are accomplished using either PPEL or SAVE funds ([281 IAC 98.64\(2\)](#)).

3. Question: The district's FFA chapter has been accumulating a balance in its Student Activity Fund account for the purpose of constructing a facility for the agricultural program. Can FFA funds be used for that purpose?

Answer: No. Facility acquisition or construction costs would not be appropriate from any student activity account ([281 IAC 98.70\(3\)"f"](#)). The construction cost of a facility for the district's program would be paid from the district's Capital Project Funds, such as PPEL or SAVE ([281 IAC 98.64\(2\)](#)). The board could approve a distinct fundraiser designated for the facility and deposit the moneys raised to the PPEL Fund ([Iowa Code § 279.29](#)).

Transportation and Trips

Transportation

1. Question: What transportation costs are allowed to be paid from the Student Activity Fund?

Answer: Transportation for students to co-curricular or extracurricular activities may be considered an ordinary and necessary expenditure of operating the activities program ([281 IAC 98.70\(2\)](#)) and therefore allowable from the Student Activity Fund. This includes students engaged in the activity and other pupils. The Student Activity Fund *may* reimburse the General Fund for transportation (mileage rate) related to student activities, but the board has discretion not to charge the Student Activity Fund for the transportation. The students cannot be charged for that transportation (Iowa Code §§ [285.10\(9\)](#) and [285.10\(10\)](#)) in lieu of using district funds. [Iowa Code section 285.1\(12\)](#) specifies when the pro rata cost is calculated; it may not include transportation for student activities.

Expenditures allowable to the Student Activity Fund include those that are "ordinary and necessary" for operating the districts co-curricular and extracurricular programs ([281 IAC 98.70\(2\)](#)). 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 extracurricular programs. These policies, in part, may address the district's determination of "ordinary and necessary" expenditures and in what circumstances non-participating students may be transported to an activity, such as to observe district participation in a state competition.

Transporting students to and from school as part of the normal school day for the curricular program or on field trips part of the curricular program are specifically appropriate expenditures to the General Fund and specifically not appropriate expenditures to the Student Activity Fund ([281 IAC 98.61\(2\)"a"](#), [281 IAC 98.70\(3\)"f"](#)).

2. **Question:** May the Student Activity Fund pay for a bus driver rather than pay a mileage rate?

Answer: No. If the board determines the Student Activity Fund will reimburse the General Fund for co-curricular or extracurricular related transportation costs, just paying specific costs of transportation would not result in the Student Activity Fund paying the "fair value" for such travel. The pro rata cost calculated in statute is the method used to arrive at fair value ([Iowa Code § 285.1](#)). The cost of the driver may be higher or lower than the pro rata cost. [Iowa Code section 285.10\(9\)](#) allows the board, in its discretion, not to require reimbursement from the Student Activity Fund to the General Fund for transporting pupils to and from student activities sponsored by the school district.

3. **Question:** If a district charters a bus to transport participants to a required student activity (e.g., regular season football game) instead of using a school bus, can the additional cost be charged to students?

Answer: No. [Iowa Code section 282.6\(2\)](#) requires schools be free from tuition. [Iowa Code section 274.3\(2\)"b"](#) specifically prohibits districts from charging mandatory fees that are not expressly allowed in code. Transportation costs to district-sponsored co-curricular or extracurricular activities may not be charged to students, whether or not the bus the district chooses to use is district-owned or chartered ([Iowa Code § 285.10\(9\)](#)).

In addition, the district will need to consider [Title IX](#) equity requirements if it provides a chartered bus for some students or student activities, but not for other students or other student activities where the traveling distance is similar. 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 extracurricular programs. These policies, in part, may address the district's transportation of students to co-curricular or extracurricular activities.

4. **Question:** Could a booster club donate money to "upgrade" the transportation for a student activity from using a school bus to chartering a bus?

Answer: Yes. If the district is only incurring the additional cost of the charter because of the booster club's promise of payment, the district should receive the designated donation prior to chartering the bus. [Article VII, Section 1 of the Constitution of the State of Iowa](#) prohibits credit in any manner unless it is a time of war. The district would then pay the entire invoice directly, using the booster club donation for the excess cost.

The board should exercise its authority under [Iowa Code section 279.8](#) and responsibility under [Iowa Code section 280.14](#) to establish a policy for accepting and expending donations supporting its activity program. It should also consider compliance with [Title IX](#) equity requirements.

5. **Question:** Can the district charge students to ride a school bus to watch (not participate in) a sporting event since those students are not participating in the student activity?

Answer: Yes. If the district elects to provide transportation to non-participating students to a district-sponsored co-curricular or extracurricular activity, the district is not required nor prohibited from charging students for the actual transportation costs ([Iowa Code § 285.10\(9\)](#)). If the district elects to provide transportation to persons other than pupils, the board shall charge and collect an amount sufficient to reimburse costs for furnishing the bus and providing a driver ([Iowa Code § 285.10\(10\)](#)).

Travel and Trips

1. **Question:** Students participating in a district-sponsored, co-curricular trip will miss a day of school. Are the students counted present in school that day? Can the trip be managed by a tour company? If so, would the agreement need to be between the district and the tour company or between the tour company and each individual student?

Answer: Since the students are participating in a district-sponsored activity, the participating students will be counted present for the related portion of the school day(s) missed.

The district is responsible for managing the collection of payments, fundraising, and paying the travel costs, whether it does so directly or through the use of an outside provider. The district is responsible for recording all expenditures and revenues, including in-substance revenue and expenditures ([Iowa Code § 291.6](#)). The district may employ a travel company for the district's associated costs and/or student payments collected for the trip. The district should work with the travel company and the district's attorney to ensure adequate coverage for those on the trip exists. If the trip is not sponsored or supervised by the district then district liability is not assumed and therefore students should have their own agreement with the travel company to ensure adequate coverage.

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 co-curricular and extracurricular programs. These policies or related procedures, in part, may address logistical options for district-sponsored, district-supervised, required, and optional trips. The district should be clear in its communication to students and parents regarding the district's involvement and liability regardless of the inclusion of a travel company. Procedures to implement these policies may also address tracking student payments, deadlines, and refund procedures for amounts directly paid by the student.

2. **Question:** The show choir normally competes in two or three out-of-state competitions per year. They leave on Friday evening and return on Sunday. Can the students who are participating in the competition be charged or required to pay for their own meals, lodging, and a transportation fee?

Answer: It depends. The students participating in the competition cannot be charged for transportation or lodging for overnight travel for a district-sponsored team/choir attending a regular competition. However, the district may arrange for budget accommodations, such as dorms. [Iowa Code section 282.6\(2\)](#) provides that each school shall be free from tuition. Additionally, districts are prohibited from charging mandatory fees not expressly identified in code ([Iowa Code § 274.3\(2\)"b"](#)). Students engaging in co-curricular or extracurricular activities shall not be charged costs for transportation ([Iowa Code § 285.10\(9\)](#)).

Students may be expected to provide their own meals or meal money outside of a normal school day. The district should exercise its authority under [Iowa Code section 279.8](#) and its responsibility under [Iowa Code section 280.14](#) to establish policies for its activity program. The policies may address meals provided while students are out-of-town engaged in district co-curricular and extracurricular activities. The district may provide meals outside of the regular school day for those participating in district's

activity program ([281 IAC 12.6](#)) if a public purpose has been established by the board ([IA Const. art. III, § 31](#)). The cost of the items provided shall be reasonable and appropriate for the situation. The district may want to consider the ability of participating students to pay for meals outside of the regular school day when planning for an activity. The district may also ask the booster club for assistance.

Expenditures appropriate to the Student Activity Fund ([281 IAC 98.70\(2\)](#)) include those that are “ordinary and necessary” to operate the student activity program each board is required to offer ([281 IAC 12.6\(1\)](#)). Related policies and procedures may address which expenditures the board considers to be ordinary and necessary to operate its approved activity program.

3. **Question:** If there is a district-sponsored trip, and families paid their own way, and a refund is issued from the company who managed the trip, should that amount be refunded to the families?
Answer: It depends. The refund should only be distributed to those that originally incurred costs for that trip, in proportion and up to the amount they paid. The district should exercise its authority under [Iowa Code section 279.8](#) and its responsibility under [Iowa Code section 280.14](#) to establish policies for its activity program which may include a process for determining and providing refunds for activities that included individual costs incurred by the students.

4. **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 a trip is required for participation such as football players traveling to a football game or a trip is voluntary in nature such as Spanish Club members participating in a trip to Spain over spring break, 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\(2\)](#)).

The district should exercise its authority under [Iowa Code section 279.8](#), responsibility under [Iowa Code section 280.14](#), and requirements under [Iowa Code section 280.13](#) to establish a policy for its co-curricular and extracurricular programs. These policies may address how the district structures compensation for chaperones, which may include the cost of the trip. If the chaperone is receiving a trip in lieu of compensation for being a chaperone, then the cost of their trip may be taxable compensation. The district will want to be purposeful when determining which fund will be used to pay for the chaperones (Student Activity Fund or General Fund), especially if expending funds raised by students.

Specific code language may be reviewed through the website of [The Iowa Legislature](#).

5. **Question:** A senior trip does not seem to fit the definition of public purpose. How should this type of activity be handled?
Answer: This is a local determination. If the senior trip is part of the district’s broad plan to provide activities for all students, as required pursuant to [Iowa Administrative Code r. 281 – 12.6](#), then it appears appropriate to expend district funds in support of this trip. It is the board’s responsibility to establish a public purpose for district expenditures ([IA. Const. art. III § 31](#)). Review “[establishing public purpose](#)” for more information.

6. **Question:** Who pays the costs of the district's Business Professionals of America (BPA) advisor to attend the national convention?

Answer: If the advisor is assigned by the district to attend the national convention, the district would pay the costs. The district is required to provide adequate supervision of its students engaged in board-sponsored activities ([Iowa Code § 280.14](#), [281 IAC 12.6](#)).

Tournaments and Other State Activities/Events

1. **Question:** Are there any special ticketing requirements for hosts of high school tournament events?

Answer: The Iowa High School Athletic Association ([IHSAA](#)) and the Iowa Girls' High School Athletic Union ([IGHSAU](#)) issued a [joint communication](#), dated January 20, 2005, regarding the ticket sales procedures to be used by member schools during IHSAA and IGHSAU sponsored athletic tournament events. The boards of these organizations adopted a policy required to be used by schools serving as IHSAA and IGHSAU tournament hosts. Specifically, the procedures required include:

- Collect the money for the ticket(s) sold.
- Tear ticket(s) off the roll in consecutive order and then tear the ticket(s) in half or have the person at the entrance door tear the ticket(s) in half and deposit them in a receptacle, there upon the spectator may enter the tournament venue.
- The district may need to establish policies and procedures surrounding online ticket sales.

These procedures would also be appropriate to non-athletic state activities and events.

2. **Question:** Where should the district record revenue from a state association or organization for hosting tournaments, activities or events, leading to, and including, the state tournaments? And, where should the district record the revenue from the state association or organization for travel expense reimbursement?

Answer: It depends. Before determining the placement of revenue, the district should work to identify the purpose of the revenue and anticipate related expenditures. Districts are required to follow [Uniform Financial Accounting](#) procedures which supports the GAAP matching principle: the fund paying the cost should match the fund where the related revenue was receipted. Examples of appropriate revenue coding are provided below.

- Revenue received from the state organization for hosting tournaments, activities, or events shall be receipted to the General Fund (Iowa Code § 297.22(1)"b") as a proceed from the lease of real or other property.
- Revenue received to offset maintenance fees and other overhead costs shall be receipted to the General Fund (281 IAC 98.61(2)"a").
- If the hosting agreement states part of the excess payment was for a donation to the activities program, it may be receipted to the Student Activity Fund. Unless otherwise designated, any excess revenue is receipted to the General Fund ([Iowa Code § 298A.2](#)).
- If there were related expenditures that were paid out of the Student Activity Fund, the funds may be receipted to the Student Activity Fund. There are various possibilities for when the revenue would be receipted to the Student Activity Fund. For example, if the district was required to pay for the officials and it chose to do so out of the Student Activity Fund, then the funds would be deposited into Student Activity Fund to cover those costs, although payment of officials is also appropriate to the General Fund.
- Travel expense reimbursements would be recorded in the fund from which the travel costs were paid.

- See additional information in the [Hosting Fees for State Events](#) guidance. Specific code language may be reviewed through the website of [The Iowa Legislature](#).

3. **Question:** The state athletic associations provide money to defray the cost of meals for those individuals participating in sanctioned post-season tournaments. Can the Department clarify how to handle this?

Answer: The money should be used to defray the actual cost of meals for the participating individuals. Since it is a reimbursement, the revenue should be recorded in the same fund from which the meals were paid. Districts shall follow [Uniform Financial Accounting](#) procedures which supports the GAAP matching principle: the fund paying the cost should match the fund where the reimbursement was received.

Fundraising & Entities

Fundraising

1. **Question:** Can Statewide Voluntary Preschool Program (SWVPP) students fundraise with the elementary students?

Answer: It depends; this is a local determination. Since the board approves all district expenditures ([Iowa Code § 279.29](#)), the board must approve all fundraising activities and the commitment of those funds ([Iowa Code § 565.6](#), [281 IAC 98.70](#)). Additionally, the board may establish fundraising policies ([Iowa Code § 280.14](#)) to inform which groups of students may participate in certain types of fundraising activities. The policies may consider the group of students that will benefit from the fundraising purpose as well as the ability of student levels to participate in the fundraiser. Additionally, since SWVPP is a separate educational program and has its own funding source, resources (including those from fundraising) for this program should be accounted for separately than the K-12 instructional program.

Relevant Fundraiser: The district may wish to be purposeful regarding the types of fundraisers in which SWVPP students are included to ensure the participating students will ultimately benefit from the fundraising activities. For example, a fundraiser for new band room chairs may not benefit students in the SWVPP program (so they should not participate) but a fundraiser for a new library reading room may benefit SWVPP students if the program has access to the library reading room.

Ability to Participate: The district may want to ensure students included in the fundraiser are *able* to participate. For example, if the students are selling gift wrapping paper and the students are responsible for ensuring participants (purchasers) adequately complete the form and provide proper payment, it may not be appropriate for preschool students to participate as they likely are unable to read the form to be completed nor confirm the amount of funds received.

2. **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. 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](#)). 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\(2\)](#)).

If a fundraiser is being conducted by an outside entity and is not sponsored by the district, the district is not required to approve the fundraiser. However, 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.

3. **Question:** What main ideas should be included in a district's fundraising policy?

Answer: The board is given broad authority under [Iowa Code section 279.8](#) and specific responsibility under [Iowa Code section 280.14](#) to establish policies for its extracurricular programs, which may include fundraising activities. Consideration should be given to the items below.

- Identify a process for the board to approve fundraising activities. Only the board has the authority ([Iowa Code § 279.29](#)) to determine how district funds will be used. Therefore, all fundraising activity should be first approved by the board to ensure the board will agree to expend the funds for the purpose intended by the fundraiser ([Iowa Code § 565.6](#)) and to ensure the purpose of the fundraiser supports the district's activity program ([281 IAC 12.6](#)).
- Identify required paperwork as part of district process to assign accountability, such as proper reconciliation responsibility, and to define fundraiser logistics, such as documented purpose of fundraiser.
- If fundraisers are being conducted by an outside entity, such as a Booster Club, with an intent to donate the funds or item purchased from those funds back to the district, establish a process for communicating in advance of the related fundraiser so there is an understanding whether the district will accept the donation, which is a determination of the board ([Iowa Code § 565.6](#)).
- Establish procedures for district-sponsored fundraising activities, as well as fundraisers sponsored by outside groups and organizations, to help ensure consistency and accountability.
- Determine the extent, if any, administrative support will be provided for district-sponsored and affiliated organization fundraising activity. For example, the cost and/or expense associated with staff time used in collecting payments; preparing, printing and/or assembling mailings; and postage.
- Require fundraising activity to be clearly designated as district-sponsored or as sponsored by an outside organization to clearly establish responsibility, accountability, and liability.

4. **Question:** Can a district require students to participate in fundraising efforts as a requirement to participate in an activity or event?

Answer: No. A student may not be required to raise funds as a condition of participation in an extracurricular activity or program as this is akin to tuition or charging a fee. [Iowa Code section 282.6\(2\)](#) provides that every school shall be free from tuition. [Iowa Code section 274.3\(2\)"b"](#) prohibits districts from charging a mandatory fee not specifically allowed in statute. Fees to participate in the district's required student activity program ([281 IAC 12.6\(1\)](#)) are not expressly allowed in code. Further, no student may be excluded from participation or denied benefits of activities due to the student or family's inability to pay ([281 IAC 18.1](#)).

5. **Question:** A community youth club would like to use the district's concession stand for a fundraiser. Even though most of the students in the youth club are also students of the school district, the club is not part of the district-sponsored student activity program. District policy allows district-sponsored student organizations and other district-sponsored student activities to work the concessions at school events as a fundraiser. Is this allowable?

Answer: Possibly. The board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy to identify which groups are eligible to use the district's facilities (e.g., concession stand) and the logistics surrounding the agreement types to include those groups which are sponsored by the district and those which are not sponsored by the district. The district should work with their attorney to establish appropriate parameters if they wish to provide this opportunity to groups in the community as [Iowa Code section 297.9](#) limits the groups allowed to use schoolhouses and grounds. If the district is leasing property to a private, for-profit entity, the district's attorney and/or the county auditor should be consulted because the school district may be required to pay out of the revenue from the lease to the other taxing bodies the portion of taxes that would have been levied had the property been taxable during the time of the lease (Iowa Code § 297.22). Specific code language may be reviewed on the website of [The Iowa Legislature](#).

If the concession is being used for fundraising purposes by any group (school or otherwise), the benefactor (school or otherwise) and intended use of the funds should be clearly communicated to participants.

6. **Question:** Can student fundraising activities in high school result in students being paid cash? [Iowa Administrative Code r. 281 – 98.70\(3\)"h"](#) states cash payments should not be made to student members of activity groups. In one district, an outside fundraising company oversees the fundraising done by students for a school club and pays out cash to students. However, all promotional materials about the fundraiser and the card they sell are on school letterhead, bear the name and logo of the high school, and say nothing about the private company. Are these cash payments to students appropriate? Could the school give shirts or bags or something else to students instead of cash?

Answer: It depends; it appears the district has engaged an outside company to help them run a fundraiser. 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. For example, if the district is receiving less from the company conducting the fundraiser than was stipulated in its agreement in order to pay for the student rewards, the rewards would be a de facto use of district funds for an inappropriate purpose. However, if the district is receiving the full amount stipulated in its agreement (dollars, goods, etc.) from the fundraiser, regardless of the amount the company spent on the student rewards, the rewards are not of consequence to the district. See Fundraising Question #7.

If the external fundraiser is being conducted by an organization independent of the district, it may not use the district's discounts, tax exempt status, or federal identification number (FIN). The company could state it is raising money to give to the district, but cannot give a false impression to the public regarding district sponsorship of the activity. Outside entities that wish to raise funds to donate to the district should communicate the purpose of their fundraiser with the board prior to the fundraiser occurring because once the funds (or goods) are offered to the district as a donation, only the board has the authority to agree to the use of funds for a particular purpose ([Iowa Code §§ 279.29 and 565.6](#)). The board should determine if the fundraiser is a district-sponsored activity and ensure its likeness (letterhead, logo, etc.) is being used appropriately. Also see [Appendix A: Checklist for Indicators of District-sponsored Event or Activity](#).

7. **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 the district is receiving “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. However, 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 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.

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.

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.

8. **Question:** Can a scholarship be awarded to the “top sellers” of a fundraiser for a student organization?

Answer: District funds, including those collected through fundraising activities and accounted for in the Student Activity Fund, are public funds that may only be expended for public purpose ([IA Const. art. III § 31](#), [281 IAC 98.70](#)). An individual scholarship is a private benefit, lacks public purpose, and is specifically prohibited as an allowable expenditure from the Student Activity Fund ([281 IAC 98.70\(3\)“c”](#)).

See Fundraising question #7 if the fundraising activity is conducted by an outside organization and the scholarship would be awarded by an entity other than the district. The following question addresses appropriate scholarship funds.

9. **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.

If the district is interested in setting up a scholarship fund, whether these are accounted for in a Special Revenue Fund, Trust Fund, or Custodial Fund will depend on the characteristics of each individual scholarship. Districts should complete the [GASB 84](#) Flowchart (GASB 84, pages 44-46) for each scholarship to help determine how it should be reported and review this with the district's auditors. The General Fund should be avoided due to spending authority misrepresentation.

- If the Scholarship Fund meets the criteria for a trust and the district does not have administrative involvement, scholarships are held in Fund 81, Fiduciary Scholarship Trust Funds.
- 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, scholarship funds will be accounted for in a Custodial Fund (Fund 99, Custodial Scholarship Funds).
- If the scholarship does or does not meet the criteria for a Trust or Custodial Fund, but the district does have administrative involvement, scholarships will be accounted for in a Special Revenue Fund (Fund 19, Non-Fiduciary Scholarship Funds).

[GASB 84](#) (footnote, page 4) defines administrative involvement. For purposes of this provision, a government has administrative involvement with the assets, if, for example, it (a) monitors compliance with the requirements of the activity that are established by the government or by a resource provider that does not receive the direct benefits of the activity, (b) determines eligible expenditures that are established by the government or by a resource provider that does not receive the direct benefits of the activity, or (c) has the ability to exercise discretion over how assets are allocated. A government has direct financial involvement with the assets, if, for example, it provides matching resources for the activities.

[GASB 84](#) (Paragraph 11c (1)) states the criteria for a trust as: the assets are (1) administered through a trust agreement or equivalent arrangement (hereafter jointly referred to as a trust) in which the government itself is not a beneficiary, (2) dedicated to providing benefits to recipients in accordance with the benefit terms, and (3) legally protected from the creditors of the government.

10. Question: The district's band goes on a voluntary trip every four years. The band members raise money through district-sponsored fundraisers during those four years to pay for the cost of the trip (not including individual "spending money"). One of the students worked extra hard to raise money, believing she was raising the extra money for her mother to go along as a chaperone and to help with her mother's expenses. This mother was not selected as a chaperone and wants her daughter to have the excess money raised as her "spending money." Can the district do this?

Answer: No; funds raised through district-sponsored fundraisers for a trip are applied to the total cost of the trip for all students, not toward an individual student's costs. All of the money raised through the district-sponsored fundraisers belongs to the district, should be expended for public purpose, is under the control of the board, and needs to be used according to law, board policy, and what was approved by the board and publicized during the fundraisers (Iowa Code §§ [279.29](#), [279.8](#); and [565.6](#), [281 IAC 98.70](#)).

The district may wish to address costs for chaperones in its fundraising policies ([See also Travel and Trips question #4](#)) and develop a process for identifying chaperones as adequate staffing is a responsibility of the district under [Iowa Code section 280.14](#).

If the trip is required (not voluntary) and dollars obtained through student fundraising are used to support required district expenditures (e.g., providing adequate supervision in the form of a chaperone), it should not create an individual liability for students to participate. Required district expenditures may not be passed on to the students for required 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\(2\)](#)).

11. Question: Annually, the band/vocal music participants hold a magazine sale. Can the proceeds go directly to the Music Booster Club?

Answer: No. The district may not allow revenue collected in the name of the district and belonging to the district to be paid to or transferred to a separate or private entity. Funds collected through student activity fundraisers are under the control of the board, required to be accounted for in the Student Activity Fund, and accounted for in the district's chart of accounts ([Iowa Code § 291.6](#); [281 IAC 98.70](#)).

Additionally, an inappropriate expenditure from the Student Activity Fund includes payments to any private organization unless a fundraiser was held expressly for that purpose and the purpose of the fundraiser was specifically identified ([281 IAC 98.70\(3\)"d"](#)). According to an opinion of the Iowa Attorney General ([OAG # 83-9-1\(L\)](#)), moneys generated as a result of school-related activities, especially those using school students, staff, and facilities, should be placed under the control of the school board.

12. Question: There are social fundraising websites where individuals or groups can post a fundraising idea/need and solicit donations via the Internet. Generally, the funding company keeps five percent of the total collections. Can student activity groups, or individual students, use these sites to support district activities and trips?

Answer: No district employee or other individual can set up a fundraiser in the name of the district without board approval ([Iowa Code §§ 279.29](#) and [565.6](#)). Absent board approval, the individuals would be requesting funds for themselves personally and would not be representing the district. The district is not able to prevent people from creating individual accounts and soliciting personally. If they do, they may not do so in the name of the district.

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 activity program. These policies may include fundraising activities which clearly restricts efforts on behalf of the district without prior board approval. This may specifically include setting up any social fundraising web account stating or implying the district is involved.

The board will determine if the purpose of the fundraiser supports the statutorily required student activity program ([281 IAC 12.6\(1\)](#)) and if the expenditures ultimately meet the test of public purpose ([IA Const. art III, § 31](#)). If a board officer or designee is authorized to set up the account, all money raised is under the control of the board and shall be accounted for in the Student Activity Fund ([281 IAC 98.70](#)). Any accounts set-up must remain under the control of the district and accounted for by the secretary pursuant to [Iowa Code section 291.6\(3\)](#).

13. Question: An activity sponsor would like to give a game playing piece with each purchase at the concession stand (similar to a fast food restaurant). Each game piece would have a letter on it. If a student collected the game pieces to spell the words of the prizes, the student would win that prize. To satisfy the "no purchase necessary to win" requirement, the group would give each team a quantity of game pieces before the game. The district does have a gambling license. Would this be allowable?

Answer: No. The students are not purchasing the game pieces, and there would be no gambling receipts from which to purchase prizes, if allowable. The only revenue the activity would have is the concession revenues, and those are not revenues from a gambling activity. The concession sales would merely be the method used by the district for giving out the game pieces. In this situation, the prizes would have to be donated for that specific purpose and could not be purchased from district

funds, including the funds generated through the concession stand as district funds may only be expended for public purpose ([IA Const. art III, § 31](#)).

The district may review the social and charitable gambling options provided by the Iowa Department of Inspections and Appeals. The [Social and Charitable Gambling](#) unit administers Iowa Code Chapter 99B which regulates games of skill or chance, raffles, bingo, social gambling, and amusement devices. Qualified organizations may obtain a social or charitable gambling license to conduct fundraising activities benefiting educational, civic, public, charitable, patriotic, or religious purposes. Specific code language may be reviewed on the website of [The Iowa Legislature](#).

14. Question: Is there a de minimis level of public funds that can be given to students as an incentive without being concerned about public purpose or public property for private benefit? Does being paid from the Student Activity Fund rather than a tax fund make a difference?

Answer: No. There is no de Minimis level to which public funds can be used for private purpose; all public funds are subject to the same limitation. Moneys in the Student Activity Fund are public funds, under the control of the school board, and must be expended for public purpose ([281 IAC 98.70](#)). An express inappropriate expenditure to the Student Activity Fund is an expenditure that lacks public purpose ([281 IAC 98.70\(3\)"c"](#)).

15. Question: Can private individual community members conduct fundraisers?

Answer: A private individual would be no different than any other outside organization or entity in that the private individual could not express nor imply a fundraiser is district-sponsored or that donations given to the private individual would be tax deductible as a donation to the school district.

The school board should exercise its authority under [Iowa Code section 279.8](#) and responsibility under [Iowa Code section 280.14](#) to establish policies for its activities program. Related procedures may address fundraisers on district property, fundraising activity during the school day, and the use of those funds which may be regulated by the district ([Iowa Op. Atty. Gen. No. 83-9-1\(L\)](#)).

16. Question: Are gate/ticket receipts considered a fundraiser for the student activity for which there is a gate receipt charged or ticket sold?

Answer: Not unless it is designated as a fundraiser by the board. Gate receipts or ticket sales for student activities, such as sports, music, or drama, are district revenues required to be receipted to the Student Activity Fund ([Iowa Code § 298A.8](#)) to support the broad plan of activities the district sponsors in compliance with [Iowa Administrative Code r. 281 – 12.6](#). The funds are under the financial control of the school board who will determine how the gate receipts will be used to support the student activity program ([281 IAC 98.70](#)).

17. Question: Can a district's cheerleaders have camps for younger girls and boys and state that the camps are a fundraiser for cheerleading?

Answer: Yes, if approved by the board. The board must approve all fundraising activities as only the board has the authority to agree to the use of the funds and expend district funds ([Iowa Code § 279.29](#)). The board has the authority to determine which, if any, fundraising activities occur during the school day and on school property and may also regulate the use of those funds ([IA OAG # 89-9-1\(L\)](#)). It is also up to the board to determine if the camp supports the student activity program required under [Iowa Administrative Code r. 281 – 12.6\(1\)](#).

18. Question: A district's basketball teams/coaches conduct district-sponsored fundraising activities and the district maintains an account for teams with these proceeds. Can these fundraising proceeds be used to enter teams in shootout tournaments in the summer? The purpose of the fundraising is for students to be able to attend these events without having to incur cost.

Answer: No; [Iowa Administrative Code r. 281 – 36.15\(6\)"a"](#) does not allow the district to require out-of-season activities. Expenditures for students to voluntarily attend out-of-season camps or clinics are the responsibility of the individual. The district is not permitted to expend funds to support individual purpose ([281 IAC 98.70\(3\)"c"](#)). The district should not conduct any fundraising for purposes that are not legal expenditures for the district. All monies fundraised by the district are district funds and may only be expended for public purpose ([IA Const. art III, § 31](#)). See the section on [Team Camps](#) for additional information.

19. Question: What are the rules for spending athletic fundraising account money? Is it allowable to be used for coaching staff apparel and apparel for their spouse?

Answer: It depends. Funds raised must be spent for the purpose agreed by the board when accepting the funds ([Iowa Code § 565.6](#)). Revenues appropriately accounted for in the Student Activity Fund ([281 IAC 98.70](#)) should only be expended for "ordinary and necessary" costs to support the district's student activity ([281 IAC 12.6\(1\)](#)) co-curricular and extracurricular programs ([281 IAC 98.70\(2\)](#)). 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 activities program which may include a determination of "ordinary and necessary" expenditures, including apparel. The board should also consider requirements of the interscholastic athletic contests and competitions in which they participate with regard to coaching apparel ([Iowa Code § 280.13](#)). Optional uniform customization is not an allowable expense to the Student Activity Fund ([281 IAC 98.70\(3\)"i"](#)).

Coaching apparel should be identified as (1) a personal expense, or (2) a district expense. If a personal expense, the coach will pay for and retain the apparel. If a district expense, the district may either require the coach to return the item or the apparel may be identified as part of the coach's compensation package and therefore retained by the coach. If the apparel is to be retained by the district, any customization must be able to be removed without damage to the apparel. Additional expenditures incurred due to customization shall be paid by the employee requesting the customization. The district may choose to establish a policy outlining in which circumstances and the timeframe the apparel must be returned to the district, when personalization of apparel would be allowable, and circumstances when apparel is part of a coach's compensation package. The district will want to ensure the test of public purpose is met for any expenditures incurred ([IA Const. art III, § 31](#)). Compensation (even if apparel in lieu of monetary compensation) to anyone that does not have their own contract or agreement with the district is not an allowable expenditure, even if they are family of a coach. If public purpose can be established that spouses should have apparel, the district should include clear documentation within policy and/or as part of the official board minutes. Review ["establishing public purpose"](#) for more information.

If the district establishes the public purpose of providing apparel to coaches in one sport, it should consider if public purpose may be established in other sports to ensure [Title IX](#) equality compliance. This may include determination of coaching apparel expectations of the governing organizations.

20. Question: Students in the district-sponsored Ag Business Club sell "Agriculture is Everybody's Business" t-shirts as a fundraiser to off-set expenses for the group to take a field trip to the Chicago Board of Trade. Past practice has been to allow students to keep half of the money raised. All other trip expenses are paid by the district. Is this allowed?

Answer: If the fundraiser is run through the district, no; the students may not receive any of the money raised as a cash payment ([281 IAC 98.70\(3\)"h"](#)). All money raised should be used to pay the expenses of the trip for all students who participate in the trip. Fundraising moneys receipted to the Student Activity Fund become district funds and are under the financial control of the board ([281 IAC 98.70](#)). District funds can only be expended for public purpose and not for individual benefit, even if accounted for in the Student Activity Fund ([IA Const. art III, § 31](#) , [281 IAC 98.70\(3\)"c"](#)). See also Fundraising Questions #6 and #7 if the fundraiser is not run directly by the district.

21. Question: The district has three students who will travel to Europe with the Iowa Ambassadors of Music next summer. One of their fundraising projects is working the concession stand, where they will earn approximately \$100 each. Can the Activity Fund pay this money to the company who is providing the trip on behalf of each student?

Answer: It depends. The relationship between the district and the Iowa Ambassadors of Music must be clear. The district would need to determine the appropriateness of the situation based on district policy. It should determine whether (1) funds are to be used to support a required school sponsored activity or an optional school-sponsored activity (2) if it is an allowable concession stand effort (individual vs group), and (3) the appropriate compensation (fundraiser or individual pay check). If this or any other trip is not directly related to a district's curricular, co-curricular, or extracurricular activity, the district may not pay any public funds to the company providing the trip ([IA Const. art III, § 31](#)).

If the district operates its concession stand by contracting with individuals, the money earned is considered compensation and is paid directly to the individuals who earned it ([Iowa Code § 279.30](#)). If various district-sponsored activity groups are allowed to work the concession stand and retain the net profit as a fundraiser for that activity, then the net proceeds would be deposited into that student activity's account in the Student Activity Fund. The school board is granted broad authority in [Iowa Code section 279.8](#) to establish and enforce policies. The district should establish a policy to identify which groups are eligible to work the concession stand. The district should work with their attorney if they wish to provide this opportunity to groups in the community for purposes that are not sponsored by the district as not all qualify ([Iowa Code § 297.9](#)). See also Fundraising Question #5 for more information on using the concession stand for fundraisers.

22. Question: The orchestra teacher is willing to take any orchestra student that would like to go to a concert in Chicago, IL. The concert is not required, nor is it needed, for the curriculum to be taught in this class. The estimated cost is \$90.00 per student to cover the bus and ticket to the concert. This event would take place on a weekend so the school day is not impacted. Can those students that want to go to Chicago fundraise for this trip knowing that any profit from the fundraiser is going to cover an equal amount of the cost for all the students going (not based on individual selling profit)?

Answer: Yes, if this is a voluntary field trip approved by the district, the students may conduct board-approved fundraising activities which will apply toward the overall cost of the trip and equally reduce trip costs for each student participating in the field trip. The district should clearly communicate whether this is a district-sponsored activity (See [Appendix A: Checklist for Indicators of District-sponsored Event or Activity](#)). For example, is the teacher being paid by the district during this day? While students are covering the cost of their transportation and ticket, who is liable if there is an accident? Is the teacher serving as chaperone to meet the district's requirement to provide adequate supervision ([Iowa Code § 280.14](#))?

The district is not required to allow the students to fundraise at school nor during school hours, regardless if the fundraiser is sponsored by the district. According to an opinion of the Iowa Attorney General ([OAG # 89-9-1\(L\)](#)), "A school district board may regulate fundraising activity during school

hours and district-sponsored events, and it may regulate the use of funds derived from those sources.” The school board is granted broad authority in [Iowa Code section 279.8](#) to establish and enforce policies. The board is assigned responsibility under [Iowa Code section 280.14](#) to create policies specifically for its activity program. These policies may address differentiating between co-curricular and curricular field trips, related fundraising activities, and the required board approval process.

23. Question: Our district offers a cultural trip to Washington D.C. every summer for 8th 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.

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.

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 activity program. Procedures to implement these policies may address tracking student payments, deadlines, costs, and an up-front communication plan regarding potential refund amounts directly paid by the student and nonrefundable costs. If costs are spread over multiple students, the district should consider how other student costs may be impacted if some students elect not to attend (e.g., bus charter cost divided by 30 students versus 20 students).

Community Service Fundraising

1. Question: Is it legal to write a check out of the school activities account to Relay for Life®, Cancer Awareness, or something along those lines, if the students had done a fundraiser for this purpose?

Answer: It depends. A student club can fundraise for a specific project that benefits the community as long as the fundraising activity meets the purpose for which the student activity exists. For example, if a fundraiser is designed to contribute to the civic growth of the students participating in the district-sponsored student activity, it may be appropriate, with board approval ([Iowa Code § 279.29](#)), to conduct that community service project. The student activity program is not created for the purpose of supporting outside entities or individuals ([281 IAC 12.6](#)).

[Iowa Administrative Code r. 281 – 98.70\(3\)"d"](#) reflects an inappropriate use of the Student Activity Fund as, “payments to any private organization unless a fundraiser was held expressly for that purpose and

the purpose of the fundraiser was specifically identified.” Thus, if a student activity received board approval to hold a fundraiser for this purpose and the purpose was clearly communicated to the public, the district may pay the net proceeds of that fundraiser to the stated organization.

2. **Question:** A fundraiser was held for a Habitat for Humanity house for a family in the district. Should the check be issued from General Fund or Activity Fund?

Answer: It depends on how the board authorized the fundraiser. If it was a fundraiser conducted as a community service related to a specific student activity program, then the funds would be receipted to the Student Activity Fund ([281 IAC 98.70\(2\)](#)) and therefore proceeds would be paid from the Student Activity Fund to Habitat for Humanity.

However, if it was a school-wide or district-wide fundraiser approved by the board rather than a fundraiser of a specific student activity, the funds would be accounted for in the General Fund ([Iowa Code § 298A.2](#)) and therefore the related expenditure would be accounted for in the General Fund.

Booster Clubs

1. **Question:** Should the district request its booster clubs provide items directly that do not meet public purpose or cannot be purchased from school district funds?

Answer: That is a local determination. Expenditures deemed lawful and appropriate for booster clubs may differ from expenditures appropriate to districts. The mere fact the expenditure is not appropriate for the district should not be the sole deterrent of whether or not the purchase is made by the booster club. For example, many districts elect not to establish public purpose to pay for teacher meals and snacks during teacher conferences, without which the expenditure would be inappropriate for a district. However, this is a popular example of an expenditure a district may request from a booster club.

Only the board has the authority to accept or reject donations offered by outside entities ([Iowa Code § 565.6](#)). The district should exercise its authority under [Iowa Code section 279.8](#) and responsibility under [Iowa Code section 280.14](#) to establish a policy for its activity program. This policy may address a process for making requests for donations to ensure requests, if granted, will be accepted by the board.

2. **Question:** Could a district have a booster club or the park and recreation program operate its student activity program?

Answer: Yes, as long as the district retains sufficient oversight of the program. The requirement to provide a student activity program remains a requirement of the district ([281 IAC 12.6](#)). Contracting with another entity does not relieve the district of its responsibility or transfer the district’s statutory requirement to provide a broad and balanced activity program. The district could also contract with another government or a private entity to operate its student activity program/s under the direct supervision of district administration. The district would still be responsible for all oversight of the program/s and all requirements of the district regarding the Student Activity Fund would apply.

3. **Question:** A new sports club organization is forming within the district’s community. The club is being formed to subsidize the district’s football program and will buy meals on road trips for the team and purchase equipment for students that cannot afford it, such as shoes. The club has not formed as its own legal entity nor is it an organization of the district, yet is soliciting membership using the school name on its flyers. Can the district’s team accept these gifts? If the club buys team shirts and shorts with the school’s name on them to give to players, is that a violation of the Iowa

gift law? Can coaches accept money from the club to attend clinics? Can coaches accept apparel or other non-cash items?

Answer: Students, teams, and coaches should not accept gifts or donations directly on behalf of the district. Only the board has the authority to accept donations ([Iowa Code § 565.5](#)) from the club. The board shall be mindful the use of funds as requested by the club are legal uses of district funds and do not violate requirements applicable to the district, such as [Title IX of the Civil Rights Act](#). 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 activity program. These policies and related procedures may address oversight and distribution of donations for needy students and donations of other items to teams and coaches.

All public employees (e.g., coaches) are subject to Iowa's "gift law". [Iowa Code section 68B.2\(9\)](#) defines a gift as a rendering or anything of value in return for which legal consideration of equal or greater value is not given or received. Iowa Code section 68B.22 prohibits, with specific exceptions, a public official or public employee (or that person's spouse and dependent children) from accepting anything valued at more than \$3 from a restricted donor. The district should determine if the sports club is a restricted donor according to the definitions in Iowa Code section 68B.24. If the club intends a donation to the district to be used, for example, to support professional development (e.g., attend clinics) for coaches, the board has the option to accept the donation based on that agreement or to refuse the donation ([Iowa Code § 565.6](#)).

The organization cannot imply it is accepting donations on behalf of the district but it may indicate the donation is intended to be given to the district. Without non-profit Internal Revenue Code (IRC) status, donations to this organization will most likely not be tax-deductible by the donor. Contact the Internal Revenue Service (IRS) with questions regarding deductibility. Also, the organization cannot use the district's federal identification number, discounts, tax free status, or any other district benefit because it is not part of the district.

4. **Question:** What is the maximum amount of an award a student may receive for recognition purposes for their participation in a tournament?

Answer: Under Iowa Administrative Code r. 281 – 36.14(3), a student may receive an award from the student's school, another secondary school, a registered organization or association, or the host of an event sanctioned by a registered organization or association. The value of the award cannot exceed \$50. [Iowa High School Athletic Association Handbook](#) states a student may receive an award for an outside school activity provided the award does not violate the amateur award rule of the amateur sanctioning body for that sport. In the absence of an applicable amateur award rule, the student shall not receive any award which exceeds \$50 in value. At no time may a student accept an award of cash. Specific code language may be reviewed through the website of [The Iowa Legislature](#). Additional questions, including those related to name, image, and likeness, may be sent to IHSA or other governing association or body.

5. **Question:** An opinion of the Iowa Attorney General ([OAG # 83-9-1\(L\)](#)) states "school districts are not required to maintain funds raised by outside organizations in the school's activity fund". Can you please clarify whether the district must account for funds raised by booster clubs, PTA, etc. in the district's Student Activity Fund?

Answer: It depends. The district should first determine whether the "outside organization" is a distinct legal entity separate from the district. Entities that use the district's federal identification number, discounts, or tax-exempt status, or are under the district's insurance policy are not outside organizations. Those organizations are part of the district's organization, and their funds must be

accounted for by the district ([Iowa Code § 291.6](#); [281 IAC 98.70](#)). The appropriate fund in which to account for these funds is determined by the stated purpose of any related fundraiser and the board accepted ([Iowa Code § 565.6](#)) intended use of the funds. Fund structure is discussed further in Iowa Code chapter 298A. Iowa Administrative Code r. 281 – 98 provides additional detail regarding fund definitions and use. Specific code language may be reviewed on the website of [The Iowa Legislature](#).

If the organization has its own federal identification number, its own liability insurance, and its own tax-exempt status or charitable organization status under the internal revenue code, then it is considered an organization to be an “outside organization”. Auditing standards may require the entity be part of the district’s audit as a component unit (GASB [14](#), [39](#), [61](#)), but for accounting purposes, the district is not required to directly handle the money or the expenditures on behalf of this organization. The district may do so if requested by the organization and the district chooses to accept that responsibility. If the district so chooses, the district would account for these funds in a Custodial (previously Agency) Fund ([281 IAC 98.101](#)).

6. **Question:** The district’s dance team sponsor wants to form a separate organization to fund raise for the dance team because they want control of the money. Can they do this?

Answer: The permission for an individual to form a separate legal entity is not a determination made by the district. However, the local board has the authority to establish a board policy or procedure that requires pre-approval from the board for staff that hold employment or other affiliation outside of the district to ensure a conflict of interest does not exist ([Iowa Code § 280.14](#)). Additionally, the school board has the authority to determine which, if any, fundraising activities occur during the school day or on school property and may also regulate the use of those funds ([OAG # 89-9-1\(L\)](#)). Additionally, the dance team is still part of the district’s activity program ([281 IAC 12.6](#)) and only the board has the authority to agree to an outside entity’s stated purpose for donating the items ([Iowa Code § 565.6](#)) and approving related expenditures ([Iowa Code § 279.29](#)).

If a separate entity with a distinct tax ID is formed to conduct fundraising activities, regardless if the organizer or other member is also a district staff person, it is important the separate entity understands its activities are not district activities and therefore, without district approval, the separate organization may not use district likeness (e.g., letterhead, logo), resources, etc. (see [Appendix A](#)).

7. **Question:** We have a booster club at a high school that is independent of the district and we handle the club’s funds in the Custodial (previously Agency) Fund. They want to run the concession stand at the district’s baseball field, then donate to the Student Activity Fund baseball program as they see fit. Is it acceptable for an outside organization to run a concession stand on school property?

Answer: Yes; it is allowable for an outside organization to run the concession stand if permitted by board policy ([Iowa Code § 279.8](#)). The board’s policy may identify which groups are eligible to work the concession. The district should work with their attorney if they wish to provide this opportunity to groups in the community that are not district-sponsored because the district may need to limit which groups take advantage of the opportunity without discriminating against a specific group. The district should also consider the list of allowable groups that may use a schoolhouse or schoolhouse grounds pursuant to [Iowa Code section 297.9](#).

District procedures to implement the policy may address various logistics for rental agreements. One option may be to hire (contract) with the organization to operate the stand for the district. In this type of situation, the expenditures (i.e., concession supplies) and generated revenue would be the district’s; there would be no donation back from the organization.

Another option would be to set up a rental agreement to allow the organization to use the district's concession stand. The rental agreement may address standards for operation (price points, hours of operation, etc.), revenue assignment (e.g., percent donation to district and/or profit to organization), concession supplies, and related costs to the organization (e.g., paying for use of the facility). If the rental agreement stipulates the district is to provide the concession supplies, the district should be purposeful that the organization is not inadvertently benefiting from the district's vendor discounts if the organization is retaining any of the revenue received from concession operations.

The board has the authority to accept or reject donations, regardless of the source, including booster clubs or other affiliated organizations (Iowa Code §§ [279.29](#) and [565.6](#)).

8. Question: Can the district purchase concession items then sell them to an independent booster club at cost?

Answer: No; if the district provided the inventory, it should ensure the renting organization does not inadvertently benefit from the district's vendor discounts. For example, if the district receives a 15% larger discount for inventory than the renting organization could receive on its own, the district should not pass on the 15% discount as part of the agreement. The district should also consult its attorney regarding tax implications. The independent club must pay the district in advance so the district is not lending its credit to the club ([IA Const. art. VII, § 1](#)). Additionally, the district should confirm with its vendor they approve of this type of arrangement/agreement.

The district may exercise its authority under [Iowa Code section 279.8](#) to establish a policy for renting the concession stand to different outside organizations to ensure organizations within specified groups are treated consistently. which addresses inventory. The policy may also address handling inventory, allowable users as provided in [Iowa Code section 297.9](#), and the use of related compensation as provided in [Iowa Code section 297.10](#).

9. Question: Can the booster club sell concession items and retain the profit?

Answer: Yes; if the booster club is independent of the school, the district may allow the club to rent the concession stand from the district on the same basis as any other independent organization or group according to the parameters outlined in the district's policy regarding concession rental. The board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy for renting facilities to community entities. The board should consider the allowable users as provided in [Iowa Code section 297.9](#) and the use of related compensation as provided in [Iowa Code section 297.10](#).

The district has the right to direct and restrict fundraising activities on school property, and during school events; the board also has the authority to regulate the use of funds raised ([IA OAG # 83-9-1\(L\)](#)). If the booster club is not independent of the school, the sales proceeds belong to the district, must be retained by the district, and are under the control of the school board ([Iowa Code § 279.29](#)).

If the district contracts with groups to run its concession stand, the booster club could be a purchased service of the district. That transaction should be an arms-length transaction in good faith like any other contracted service of the district.

10. Question: What implications are there if the district stores concession items that belong to an independent booster club?

Answer: The district may consider storage of concession items owned by another entity be a part of the rental agreement. However, the district would want to be purposeful about fairness (storing for one group but not another), and establishing liability. The district should exercise its authority under [Iowa](#)

[Code section 279.8](#) to establish a policy for renting facilities to outside organizations, which may identify options for storing inventory and related liability as part of the agreement. If the district incurs additional liability while the items are in its custody, the expense of such liability should be reflected as part of the rental agreement to ensure public funds are not used to ensure private goods. The board should also consider the allowable users as provided in [Iowa Code section 297.9](#).

11. Question: A booster club raises money for a particular team (such as football), that is gender-specific. Are there concerns with this practice?

Answer: As part of implementing its policies the district is required to establish ([Iowa Code § 280.14](#)) for its extracurricular programs, the district may need to consider how it balances total funding to support all district-sponsored activities in a gender equitable manner (20 U.S.C. §§ 1681-1688).

Federal civil rights guidance (34 C.F.R. § 106.41(c)(10)) states, “Unequal aggregate expenditures for members of each sex or unequal expenditures for male and female teams if a recipient operates or sponsors separate teams will not constitute noncompliance with this section, but the Assistant Secretary may consider the failure to provide necessary funds for teams for one sex in assessing equality of opportunity for members of each sex.”

12. Question: If an outside organization or booster club uses students to help conduct its fundraiser, does that make the fundraiser a district fundraiser?

Answer: No; only the board may approve district-sponsored fundraisers ([Iowa Code §§ 279.29, 565.5](#)). Students may volunteer to assist an outside organization or booster club outside of school hours. The students could not imply they are representing the district or any student activity when they volunteer. If students are volunteering to participate in the outside organization’s or club’s fundraiser, it would need to be clear to the public that the fundraising event is not school-sponsored or school-sanctioned and donations to the activity are not donations to the district.

If the fundraising occurs during the school day or on school property, the district has authority to regulate such fundraisers and the use of those funds ([IA OAG # 83-9-1\(L\)](#)).

13. Question: May a district give athletic passes to outside organizations or booster clubs to sell or otherwise use in a fundraiser of that organization or club?

Answer: That is a local determination. The board should evaluate and document the public purpose for which it is potentially foregoing revenue by waiving or discounting admission charges when it otherwise charges admission. The board should also ensure the district is treating students equitably in accordance with [Title IX](#) equity requirements if, for example, the benefits or fundraising opportunities are only for gender-specific teams. 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 activity program. These policies and related procedures may address fundraisers, including the necessity to establish a public purpose for this type of action.

If no public purpose is established for discounting or giving athletic passes for fundraisers not sponsored by the district, the outside organization or booster club may purchase a block of athletic passes from the district at the same cost as any other community member and then use those purchased passes in some outside fundraiser to generate profit or donations. The district should also consider the potential appearance of impropriety if the district foregoes revenue to donate passes to another entity who then engages in the reselling of the tickets for a profit.

14. Question: If the district has Custodial (previously Agency) Fund accounts specific to individual booster clubs, do the same principles apply to the use of those funds? For example, can the district pay for team camps from the Custodial Fund using booster club accounts?

Answer: It depends. In order to hold booster club funds in a Custodial Fund, those booster clubs would need to be independent entities (have their own tax ID) rather than a part of the district. The district cannot use booster club funds or any funds held in a Custodial Fund except at the direction of the owner of those funds, cannot pay expenditures prior to receipt of funds from the booster club, and cannot pay expenditures in excess of funds on hand from the booster club. The district would only be disbursing funds and receipting revenues on behalf of the booster club ([IA Const, art VII, § 1, 281 IAC 98.60, 281 IAC 98.101](#)).

If the booster club is an entity legally separate from the district, the appropriateness of a particular booster club expense is determined by the booster club, not the district. Determination of an “appropriate” expense of a booster club should be considered within 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 expense for one booster club may not be an appropriate expense for another. The booster club should consult its own attorney if it is unsure whether an expense is appropriate.

15. Question: Is it allowable for a Parent-Teacher Organization (PTO) to host a clothing drive, then “sell” the items collected to the community for a free will donation? The purpose is to fund classroom grants.

Answer: Yes, with approval of the board as only the board has the authority to approve the use of donations received by the district ([Iowa Code § 565.6](#)). If the PTO is under the school district, the proceeds would be district funds. Expenditures for classroom grants should still follow district policies for allowed uses of district funds, including funds derived through fundraisers. [Iowa Code section 279.29](#) authorizes only the board to approve the expenditure of public funds. Therefore, if a fundraiser is held for this purpose, the board should approve the fundraiser, including the communicated purpose of the fundraiser, prior to the fundraiser occurring.

If the PTO is established as a separate legal entity from the district, the PTO should work with the district prior to communicating the purpose of the fundraiser to ensure the district will accept the donated items. Regardless of the PTO’s affiliation with the district, the board has the right to control fundraising during the school day, during school events, or on school property ([IA OAG # 83-9-1\(L\)](#)).

16. Question: Is a booster club required to be a 501(c)(3) organization? What changes if the booster club does not obtain or maintain its tax-exempt status?

Answer: No. A booster club is not required to obtain a Federal ID Number (FIN) nor is the entity required to obtain 501(c)(3) status as a non-profit independent organization. If it becomes an independent organization, it cannot use the district’s tax-exempt status, IRS government status, discounts, FIN, or any other benefit of the district. If the booster club obtains its own 501(c)(3) status under the IRS, then donations to the booster club may be tax deductible. Entities organized as a 501(c)3 organization must file IRS form 990 annually. Consult the [Internal Revenue Service](#) for additional information on business structures.

17. Question: A group is forming an FFA/Industrial Arts/Ag Program Booster Club which will be a legal entity separate from the district. The purpose of their group is to conduct fundraising activities in an effort to support these programs where the school is unable. One of the proposed items is to take

over the annual FFA fruit sales fundraiser. This has been traditionally run by the FFA advisor, who is an employee of the district, and the expenses paid and revenues controlled by the district. Would it be allowable to let the new booster club take control of the FFA fruit sales? Would FFA fruit sales be considered a district fundraiser in which case they would not be able to control the revenues? Are there guidelines that could be followed by them in which we could allow them to control and benefit from this fundraiser?

Answer: Since an official FFA chapter must be tied to a district's agricultural education program, anything done in the name of the FFA chapter must be treated as a district fundraiser and be subject to district control. The board has the right to control fundraising during the school day, during school events, or on school property ([OAG # 83-9-1\(L\)](#)). District fundraisers as well as the communicated purpose of the funds raised must be approved by the board as they are the only authority to approve and accept the use of donations ([Iowa Code § 565.6](#)) and to approve district expenditures ([Iowa Code § 279.29](#)). 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 extracurricular programs. These policies may have related procedures that also address the fundraiser approval process.

If the FFA/Industrial Arts/Ag Program Booster Club is formed as an entity separate from the district, it would need to ensure that it clearly communicates it is not operating on the district's behalf and that it is an independent entity. The outside group could do a fruit sales fundraiser, but it may be problematic for them to conduct "the annual FFA fruit sales fundraiser." Since this has previously been a local chapter activity, it may be difficult for the community to distinguish between the two. This could be confounded further if the booster club intends to continue having the FFA chapter members do the selling. Doing so may give a false impression to the public that it was the school organization's activity.

The National FFA has an affiliated group called the [National FFA Alumni](#). Iowa has a state organization, the [Iowa FFA Alumni Association](#), under which local affiliates can be organized.

18. Question: A district has an Athletic Booster Club and a Music Booster Club, which are both separate from the school district. The booster clubs take on projects and make equipment purchases the district can't afford to do within its normal activity accounts. When making these booster purchases, should the district have the booster clubs make the actual purchase directly or should the district require the money from the booster clubs before making the purchases?

Answer: Both options are appropriate. Only the board may approve expenditures ([Iowa Code § 279.29](#)) or accept donations ([Iowa Code § 565.5](#)) on behalf of the district. If the booster club intends to give the money to the district to make the purchase, the board would need to agree to the usage of funds in order for the district to accept the funds. If being purchased by the district, the purchase should not be made until promised funds for the item are received by the district ([IA Const. art VII, § 1](#)). When determining which entity should make the purchase, the district may consider advantages such as warranty assignment, ordering to district specifications, reflecting actual expenditures within the district's accounting records, etc.

If students will be charged a fee for use of the equipment as a school supply, the district must purchase the equipment from the General Fund ([Iowa Code § 301.4](#)). Otherwise, the district may purchase equipment from PPEL or SAVE if the requirements for equipment purchases are met. If the equipment is purchased from a fund other than the General Fund, the district will not be able to assess a fee and the board should recognize it may be limiting future boards from assessing fees. Booster clubs could also purchase the equipment directly and then donate the equipment to the school district with board approval.

19. Question: Can the parents of students participating in a sport or other activity like band or show choir, be “assigned” or otherwise required to participate in the activities and fundraising of the applicable booster club supporting that sport or activity?

Answer: No. Membership in booster clubs is voluntary. No Iowa student enrolled in a public school may be excluded from participation in or denied the benefits of course offerings and related activities due to the student’s or the student’s parent’s or guardian’s financial inability to pay a fee associated with the class, program, or activity ([281 IAC 18\(1\)](#)).

Additionally, required district expenditures may not be passed on to the students 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\(2\)](#)).

20. 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.

The Booster Club should also be mindful of other potentially relevant Internal Revenue Code.

Under [IRS guidance](#), the amounts of cash or cash equivalents or the fair market value of non-cash awards received by participants, coaches, or others may represent taxable income. Related guidance states, “If a booster club confers a benefit on a participant in return for their fundraising activities, such as by crediting amounts raised by a participant toward that participant’s dues requirement, or by crediting amounts raised against the cost of a trip, the booster club is providing a private benefit to that participant. Consequently, such practices could result in the organization failing to be described in IRC section 501(c)(3). It is also possible that amounts credited to a participant’s account due to fundraising would constitute income from services, and could result in employment taxes.”

Vendor Incentives

1. Question: The Blood Center encouraged the elementary art teacher to request the district to sponsor a blood drive as a fundraiser for the district’s art program. The Blood Center also sent the teacher a \$200 gift card as a token of appreciation for their personal involvement, work, and support. The teacher used time during the school day to plan, organize, communicate, and conduct the fundraising activity. Is it appropriate for the teacher to keep the gift card?

Answer: The district needs to determine if a conflict of interest exists. In this case, the teacher only used time during which they were being compensated by the district to plan, organize, communicate, and/or conduct fundraising activities. Therefore, the gift card would not be appropriate to keep as a personal gift and should be returned to the vendor or turned over to the business office as the employee was already compensated for their time.

If, however, the elementary art teacher had *only* used their own time (not compensated by the district) to plan, organize, communicate, and/or conduct fundraising activities for the Blood Center then the lawfulness of the \$200 gift card is not a district determination. Iowa Code § 68B.23(2)“c” allows an

honorarium to be paid to a public official or public employee for services rendered as part of a bona fide private business, trade, or profession in which the public official or public employee is engaged if the payment is commensurate with the actual services rendered and is not being made because of the person's status as a public official or public employee, but, rather, because of some special expertise or other qualification.

The board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy for fundraising efforts, which may include requests from outside organizations to conduct fundraising activities involving the district and potential appropriate district tokens of appreciation from non-restricted donors. The board has the authority to control fundraising during the school day, during school events, or on school property ([OAG, No. 83-9-1\(L\)](#)). All fundraising activities must first be approved by the board, including the commitment of district resources toward the fundraiser ([Iowa Code § 279.29](#)).

2. **Question:** A school plans to sponsor a “pennies for patients” event for the Leukemia Foundation. If the school raises more than \$500, the Foundation will send a \$50 gift card for a pizza party. Is this appropriate?

Answer: Yes; the pizza party is really a gift for the students that raised funds for an entity other than the district. Receiving a thank you for this type of fundraiser would not be taking away anything the district should have otherwise received and therefore is not a de facto use of public funds for which a public purpose must be established ([IA Const. art. III, § 31](#)). It does not appear restrictions of the gift law would apply in this situation as the foundation is not a “restricted donor” ([Iowa Code § 68B.2\(24\)](#)); therefore, the district may consider the proposed and intended use as with any other donation to the district ([Iowa Code § 565.6](#)). Any food donated to the district for student consumption should meet [Healthy Kids Act](#) requirements.

The board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy for fundraising efforts, which may include requests from outside organizations to conduct fundraising activities involving the district. The board has the authority to control fundraising during the school day, during school events, or on school property ([Iowa Op. Atty. Gen. No. 83-9-1\(L\)](#)). All fundraising activities must first be approved by the board ([Iowa Code § 279.29](#)).

3. **Question:** When the district orders merchandise, vendors sometimes “throw in” some extra items for the coaching staff. Is this allowable?

Answer: It is a gift law violation if the value is over three dollars. Chapter 68B of the Code of Iowa establishes the ethical requirements for state and local government for Iowa’s “gift law”. It prohibits officials and employees or their immediate family members from receiving or soliciting gifts from a “restricted donor.”

[Iowa Code section 68B.2\(24\)](#) includes four definitions for restricted donor including “a person seeking to be a party to a sale, purchase, lease or contract with the agency (includes school districts) by which the state official or employee is employed.” Exceptions to the receipt or solicitation of gifts are detailed in Iowa Code section 68B.22(4), including an exception for nonmonetary items with a value of three dollars or less received from any one donor during one calendar day. Restricted donors may not “pool” resources to give a gift greater than three dollars. Iowa Code section 68B.22(3) of the Code of Iowa requires items received from restricted donors be turned over to the school district for official use within 30 days. The district’s board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy regarding compliance with Iowa’s gift law.

The [Iowa Ethics and Campaign Disclosure Board](#) also provides a number of resources that may be helpful to the board. Pursuant to Iowa Code sections 68B.32D and 903.1, violating the gift law could result in imprisonment and/or fines and can also be grounds for dismissal or other employee disciplinary actions. Specific code language may be reviewed through the website of [The Iowa Legislature](#).

4. **Question:** Is it acceptable for coaches/sponsors to receive clothing from the vendor for agreeing to conduct a district fundraiser through their company? Is this a violation of the gift law?

Answer: It is a gift law violation if the value is over three dollars. The board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy regarding compliance with Iowa's gift law. A gift is defined under [Iowa Code section 68B.2\(9\)](#). The district should consider the definitions of a restricted donor ([Iowa Code § 68B.2\(24\)](#)) and exceptions to the gift law ([Iowa Code § 68B.22\(4\)](#)). If an item is received from a vendor determined to be restricted and the context or item doesn't fall under any of the exceptions, the item should be turned over to the district within 30 days of receipt for determination of use ([Iowa Code § 68B.22\(3\)](#)). Specific code language may be searched through the website of [The Iowa Legislature](#).

5. **Question:** Annually, the district's FFA holds a fruit sale. As part of the vendor vetting process, the district asked if the vendor provides awards to students as incentives for higher sales. Is this allowable?

Answer: Yes; if the vendor elects to provide awards directly to the student, it may do so. However, it may not ultimately impact the amount of funds that will be received through the fundraiser by the district as this would be an inappropriate use of district funds. For example, the vendor cannot provide one contract to the district receiving 40% of the profits and another contract reflecting the district may retain 35% of the profits and the only change is that the vendor will issue the equivalent of 5% of the profits in rewards to the students.

The district sponsors the FFA program as part of its statutory obligation to provide a student activity program ([281 IAC 12.6](#)). [Iowa Administrative Code r. 281 – 98.70](#) confirms 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. [Iowa Code section 279.29](#) authorizes only the board to determine the use of district funds and the use must support a public purpose ([IA Const. art. III, § 31](#)).

The district should be mindful of students participating in one fundraiser being eligible for awards and students participating in another fundraiser not being eligible for awards.

6. **Question:** A district recently held a fundraiser in which the high school students sold pizzas through a local pizza establishment. The checks and cash were deposited in the school account, and the district paid the invoice. The employees who initiated the fundraiser were told they could not give out gift cards for top sellers, so they contacted the pizza establishment to buy the gift cards for them and those cards were included on the invoice. Is this allowable?

Answer: This is not allowable. Even if the pizza establishment adds the cost to the district's invoice, ultimately district funds are being used to purchase the gift cards. Purchasing the gift cards directly from the pizza shop or as part of the invoice does not change the nature of the purchase. The funds raised as part of the district fundraiser are still public funds and may only be expended for public purpose ([IA Const. art. III, § 31](#)) and only the board has the authority to determine how those funds are expended ([Iowa Code § 279.29](#)).

The district should try to work with the pizza establishment to return the gift cards for cash that the district should have received as proceeds. If they refuse, the district will need to use the gift cards from the central office for allowable purchases that have passed the audit and allowance process.

The board should exercise its authority under [Iowa Code section 279.8](#) and responsibility under [Iowa Code section 280.14](#) to establish fundraising policies. As part of the procedures implementing these policies, the board may establish a process for student rewards being approved as part of the fundraiser approval process.

Exclusive Vendor Contracts and Sponsorships

1. **Question:** Are exclusive vendor contracts allowable and, if so, can the revenue from exclusive vendor contracts be recorded directly in the Student Activity Fund?

Answer: Yes, exclusive vendor contracts are allowable. The revenue may be deposited to the Student Activity Fund if designated by the vendor contract. Otherwise, unless otherwise specified or directed by law to be accounted for in another fund, the revenue is receipted to the General Fund ([Iowa Code § 298A.2\(1\)](#)). If receipted to the General Fund, it may then be expended for General Fund purposes, including some athletic or other extracurricular activities to the extent the expenditure would be allowable and appropriate from the General Fund ([281 IAC 98.61\(2\)](#)).

[Iowa Code section 279.8](#) grants authority to the board to establish policies governing directors, employees, students, schoolhouse, grounds, and property. Iowa Code section 279.12 gives the board authority to enter into contracts necessary to exercise their powers. All agreements must be signed by the board president (Iowa Code § 291.1). Specific code language may be reviewed on the website of [The Iowa Legislature](#).

An opinion of the Iowa Attorney General ([OAG # 00-2-4\(L\)](#)), specifically states exclusive vendor contracts are allowable. The opinion states in part:

- “The Board of Directors of a public school district may enter into exclusive contracts with vendors for the purchase of products sold on school premises or at school functions.
- Vendor contracts for non-educational goods are proprietary in nature and may extend beyond the term of current board members.
- A marketing firm may be employed to assist with the negotiation and oversight of vendor contracts.
- While statutory public bidding requirements are not applicable to district contracts for the purchase of goods and services, public policy supports use of competitive bidding procedures for such contracts.”

If a multi-year agreement, review the agreement to ensure appropriate revenue recognition in each fiscal year.

2. **Question:** A district receives an annual sponsorship payment for a scoreboard. Should that sponsorship revenue be recorded in the Student Activity Fund or the General Fund?

Answer: It depends. (1) If the donor designates as the purpose of the sponsorship or if the sponsorship is part of a fundraiser, the monies may be receipted to the Student Activity Fund as provided in [Iowa Code section 298A.8](#). (2) Advertising revenue generated from the scoreboard, if designated as a donation by the donor, could be placed in the Student Activity Fund for the specified activity. (3) If the purpose of the sponsorship is unclear – The US Department of Education requires districts follow GAAP methods as provided in the [UFA](#). If the sponsorship is meant to support ongoing expenditures for maintaining the scoreboard (e.g., lighting, maintenance), then applying the GAAP matching principle dictates the revenues should be receipted to the fund paying for the expenditures. (4) If sponsorship is

meant to replace the original cost of the scoreboard, it should be receipted to the fund that originally made the purchase. (5) If none of the above apply and the funds are not required by law to be receipted to another fund, the revenue from advertising is placed in the General Fund ([Iowa Code § 298A.2\(1\)](#)).

Trademarks

1. **Question:** A district has applied to have its mascot/logo trademarked. Suppliers for clothing and other items that use the mascot/logo will have to submit a small monetary amount for each item the mascot or logo is used. Will these funds need to be deposited in the General Fund or can they be deposited in an account in the Student Activity Fund?

Answer: It depends. If approved as a fundraiser for the district by the board, proceeds may be an ongoing revenue source for the district. If specified, funds may be deposited to the Student Activity Fund; otherwise, proceeds would be deposited to the General Fund ([Iowa Code § 298A.2\(1\)](#)).

The district should also consider that the US Department of Education requires districts follow GAAP methods as provided in the [UFA](#). The district may identify the types of related development costs that may be recuperated as part of the mascot use fee. The cost to create, develop, file, etc. the mascot/logo are General Fund expenditures and therefore applying the GAAP matching principle dictates it may be appropriate some of the revenues would be receipted to the General Fund.

The district may determine its actual cost to create the mascot and/or logo to help determine the minimum amount it will charge users of the trademarked items. Some examples of actual costs may include: a purchased service if it was developed outside the district, personnel time for in-house development, trademark fees, etc.

Students

Charges to Students

1. **Question:** What fees can be charged to students?

Answer: [Iowa Code section 282.6](#) provides all schools shall be free of tuition. [Iowa Code section 274.3\(2\)"b"](#) prohibits districts from charging fees that are not expressly allowed in code.

Iowa Code allows only seven items for which a student fee may be charged: textbooks and school supplies (Iowa Code § 301.1), summer school programs (Iowa Code § 282.6), driver education programs (Iowa Code § 282.6), transportation fees for students not eligible for free transportation (281 IAC 18.3), eye protective devices (Iowa Code § 280.10), ear protective devices (Iowa Code § 280.11), and school meals (Iowa Code chapter 283A). In addition, district may charge nonresident students for tuition, but tuition is not considered a fee in that case. These fees can only be implemented with board action and for the rates the board approved. These items are charged at cost (or depreciated cost in terms of textbooks), and no other student fees may be charged nor, in lieu of a student fee, may the student or parent be required to provide. The cost of the items for which a fee will be charged and the fees charged are accounted for only in the General Fund.

It is the responsibility of the board to establish a policy for collecting fees (281 IAC 18.2). This policy shall include a provision for granting waivers including temporary and partial waivers including application for waivers and related appeals (281 IAC 18.3).

Items that are tangible personal property not related to instruction, the purchase of which is strictly voluntary, and ownership which inures to the purchaser, can be sold by the district to students and

others. The district may charge the actual cost of such items as activity tickets, school newspapers, yearbooks, and class rings (25 D.o.E. App. Dec. 62).

2. What is the difference between a fee and a fine?

Answer: Allowable fees are specifically identified in statute and districts do not have authority to charge additional fees ([Iowa Code § 274.3\(2\)"b"](#)).

Iowa Administrative Code r. 281 – 18.4 grants authority to local boards to charge fines for overdue, lost, or damaged school property. The board may exercise its authority under [Iowa Code section 279.8](#) to establish fines as part of board policy to ensure fines are no more than actual costs incurred by the district for fixing or replacing the lost or damaged item. Examples of fines include the replacement cost for a lost library book or damage to a locker due to an intentional action.

Fees are subject to fee waivers; fines are not (281 IAC 18.4). Parents are liable for the cost of actual damages caused by unlawful acts of a child, limited to \$2,000 per incident or \$5,000 per claimant for multiple acts (Iowa Code § 613.16). Specific code language may be found at the website of [The Iowa Legislature](#).

3. **Question:** Does the list of allowable student fees also apply to student activities, and is there a basic guideline to determine for which supplies a district may charge a fee?

Answer: There are no expressly authorized fees related to extracurricular activities and therefore charging fees to participate is prohibited. [Iowa Code section 282.6](#) provides all schools shall be free of tuition. Iowa Administrative Code r. 281 – 12.2 defines the educational program as the entire offering of the school, including out-of-class activities and the sequence of curriculum areas and activities. [Iowa Code section 274.3\(2\)"b"](#) prohibits districts from charging fees that are not expressly allowed in code.

There are certain allowable fees related to *curricular* activities. The Iowa Attorney General ([OAG # 79-12-22](#)) has stated that if an item is essential to the teacher's presentation of a course, the item must be free to students. Specific examples given provided includes fees for art supplies for art classes and chemicals for science classes. On the other hand, if a student voluntarily desired to "upgrade" materials for a project (for example, in a woodworking course to go from the district-provided pine wood to cherry wood), the student may be charged for the upgrade. The district must provide the basic pine for the instruction, but the student may be charged for voluntarily choosing a better quality of wood. The Attorney General also stated a fee may be charged for such items as paper and writing utensils purchased by the district and used by students because, while clearly important to the education process, those items are not essential to the teacher's presentation of a course.

Below are some examples of allowable and unallowable fees.

- A reasonable rental fee may be charged to students for musical instruments owned by the district, purchased from the General Fund, and used for a course for which a student earns credit (curricular). The fee would be receipted to the General Fund. However, if the instrument was purchased from PPEL, no fee may be assessed (Iowa Code § 301.1).
- Lockers and locks are a fixture of a school. No fee can be charged for their use to students participating in a student activity ([OAG # 79-12-22](#)).
- Performance uniforms/robes, if required for co-curricular or extracurricular participation, are essential for participation and therefore the district is unable to assess a fee ([IA OAG # 92-11-3](#)).
- Athletic protective gear, which is part of a uniform regulated by a governing association, is equivalent to "essential to instruction" and is purchased from the Student Activity Fund, and no fee may be charged to students ([IA OAG # 92-11-3](#)).

- No statutory authority exists for districts to charge fees for participation in extracurricular or co-curricular programs ([Iowa Code § 274.3\(2\)"b"](#)).

4. **Question:** May the district charge students for sheet music or charge students the replacement cost for sheet music the student loses?

Answer: Yes; sheet music can be loaned to students at no cost, rented to students for a fee, or sold to students, as determined by the board. Sheet music is akin to "textbooks" under allowable fees ([Iowa Code § 301.1\(3\)](#)) and would follow the board policy on fees ([Iowa Code § 280.14](#)). Fines to students for lost sheet music cannot be the replacement cost. Instead, it would be a calculation of the remaining value of that asset. Specific code language may be reviewed on the website of [The Iowa Legislature](#).

5. **Question:** If a district has activities such as cheerleading, dance, band, or show choir as part of its sponsored student activity program, can the district require students who are cheerleaders, dancers, band members, or choir members to purchase their own uniforms/costumes?

Answer: No. Cheer, dance, choir, and band uniforms, similar to football uniforms, are necessary and required for participation in those activities. The school board does not have the authority to charge for anything that is required or essential for any activities part of the board-sponsored activity program ([281 IAC 12.6\(1\)](#)). [Iowa Code section 274.3\(2\)"b"](#) prohibits districts from charging fees that are not expressly allowed in code.

A district may hold a fundraiser if it does not have sufficient funding. Funds raised through district-sponsored fundraisers become district funds ([281 IAC 98.70](#)). All fundraisers must be approved by the board as only the board has the authority to approve the use of donations ([Iowa Code § 565.6](#)) and to expend district funds ([Iowa Code § 279.29](#)). Some districts may work with their local booster club to donate funding or to lead fundraisers for this purpose.

6. **Question:** Can a district charge parents of a student on the bowling team for the rental cost of bowling lanes and shoes?

Answer: No. The district does not have the authority to charge for equipment or fees that are required to play a sport or participate in an activity sponsored by the district. [Iowa Code section 274.3\(2\)"b"](#) prohibits a district from charging a fee to students that is not expressly allowed in code. In Iowa, students do not "pay to play." Students cannot be required to pay for things which are required to play the sport.

This is also true if bowling is a unit in physical education—the district is required to pay the cost and the district is prohibited from charging related fees.

7. **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. However, nothing in statute prohibits the district from allowing a student to optionally use his or her own equipment.

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.

Specific code language may be reviewed on the website of [The Iowa Legislature](#).

8. **Question:** Could a district "group purchase" uniforms or safety gear from a single vendor to exceed the \$500 threshold, thereby purchase the uniforms or safety gear from PPEL or Secure an Advanced Vision for Education (SAVE) funds?

Answer: No. The ability to group purchase to exceed the cost threshold in PPEL is limited to equipment and technology. Uniforms and safety gear are considered supplies and not equipment or technology and therefore not appropriate to PPEL or SAVE ([281 IAC 98.64\(2\)"e"](#)).

9. **Question:** May a district charge a fee to students for cleaning or repairing equipment (such as a school-loaned school instrument) which was purchased from PPEL?

Answer: No. Districts are granted statutory authority to charge limited and specific fees to students for books, supplies, and equipment. The fees are appropriate based on General Fund expenditures and therefore not applicable to items purchased from another fund (Iowa Code § 301.1). Specific code language may be researched through the website of [The Iowa Legislature](#).

10. **Question:** Students at an activity event splattered clay mask cream in the locker room, creating extensive cleaning by the custodial staff. May the district charge the cost to clean the locker room to the student activity?

Answer: No. The district cannot charge the cost of custodial services to the student activity. Custodial services are considered a regular cost to operate the district and are therefore appropriate to the General Fund ([281 IAC 98.61\(2\)"a"](#)).

This may potentially be a supervision issue that should be addressed with the district's sponsor of the group. The board is required under [Iowa Code section 280.14](#) to provide effective supervision of its student body. If students' behavior rises to the level of vandalism, the district should address this through its insurance policy and board policies regarding vandalism or student conduct.

11. **Question:** A district currently charges the senior class account for caps and gowns, class composite, flowers, and a breakfast. The current senior class does not have enough money to cover these expenses. What costs may or should the school pay, what expenses are the responsibility of the senior class, and what costs are the responsibility of the individual seniors?

Answer: The district is neither required to provide nor blanketly prohibited from providing any of the items. However, the district would want to ensure it establishes a public purpose for any expenditure prior to incurring related costs ([IA Const. art III, § 31](#)). The board may also wish to exercise its authority under [Iowa Code section 279.8](#) to establish a policy for class graduation events. It may establish public purpose for related expenditures as part of this policy.

In general, students may be charged for items that are voluntary in nature, are voluntarily customized to the student, or are retained by the student, and where the individual cost can be determined. Charges are considered charges for school supplies and cannot exceed actual cost (25 D.o.E. App. Dec. 62).

The senior class could pay for any of the items from its student activity account as long as the revenues came from class dues, or from fundraisers or donations where the contributors knew the money would be spent for these purposes.

Following is additional information regarding each of the items:

- **Caps and Gowns:** These are “uniforms” for the graduation ceremony. If students are required to participate in the ceremony and wear the cap and gown, this requirement would support the district paying for the rental of gowns or purchase of gowns the district retained. If the student can choose to either wear the cap and gown or wear dress clothes, then it may instead choose for it to be a cost to the senior class or the student directly. If the cap and gown are retained by the student, or are customized (e.g., the student’s name in the cap or other customization), then it would be expected that the student pay for the item as public funds cannot be used for customization ([Iowa Op. Atty. Gen. No. 92-11-3](#)). If the district pays for the rental or purchase of gowns from the General Fund, they are recorded as graduation supplies in the principal’s office function and are retained by the district (or returned to the rental company).
- **Class composite (picture):** If this is a gift to the students, and public purpose is established, then it could be paid by the district or it could be paid from the senior class funds. It could also be an optional purchase by students if not provided by the district.
- **Flowers:** These expenditures are similar to the class composite if the individual students receive the flower(s), such as receiving a carnation as they walk across the stage. However, costs that are part of the ceremony (e.g., sprays of flowers, balloon drops, decorations, and security) are more likely to be district costs and would not be charged directly to individual students. In either instance, it would also be acceptable for the expenditure to be paid from the senior class account in the Student Activity Fund.
- **Breakfast:** Food is generally a personal cost; however, the determination of public purpose is up to the district and can be established via board policy or board action. It is advisable to work with the district’s auditor if expenditures could, at first blush, be perceived as an individual expense. If the breakfast is totally voluntary, the district may also choose to provide it at a fee (cost) to each student who chooses to participate.

12. Question: The district received a contract from a golf course stating each student that participates on the golf team must pay a student golfer fee in order to use the course. This is a membership fee for the months of the school’s golf season only. If the student has a family or individual membership for the entire year, the membership fee is considered paid. The district would collect the fee from students and pass it on to the golf course. The same situation might occur for range charges for the district’s archery and trap shooting teams and bowling lane costs for the bowling team. Is this an appropriate process?

Answer: No. As part of its statutory requirement to offer a student activity program ([281 IAC 12.6](#)), the district is responsible for costs associated with district activities such as scheduled practices and competitions. [Iowa Code section 274.3\(2\)“b”](#) prohibits a district from charging a fee to students that is not expressly allowed in code. Therefore, the district has no authority to charge students a fee to participate in practices or competitions held or sponsored by the district.

If the student elects to practice outside of district-sponsored activity times, the student is responsible for the associated costs. The district must separate expenditures for the activity program with expenses that are personal to the student incurred outside of their participation in the district’s activity program.

Outside of normally scheduled district activities such as practice and competitions, the range, center, or course may elect to provide practice options to students on the team at no charge or at a discounted rate but the expense would be incurred by the student and paid directly to the site.

13. Question: May the district charge a fee for show choir if it flows those charges through the booster club?

Answer: No; neither the district nor the booster club have authority to charge a fee for participation in a district activity. [Iowa Code section 282.6\(2\)](#) states every school shall be free from tuition. [Iowa Code section 274.3\(2\)"b"](#) prohibits a district from charging a fee to students that is not expressly allowed in code.

14. Question: What is the difference between student dues and a student activity pass?

Answer: Student dues are established by student organizations as the cost of membership in that organization. Joining the student organization or club must be voluntary and cannot simply be an assessment for a status the student otherwise has a right to, such as "membership" in the junior class.

An activity pass may be purchased by those wishing to observe the activities. The purchaser is buying access to the identified events (e.g., basketball games, student plays) without further gate charges or ticket fees, and is generally a discounted rate. Purchasing an activity pass or choosing to attend and thereby paying to access an event are voluntary actions and an expense to the user.

The board should exercise its authority under [Iowa Code section 279.8](#) and responsibility under [Iowa Code section 280.14](#) to establish policies supporting the boards statutory requirement to offer an activity program under [Iowa Administrative Code r. 281 – 12.6](#). The policies may include parameters surrounding instances where organizations may charge student dues.

15. Question: What recourse do districts have if a family refuses to pay costs for intentional damage to property during the student's participation in a student activity?

Answer: The purpose of the Management Fund is to guard against the district's loss of property (281 IAC 98.62). The district should review its coverage to determine whether or not the damage is covered as an eligible cost.

The board has the authority to assess fines for damage or loss to school property; these fines are not eligible for waiver (281 IAC 18.4). The board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy regarding damage or vandalism to property to hold pupils responsible for damage to, loss of, or failure to return books or other school property (Iowa Code § 301.26). This may be part of a student conduct policy if students are deemed at fault in a given situation. Specific code language may be viewed on the website of [The Iowa Legislature](#).

The district may also use its collection process or work through its attorney to recover actual expenses incurred by the district. The district does not have the authority to charge arbitrary fees or fines for damage beyond actual costs ([Iowa Code § 274.3\(2\)"b"](#)).

16. Question: Are there any circumstances where a district can charge fees to students (e.g., participation, uniform costs, and transportation) for activities such as show choir, band, cheerleading, and dance team? If so, what is the distinguishing factor(s) between these extracurricular activities and athletic teams?

Answer: No. Under no circumstances may there be a participation fee to students in Iowa to participate in board sponsored student activities. No statutory authority exists ([Iowa Code § 274.3\(2\)"b"](#)) to charge a fee for the broad and balanced student activity program the board is required to establish under [Iowa Administrative Code r. 281 – 12.6](#). Public school is required to be free from tuition and unauthorized fees are considered akin to tuition (Iowa Code § 282.6(2)), and no student is allowed to be prohibited from participation due to the student's or family's inability to pay (281 IAC 18.1).

If the activities are not part of the board's broad plan for student activities sponsored by the district as required by rule, and the students involved just happen to also be students of the district, the district needs to distinguish these activities from the district's program. It is recommended the district discuss these outside activities with its legal counsel and independent auditor.

17. Question: Can a district charge an annual party fee to students to cover the costs of classroom celebrations?

Answer: No; an annual party fee is not specifically authorized in statute and therefore is not an allowable fee for the district to charge. [Iowa Code section 282.6\(2\)](#) states every school shall be free from tuition. [Iowa Code section 274.3\(2\)"b"](#) prohibits a district from charging a fee to students that is not expressly allowed in code.

18. Question: Can high school student clubs charge membership dues?

Answer: If joining the club is voluntary and it is not necessary for some classroom purpose, then yes, the club can charge dues to students who want to join the club.

If membership to the club is required for a curricular purpose, the membership should be provided to the student at no cost as no authority exists to charge students for required curricular items, except as designed in statute ([Iowa Code § 282.6\(2\)](#)).

The district should be purposeful about distinguishing allowable membership dues and fees. [Iowa Code section 274.3\(2\)"b"](#) prohibits a district from charging a fee to students that is not expressly allowed in code. Therefore, the district has no authority to charge students a mandatory fee to participate.

19. Question: Can students be required to pay class dues in order to participate in events, such as prom?

Answer: No; class dues are not mandatory dues and the district has no authority to require fees not otherwise authorized in statute ([Iowa Code § 274.3\(2\)"b"](#)). There is no way to compel any accountability related to payment or nonpayment, and there can be no repercussion related to non-payment.

The district may charge to participate in voluntary events, such as prom, to cover actual costs.

20. Question: A high school student wants to play soccer but our district does not have a team. The district allowed them to participate in a neighboring district's program. Can the cost to participate in that program be passed to the student?

Answer: No; the district is required to offer a broad and balanced activity program ([281 IAC 12.6](#)). Whether it meets this requirement by offering the activities itself directly or allows students to participate elsewhere, the district has no authority to charge a fee for students to participate in district-sponsored or provided activities. [Iowa Code section 282.6\(2\)](#) states every school shall be free from tuition. [Iowa Code section 274.3\(2\)"b"](#) prohibits a district from charging a fee to students that is not expressly allowed in code.

21. Question: If a student does not participate in fundraising, can the district or activity sponsor/coach prevent that student from participating in the activity or event?

Answer: No; the district has no authority to require fundraising efforts as the requirement may be akin to charging a mandatory fee. [Iowa Code section 282.6\(2\)](#) states every school shall be free from tuition. [Iowa Code section 274.3\(2\)"b"](#) prohibits a district from charging a fee to students that is not expressly allowed in code. The district is required to offer a broad and balanced activity program ([281 IAC 12.6](#)). No student should be excluded from participation due to the student or family's inability to pay ([281 IAC 18.1](#)).

22. Question: Can a district charge a field trip fee to students for the year's anticipated field trips?

Answer: No; the district has no authority to charge a field trip fee as it is not specifically authorized in statute. If the field trip is required, sponsored by the district as part of the normal school day curriculum, and the student will be counted present, then the district is responsible for the cost of the field trip. [Iowa Code section 282.6\(2\)](#) states every school shall be free from tuition. [Iowa Code section 274.3\(2\)"b"](#) prohibits a district from charging a fee to students that is not expressly allowed in code.

If a field trip is voluntary in nature (not offered as part of the curriculum and students will be counted absent if they attend, etc.), then the students may be given the option of attending and all or partial actual costs may be passed on to participants, except those costs related to the district's obligation to provide adequate supervision ([Iowa Code § 280.14](#)).

23. Question: Can a district require students to bring a sack lunch or to pay a fee for a district-provided sack lunch provided as part of a field trip that is scheduled during regular school hours?

Answer: [Iowa Code section 283A.2](#) requires the school lunch program be provided for all students in attendance for longer than four hours each school day and wish to participate in a school lunch program. The law is unclear if this extends to students not physically present at the attendance center, such as those on a field trip. The board should exercise their authority under [Iowa Code section 279.8](#) to establish a policy for their nutrition program which should extend to students under the care of the district in all aspects.

If the district elects not to offer the lunch program to those attending the field trip and the field trip includes the period of time a student would otherwise be served lunch at the school site, the district should be aware that some students in the district may be unable to provide their own lunch. If a student is unable to provide their own lunch during the field trip, it may impact their ability to participate in the field trip. [Iowa Code section 283A.11\(4\)](#) encourages schools to provide a reimbursable meal to students if requested by the student. The district may consider offering a sack lunch from the school's kitchen or using a student's lunch account (subject to waivers) to purchase a reimbursable lunch during the trip.

Students may be expected to provide their own meals or meal money outside of a normal school day. However, the district may provide those meals as well if a public purpose has been established by the board. The district may consider the ability of their students to pay for meals outside of the regular school day when planning for an activity. The district may also ask the booster club for assistance.

24. Question: May organizations donate money for field trips?

Answer: Yes. Organizations may donate money to the district to cover costs of field trips. Only the board has authority to commit district resources and therefore only the board has the authority to

determine whether or not a donation will be accepted ([Iowa Code § 279.29](#)). If the board accepts the donation, conditions attached are binding upon acceptance ([Iowa Code § 565.6](#)). Unless otherwise defined to support the student activity program, these donations would be accounted for in the General Fund ([Iowa Code § 298A.2](#)).

25. Question: May a district share costs with students for a field trip during the school day? For example, could the district pay for the ski slope entrance and transportation, but require the students to pay for ski rental and lift costs?

Answer: It depends; a field trip fee is not specifically authorized in statute and therefore is not an allowable fee for the district to charge. If the field trip is required, sponsored by the district as part of the normal school day curriculum, and the student will be counted present, then the district is responsible for the cost of the field trip. [Iowa Code section 282.6\(2\)](#) states every school shall be free from tuition. [Iowa Code section 274.3\(2\)"b"](#) prohibits a district from charging a fee to students that is not expressly allowed in code.

If the field trip is sponsored by the district as part of the district's curriculum and the intent of the field trip is clearly to go skiing, then the school should pay all associated costs of skiing. However, the students could be required to pay for optional activities available at the slopes, unrelated to skiing, such as non-essential equipment rental or fees for snow tubing or snowboarding.

26. Question: May a district take students to an etiquette dinner where the sole purpose is to learn table manners and require the students to share the costs of the meal?

Answer: Yes; the school would be responsible for the entire cost of the required trip and associated activities. The district has no authority to charge a field trip fee nor fees to participate in a school required activity. A field trip fee is not specifically authorized in statute and therefore is not an allowable fee for the district to charge. If the field trip is required, sponsored by the district as part of the normal school day curriculum, and the student will be counted present, then the district is responsible for the cost of the field trip. [Iowa Code section 282.6\(2\)](#) states every school shall be free from tuition. [Iowa Code section 274.3\(2\)"b"](#) prohibits a district from charging a fee to students that is not expressly allowed in code.

However, if the attendance is voluntary and not part of the curriculum (i.e., no grade is given), and held outside of the regular school day, then the district may charge none, some, or all of the actual costs to the student in order for the student to participate. As a cost saving measure that may support higher inclusion rates for a voluntary activity, the district may also consider using food from the school lunch program for the meal.

27. Question: If a district makes all field trips optional, and provides alternatives for students at school during the field trips, is it then permissible to charge a fee to those students that choose to go on the field trip?

Answer: No; if the field trip is during the school day and students that go on the field trip are counted as in attendance for a day of school, there can be no charge to the students for the trip. This is true whether the field trip is mandatory or optional. The district may also want to be cautious of limiting educational opportunities in the form of voluntary field trips to students that cannot afford the additional cost. [Iowa Code section 282.6\(2\)](#) states every school shall be free from tuition. [Iowa Code section 274.3\(2\)"b"](#) prohibits a district from charging a fee to students that is not expressly allowed in code. A field trip fee is not specifically authorized in statute and therefore is not an allowable fee for the district to charge.

28. Question: Can a district charge a rental fee for students to use football helmets and pads after the season is over for use in a post-season football tournament with which the school is not associated?

Answer: Yes, since the tournament is outside the district's scope of responsibility to offer a student activity program under statute [Iowa Administrative Code r. 281 – 12.6](#), the district may choose to charge a rental fee. This would be equivalent to a normal rental fee, as determined by the district, for using district equipment by outside parties. The fee would be allowable as long as it is reasonable and determined normal practice for the district to charge for its use. The board may exercise its authority under [Iowa Code section 279.8](#) to establish a policy related to equipment rental specifically addressing whether rent is charged to those in the community (students and non-students) in related situations and under what circumstances.

If the district does not normally charge rent for the community using school equipment, then the district could consider a deposit instead of a rental fee to cover any repair of damage, if necessary, and then return the deposit when the equipment is returned in good shape.

The district may want to consider the length of rental to reduce potential damage (e.g., just the five days of a summer football camp versus the entire summer). The district should be mindful to ensure that once the helmet is returned, there is a process for reexamination to determine the helmet is safe to use. The district may consider consulting legal counsel to ensure temporarily renting helmets does not produce an increased future liability.

29. Question: Is there a limit on how high a rental fee could be, such as a helmet fee?

Answer: There is not a dollar amount set in Code. Instead, Iowa Code chapter 301 refers to “cost” when selling and “reasonable” for fees. Reading “reasonable” and “cost” together would suggest that a fee should be no more than the cost of the item spread over the years the item is expected to be used (similar to straight line depreciation) and could be less. Specific code language may be reviewed on the website of [The Iowa Legislature](#).

30. Question: May a district waive admission charges to groups such as parents, students on teams, staff or their families, or senior citizens in the community?

Answer: Yes, if the board elects to waive admission charges, a public purpose should be documented for this action either through board policy ([Iowa Code § 279.8](#)) or through other board action ([IA Const. art. III, § 31](#)). By waiving admission charges, the board is foregoing revenue to support its activity program. The board should ensure the district is treating students equitably in accordance with [Title IX](#) equity requirements if, for example, the benefits are only for gender-specific teams.

Camps and Clinics

Note: Although the rules on which this guidance is based are directed toward athletics, the district may consider how these rules may apply to participants of non-athletic co-curricular or extracurricular activities offered as a camp or clinic, such as music camps and clinics. There are also distinct differences of district responsibility regarding district-sponsored activities in which participants are required to participate versus a camp or clinic not required of participants in that related activity.

General Guidance: District-sponsored Camps/Clinics

Camp/clinic fees should be based on actual costs anticipated and established to at least break even. Excess funds (profit), if any, should be retained by the district in an Enterprise Fund if it is a regular event (on-going or repeated periodically), or in the General Fund if it is not a regular event (a one-time

event). Excess funds may also be receipted to the Student Activity Fund if the camp/clinic was designated as a fundraiser for a sport or activity. If the clinic was run through the district, any excess funds should not be retained by the sports camp/clinic coaching staff beyond any stated contractual obligations. Additional information on fund structure is provided in Iowa Administrative Code rules 281 – 98.60 through 98.112.

A district's board should approve any salaries/wages along with granting approval to hold the sports camp/clinic. Revenue from fees collected should be deposited and recorded in the appropriate fund as determined above. All sports camp/clinic related expenses would require prior approval (purchase order), and payments would be processed through the district's normal expenditure process. Salaries for district personnel should be negotiated in advance, with the salary payments processed through the district's normal payroll process and be subject to withholdings. Wages would be reported on the district employee's W-2. Non-employees (sports camp/clinic staff not otherwise employed by the district) either become employees for the sports camp/clinic and are paid through payroll or may be set up as a purchased service of the district. The district should consider current [IRS guidelines](#) when determining whether a worker, not otherwise a district employee, shall be paid as an employee or through a purchased service.

General Guidance: Privately-sponsored Camps/Clinics Using District Facilities

The board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy for renting district equipment and facilities to outside entities. The established policy should consider the allowable users as provided in [Iowa Code section 297.9](#) and the use of related compensation as provided in [Iowa Code section 297.10](#). The contract between the sports camp/clinic facilitator and a district should address facility and equipment use and rental fees, insurance, liability, and other costs of conducting the sports camp/clinic.

If a district is collecting registration fees, or paying any expenses from fees collected for a privately-sponsored sports camp/clinic, it would be accounted for in a Custodial (previously Agency) Fund on behalf of the private sponsor. A district may not pay any expenses prior to having cash on hand from fees collected for the organizer ([IA Const. art. VII, § 1](#)). Rental fees and reimbursement of other district costs incurred from the General Fund are receipted into the General Fund ([Iowa Code § 298A.2](#)).

1. **Question:** A district annually sponsors athletic camps and clinics in-season to support its student activity program. In what fund should it account for the financial transactions?

Answer: The Special Revenue Fund – Student Activity Fund is established for revenues related to student activity programs including fundraising events ([281 IAC 98.70\(1\)](#)) and therefore revenue related to these camps and clinics shall be receipted to the Student Activity Fund. [Iowa Administrative Code r. 281 – 98.70](#) requires the district to follow [Uniform Financial Accounting for Iowa](#).

2. **Question:** What are some guiding principles regarding camps and clinics?

Answer: [Iowa Administrative Code r. 281 – 36.15\(6\)](#) is the general statutory guidance regarding camps and clinics. In general, there may be no out-of-season required contact between coaches/students. Out-of-season contact between coaches/students is allowed, but only if the student voluntarily engages in the activity.

The fact that entities call their camps “team camps” does not change the fact that such a camp is subject to all the same rules as any other camp attended by a secondary student. No district funds can be used to pay for any student's participation, either in whole or in part, in any out-of-season camp or clinic. Since the district cannot require activities of a student athlete outside of the season, a district

payment for any out-of-season camp, individual or team, would be considered an expenditure for an individual benefit. The Constitution of the State of Iowa ([art III, § 31](#)) prohibits expenditures that lack public purpose. Further, [Iowa Administrative Code r. 281 – 98.70\(3\)"c"](#) specifically states an inappropriate expenditure to the Student Activity Fund is one that lacks public purpose.

In all models, the liability should be clearly communicated.

Below are examples of operating a camp or clinic.

Model 1: The camp/clinic is NOT a district activity.

- If the district's facilities or equipment are used, the district charges rent according to their board policy. The board should exercise their authority under [Iowa Code section 279.8](#) to establish a policy for community facility and equipment rental, including reexamination of equipment to review for damage. The board is not required to charge a rental fee, but it may. If the board does not charge a rental fee, it may consider requiring a deposit to keep until the event is over and it is determined all items and facilities used are in good working order and no damage beyond normal wear and tear was sustained. The established policy should consider the allowable users as provided in [Iowa Code section 297.9](#) and the use of related compensation as provided in [Iowa Code section 297.10](#).
 - All accounting and bookkeeping are done apart from district funds. The district may account for the funds ([OAG # 83-9-1\(L\)](#)) in a Custodial (previously Agency) Fund if it chooses ([281 IAC 98.101](#)). Otherwise, the sponsor would account for the funds themselves.
 - The district may not make any purchases on behalf of the camp or clinic until funds are received ([IA. Const. art. VII § 1](#)).
- *Model 2: The camp/clinic is sponsored by the district.*
 - The district should determine the logistics and purpose of the camp in order to determine the appropriate fund to record transactions. See [question 2](#) regarding the appropriate fund to record related financial transactions. If open to the entire community (regardless of district enrollment status), the camp/clinic may also be recorded in a Community Service Enterprise Fund.
 - If held outside of the regular season, district funds cannot be used to pay registration fees ([IA. Const. art. III § 31](#)). However, the district may conduct a fundraiser specifically to reduce overall camp costs which may ultimately lower registration fees for all participants.
 - Any remuneration to the district's coaches that work at the camp/clinic is not part of the regular coaching contract unless specifically identified in the contract. Therefore, a separate contract following Iowa Code chapters 20 and 279 should be issued to district employees working at a camp/clinic. Iowa Code section 279.19A specifies an extracurricular contract is separate from a regular contract. Sub-section 2"b" stipulates that if an extracurricular contract conflicts with a master contract, then the master contract prevails. Any percentage of camp revenue and/or proceeds promised must be part of the contract and paid through district payroll. The remuneration will still be wages, subject to withholding, and reported on a W-2.

Specific code language may be reviewed on the website of [The Iowa Legislature](#).

3. **Question:** If a student elects to attend an out-of-season camp and requests permission from the district to use its related equipment, must the district charge a rental fee?

Answer: No; the district is not required to allow the student to use the equipment for an activity that is not sponsored by the district, but it may allow the student to use the equipment and may charge a fee.

The district has the authority to elect to charge a reasonable fee or to provide the rental at no cost. If the district considers not requiring a fee, they may consider holding a deposit until it is determined the equipment is returned in proper order. The board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy for community members renting equipment from the district. The board should also consider liability of use, usage for varying groups that would not be discriminatory, and other parameters of possible equipment use requests. The board should also establish a public purpose if the equipment is able to be used by any of the requesting groups without charging fair rental ([IA Const. art III, § 31](#)).

4. **Question:** Is there a recommendation to districts in terms of offering their own camps and clinics or encouraging camps and clinics to be run by outside entities or by coaches privately?

Answer: No; the state does not prescribe which method a district must use. It is a local board decision as to which method best supports the district's students and the integrity of the district's activity program ([281 IAC 12.6](#)). The board may consider issues such as:

- Will fees charged to students be substantially different if sponsored by the district versus not sponsored by the district?
- Will any unanticipated excess of revenues over expenses support the district's student activity program, or will it be retained by the provider for its use rather than the district's use?
- Will there be a public perception that the camp or clinic is sponsored by the district, if it is not? For example, would the public incorrectly believe the district will be exercising oversight, ensuring safety concerns are addressed, conducting background checks, ensuring concussion training has been completed, or providing insurance? The liability should be clear to all involved.
- How much control will the district have to ensure that local policy, and state and federal requirements are met in regard to students if the camps or clinics are not sponsored by the district?
- How much risk is the district willing to accept in regard to appropriate uses of funds generated by the camp or clinic, potential fraud, and appropriate internal controls if the district is not the sponsor?

5. **Question:** Does [281 IAC, Chapter 36](#) only apply to grades 9-12?

Answer: The rules were written on behalf of the high school athletic organizations, and only addressed students in grades 9-12 within the definition of the IAC chapter. Younger grades were not considered, so the chapter is silent regarding other grade levels. However, the principles behind the rules would be appropriate to apply to all similar activities as the local board determines. The IHSA and IGHSAU address topics related to grades 7 and 8 through their respective Junior High Sports Manuals ([IHSA](#), [IGHSAU](#)).

6. **Question:** Can the Iowa Administrative Code implement more stringent rules than those set by the National Federation of High School Sports?

Answer: Yes. Iowa Administrative Code r. 281 – 1.4 authorizes the Department of Education to create policy and exercise general supervision over the state system of education. Specific code language may be reviewed through the website of [The Iowa Legislature](#).

7. **Question:** Can a local district implement more stringent rules than IAC includes for camps and clinics and coach contact?

Answer: Yes. The board may exercise its authority under [Iowa Code section 279.8](#) and responsibility under [Iowa Code section 280.14](#) to establish policies for its extracurricular activity program. Iowa Administrative Code r. 281 – 36.15(1) specifically provides authority to local boards that they may

impose additional eligibility requirements not in conflict with existing rules. Specific code language may be reviewed on the website of [The Iowa Legislature](#).

8. **Question:** If a district has music, drama, cheerleading, or dance as part of its sponsored student activity program, can the district require students who are cheerleaders or dancers or involved in the music or drama programs to attend a camp at the student's expense?

Answer: No. If the camp is during that sport's season (where a season exists), it is permissible for a district to require participating students to attend a camp. However, [Iowa Code section 282.6\(2\)](#) provides that every school shall be free from tuition and [Iowa Code section 274.3\(2\)"b"](#) prohibits the district from assessing fees not otherwise allowed in statute. Therefore, if the district requires students to attend a camp, then it must pay for the camp from appropriate resources.

If the camp or clinic is outside of the regular season, [Iowa Administrative Code r. 281 – 36.15\(6\)](#) prohibits a coach or sponsor requiring students to participate in any activities outside of the season as a condition of participation in the sport, music, or drama activity during the season. Further, it is unlawful to prohibit a student's participation or deny benefits of activities due to an inability to pay ([281 IAC 18.1](#)).

9. **Question:** A district has camp accounts that are separate accounts but currently are in the Student Activity Fund. The district's intent in raising funds for the camp accounts was to assist with the operational costs of summer camps, which are out-of-season. Can the district use the money in the camp accounts out of season, since that was the intent? If not, can the district transfer the money in the camp accounts to its boosters or school foundation to operate the summer camps?

Answer: No; paying for out-of-season camps is not a legal expenditure of the district ([IA Const. art. III, § 31](#)). [Iowa Administrative Code r. 281 – 98.70\(3\)"c"](#) specifically prohibits expenditures from the Student Activity Fund that lack public purpose. Further, section "d" specifically prohibits payments to any private organization unless a fundraiser was held expressly for that purpose and the purpose of the fundraiser was specifically identified. Therefore, the district cannot give its camp account money to a booster club or school foundation.

10. **Question:** Can a district have its school foundation operate out-of-season camps and clinics?

Answer: It depends. Foundations are typically organized as a legal entity separate from the district. As such, the district has no authority to direct its operations. If the foundation chooses, it may operate an out-of-season camp or clinic.

Determination of an "appropriate" expenditure for an entity separate from the district should consider the following: the organization of the entity, [IRS business structure](#), articles of incorporation, mission, purpose, by-laws, and so forth. These entities are organized in a variety of ways so an appropriate expenditure for one entity may not be an appropriate expense for another. The entity should consult its own attorney or the IRS if it is unsure whether an expense is appropriate.

11. **Question:** Can a district have parents pay the school foundation or booster club instead of the district for its out-of-season camp or clinic?

Answer: It depends. The determination needs to be made on which entity is running the camp. If it is a district-run camp, the registration fees should be paid directly to the district. If run by another entity, the registration should be paid to the other entity or its designee, which may include the district if it agrees ([OAG # 83-9-1\(L\)](#)).

The school foundation or booster club may help coordinate out-of-season camp participation. [Iowa Administrative Code r. 281 – 36.15\(6\)](#) prohibits the district from requiring out-of-season activities. Therefore, any organization working to help coordinate these items would want to ensure the activity is not perceived as required.

Neither of the organizations have the authority to require payment and participation; however, if the parent/student elects to participate, the agreed rate may be charged. Allowable expenditures for those organizations are dependent upon their own bylaws and organization under the Internal Revenue Code.

12. Question: Can a district's high school or middle school coach conduct a sports camp for elementary students as a fundraiser?

Answer: The determination is up to the board. The district would first need to determine if the camp will be district-sponsored or not. If the district elects to sponsor the camp as a fundraiser, it may do so. As required for all fundraisers and activities part of the district's sponsored student activity program under [Iowa Administrative Code r. 281 – 12.6](#), it should first be approved by the board ([Iowa Code § 279.29](#)).

If it is not district-sponsored, then that distinction should be made clear to all participants and others involved. The board has the authority to regulate activities, including fundraising activities and related fund use, conducted using district facilities ([Iowa Code § 280.14](#); [OAG # 83-9-1\(L\)](#)). The board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy for community use of facilities and equipment. The district should consider the allowable users under [Iowa Code section 297.9](#) and the use of related compensation under [Iowa Code section 297.10](#).

13. Question: If the district wants to pay someone to operate a camp for them, can that person be a district employee (e.g., secondary coach), or a person not otherwise employed by the district?

Answer: Yes. If the camp is a district-sponsored camp and meets the restrictions of IAC and local board policy, then the board may hire any qualified professional staff to supervise and provide the event ([Iowa Code §§ 279.30](#) and [280.14](#)). An existing district employee would be paid through payroll. A district should review [IRS guidance](#) to determine whether a non-district employee should either be hired by the district as an employee and paid through regular payroll or the arrangement should be considered a purchased service.

14. Question: Can a district send its cheerleaders to a cheerleading stunt camp for safety in the summer?

Answer: No. [Iowa Administrative Code r. 281 – 36.15\(6\)](#) restricts a district from requiring athletes attend out-of-season activities. A student attending an out-of-season camp would be for an individual benefit and therefore, according to the [Article III, Section 31 of the Constitution of the State of Iowa](#), cannot be supported through an expenditure of public funds. This includes Student Activity Funds as evidenced through [Iowa Administrative Code r. 281 – 98.70\(3\)"c"](#) which specifically prohibits expenditures from the Student Activity Fund which lack a public purpose. The focus/content of the camp (i.e., "safety") does not determine whether or not it is an allowable expenditure to the district.

15. Question: Is there a problem with operating a private camp in a facility that was funded with tax exempt funds because the district would have been required to disclose it would not use the facility for private profit when it issued tax-exempt bonds?

Answer: It depends. If the district is leasing property to a for-profit entity, the district's attorney and/or county auditor should be consulted because the school district may be required to pay out of the revenue from the lease to the other taxing bodies the portion of taxes that would have been levied had the property been taxable during the time of the lease (Iowa Code § 297.22). The board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy for renting its facilities and equipment to the community. The district should consider the list of allowable renters under [Iowa Code section 297.9](#). The policy should be equitably applied to all similar potential renters. The district may also consider adopting policies that vary between for-profit and non-profit entities. [Iowa Code section 297.10](#) states compensation received for use of a schoolhouse or grounds should be used in the upkeep or repair of or purchasing supplies for the same schoolhouse.

Specific code language may be reviewed on the website of [The Iowa Legislature](#).

16. Question: When is a camp or clinic accounted for in the General Fund, Enterprise Fund, Student Activity Fund, or Custodial (Agency) Fund?

Answer: Depending on the organization of the camp or clinic, it may be appropriate for the district to account for the financial transactions in the (1) General Fund, (2) an Enterprise Fund, (3) the Student Activity Fund, or (4) a Custodial (previously Agency) Fund. (1) [Iowa Code section 298A.2\(1\)](#) requires revenues received should be receipted to the General Fund unless required, by law, to be accounted for in another fund. If the camp or clinic is only an incidental event, not intended to recur, the General Fund could be used to account for the revenues and the expenditures. (2) If the district intends to continue running camps and clinics on a regular basis, the financial activity may be more appropriately accounted for in an Enterprise Fund. [Iowa Administrative Code r. 281 – 98.70](#) requires the district to follow [Uniform Financial Accounting for Iowa \(UFA\)](#). The [UFA](#) defines Enterprise funds as the appropriate fund to account for any activity for which a fee is charged to external users for goods or services. (3) If the camp or clinic is run as fundraiser meant to support the district's activity program, [Iowa Administrative Code r. 281 – 98.70\(1\)](#) dictates the fundraising revenue would be receipted to the Student Activity Fund. (4) If the camp/clinic is not run by the district, the district may ([OAG # 83-9-1\(L\)](#)), but is not required to, account for any related transactions. The related transactions would be accounted for in a Custodial Fund ([281 IAC 98.101](#)).

17. Question: When does a district need to require insurance and charge rent for facility use?

Answer: A district will require insurance and charge rent under the circumstances as described in its board policy covering facility usage. The board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy for renting its facilities and equipment to the community. Part of this policy should address risk and liability as required under [Iowa Code section 297.9](#), including when the district's insurance will cover activities and when a renter must provide its own insurance. The district may also check with its own insurer to determine possible options when others may be covered if it intends to extend its liability coverage as part of this policy. The policy should be equitably applied to all similar potential renters. If the district elects not to charge a group of renters a charge for facility use, a public purpose must be established ([IA Const, art III, § 31](#)).

18. Question: Can a district be paid a percentage of the entry fees as the rental fee?

Answer: It depends; the payment of rental fees, if applicable, should be clear in any rental contract and allowable under related board policy. The board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy regarding the use of district facilities and equipment by community members.

19. Question: Can the district use excess funds from a prior camp/clinic to pay registration fees for a district student to attend another entity's out-of-season camp?

Answer: No. A student attending an out-of-season camp would be for an individual benefit and therefore, according to the [Article III, Section 31 of the Constitution of the State of Iowa](#), cannot be supported through an expenditure of public funds. This includes Student Activity Funds as evidenced through [Iowa Administrative Code r. 281 – 98.70\(3\)"c"](#) which specifically prohibits expenditures which lack public purpose.

20. Question: Camps seem to be very confusing: out-of-season camps, team camps, district-run camps, and private camps. What funds can be used to pay for them?

Answer: A district may not pay for ([IA Const. art III, § 31](#)) or require students ([281 IAC 36.15\(6\)](#)) to attend an out-of-season camp. "Team camp" means the entire team is required to attend. If the board determines attending an in-season team camp supports the districts responsibility to offer a robust activity program ([281 IAC 12.6](#)), the district is responsible for the expenditure. The registration fees may be paid from the Student Activity Fund.

The district may sponsor an in-season camp to which students may be required to attend or may be offered the option of attendance. If required, it is a cost to the district; if voluntary, it is a cost to the student. The district may run an in-season team camp for which the student may not be charged to participate. Costs to the district may be paid by the Student Activity Fund whether or not the district is running the camp as a fundraiser receipted to the Student Activity Fund, from an Enterprise Fund if applicable, or from the General Fund.

Camps not run by the district are considered private camps. The district's authority to pay for a student or team to participate does not vary based on whether it is a district-run or private camp.

Supporting Low Socioeconomic Status Students

1. 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. 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.

2. Question: Are FFA dues subject to the fee waiver?

Answer: No; dues for membership in student organizations are not subject to the fee waiver requirement ([281 IAC 18.3](#)).

3. **Question:** Can a district receive a donation to cover FFA dues for a student who cannot afford the dues?

Answer: No; the district may not accept a student-specific donation. Once a donation is given to a school, it becomes public funds and cannot be used for individual benefit ([IA Const. art. III, § 31](#)). However, the donor may donate the funds to the district and earmark the funds to assist students with an inability to pay their FFA dues. If the donation is accepted by the district, the board is required to abide by the committed use of the funds ([Iowa Code § 565.5](#)). The district should exercise their authority under [Iowa Code section 279.8](#) to establish a policy to determine how funds will be awarded, including eligibility and awarding if there are not enough funds to pay the dues for all eligible students. The district should also establish a public purpose for accepting the funds.

The donor may also choose to provide the funds directly to the student to pay the dues. The payment to the student is not a tax-deductible donation to the district

The donor may also pay the district for the membership on the student's behalf but it would be a payment, not a tax-deductible donation.

4. **Question:** If a community member gives a donation to the district of clothes or books for students, what should the district do?

Answer: It depends. The authorization to accept the items and agreement to any attached terms of use lies only with the board ([Iowa Code § 279.29](#)) and, if accepted, the board must use the resources (cash, items, etc.) in the manner designated in the donation ([Iowa Code § 565.5](#)). The district should exercise its authority under [Iowa Code section 279.8](#) to establish a policy for appropriately utilizing donated items. The policy may address, for example, eligibility, process for determining awardees, storage, oversight, etc.

It is appropriate for a district to refuse a donation if they believe the donation stipulations are inappropriate or that the district cannot handle the extra responsibility accompanied by the stipulations. In that case, the district may refuse or return the donation and direct the individual to an organization that provides those social services.

5. **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.

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. Before establishing the entity, the board must hold a public hearing on the proposal to establish such an entity or organization.

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, in part, states private purpose trust funds are fiduciary funds established to account for gifts the school district receives to be used for a particular purpose or to account for moneys and property received and administered by the school district as a trustee. By definition in the [Iowa Chart of Accounts Descriptions](#), the trust fund cannot be used to support the school district's own programs. Specific code language may be reviewed through the website of [The Iowa Legislature](#).

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.

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 considering multiple factors including: the organization of that 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. These entities are organized in a variety of ways so an appropriate expenditure for one entity may not be an appropriate expense for another. The entity should consult its own attorney if it is unsure whether an expense is appropriate.

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.

Support for Participation by Students with Individual Education Plans (IEPs) or 504 Plans

- 1. Question:** What are the obligations of school districts concerning student activities for students with disabilities?

Answer: School districts, pursuant to the Individuals with Disabilities Education Act ([IDEA](#)), the Office for Civil Rights ([OCR](#)) and the Office of Special Education Programs ([OSEP](#)), must provide students with disabilities an "equal opportunity for participation" in school activities. Iowa Administrative Code r. 281 – 41.107(1); 34 C.F.R. § 300.107(a). But generalizations cannot be made as to how that must be accomplished, and individual assessment is necessary to determine the appropriate level of participation. It is not an arbitrary decision on the part of the district, its administration, or its coaches. It is a child-specific inquiry. Refer to guidance from [OCR](#) and [IDEA](#) in this matter. Specific code language may be reviewed through the website of [The Iowa Legislature](#).

- 2. Question:** If a student has an IEP, does that mean the district must automatically waive all fees and dues related to extracurricular activities?

Answer: No. IDEA states that students with disabilities can be charged the same school fees and activity dues that are charged to non-disabled students. Iowa Administrative Code r. 281 – 41.39(3); 34 C.F.R. § 300.39(c). Of course, fee waiver requirements would apply to students with disabilities the same as non-disabled students. [Iowa Administrative Code r. 281 – 18.3\(1\)"a"](#). Specific code language may be reviewed through the website of [The Iowa Legislature](#).

3. Question: If a student has an IEP, is the district required to provide similar IEP services necessary to permit the student to participate in a district-sponsored student activity?

Answer: Yes, if it is necessary per the IEP for the child to have an equal opportunity for participation. Iowa Administrative Code r. 281 – 41.107; 34 C.F.R. § 300.320(a). Refer to [OCR](#) and [IDEA](#) guidance. Specific rules language may be reviewed through the website of [The Iowa Legislature](#).

4. Question: Is it necessary for the school activity to relate to the child's goal before the school district is obligated to provide services?

Answer: No, a school district is obligated to provide the child with an equal opportunity for participation in co-curricular and extracurricular activities, even if the chosen activity does not relate to the child's IEP goals 34 C.F.R. § 104(37).

5. Question: What is meant by an "equal opportunity for participation"?

Answer: As a general rule, this refers to "leveling the playing field" and ensuring the needs of children with disabilities are met as effectively as the needs of children without disabilities. A child with a disability must have an equal opportunity to participate in and benefit from an activity, which may require providing supports to the child or modifying nonessential elements of the activity. Please keep the following in mind:

- A child with a disability may not be excluded from an activity merely because of a disability (i.e., "The student is in special education and will never be able to handle our team's complex playbook!").
- A child with a disability is entitled to supports and supplementary aids and services necessary for the equal opportunity for participation (e.g., a large print script or large print sheet music, adult support).
- A child with a disability may be entitled to reasonable modifications of an activity; however, a school need not make a requested modification if it would result in a fundamental alteration of the activity or one that would give the competitor a competitive advantage. For example, if the activity at issue was cross country, a reasonable modification might be to provide a deaf runner a visual cue that is synchronized with the starting gun. In contrast, cross country need not be fundamentally altered, such as by shortening the length of the course or providing a runner with a disability a one-minute head start.
- Equal opportunity for participation does not mean that all children with disabilities must be guaranteed a certain level of participation (a spot on a team, a certain number of lines in a play, a certain amount of playing time, first chair in orchestra, a solo in the end-of-year choir concert), and IEP teams and 504 teams do not have the authority to make those decisions. Children with disabilities, with or without reasonable modifications and supports, still must meet skill levels appropriate to the activity, as determined by the leader of that activity (e.g., coach, director, or conductor).
- Schools may impose legitimate safety-related criteria for participation in an activity. A child may be excluded from an activity only if the child's safety cannot be addressed with reasonable modifications or the use of supplementary aids and services. For example, a child with a disability is interested in playing interscholastic football. If the child needed an adult to monitor fluid intake during competition, that may be a required modification. If the child's impairment precluded any physical contact, there would be no way this child's disability could be accommodated, even with modifications or supports.
- Additional information is provided by the [US Department of Education](#) and specifically through [OCR](#).

6. Question: May school districts require children with disabilities to participate in separate activities solely for children with disabilities?

Answer: No. Children with disabilities must have the opportunity to participate with children without disabilities to the maximum extent appropriate. Children with disabilities cannot be categorically restricted to segregated activities. For example, a child with a disability who wishes to participate in a school's track and field team may not be told "You can only do Special Olympics". If the child is able to participate in the school's track and field team, with or without modifications and supports, the child shall be given an equal opportunity to participate. Additional information is provided by the [US Department of Education](#) and specifically through [OCR](#).

7. Question: What happens if students with disabilities cannot participate in a district's currently offered student activities program?

Answer: Iowa Administrative Code r. 281 – 12.6 requires each board to sponsor an activity program "sufficiently broad and balanced to offer opportunities for all pupils to participate. The program shall be supervised by professional staff and shall be designated 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."

For students with disabilities who are unable to participate in a school's current activity program, [OCR](#) advises that school districts "should create additional opportunities for those students with disabilities." OCR recognizes that there is no legal obligation to do so; however, it encourages school districts to do so voluntarily. OCR provides the following guidance:

These athletic opportunities provided by school districts should be supported equally, as with a school district's other athletic activities. School districts must be flexible as they develop programs that consider the unmet interests of students with disabilities. For example, an ever-increasing number of school districts across the country are creating disability-specific teams for sports such as wheelchair tennis or wheelchair basketball. When the number of students with disabilities at an individual school is insufficient to field a team, school districts can also: (1) develop district-wide or regional teams for students with disabilities as opposed to a school-based team in order to provide competitive experiences; (2) mix male and female students with disabilities on teams together; or (3) offer "allied" or "unified" sports teams on which students with disabilities participate with students without disabilities.

According to OCR, a school district's separate activities must be "supported equally as compared with the district's other ... activities." If a school maintains a choral group for students with disabilities, for example, OCR would ask how other choral groups are supported. If the concert choir goes on a tour, does the choral group for students with disabilities go on a tour? If the concert choir has a winter concert on school premises and promoted by the school district, does the choral group for students with disabilities also have a similarly supported winter concert (whether that be a separate program or on the same program as the concert choir)?

8. Question: Does "non-academic" as used by OCR mean "non-school?"

Answer: No. "Non-academic" means things outside of the academic classroom provided by or through the school district. "Non-school" means activities provided or sponsored by outside or private entities rather than the school district. Additional information is provided by the [US Department of Education](#) and specifically through [OCR](#).

9. Question: Is there any situation where a “non-school” activity could be deemed to be a “non-academic” activity of the school district?

Answer: Yes, according to [OCR](#) guidance. If the school district provides substantial assistance to the non-school activity, it could be deemed to be a district’s activity for purposes of federal requirements (such as IDEA, 504, or OCR). The example given was a private bowling activity after school where the school district was providing staff, student transportation and promotion during the school day or during school activities. How much assistance would be considered “substantial” was not clarified.

10. Question: If a student has an IEP or a 504 Plan and wants to participate in a community-based activity program (such as Park and Rec), is the district required to provide similar IEP services necessary to permit the student to participate?

Answer: The district is not required to as long as the activity is a non-school activity/program and the district does not provide substantial assistance (staff, facilities, student transportation, referrals or promotion, etc.) to the community-based activity program. However, [OCR](#) does recommend districts work with community organizations to develop broad opportunities to include students with disabilities in all extracurricular athletic activities.

11. Question: If a student has a service animal, is the student permitted to bring that animal with them to student activities, either as a spectator or as a participant?

Answer: The district should review relevant legal requirements as determined by the Americans with Disabilities Act. The Department of Justice published a document summarizing [ADA Requirements: Service Animals](#). This document referenced service animals being allowed anywhere the public generally is normally allowed. This means the animal should be allowed to accompany the student to the game where the student is an observer. If the student is a participant, the animal is not allowed on the field as the public would not normally be allowed on the field during a game and adding an animal to the game would fundamentally alter the game. The district may also wish to review the Department’s [Question & Answer document](#) regarding service animals.

12. Question: If a child with a disability is able to participate in an integrated activity, may the child also participate in a separate activity for persons with disabilities?

Answer: Yes, if the child with disabilities is eligible for both activities and it is otherwise feasible to do so (e.g., no scheduling constraints). For example, if a child is eligible to participate in concert choir and a separate choral group for persons with disabilities, the child may choose to participate in both, in one, or in neither. Additional information is provided by the [US Department of Education](#) and specifically through [OCR](#).

13. Question: If separate activities solely for children with disabilities are not required, may a school district discontinue offering them?

Answer: While [OCR](#) states that adding activities may be voluntary, it is likely that OCR would conclude that discontinuing an existing separate program or activity solely for students with disabilities would violate the ADA and Section 504, unless there was a legitimate nondiscriminatory reason for doing so (e.g., lack of student interest).

14. Question: Is the director of a separate activity for children with disabilities (e.g., the coach for the Special Olympics Team) paid from special education funding?

Answer: No; it is not appropriate to pay activity expenditures from special education funding. The district is required to provide a student activity program under [Iowa Administrative Code r. 281 – 12.6](#). This program, if sponsored by the district and approved by the board to help meet its statutory requirement, may be part of the district’s activity program and meant to serve as an alternative

athletic/competitive experience providing equitable opportunity under [OCR](#) guidance. In that case, related expenditures would be paid for in the same way as any other student activity, including transportation for the participants.

15. Question: Where can I find more information about these topics?

Answer: For more information, please consult the following resources.

- [Americans with Disabilities Act, Title II, regulations](#)
- [Section 504 Regulations](#)
- United States Department of Education, Office for Civil Rights, “[Guidance on Schools' Obligation to Provide Equal Opportunity to Students with Disabilities to Participate in Extracurricular Athletics](#)” (Jan. 25, 2013):
- [Letter to Negrón](#) (OCR, Dec. 16, 2013):

Shared Activity Program

1. **Question:** We have various districts for which we cooperatively provide athletic programs: soccer, tennis, bowling, and swimming, and non-sports programs such as drama or music. Is there a correct way to handle these cooperative sharing arrangements? Can we charge the other districts \$250 per student to participate in a sport? Can the other districts pass the cost on to the student participants?

Answer: No; the cost for a district to meet its obligation to offer a student activity program ([281 IAC 12.6](#)) is a cost to the district and cannot be passed to the student participants as no such authority exists in statute ([Iowa Code § 274.3\(2\)“b”](#)). Contracting with another entity does not relieve the district of its obligation.

If a district elects to share the cost of offering an interscholastic activity program (Iowa Code § 280.13A), the district's related boards have the authority to negotiate sharing agreements and related costs ([Iowa Code § 280.14](#)). Activity program participation contracted as part of a whole grade sharing agreements may be negotiated (Iowa Code § 282.10).

For a district with an open-enrolled student receiving instruction primarily over the internet (Iowa Code § 282.18(12)) that wishes to participate in the activity program of the resident district, the resident district may deduct up to \$200 per activity, up to two activities, from the agreed tuition rate (Iowa Code § 282.18(7)“b”2).

Additional code language may be reviewed through the site of [The Iowa Legislature](#).

2. **Question:** Is the district responsible for transporting the students to cooperatively shared athletic programs, or non-athletic programs, for practice?

Answer: Yes. Each board is required to sponsor a pupil activity program ([281 IAC 12.6\(1\)](#)). The programs which are cooperatively shared are part of the district's offering under its student activity program. If a program is not offered at the school where the student attends, transportation by the district must be available to the students free of charge as no statutory authority exists to charge for transportation related to participation in a student activity (Iowa Code §§ [282.6\(2\)](#) and [274.3\(2\)“b”](#)).

Uniforms/Clothing

1. **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. The board should exercise its authority under [Iowa Code section 279.8](#) and responsibility under [Iowa Code section 280.14](#) to establish policies relating to costs identified as “ordinary and necessary expenses” of operating the activity program.

Regardless of the fund from which it is purchased, coaching apparel should be identified as (1) a personal expense, or (2) a district expense with an established public purpose. If a personal expense, the coach will pay for and retain the apparel. If a district expense, the district may either require the coach to return the item at the end of a predetermined time (such as end of coaching contract) or the apparel may be identified as part of the coach’s compensation package and therefore retained by the coach. If the apparel is to be retained by the district, any customization must be able to be removed without damage to the apparel. The district may choose to establish a policy outlining in which circumstances and the timeframe the apparel must be returned to the district, when personalization of apparel would be allowable, and circumstances when apparel is part of a coach’s compensation package. Optional customization is an expense to the employee ([Iowa Op. Atty. Gen. No. 92-11-3](#)).

The district will want to ensure the test of public purpose is met for any expenditures it incurs ([IA Const. art III, § 31](#)). [Iowa Administrative Code r. 281 – 98.70](#) specifies 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. The board must approve expenditures prior to the expenditure being incurred ([Iowa Code § 279.29](#)).

2. **Question:** If a district decides to customize required student uniforms in some way, could it then require the participating students to buy the uniforms?

Answer: No, if a student does not elect to pay for a uniform with customization, the district must provide a uniform which meets participation requirements to the student at no cost. [Iowa Administrative Code r. 281 – 18.1](#) does not allow a student’s participation to be restricted due to an inability to pay an associated cost. No authority exists to charge students for required student activity uniforms ([Iowa Code § 274.3\(2\)“b”](#)). Any optional customization must be removable so the uniforms may be used again in subsequent years. An example would be name badge affixed by Velcro that is removable. A customization is not the same as a modification necessary for the student to use the uniform, such as hemming uniform pants.

District funds are public funds which must be expended for a public purpose ([IA Const. art III, § 31](#)). If a district elects to customize uniforms for all students and cover the cost itself, public purpose should be established. An example of this would be that customized uniforms are required to participate in an interscholastic competition ([Iowa Code § 280.13](#)).

If the customization is optional, the cost is specifically prohibited from the Student Activity Fund ([281 IAC 98.70\(3\)“i”](#)) and does not appear to be an appropriate use of public funds ([IA OAG # 92-11-3](#)). The district may provide an option for the students to retain the uniform at the end of the season. Iowa Code section 297.22 provides additional information regarding district property that is sold, leased, or disposed.

3. **Question:** Can the district sell clothing with the school logo to students and staff?

Answer: Yes, with certain restrictions. Any sale would need to be at cost (no profit) unless advertised as a fundraiser. In addition, the district must work with the Department of Revenue regarding any requirement for collecting and remitting sales tax. The Constitution of the State of Iowa does not allow public funds to be spent for individual benefit nor does it allow for credit to be loaned (IA Const. [art. III, § 31](#); [art. VII, § 1](#)). Thus, if for individual orders, the district must collect payment with the orders from students and staff prior to purchasing the clothing items.

4. **Question:** When would the cleaning cost of choir uniforms be accounted for in the General Fund and when would it be accounted for in the Student Activity Fund?

Answer: If wearing of the robes is a requirement imposed by the district for its curricular program, the cleaning cost would be accounted for in the General Fund. If wearing of the robes is a requirement imposed by the district for its co-curricular or extracurricular program, the cost of cleaning may be accounted for in the Student Activity Fund and no fee may be charged to students. [Iowa Code section 282.6\(2\)](#) provides each school shall be free from tuition. [Iowa Code section 274.3\(2\)"b"](#) prohibits districts from charging fees for which no specific statutory authority exists.

People

Paid Staff

1. **Question:** What staff may be paid from Student Activity Fund?

Answer: [Iowa Administrative Code r. 281 – 12.6\(1\)](#) requires a district to establish an activity program. [Iowa Code section 298A.8](#) requires a Special Revenue Fund: Student Activity Fund be created to collect related revenues. Allowable expenditures in the Student Activity Fund as reflected in [Iowa Administrative Code r. 281 – 98.70\(2\)](#) include ordinary and necessary expenses of operating school district-sponsored and district-supervised student co-curricular and extracurricular activities. No staff are required to be paid from the Student Activity Fund.

Athletic officials, judges, clinicians, accompanists, and other staff exclusively used for the individual student activity, *could* be paid from the Student Activity Fund. Staff that perform administrative, director, clerical, fiscal or similar functions and responsibilities on behalf of the district, even if exclusively working with the student activity program, would be paid from the General Fund. An activity director, for example, would be a General Fund expenditure. An opinion of the Attorney General ([OAG # 92-11-3](#)) determined expenses for referees' fees and judges' fees in connection with extracurricular contests and exhibitions would be an appropriate expenditure to the General Fund.

The cost related to sponsors and to coaches would need to be considered on a person-by-person basis, based on what they do with or for students. If the nature of their work is more like an athletic director or activity supervisor, the costs would be more appropriate to the General Fund. If the nature of their work is more like an athletic official, where multiple staff can and do perform the service exclusively needed for that sport or activity, the costs may be expended from the Student Activity Fund.

2. **Question:** Do employees of a district that officiate for the district have to be paid with regular payroll or may they be treated as an independent contractor?

Answer: Iowa Auditor of State released "[School Districts – Independent Contractor vs Employee](#)" regarding employees that conduct other services for a district. If an official is an existing district employee, the cost to officiate would be run through regular payroll. The district should consult its attorney or the IRS after each tax year to verify changes to federal statute. Internal Revenue Code § 3509 may apply penalties in some situations to districts for paying current employees as contractors.

All staff and contractor payments should be run through the human resource department to ensure compliance with Title IX, master contract, other wage and hours regulations, and district hiring practices, including background checks.

3. **Question:** Do individuals that officiate, who are not otherwise employees of the district, have to be paid with regular payroll or may they be treated as an independent contractor?

Answer: Pursuant to Internal Revenue Code section 31.3306(d), the IRS allows school districts to treat officials who are not otherwise employed by the district as if they were independent contractors. If the official is not an existing district employee, the official may be paid through regular payroll or as a purchased service if the situation meets IRS rules to be considered an independent contractor. The board should consult with its attorney and review [IRS guidelines](#) and Internal Revenue Code section 3306 to review different employee types and then exercise its authority under [Iowa Code section 279.8](#) to establish a policy for classifying and payment options for different classes of workers.

4. **Question:** Can speech judges be treated as non-employees, like athletic officials coming from other districts?

Answer: It depends. If a speech judge is a current district employee, additional payment for judging would be run through regular payroll (IRC § 3306(d)). If the official is not an existing district employee, the official may be paid through regular payroll or as a purchased service, if the situation meets the IRS rules to be considered an independent contractor. The district should consult its attorney and review [IRS guidelines](#) to determine the proper classification.

5. **Question:** Can districts pay athletic officials immediately following the game?

Answer: It depends. The board should exercise its authority under [Iowa Code section 279.8](#) to establish a policy on how athletic officials are compensated. This policy may proactively be shared with the athletic officials whose services have been or will be purchased by the district. The policy should be consistent with the requirements under [Iowa Code section 279.29](#), which requires the board approve all payments, and [Iowa Code section 279.30](#), which provides for payment exceptions. If in compliance with established board policy and IRS regulations including the receipt of a W-9 in the case of an independent contractor, officials could be paid the night of the game after the service has been rendered. The board may wish to also clarify in its policy payment for non-contract officials or substitute officials.

6. **Question:** If payment must be made through payroll, does that mean it must be a General Fund expenditure?

Answer: No. Any fund that would have wages paid to staff would be paid through payroll and expended in the proper fund from which those wages are due. The district should review Iowa Administrative Code r. 281 – 98 to determine allowable expenditures within each fund. Specific code language may be reviewed through the website of [The Iowa Legislature](#).

7. **Question:** Should the district pay athletic trainers from the Student Activity Fund or the General Fund?

Answer: Either is appropriate; staff that are exclusively used for the student activity program, such as a trainer if applicable, may be paid directly from the Student Activity Fund or from the General Fund. [Iowa Administrative Code r. 281 – 98.70\(2\)](#) provides the appropriate uses of the Student Activity Fund which

includes ordinary and necessary expenses of operating school district-sponsored co-curricular and extracurricular activities.

8. **Question:** Can a district pay current students to umpire middle school softball/baseball as a service provided to the district?

Answer: The Department has no regulations restricting the district from employing its students. As with any other employee, the district will want to follow applicable [Iowa Department of Labor](#) employment guidelines.

9. **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. [Iowa Code section 298A.8](#) requires a Student Activity Fund be established to account for revenues from the student activity program which is required to be offered by the district under [Iowa Administrative Code r. 281 – 12.6](#). [Iowa Administrative Code r. 281 – 98.70\(2\)](#) states the expenditures appropriate to the Student Activity Fund which include ordinary and necessary expenditures of operating school district-sponsored and district-supervised student co-curricular and extracurricular activities. This code section simply restricts the use of the revenues captured in the activity fund but does not limit the district from expending General Fund monies for the same types of expenditures. [Iowa Administrative Code r. 281 – 98.61\(2\)](#) provides the appropriate uses of the General Fund; sub-section “a” allows for expenditures supporting day-to-day operations and sub-section “t” includes paying any other costs not required to be accounted for in another fund.

The district should exercise its authority under [Iowa Code section 279.8](#) and responsibility under [Iowa Code section 280.14](#) to establish policies for its extracurricular activities. These policies may address the “ordinary and necessary” costs that the district expects to be expended from the Student Activity Fund as well as those expenditures the district considers more appropriate to the General Fund.

10. **Question:** Can a district, **by board policy or through board action**, establish a percentage of the net proceeds for a camp or clinic that will go to the coaches for providing the camp?

Answer: Yes, any percentage promised must be part of the original contract. The district may issue a contract following Iowa Code chapters 20 and 279 requirements. Iowa Code section 279.19A specifies an extracurricular contract is separate from a regular contract. Sub-section 2”b” stipulates that if an extracurricular contract conflicts with a master contract, then the master contract prevails. Specific code language may be reviewed on the website of [The Iowa Legislature](#).

11. **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. Specific code language may be reviewed on the website of [The Iowa Legislature](#).

Unpaid Staff or Volunteers

1. **Question:** Can a district give a gift certificate or activity pass to volunteers that have assisted its athletic department during the year?

Answer: Internal Revenue Code section 3402 states employers must treat payments to volunteers the same as payments to employees, including stipends and cash equivalents (like a gift card), which means that income tax and FICA contributions must be withheld. If the district wishes to award non-cash equivalents to volunteers, the district should review Internal Revenue Code section 134 which discusses reasonable fringe benefits and reasonableness for covering and/or reimbursing actual costs to volunteer (e.g., actual transportation costs).

The public purpose for related district expenditures should be documented and approved by the board ([IA Const. art. III, § 31](#) and [Iowa Code § 279.29](#)). The district may also consider ways to honor volunteers that does not involve giving cash or cash equivalents to the volunteers. For example, it may be easier for the district to document the public purpose of hosting a banquet to honor district volunteers. The board may exercise its authority under [Iowa Code section 279.8](#) to establish a board policy for providing recognition to volunteers.

Coaching Contact Out of Season

Note: Although this section of the document does not specifically address use of the Student Activity Fund, it is included to help clarify responses within the previous section regarding camps and clinics.

1. **Question:** Who is a “volunteer” coach as used in 281 IAC 36.15(6)?

Answer: Iowa Administrative Code r. 281 – 12.4(16) defines volunteer as an individual who, without compensation or remuneration, provides a supportive role and performs tasks under the direction, supervision, and control of the school or school district staff. Specific code language may be reviewed through the website of [The Iowa Legislature](#).

The [Iowa High School Athletic Association](#) further defines a volunteer as an unpaid person who holds a coaching authorization or a coaching endorsement and who is acting under the direction of an employed coach and with the knowledge and approval of the school administration. Ensure district policies regarding volunteers are followed, including background checks.

2. **Question:** Who is a “coach” as used in 281 IAC 36.15(6)?

Answer: Iowa Administrative Code r. 281 – 36.1(2) defines “coach” as an individual, with coaching endorsement or authorization as required by Iowa law, employed by a school district under the provisions of an extracurricular athletic contract or employed by a nonpublic school in a position responsible for an extracurricular athletic activity. “Coach” also includes an individual who instructs, diagnoses, prescribes, evaluates, assists, or directs student learning of an interscholastic athletic endeavor on a voluntary basis on behalf of a school or school district. Specific code language may be reviewed through the website of [The Iowa Legislature](#).

3. **Question:** Can a school’s coach have his/her spouse or friend serve as the “declared coach” of a non-school team while the school’s coach is providing instruction in the background?

Answer: No. The Iowa High School Athletic Association requires coaches to hold a coaching authorization or coaching endorsement through the Iowa Board of Educational Examiners. Iowa Administrative Code r. 282 – 22.1 allows an individual to coach in middle, junior high school, or high school with a coaching authorization. Even if the spouse or friend holds a coaching authorization, only the board has the authority to hire staff to fulfill its obligation to provide adequate staff and supervision of its statutorily required activity program ([Iowa Code § 280.14](#); [281 IAC 12.6](#)). Therefore, an individual may only act in the capacity as coach if that person holds a current, relevant coaching authorization and the board has approved the person to act in the capacity as coach or volunteer coach.

Whether the person conducting coaching activities is officially the coach or not, out-of-season coaching contact rules still apply ([281 IAC 36.15\(6\)](#)). Specific code language may be reviewed through the website of [The Iowa Legislature](#).

4. **Question:** When does the school team season begin and end?

Answer: The season is from the official first day of practice through the finals of tournament play ([281 IAC 36.15\(6\)"a"](#)). The [Iowa High School Athletic Association](#) and [Iowa Girls High School Athletic Union](#) identify sport season start and end dates.

5. **Question:** [Iowa Administrative Code r. 281 – 36.15\(6\)](#) refers to “summer camps and clinics and coaching contacts out of season.” What is the definition of “summer” as it pertains to this rule?

Answer: [Iowa Administrative Code r. 281 – 36.15\(6\)"b"](#) describes summertime activities as occurring between June 1 and the first day of fall sports.

6. **Question:** Can a school impose stricter guidelines on its coaches and/or students than those imposed by rules established in 281 IAC chapter 36?

Answer: Yes. Iowa Administrative Code r. 281 – 36.15(1) gives authority to the district to have stricter rules. Specific code language may be reviewed through the website of [The Iowa Legislature](#).

7. **Question:** Who is covered by these (Chapter 36) rules?

Answer: Iowa Administrative Code r. 281 – 36.1(2) defines a student as a person under 20 years of age enrolled in grades 9 through 12. For purposes of these rules, ninth grade begins with the summer immediately following eighth grade. Specific code language may be reviewed through the website of [The Iowa Legislature](#).

The rules are silent regarding students and coaches at other grade levels. However, the local school board may choose to extend non-school participation rules to junior high school students.

8. **Question:** Does transportation during the school year by a coach, outside the season, count as contact?

Answer: No. The act of transporting students to non-school competitions, camps, and clinics is permissible during the school year, outside the season, as long as no coaching occurs. A school district is not authorized to provide student transportation, except as specified in rule (281 IAC [285.10\(9\)](#) and [285.10\(10\)](#)). The district is not required to provide transportation of students to non-school events. A coach should be mindful of putting his/herself in a situation that could be construed as coaching.

9. **Question:** Does transportation by the coach outside of the season and not during the school year count as contact?

Answer: No. See above question.

10. **Question:** Where can I find more information about these topics?

Answer: For more information, please consult the following resources.

- [Iowa High School Athletic Association](#)
- [Iowa Girls High School Athletic Union](#)

- Specific code language may be reviewed through the website of [The Iowa Legislature](#).

Professional Development

1. **Question:** Is the cost for staff to attend the Student Activity Fund Conference appropriate to be paid from Student Activity Fund? Or are other conference registrations and lodging related to professional development for speech/drama, music, and athletic coaches?

Answer: These expenditures are appropriate to the General Fund as day-to-day operating costs and expenses not required to be accounted for in another fund ([281 IAC 98.61\(2\)](#)).

The district may choose to use related categorical professional development funds. Iowa Administrative Code r. 281 – 98.26(1) identifies the appropriate uses of professional development supplement funds. If the coach is also a teacher and the conference subject matter supports the teacher's career path or leadership roles specified in Iowa Code section 284.15, the conference may be an allowable expenditure according to the appropriate uses of the categorical professional development dollars. If so, the cost to attend the conference would be a General Fund expenditure with correct coding to identify it as use of the categorical funding. Specific code language may be reviewed through the website of [The Iowa Legislature](#).

2. **Question:** Can individual association membership fees of staff members be paid from Student Activity Fund?

Answer: Yes, if it is required and an ordinary and necessary expense to the district-sponsored student activity program ([281 IAC 98.70\(2\)](#)). If the membership fee in a student activity-related association is optional, it is not an appropriate expenditure to the Student Activity Fund ([281 IAC 98.70\(3\)"m"](#)).

Membership fees may also be General Fund costs. The district is unable to expend funds from any fund that do not support a public purpose ([IA Const. art. III, § 31](#)). Therefore, the individual staff members would pay the fees themselves, without district reimbursement, if the membership is for personal benefit and not district benefit.

Appendix A – Checklist for Indicators of District-sponsored Event or Activity

Occasionally, there is a question about whether an event or activity in which students participate is district-sponsored (or otherwise connected to a district) or is not. The board must make a determination based on factors such as:

- Is the activity mandatory for certain courses or groups of students?
- Is the district, or should the district be, paying for expenditures related to the activity?
- Is the district providing transportation for the event or activity?
- Are district personnel responsible for the students while traveling to/from and/or while the students are engaged in the activity?
- If district personnel are responsible for supervision of the transportation and/or participation in the activity, are they being paid for their supervision or participation in the activity from the district or were they approved as a district volunteer?
- Does the district hold any liability for any damages incurred by individuals participating in the activity?
- Are district personnel planning the activity or coordinating the event in some way?
- Do district fee waivers apply to any costs passed on to students for the activity? (See the section on Charging Students for more information on costs that can be charged to the student).
- Is the activity during school time?
- If during school time, is the student counted present or absent?
- Is the district advertising or otherwise promoting the event or activity? If so, is the event or activity identified as a school district event or activity?
- Are school district personnel advertising or otherwise promoting the event or activity while on school property, at school events, or during district compensated time? What is their level of involvement?
- Is the school district deriving any benefit from the event (fundraising dollars, cash rebate, free participation for staff, etc.)?
- Is the event or activity's promotional materials using the school district's name or logo?
- Does the curriculum nest around it? Assignments or lectures linked to the trip? Moving other tests in courses to accommodate the trip?

To assist the board in its determination, the following guidance is provided.

A “yes” answer to any of the following questions means that the activity is school-sponsored.

- Is the activity mandatory for certain courses or groups of students?
 - Note that the activity must be mandatory. “Strongly suggested” or “highly preferred” is not mandatory. The line between mandatory and “strongly suggested” will vary based on the facts of each case.
- Is the district, or should the district be, paying for any of the expenditures related to the activity?
 - Note that whether the district *should* be paying for the expenditures is a separate question the board must determine.
- Does the district hold any liability for students, their actions, their safety, etc.?
- Is the event or activity sponsored by or affiliated with a student organization recognized by the school district?
- Is the activity or event used as a school-identified incentive for student performance (perfect attendance, honor roll, meeting individualized learning goals)?

If all five of these questions are answered “no,” the event or activity may still be school-sponsored based on answers to the following questions, when the answers are taken as a whole, based on the nature and extent of the evidence.

- Is the district providing transportation for the event or activity?
 - This applies regardless of how the district is providing transportation (directly, through contract, through reimbursement, etc.).
 - Note that whether the district should be providing transportation for the event or activity is a separate question the board must determine.
 - A “yes” answer suggests it is a school-sponsored event or activity.
- Are district personnel (paid or voluntary) responsible for the students while traveling to/from and/or while the students are engaged in the activity? If so, are they being compensated by the district (e.g., compensated for time, travel costs covered)?
 - A “no” answer to these questions supports that it is not a school-sponsored event or activity. A “yes” answer to both suggests that it is a school-sponsored event or activity.
- Are district personnel planning or arranging the activity? If so, are district personnel doing so during time in which they are being paid by the school district?
 - A “no” answer to either question supports that it is not a school-sponsored event or activity. A “yes” answer to both suggests that it is a school-sponsored event or activity.
- Is the activity on school time? If on school time, is student attendance coded as approved or as present rather than absent (whether excused or unexcused)?
 - A “no” answer to either question supports that it is not a school-sponsored event or activity. A “yes” answer to both suggests that it is a school-sponsored event or activity.
- Is the district advertising or otherwise promoting the event or activity (whether paid or free)? If so, is the event or activity identified as a school district event or activity?
 - A “no” answer to either question supports that it is not a school-sponsored event or activity. A “yes” answer to both suggests that it is a school-sponsored event or activity.
- Are school district personnel advertising or otherwise promoting the event or activity during district compensated time, while on school property, or at school events?
 - A “no” answer supports that it is not a school-sponsored event or activity. A “yes” answer suggests that it is a school-sponsored event or activity. The degree of promotion will be considered for this factor.
- Is the school district deriving any benefit from the event or activity (cash rebates, discounts, free participation for staff, etc.)?
 - A “no” answer supports that it is not a school-sponsored event or activity. A “yes” answer suggests that it is a school-sponsored event or activity. The amount and degree of promotion will be considered for this factor.
- Is the school district providing any benefit to the organizer of the event or activity (free or reduced-cost advertising or promotional efforts, free or reduced-cost services, free or reduced-cost facilities fees or rental agreements, etc.)?
 - A “no” answer supports that it is not a school-sponsored event or activity. A “yes” answer suggests that it is a school-sponsored event or activity. The amount and degree of benefit provided will be considered for this factor.
- Is the school district’s name, the name of a school building, or other intellectual property of the district (school seal, school logo, school mascot, school slogan, school colors, etc.) used in the promotion of the event or activity?
 - A “no” answer supports that it is not a school-sponsored event or activity. A “yes” answer suggests that it is a school-sponsored event or activity. The amount and degree of usage will be considered for this factor.
- Is the activity or event embedded in the school’s curriculum (alternatively, does the curriculum “nest around” the event or activity)? For example, are assignments or lectures linked to the

event or activity? Are tests in courses or other school events scheduled or moved to accommodate the event or activity?

- A “no” answer supports that it is not a school-sponsored event or activity. A “yes” answer suggests that it is a school-sponsored event or activity. The amount and degree of integration with the curriculum will be considered for this factor.

If the school district is aware of actions promoting an event or activity that are done without its express permission (teachers promoting an activity in class, an event organizer using a school district’s name or other intellectual property, etc.) and it does not take steps to stop those unauthorized actions, the event or activity may be deemed school-sponsored under certain circumstances.

Appendix B – Statutory References and Definitions

Article III, Section 31 of the Constitution of the State of Iowa – Extra compensation – payment of claims – appropriations for local or private purposes.

“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.”

Article VII, Section 1 of the Constitution of the State of Iowa – Credit not to be loaned.

The credit of the state shall not, in any manner, be given or loaned to, or in aid of, any individual, association, or corporation; and the state shall never assume, or become responsible for, the debts or liabilities of any individual, association, or corporation, unless incurred in time of war for the benefit of the state.

Iowa Code section 68B.2(9) - Gift

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 Code section 68B.2(24) - Restricted Donor

Restricted donor means a person who is in any of the following categories:

- a. Is or 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 done holds office or is employed.
- b. Will personally be, or is the agent of a person who will be, directly and substantially affected financially by the performance or nonperformance of the donee's official duty in a way that is greater than the effect on the public generally or on a substantial class of persons to which the person belongs as a member of a profession, occupation, industry, or region.
- c. Is personally, or is the agent of a person who is, the subject of or party to a matter which is pending before a subunit of a regulatory agency and over which the done has discretionary authority as part of the donee's official duties or employment within the regulatory agency subunit.
- d. Is a lobbyist or a client of a lobbyist with respect to matters within the donee's jurisdiction.

Iowa Code section 274.3 Exercise of powers – construction (Limited Home Rule)

1. The board of directors of a school district shall operate, control, and supervise all public schools located within its district boundaries and may exercise any broad and implied power, not inconsistent with the laws of the general assembly and administrative rules adopted by state agencies pursuant thereto, related to the operation, control, and supervision of those public schools.
2. Notwithstanding section 1, the board of directors of a school district shall not have power to do any of the following:
 - a. Levy any tax unless expressly authorized by the general assembly.
 - b. Charge elementary and secondary school students or the students' families a mandatory fee except as expressly authorized by the general assembly.
 - c. Adopt or enforce a policy that would unreasonably interfere with the duties and responsibilities of a local, state, or federal law enforcement agency.
3. This chapter, chapter 257, chapter 257B, and chapters 275 through 301, and other statutes relating to the boards of directors of school districts and to school districts shall be liberally construed to effectuate the purposes of section 1.

4. If the power or authority of a school district conflicts with the power and authority of a municipal corporation, county, or joint county-municipal corporation government, the power and authority exercised by a municipal corporation, county, or joint county-municipal corporation government shall prevail within its jurisdiction.

[Additional information](#)

Iowa Code section 279.29 Claims – investments.

1. The board shall audit and allow all just claims against the corporation, and no order shall be drawn upon the treasury until the claim therefore has been audited and allowed. In any district in which the board consists of five or more members, an audit made by one or more members of the board designated by the board or by a certified public accountant employed by the board, and certified to the board by such member or members of the board or by such accountant, shall satisfy the requirements of this section with respect to the audit of a claim.

2. Pending audit and allowance of claims under this section, the board shall invest moneys of the corporation to the extent practicable, and the board may provide for the joint investment of moneys with one or more school corporations pursuant to a joint investment agreement. All investments of funds shall be subject to sections 12B.10 and 12B.10A and other applicable law.

Iowa Code section 279.30 Payments – Exceptions

Each payment must be made payable to the person entitled to receive the money or deposited directly into an account at a financial institution, as defined in section 527.2, specified by the person entitled to receive the money. The board of directors of a school district or an area education agency may by resolution authorize the secretary, upon approval of the superintendent or designee, or administrator, in the case of an area education agency, to issue payments when the board of directors is not in session in payment of reasonable and necessary expenses, but only upon verified bills filed with the secretary or administrator, and for the payment of salaries pursuant to the terms of a written contract. 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. All bills and salaries for which payments are issued prior to audit and allowance by the board must be passed upon by the board of directors at the next meeting and be entered in the regular minutes of the secretary

Iowa Code section 279.62 Nonprofit School Organizations.

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: Section 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."

Iowa Code section 279.8 General Rules – Bonds of Employees

1. The board shall make rules for its own government and that of the directors, officers, employees, teachers and pupils, and for the care of the schoolhouse, grounds, and property of the school corporation, and shall aid in the enforcement of the rules, and require the performance of duties imposed by law and the rules. The board shall include in its rules provisions regulating the loading and unloading of pupils from a school bus stopped on the highway during a period of reduced highway visibility caused by fog, snow or other weather conditions. The board shall have the authority to include in its rules provisions allowing school corporation employees to use school credit cards to pay for the actual and necessary expenses incurred in the performance of work-related duties.
2. Employees of a school corporation maintaining a high school who have the custody of funds belonging to the corporation or funds derived from extracurricular activities and other sources in the conduct of their duties, shall be required to furnish suitable bond indemnifying the corporation or any activity group connected with the school against loss, and employees who have the custody of property belonging to the corporation or any activity group connected with the school may be required to furnish such bond. Said bond or bonds may be in such form and penalty as the board may approve and the premiums on same shall be paid from the General Fund of the corporation.

Iowa Code section 280.13 Requirements for Interscholastic Athletic Contests and Competitions

A public school shall not participate in or allow students representing a public school to participate in any extracurricular interscholastic athletic contest or competition which is sponsored or administered by an organization as defined in this section, unless the organization is registered with the department of education, files financial statements with the department in the form and at the intervals prescribed by the director of the department of education, and is in compliance with rules which the state board of education adopts for the proper administration, supervision, operation, adoption of eligibility requirements, and scheduling of extracurricular interscholastic athletic contests and competitions and the organizations. For the purposes of this section "organization" means a corporation, association, or organization which has as one of its primary purposes the sponsoring or administration of extracurricular interscholastic athletic contests or competitions, but does not include an agency of this state, a public or private school or school board, or an athletic conference or other association whose interscholastic contests or competitions do not include more than twenty-four schools

Iowa Code section 280.14 School Requirements – Administration

1. The board or governing authority of each school or school district subject to the provisions of this chapter shall establish and maintain adequate administration, school staffing, personnel assignment policies, teacher qualifications, certification requirements, facilities, equipment, grounds, graduation requirements, instructional requirements, instructional materials, maintenance procedures, and policies on extracurricular activities. In addition, the board or governing authority of each school or school district shall provide such principals as it finds necessary to provide effective supervision and administration for each school and its faculty and student body.

Iowa Code section 282.6(2) Tuition

Every school shall be free of tuition to all actual residents between the ages of five and twenty-one years and to resident veterans as defined in section 35.1, as many months after becoming twenty-one years of age as they have spent in the armed forces of the United States before they became twenty-one, provided, however, fees may be charged covering instructional costs for a summer school or driver education program. The board of education may, in a hardship case, exempt a student from payment of the above fees. Every person, however, who shall attend any school after graduation from a four-year course in an approved high school or its equivalent shall be charged a sufficient tuition fee to cover the cost of the instruction received by the person.

Iowa Code section 282.20(2) Tuition Fees – Payment

1. The school corporation in which the student resides shall pay from the General Fund to the secretary of the corporation in which the student is permitted to enroll, a tuition fee as prescribed in section 282.24.

2. It shall be unlawful for any school district to rebate to any pupils or their parents, directly or indirectly, any portion of the tuition collected or to be collected or to authorize or permit such pupils to receive at the expense of the district, directly or indirectly, any special compensation, benefit, privilege, or other thing of value that is not and cannot legally be made available to all other pupils enrolled in its schools. Any superintendent or board members responsible for such unlawful act shall each be personally liable to a fine of not to exceed one hundred dollars. Action to recover such penalty or action to enjoin such unlawful act may be instituted by the board of any school district or by a taxpayer in any school district. Fri Dec 07 21:25:08 2018 Iowa Code 2019, Chapter 282 (26, 1) §282.20, SCHOOL ATTENDANCE AND TUITION 14 3. On or before February 15 and July 15 of each year the secretary of the creditor district shall deliver to the secretary of the debtor district an itemized statement of such tuition fees

Iowa Code section 283A.2 School lunch and breakfast programs

2. A school district shall operate or provide for the operation of lunch programs at all attendance centers in the district. A school district may operate or provide for the operation of school breakfast programs at all attendance centers in the district, or provide access to a school breakfast program in an alternative site to students who wish to participate in a school breakfast program. The programs shall provide students with nutritionally adequate meals and shall be operated in compliance with the rules of the state board of education and pertinent federal law and regulation. The school lunch program shall be provided for all students in each district who attend public school four or more hours each school day and wish to participate in a school lunch program. School districts may provide school and lunch programs for other students.

Iowa Code section 285.1(12) When Entitled to State Aid

The pro rata cost of transportation shall be based upon the actual cost for all the children transported in all school buses. It shall include one-seventh of the original net cost of the bus and other items as determined and approved by the director of the department of education but no part of the capital outlay cost for school buses and transportation equipment for which the school district is reimbursed from state funds or that portion of the cost of the operation of a school bus used in transporting pupils to and from extracurricular activities shall be included in determining the pro rata cost. In a district where, because of unusual conditions, the cost of transportation is in excess of the actual operating cost of the bus route used to furnish transportation to nonresident pupils, the board of the local district may charge a cost equal to the cost of other schools supplying such service to that area, upon receiving approval of the director of the department of education.

Iowa Code section 285.10 Powers and Duties of Local Boards

(9) In the discretion of the board, furnish a school bus and services of a qualified driver to an organization of, or sponsoring activities for, senior citizens, children, persons with disabilities, or other persons and groups in this state. The board shall charge and collect an amount sufficient to reimburse all costs of furnishing the bus and driver except when the bus is used for transporting pupils to and from extracurricular activities sponsored by the school. A school bus shall be used as provided in this section only at times when it is not needed for transportation of pupils.

(10) In the discretion of the board, furnish a school bus and services of a qualified driver for transportation of persons other than pupils to activities in which pupils from the school are participants or are attending the activity or for which the school is a sponsor. The board shall charge and collect an amount sufficient to reimburse all costs of furnishing the bus and driver. A school bus shall be used as provided in this section only at times when it is not needed for transportation of pupils.

Iowa Code section 291.6 Duties of Secretary

The secretary shall:

1. Preservation of records. File and preserve copies of all reports made and all papers transmitted pertaining
2. Minutes. Keep a complete record of all the proceedings of the meetings of the board and of all regular or special elections in the corporation in separate books.
3. Accounting records. Keep an accurate account record of each payment or electronic funds transfer from each fund which shall be provided monthly to the board of directors. The secretary of the creditor district shall prepare and deliver to debtor districts an itemized statement of tuition fees charged in accordance with sections 275.55A, 282.11, and 282.24.
4. Claims. Keep an accurate accounting of all expenses incurred by the corporation, and present the same to the board for audit and payment.

Iowa Code section 297.9 Use for other than school purposes.

The board of directors of any school district may authorize the use of any schoolhouse and its grounds within such district for the purpose of meetings of granges, lodges, agricultural societies, and similar societies, for parent-teacher associations, for community recreational activities, community education programs, election purposes, other meetings of public interest, public forums and similar community purposes; provided that such use shall in no way interfere with school activities; such use to be for such compensation and upon such terms and conditions as may be fixed by said board for the proper protection of the schoolhouse and the property belonging therein, including that of pupils, except that in the case of community education programs, any compensation necessary for programs provided specifically by community education and not those provided through community education by other agencies or organization shall be compensated from the funding provided for community education programs.

Iowa Code section 297.10 Compensation

Any compensation for the use of a schoolhouse and schoolhouse grounds shall be paid into the General Fund and be expended in the upkeep and repair of and in purchasing supplies for that school property.

Iowa Code section 298A.2(1) – General Fund – flexibility account

All moneys received by a school corporation from taxes and other sources must be accounted for in the General Fund, except moneys required by law to be accounted for in another fund.

Iowa Code section 298A.8 Student Activity Fund

1. 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 co-curricular or extracurricular activities. Moneys in this fund shall be used to support only the co-curricular program defined in department of education administrative rules.
2. For school budget years beginning on or after July 1, 2016, the board of directors of a school corporation may, by board resolution, transfer from the school corporation's General Fund to the Student Activity Fund an amount necessary to purchase or recondition protective and safety equipment required for any extracurricular interscholastic athletic contest or competition that is sponsored or administered by an organization as defined in section 280.13.

Iowa Code section 565.6 Gifts to governmental bodies

Civil townships wholly outside of any city, and school corporations, are authorized to take and hold property, real and personal, by gift and bequest and to administer the property through the proper officer in pursuance of the terms of the gift or bequest. Title shall not pass unless accepted by the governing board of the corporation or township. Conditions attached to the gifts or bequests become binding upon the corporation or township upon acceptance.

Component Unit

“Legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units 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). GASB [statement 80](#) provides additional clarification of PCUs for separately established, non-profit entities where the government corporation is the sole corporate member. GASB [statement 84](#) establishes criteria for identifying PCUs for those with whom a fiduciary relationship exists.

Dillon’s Rule and Limited Home 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; and 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.)

During the 2017 legislative session, Iowa Code section 274.3 (limited home rule) was enacted to provide more flexibility for school districts in their exercise of powers where the law or administrative rule does not already prescribe or prohibit action. However, school district action may not be inconsistent with the state or federal law.

Financial Reporting Entity

“The financial reporting entity consists of the 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 does not 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 accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP).

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 on the [Auditor of State website](#). Select “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)

Iowa Administrative Code r. 281 – 12.3

Administration. The following standards shall apply to the administration of accredited schools and school districts.

12.3(2) Policy manual. The board shall develop and maintain a policy manual which provides a codification of its policies, including the adoption date, the review date, and any revision date for each policy. Policies shall be reviewed at least every five years to ensure relevance to current practices and compliance with the Iowa Code, administrative rules and decisions, and court decisions.

Iowa Administrative Code rule 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 r. 281 – 18.1 Policy

It is the policy of the department of education that no Iowa student enrolled in a public school be excluded from participation in or denied the benefits of course offerings and related activities due to the student's or the student's parent's or guardian's financial inability to pay a fee associated with the class, program, or activity.

Iowa Administrative Code r. 281 – 18.2 (256) Fee Policy

The board of directors of a public school shall adopt a policy regarding the charging and collecting of fees for course offerings and related activities. The policy established by the board of directors shall apply to any fees charged. The board shall require that procedures be developed to implement the policy pursuant to these rules.

Iowa Administrative Code r. 281- 18.3(1)a. Waiver

A Student shall be granted a waiver of all fees covered by this chapter if the student or the student's family meets the financial eligibility criteria for free meals offered under the Child Nutrition Program.

Iowa Administrative Code rule 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. Coaching activities between June 1 and the first day of fall sports practices shall not conflict with sports in season. The associations in their discretion may establish a dead period up to 14 calendar days in length. During a dead period coaches will not be allowed to have contact with students.

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.

Iowa Administrative Code r. 281 – 98.60 Levies and funds.

Tax levies or funds that are required by law to be expended only for the specific items listed in statute shall be accounted for in a similar way to categorical funding. Each fund is mutually exclusive and completely independent of any other fund. No fund shall be used as a clearing account for another fund, no fund may retire the debt of another fund unless specifically authorized in statute, and transfers between funds shall be accomplished only as authorized in statute or as approved by the school budget review committee. Public funds shall not be used for private purposes.

Iowa Administrative Code r. 281 – 98.61(2): Appropriate uses of the General Fund

Appropriate expenditures in the General Fund include, but are not limited to, the following:

- a. Providing day-to-day operations to the district or area education agency, such as salaries, employee benefits, purchased services, supplies, and expenditures for instructional equipment.
- b. Purchasing school buses from unobligated funds on hand.
- c. Establishing and maintaining dental clinics for children and offering courses of instruction on oral hygiene.
- d. Employing public health nurses.
- e. Funding insurance agreements if the district has not certified a district management levy.
- f. Purchasing books and other supplies to be loaned, rented, or sold at cost to students.
- g. Purchasing safety eye-protective devices and safety ear-protective devices.
- h. Purchasing bonds and premiums for bonds for employees who have custody of funds belonging to the school district or area education agency or funds derived from extracurricular activities and other sources in the conduct of their duties.
- i. Paying assessed costs related to changes in boundaries, reorganization, or dissolution.
- j. Publishing the notices and estimates and the actual and necessary expenses of preparing the budget.
- k. Engraving and printing school bonds, in the case of a school district.
- l. Transferring interest and principal to the debt service fund when due for loans to purchase equipment authorized under Iowa Code section 279.48 and loans to be used for energy conservation measures under Iowa Code section 473.20, in the case of a school district, where the original proceeds were accounted for in the General Fund.
- m. Transferring interest and principal to the debt service fund when due for lease purchase agreements related to capital projects authorized under Iowa Code section 273.3(7), in the case of an area education agency.
- n. Funding asbestos projects including the costs of inspection and reinspection, sampling, analysis, assessment, response actions, operations and maintenance, training, periodic surveillance, and developing of management plans and record-keeping requirements relating to the presence of asbestos in school buildings and its removal or encapsulation as authorized by the school budget review committee in the case of a school district.

- o. Funding energy conservation projects entered into with the department of natural resources or its duly authorized agents or representatives pursuant to Iowa Code section 473.20, in the case of a school district.
- p. Transferring to a capital projects fund as authorized by the school budget review committee, in the case of a school district.
- q. Transferring to a capital projects fund as funds are due to be expended on a capital project authorized under Iowa Code section 273.3(7), in the case of an area education agency.
- r. Start-up costs, other than land purchase, for the first year of a new student construction program.
- s. Beginning with the budget year beginning July 1, 2016, transferring, by board resolution, to the Student Activity Fund an amount necessary to purchase or, beginning with the budget year beginning July 1, 2018, recondition protective and safety equipment required for any extracurricular interscholastic athletic contest or competition that is sponsored or administered by an organization as defined in Iowa Code section 280.13, as allowed under Iowa Code section 298A.2 pursuant to Iowa Code section 298A.8(2).
- t. Paying any other costs not required to be accounted for in another fund

Iowa Administrative Code r. 281 – 98.61(3): Inappropriate uses of the General Fund

Inappropriate expenditures in the General Fund include the following:

- a. Purchasing land or improvements.
- b. Purchasing or constructing buildings or for capital improvements to real property except under special circumstances authorized by the school budget review committee, in the case of a school district, or except as authorized under Iowa Code section 273.3(7), in the case of an area education agency.
- c. Modifying or remodeling school buildings or classrooms even if to make them accessible.
- d. Paying interest and principal on long-term indebtedness for which the original proceeds were not accounted for in the General Fund.
- e. Funding lease-purchases.
- f. Purchasing portable buildings.
- g. Paying individuals or private organizations that are not audited and allowed and related to goods received or services rendered.
- h. Paying other costs that are not operating or current expenditures for public education and are not expressly authorized in the Iowa Code.

Iowa Administrative Code r. 281 – 98.64(2) Appropriate Uses of PPEL

Appropriate expenditures in the PPEL fund include the following:

- a. Purchase of grounds including the legal costs relating to the property acquisition, costs of surveys of the property, costs of relocation assistance under state and federal law, and other costs incidental in the property acquisition.
 - b. Improvement of grounds including grading, landscaping, paving, seeding, and planting of shrubs and trees; constructing sidewalks, roadways, retaining walls, sewers and storm drains, and installing hydrants; surfacing and soil treatment of athletic fields and tennis courts; exterior lighting, including athletic fields and tennis courts; furnishing and installing flagpoles, gateways, fences, and underground storage tanks which are not parts of building service systems; demolition work; and special assessments against the school district for public improvements.
 - c. Construction of schoolhouses or buildings.
 - d. Construction of roads to schoolhouses or buildings.
 - e. Purchasing, leasing, or lease-purchasing equipment or technology exceeding \$500 in value per purchase, lease, or lease-purchase transaction.
- (1) "Equipment" means both equipment and furnishings. The cost limitation for equipment does not apply to recreational equipment pursuant to paragraph 98.64(2)"n" or equipment that becomes an integral part of real property such as furnaces, boilers, water heaters, and central air-conditioning units that are included in repairs to a building pursuant to paragraph 98.64(2)"h."

- (2) “Transaction” means a business deal or agreement between a school district and a provider of goods or services. Technology may be bundled for purposes of exceeding \$500 per transaction.
- f. Transferring to debt service for payments, when due, of debts contracted for the erection or construction of schoolhouses or buildings, not including interest on bonds.
 - g. Procuring or acquisition of library facilities.
 - h. Repairing, remodeling, reconstructing, improving, or expanding the schoolhouses or buildings and the additions to existing schoolhouses. “Repairing” means restoring an existing structure or thing to its original condition, as near as may be, after decay, waste, injury, or partial destruction, but does not include maintenance. “Reconstructing” means rebuilding or restoring as an entity a thing which was lost or destroyed. “Maintenance” means to cause to remain in a state of good repair or to keep equipment in effective working condition and ready for daily use. Maintenance includes cleaning, upkeep, inspecting for needed maintenance, preserving the existing state or condition, preventing a decline in the existing state or condition, and replacing parts, unless otherwise a repair.
 - i. Energy conservation projects.
 - j. Transferring interest and principal to the debt service fund when due for loans to purchase equipment authorized under Iowa Code section 279.48, for loans in anticipation of the collection of the voter-approved property under Iowa Code section 297.36, and loans to be used for energy conservation measures under Iowa Code section 473.20, in the case of a school district, when the original proceeds were accounted for in the PPEL fund.
 - k. The rental of facilities under Iowa Code chapter 28E.
 - l. Purchase of transportation equipment for transporting students and for repairing such transportation equipment when the cost of the repair exceeds \$2,500. “Repairing,” for purposes of this paragraph, means restoring an existing item of transportation equipment to its original condition, as near as may be, after gradual obsolescence of physical and functional use due to wear and tear, corrosion and decay, or partial destruction, and includes maintenance that meets the definition of equipment and repair and the cost of which exceeds \$2,500.
 - m. Purchase of buildings or lease-purchase option agreements for school buildings.
 - n. Purchase of equipment for recreational purposes.
 - o. Payments to a municipality or other entity as required under Iowa Code section 403.19, section 2. p. Asbestos projects including costs of inspection and reinspection, sampling, analysis, assessment, response actions, operations and maintenance, training, periodic surveillance, development of management plans and record-keeping requirements relating to the presence of asbestos in school buildings of the district and its removal or encapsulation.
 - q. Purchase, erect, or acquire a building for use as a school meal facility, and equip a building for that use.
 - r. Purchase of land as part of start-up costs for a new student construction program or if the sale proceeds of the previous student construction were insufficient to purchase land, but not for materials and supplies for a facility intended to be sold.
 - s. Construction materials and supplies for a student-constructed building or shed intended to be retained by and used by the district.
 - t. Demolition of a district-owned building.
 - u. Improving buildings or sites for the purpose of accessing digital telecommunications over multiple channels, often referred to as broadband.

Iowa Administrative Code r. 281 – 98.64(3) Inappropriate uses of the PPEL fund.

Inappropriate expenditures in the PPEL fund include the following:

- a. Student construction materials and supplies for a facility intended to be sold.
- b. Salaries and benefits.
- c. Travel.
- d. Supplies.
- e. Facility, vehicle, or equipment maintenance.
- f. Printing costs or media services.

g. Any other purpose not expressly authorized in the Iowa Code

Iowa Administrative Code rule 281 – 98.70 Student Activity Fund

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 co-curricular 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 co-curricular 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 co-curricular 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 co-curricular 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 co-curricular 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 co-curricular 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 section 281 – 98.101(298A) Agency funds.

Agency funds are used to account for funds that are held in a custodial capacity by the school district for individuals, private organizations, or other governments. Agency funds may include moneys collected for another government, a grant consortium when the school district serves as fiscal agent for the other school districts but has no managerial responsibilities, or funds for a teacher or a parent-teacher organization which has its own federal identification number (FIN). In an agency fund, the school district or area education agency merely renders a service as a Ch 98, p.30 Education [281] IAC 2/13/19 custodian of the assets for the organization owning the assets and the school district or area education agency is not an owner. Agency funds typically involve only the receipt, temporary investment and remittance of assets to their rightful owners.

Iowa Administrative Code r. 281 – 98.101(1) Sources of receipts in agency funds.

Sources of receipts in the agency funds include temporary receipts of cash, investment instruments, property, and interest on investments held.

Iowa Administrative Code r. 281 – 98.101(2) Appropriate uses of agency funds.

Appropriate disbursements from an agency fund depend on the nature of the rightful owners' conditions or the responsibilities of the custodian. Typically, disbursement will involve remittance of assets to their rightful owners or to a third party on behalf and at the request of the rightful owners. The school district cannot disburse more funds at any point in time than it has received from the rightful owner.

Iowa Administrative Code r. 281 – 98.101(3) Inappropriate uses of agency funds.

Inappropriate disbursements from agency funds include any disbursement which is not consistent with the terms of the agreement, not legal to a school district, or that exceeds the amount of funds that have been received from the rightful owner or on behalf of the rightful owner