

713 STUDENT ACTIVITY ACCOUNTING

I. PURPOSE

The education district board recognizes the need to provide alternative paths to learning, skill development for its students, and activities for student enjoyment. It also understands its commitment to and obligation for assuring maximum accountability for public funds and student activity funds. For these reasons, the education district board will assume control over and/or oversee funds for student activities as set forth in this policy.

II. GENERAL STATEMENT OF POLICY

A. Curricular and Cocurricular Activities

The education district board shall take charge of, control over, and account for all student activity funds that relate to curricular and cocurricular activities.

[Note: The education district board is required by Minn. Stat. § 123B.49, Subd. 2, to take charge of and control over all cocurricular activities, including all money received for such activities.]

B. Extracurricular Activities

[Options 1 and 2]

The education district board shall *[take charge of, control over, and account for]* or *[review and account for]* all student activity accounting that relates to extracurricular activities.

or

[Option 3]

1. The education district board shall take charge of, control over, and account for the following student extracurricular activities:

- a. Any student extracurricular activity related to a contract which must be ratified by the education district board or its designee
[Note: The education district board must take charge of, control over, and approve all contracts entered into for the purchase of

items related to an extracurricular activity (i.e., contracts for the purchase of items for a fundraising event.);

- b. Student activities or transactions that have a fee which the education district is statutorily authorized to charge *[Note: The education district board may, but is not required to, take charge of and control over these activities or transactions.];*
- c. Student activities or transactions that have a taxable sale related to them *[Note: The education district board may, but is not required to, take charge of and control over these activities or transactions.];*
- d. All student class activity accounts of graduated classes where a residual balance remains in the account at the start of the school year following graduation;
- e. *[The education district board may take control over a student activity it otherwise is not required to control. All other extracurricular activities over which the education district board chooses to take control, such as class activity funds, should be listed in this section.]*

2. The education district board shall review and account for the following student extracurricular activities:

[List extracurricular activities over which the education district board will review and account; i.e., class activity funds.]

[A education district board may, but is not required to, take charge of and control over extracurricular activities in accordance with Minn. Stat. § 123B.49, Subd. 4. Board control includes powers and responsibilities, such as: board approval of a budget; receipt, review, and approval of revenue; and preparation of expenditure reports. If the education district board takes charge of and control over extracurricular activities, any or all costs of these activities may be provided from education district revenues and all revenues and expenditures must be recorded in the same manner as other revenues and expenditures of the education district in accordance with the Uniform Financial Accounting and Reporting Standards (UFARS).

To the extent an education district board does not take control over such activities, these activities must be self-sustaining with all expenses (except direct salary costs and indirect costs of the use of education district facilities) met by dues, admissions, or other student fundraising events. Extracurricular activities which are not under education district board control still may be directed by the education district board, but the fiscal transactions for such activities may only be presented to the

education district board for review and receipt, not approval. Accordingly, the education district board may take charge of all extracurricular activities (Option 1), no extracurricular activities (Option 2), or may choose to take charge of and control over some extracurricular activities (which are not required to be under its control, such as activities which are not related to a graduation requirement or credit or a board-ratified contract) and only review and account for other extracurricular activities (Option 3).]

C. Non-Student Activities

In overseeing student activity accounts under this policy, the education district board shall not maintain or account for funds generated by non-students including, but not limited to, convenience funds of staff members, booster club funds, parent-teacher organization or association funds, or funds donated to the education district for specified purposes other than student activities.

III. DEFINITIONS

A. Cocurricular Activity

A “cocurricular activity” means those portions of the education district -sponsored and directed activities designed to provide opportunities for students to participate in such experiences on an individual basis or in groups, at education district and at public events, for improvement of skills (i.e., interscholastic sports, band, etc.). Cocurricular activities are not offered for school credit, cannot be counted toward graduation, and have *one or more* of the following characteristics:

1. They are conducted at regular and uniform times during school hours, or at times established by education district authorities;
2. They are directed or supervised by instructional staff in a learning environment similar to that found in courses offered for credit; and
3. They are partially, primarily, or totally funded by public moneys for general instructional purposes under direction and control of the education district board.

B. Curricular Activity

A “curricular activity” means those portions of the education district program for which credit is granted, whether the activity is part of a required or elective program.

C. Extracurricular (Noncurricular/Supplementary) Activity

An “extracurricular (noncurricular/supplementary) activity” means all direct and personal services for students for their enjoyment that are managed and operated

under the guidance of an adult or staff member. Extracurricular activities have *all* of the following characteristics:

1. They are not offered for school credit nor required for graduation;
2. They generally are conducted outside school hours or, if partly during school hours, at times agreed by the participants and approved by education district authorities;
3. The content of the activities is determined primarily by the student participants under the guidance of a staff member or other adult.

D. Public Purpose Expenditure

A “public purpose expenditure” is one which benefits the community as a whole, is directly related to the functions of the education district, and does not have as its primary objective the benefit of private interest.

IV. **MANAGEMENT AND CONTROL OF ACTIVITY FUNDS**

A. Curricular and Cocurricular Activities

1. All money received on account of cocurricular activities shall be turned over to the treasurer, who shall deposit such funds in the general fund, to be disbursed for expenses and salaries connected with the activities, or otherwise, by the education district board upon properly allowed itemized claims.
2. The treasurer shall account for all revenues and expenditures related to curricular and cocurricular activities in accordance with the Uniform Financial Accounting and Reporting Standards (UFARS), the Manual for Activity Fund Accounting (MAFA) to the extent applicable, and education district policies and procedures.

B. Extracurricular Activities

1. Extracurricular Activities Under Board Control
 - a. Any and all costs of extracurricular activities under board control may be provided from education district revenues.
 - b. All money received or expended for extracurricular activities under board control shall be turned over to the treasurer, who shall deposit such funds in the general fund, to be disbursed for expenses and salaries connected with the activities, or otherwise, by the education district board upon properly allowed itemized claims.

- c. The treasurer shall account for all revenues and expenditures related to extracurricular activities under board control in accordance with UFARS and MAFA and education district policies and procedures. *[Note: UFARS is required to be used when transactions of an activity are under education district board control in accordance with Minn. Stat. §§ 123B.49 and 123B.77.]*

2. Extracurricular Activities Not Under Board Control

- a. All extracurricular activities not under board control shall be self-sustaining with all expenses, except direct salary costs and indirect costs of the use of education district facilities, met by dues, admissions, or other student fundraising events. The general fund shall reflect only those salaries directly related to and readily identified with the activity and paid by public funds.
- b. Revenues and expenditures for extracurricular activities not under board control shall be recorded and be managed according to MAFA and shall be reviewed for compliance with and accepted by the education district board in accordance with education district policies and procedures. *[Note: MAFA is required to be used when transactions of an extracurricular activity are not under education district board control in accordance with Minn. Stat. § 123B.49, Subd. 4(c).]*
- c. All student activity funds will be collected and expended:
 - (1) in compliance with education district policies and procedures;
 - (2) under the general direction of the assistant director and with the participation of students and faculty members who are responsible for generating the revenue;
 - (3) in a manner which does not produce a deficit or an unreasonably large accumulation of money to a particular student activity fund;
 - (4) for activities which directly benefit the majority of those students making the contributions in the year the contributions were made whenever possible; and
 - (5) in a manner which meets a public purpose.
- d. Activity accounts of a graduated class will be terminated prior to the start of the school year following graduation. Any residual money from a graduating class activity fund will be removed from the terminated student activity account and deposited into the

general fund. Prior to depositing such accounts, all donations or gifts accepted for the specific purpose of the student activity account shall be administered in accordance with the terms of the gift or donation and education district policy.

[Note: The education district board may take control over residual funds from a graduating class activity account only if it has taken board control over such activities and transactions. The education district board then has authority to transfer these terminated accounts to its general fund. The education district may then transfer this money from its general fund to those extracurricular activities over which the board has taken control in accordance with Section IV.B.1.a., above. Unless the education district board has taken class activity accounts under its control, it would not be authorized to transfer funds from a graduating class activity account to an existing class activity fund for another class. If the education district board has not taken control over these accounts, however, the assistant director and student representatives of the class may choose to transfer residual accounts to another existing class activity account prior to graduation.]

V. DEMONSTRATION OF ACCOUNTABILITY

A. Semi-Annual Activity Fund Reports

The education district board shall appoint a Student Finance Advisory Committee at the commencement of each school year. The Committee will review all new student activity funds and continuing student activity funds for conformity with state law, MAFA requirements, and education district policies and procedures. The Committee will provide the education district board with a summary accounting of student activity accounts at least semi-annually, including a report on transactions within each account of the student activity funds. The Committee will make recommendations to the education district board on any recommended internal controls regarding student activity funds.

[Note: MAFA recommends that the education district board conduct periodic reviews of student activity funds for conformity with state law, MAFA requirements, and education district policies and procedures. The manner in which such reviews are conducted is in the discretion of the education district board. The foregoing procedure is the practice suggested by MAFA. It could also be done by a different standing or special committee appointed by the education district board.]

B. Annual External Audit

The education district board shall direct its independent certified public accountants to audit, examine, and report upon student activity accounts as part of its annual education district audit in accordance with state law.

C. Fundraiser Report

The Committee will prepare a fundraising report semi-annually which will be reviewed by the education district board in May and November. The report will list the activity, type of fundraisers, timing, purpose, and results.

[Note: MAFA recommends that the education district board conduct periodic reviews of student fundraising. The manner in which such reviews are conducted is in the discretion of the education district board. The foregoing procedure is the practice suggested by MAFA.]

Legal References: Minn. Stat. § 123B.02, Subd. 6 (General Powers of Independent School Districts)
Minn. Stat. § 123B.09 (Boards of Independent School Districts)
Minn. Stat. § 123B.15, Subd. 7 (Officers of Independent School Districts)
Minn. Stat. § 123B.35 (General Policy)
Minn. Stat. § 123B.36 (Authorized Fees)
Minn. Stat. § 123B.37 (Prohibited Fees)
Minn. Stat. § 123B.38 (Hearing)
Minn. Stat. § 123B.49 (Extracurricular Activities; Insurance)
Minn. Stat. § 123B.52 (Contracts)
Minn. Stat. § 123B.76 (Expenditures; Reporting)
Minn. Stat. § 123B.77 (Accounting, Budgeting, and Reporting Requirement)
Minn. Rules Part 3500.1050 (Definitions for Pupil Fees)
Visina v. Freeman, 252 Minn. 177, 89 N.W.2d 635 (1958)
Minn. Op. Atty. Gen. 159a-16 (May 10, 1966)

Cross References: Uniform Financial Accounting and Reporting Standards (UFARS)
Manual for Activity Fund Accounting (MAFA)
MSBA/MASA Model Policy 511 (Student Fundraising)
MSBA/MASA Model Policy 701 (Establishment and Adoption of School District Budget)
MSBA/MASA Model Policy 701.1 (Modification of School District Budget)
MSBA/MASA Model Policy 702 (Accounting)
MSBA/MASA Model Policy 703 (Annual Audit)
MSBA/MASA Model Policy 704 (Development and Maintenance of an Inventory of Fixed Assets and a Fixed Asset Accounting System)
MSBA/MASA Model Policy 706 (Acceptance of Gifts)