

DAVENPORT
COMMUNITY
SCHOOLS

Cash Policies & Procedures Manual

Updated 12/09

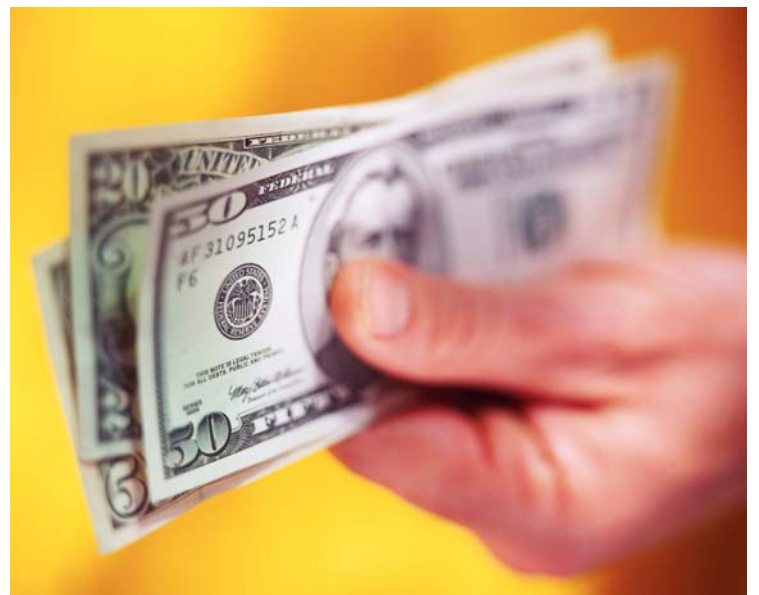


TABLE OF CONTENTS

General	4
Public Purpose	4
Cash Handling Guidelines	6
Cash Received in Person	6
Cash Received through the mail	7
Cash Receipts	7
Cash Reconciliation	8
Cash Security	9
Coin	10
Delinquent Accounts	11
Deposits - General	12
Deposits for Lost Books	13
Donations	14
Employee Physical Reimbursement	15
Fees and Field Trips	16
Q&A - Field Trips and Fees	17
Fees - What's Allowable?	20
Summary of Fee/Charges and if allowable	21
Fees vs. Fines	22
Fines for lost books/consumables	23
Gift Certificates and Cash	24
Gift Law	25
Internal Controls	27
Money Held Overnight	29
Petty Cash Reimbursements	30
Petty Cash Request Form	31
Petty Cash – Registration	32
Paychecks	35
Pop Funds	36
Refund of Service Fee	37
Resale	38
Revenues	40
Social Funds and Building Checking Accounts	42
Sunshine Accounts	43
Vending Machines	44
Purchasing	
Blanket Orders	45
Invoices	45
Open Purchase Orders	46
Receiving Report	46
Request for Payment - A1A's	46
Requisitions	47
Scanning	48

Unathorized Purchases	48
Warehouse Orders	48
Student Activities and Athletics	49
Book Clubs (Scholastic, Others)	51
Booster Clubs	52
Gambling	53
Iowa Gaming	53
Iowa Raffle Guidelines	54
Student Fund Raising	57
Student Fund Raising Form	59
Q&A - Fund Raising	60
Gate Receipts	62
PTA's and Dad's Club Monies	65
Self Assessment	66
Accounts and Funds	68
Student Activity Funds – Q&A	69
Student Activity Funds - Key Points	80
Statutory References and Definition	82
Code of Iowa Reference	84
Special Revenue Funds	84
Public Purpose	86
Fund Raisers	87
68B.22 – Gifts accepted or received	87
68B.25 – Additional Penalty	90
279.29 – Claims – investments	90
279.30 – Exceptions	91
Chapter 279.60	91
291.12 – Duties of treasurer – payment of warrants	92
298A.8 – Student Activity Fund	92
Iowa Administrative Code Section	93
Board Policy Reference	94
103.09 – Fund Raising Activities	94
302.01 – Handing of Cash and Other Funds Received	94
506.01 – Collection of Money from Students	95
506.02 – Activity Funds	96
Administrative Regulation Reference	97
302.01A – Handling of Cash and Other Funds Received	97
Acknowledgement of Cash Handling Policies & Procedures	99

Davenport Community School District

Cash Handling Policies and Procedures

General

Handling of cash is under the fiduciary control and responsibility of the School District's Board of Education (Board). The Board establishes policies and then procedures are put into place by the School District's Administration/Business Office to establish internal control over these funds and to ensure compliance with statutory requirements including Dillon's Rule; Chapter 298A of the Code of Iowa; Iowa Department of Education Administrative Code Section 281-12.6(1); court cases; and opinions of the Iowa Attorney General.

Handling funds in the public school is a serious matter governed by state law and board policy. This document is intended to assist you in conforming to these regulations. To ensure that cash is managed appropriately, specific cash management procedures have been established. All cash management procedures are applicable to all cash and checks received for all operations of the school district.

"Cash" is defined as coin, currency, checks, money orders and credit card transactions.

Public Purpose

District funds are to be expended only for legitimate public purposes and not for private personal gain for which services of comparable value have not be rendered to the district. This is a requirement of the Iowa Constitution.

Expenditures of district funds for district officers, directors, employees, and volunteer for the following purposes, as these are commonly granted benefits for employees and volunteers in public and private organizations which aid in recruitment of personnel, promote improvement of staff morale and cooperation, and assist in building a commitment to the district, thus assisting in creating a more productive learning environment:

1. mementoes for employee recognition for service to the district
2. retirement appreciation function to recognize retiring employees

3. recognition appreciate function to recognize the end of service by a board member
4. recognition item upon the retirement of an employee
5. recognition item upon the end of service by a board member
6. volunteer appreciation
7. food items and refreshments for board members and staff during board meetings and/or work sessions
8. food items and refreshments for board committees or superintendent committees during meetings
9. food items ad refreshments for professional development (in service) meetings, late start meetings, committee meetings or parent teacher conferences.

Cash Handling Guidelines

General

- Buildings are not authorized to use collected funds for any purpose whatsoever other than for deposit
- Count cash at the end of each day
- Balance cash to receipts daily prior to deposit
- Keep reconciliation log
- Separate the components of cash handling – collecting, depositing and reconciling
- Buildings are not permitted to “cash” personal checks or allow employees to “cash” checks from un-deposited funds
- There are no cash advances. Expenses for a trip are reimbursed. If it is less than \$100 petty cash can be given if receipts are produced. If the request is over \$100, a check will be cut given the proper receipts
- Cash is never to be sent through the school mail
- District purchases should not be made with cash unless in case of emergency

Advances

The District does not allow cash advances of money to an employee.

Payment for a hotel, conference registration or other related expenses can be paid ahead of time through the Purchase Order process.

Received in Person

- Cash received must be entered onto the software program
- Pre-numbered receipts must be utilized and a copy given to the customer
- The cash collection point must maintain a clear separation of duties. An individual should not have responsibility for more than one of the cash handling components: collecting, depositing and reconciling
- All checks received must be endorsed immediately with a restrictive endorsement payable to the Davenport School District or individual building
- Checks are not to be cashed under any circumstance!
- Cash received must be reconciled to the pre-numbered receipts at the end of the day or prior to deposit
- Cash must be stored in a secure location until deposited

- If monies are collected in large quantity, are given to you for deposit, and have NOT been counted -do not accept. Only accept money that has been counted -even if it is an estimate it is better than no idea at all.
- Do not accept monies unless you can issue a receipt. If you do not have time to issue a software generated receipt, hand write a receipt for the amount that is estimated to be receipted. When you count the money, issue a corrected receipt from the software to the individual from whom you collected the money.

Clarification: Cash in an amount greater than \$25.00 may not be accepted without providing an approved receipt. This means that you do not have to issue receipts for the sale of items from the Activities Office if under \$25.00 in value. However, if someone requests a receipt for an amount less than \$25.00, you should issue the receipt.

Received through the mail

- The mail is opened and all checks received must be endorsed with a restrictive endorsement
- A listing of checks should be prepared for reconciliation purposes
- The individual preparing the list of cash receipts should be persons other than those who deal with:
 - Accounts receivable,
 - Accounts payable, or
 - The general ledger.
- The listing of cash receipts should include:
 - Name
 - Amount
 - Invoice number
 - Date
 - Total of all receipts
- Checks are to be stored in a secure location until deposited
- No receipt is required as long as there is a check and balance in place

Receipts

Tickets that students purchase (Homecoming, etc) that are numbered do not require a receipt to be issued. The numbering of the tickets sold provides the checks and balances needed to reconcile deposits to tickets sold.

When you issue a receipt to an *internal* source (food service, club sponsor, etc) you do not need to issue a numbered receipt. You must still issue a receipt but it does not have to be numbered.

Reconciliation

- This function must be performed by an employee who has no cash handling responsibilities
- Cash collected must be balanced by comparing the total of the cash, checks, credit card receipts to the pre-numbered receipts totals and the money received by mail totals
- Deposit tickets are to be reconciled to cash received
- Proof of reconciliation must be maintained by buildings

Security

- Cash and other deposits are to be kept in a secured, locked location at all times. Do not leave deposits or cash in unlocked desk drawers or file cabinets.
- Secretaries need to sign for all deposits that are brought into the office (from the cafeteria or other sources). Deposit bags must be secured along with any other deposits until picked up. Secretaries are not being asked to verify the amount received from the cafeteria, only to verify that they received a deposit bag.
- Drivers must sign for the number of bags that they are picking up from the office.
- On a daily or weekly basis, the office secretaries and cafeteria cashiers must check the deposit slips that are returned to them against their records. This will help us to identify missing bags on a timely basis and will make it easier to track them down.

Coin

Coin may be sent to the bank to be counted. Coin SHOULD NOT be taken to the bank to be counted and then return with currency. The bank will count your coin and return to you a deposit slip for the amount of coin deposited. If you must take coin to the bank to be counted, it must be deposited at the same time.

Delinquent Accounts

We have contracted with a collection agency to help us collect past due/delinquent tuition and/or fees. If you are having problems collecting money from parents/guardians, you can send a copy of the individual's tuition and/or fees due and supporting documentation (such as an ESIS printout) to the office of the CFO at the ASC. Please include the parent/guardian's name as this is the person that would be submitted to the collection agency

For our High School buildings – please use this service for any past students that we are holding diplomas for or current students that may have diplomas held. If you are unsure which past students we are holding diplomas for, contact Pupil Records.

A DCSD invoice will be sent out to the individual parent/guardian stating that they will be turned over to a collection agency if payment is not received within 30 days. A copy of the invoice will be sent to you for your records.

Please remember that this **does** affect an individual's credit score and you would need to let me notify the office of the CFO if you receive payment from a parent/guardian after they've been submitted for collection. If payment is received at the ASC, you will be notified. If you have any questions on this process, please call the office of the CFO.

Deposits-General

- The deposit must be prepared by someone not involved with collecting the cash or opening the mail
- Keep all cash and other deposits in a secured, locked location at all times. You should never leave deposits or cash in unlocked desk drawers or file cabinets.
- Secretaries (or other appointed personnel) need to sign for all deposits that are brought into the office – even from the cafeteria. These deposit bags must be secured along with any other deposits until they are picked up. (Secretaries are not required to count deposits from the cafeteria – only verify that they received a deposit)
- When making a deposit, please write your general deposits only on the top half of the DCSD ticket. If you need more room, please cross off where the lunch is and write in the account number where you want it to go into and the amount
- Cafeteria – please use the middle section only
- Activities and Athletics use the bottom portion. If you need more room, please cross off where the lunch is and write in the account number where you want it to go and the amount
- Make sure to write the DCSD deposit ticket number on the bank deposit slips
- Please use only blue or black ink on bank deposit slips. The new software system will not read any other color.
- Drivers from the Security Service must sign for the number of bags they are picking up from every office.
- ON a daily or weekly basis, the office secretaries and cafeteria cashiers must check the deposit slips that are returned to their records. This will help identify missing deposits on a timely basis.

Deposits for Lost Books

The building *must* mark their deposit slip correctly in order to get credit for money collected for lost books. The process starts with them. Lost textbooks should be coded on their deposit with their curriculum key (example - WE105 for West High Language Arts) and the object code of "1999". They should write on their deposit slip "Lost Text". (If they don't care about the specific curricular subject area, they can just use "xx100" for the GL Key).

Same thing for lost library books - code to xx2222-1999 with "Lost Library Book". The building can then look up their account (use GL1001D report) and they will see "CR" transactions for the "Cash Receipt" and the amount credited to their account. There's a bit of a time lag to get deposits entered into the system, so it won't appear the next day, but it will be recorded usually within a week or so.

Money collected for lost resale/consumables should just go through the building's resale account; same procedure for any resale money collected. This is not part of the curriculum account so the money is not credited to their account.

Donations

Schools may receive donations from outside individuals or organizations.

Donations may be for general student body activities or for a specific purpose. The donor should be asked to submit a letter with the donation indication how the funds are to be issued, for what purpose, and required accountability.

Donations should be acknowledged. If the donation is for use in a fund raiser, such as a raffle, acknowledgement should be referenced with fund raising information.

A separate account should be established to track donated funds and their use. Reporting of expenditures should be accomplished as required by the terms.

Donations should be accepted only for those terms that are in the best interest of the student council and are donated for legal and equitable purposes.

Donated equipment should be reviewed and valued and added to the asset tracking system.

Employee Physical - Reimbursement

In an effort to reduce the number of small dollar amount checks that we process, we will now allow employees to be reimbursed with petty cash for their \$15 copay for their employee physical.

The employee will complete the form and send it to the Human Resources office. Once HR approves it, they will send the bottom portion of the form back to the employee; it will be signed off by the HR department indicating approval for reimbursement. The employee can then take the form to their building office to be reimbursed with petty cash.

Please let your staff know of any specific procedures that you want them to follow for getting reimbursed. Your office will retain the bottom portion of the physical form that the employee turns in; this is your receipt to keep with all of your other petty cash receipts. This expense is NOT charged to any of your building budgets; it is paid for out of a district-wide budget account. Use account # AS2571-303 when submitting your petty cash reimbursement request.

Fees and Field Trips

Costs associated with field trips (museum admissions, transportation, e.g.) may not be passed along to students if the field trip is part of a class, whether or not attendance is mandatory. When a field trip is part of a class, the activity is part of instruction, and therefore falls under tuition, not an allowable fee.

If the activity is not part of instruction, the field trip should not be taking place during a “day of instruction” unless the day is not counted by the district as one of its 180 days of instruction for students.

If a field trip is an elective, they may fundraise, be funded by PTA/PTO, corporate sponsors or an outside source or opt out of the trip with no penalty (no grade reduction).

Example: Students cannot be charged for a bus (yellow or charter) for a Show Choir trip if the trip is required as part of a class. If the trip is optional for students, then they can pay.

If the trip is on a school day, students receive excused absences, which don’t count against perfect attendance policies.”

An example of a school trip that is non-instructional occurs when the marching band leaves Friday during the day for a Saturday performance. Those students should be given excused absences for the part of the school day they miss (rather than be counted as “present”) because the students are not receiving instruction. Fees may be charged for these trips.

To summarize, the fact that a trip may take place during the school day is not determinative of whether a fee may be charged. The determining factor is whether the students are considered “present” because the activity is part of instruction.

Questions/Answers – Field Trips & Fees

Can students hold fund raisers for a trip to the Museum of Science and Industry in Chicago?

If the trip is required of the student and is considered part of instruction, they cannot hold a fund raiser to cover any part of the cost associated with the trip.

Can the PTA or parents hold a fund raiser to help cover costs associated with a trip to the Museum of Science and Industry in Chicago?

Yes, the PTA or parents can hold a fund raiser to help cover costs, regardless if it is an instructional trip or elective trip.

Can we charge students for admission to the FIGGE as long as we cover the costs of the bus?

If the trip is considered a part of instruction, and they do not have the option of not going, then you cannot charge the students for any cost associated with the study trip.

Can students continue to sell fruit to raise funds for the annual band trip to Florida?

If the band trip is elective, and students are not required to go, then they can continue to hold fund raisers.

Students take chorus as a class, and part of the class is performing at different competitions across the state. Can we charge students for the bus and overnight accommodations when competitions require an overnight stay?

If the competitions are a part of the class, then the student cannot be required to pay for any of the costs associated with the travel.

Can we accept donations from parents of students who want to help defray costs for trips for which we cannot charge students?

Yes, you can accept donations for any trip that students take.

The orchestra is leaving for a spring break trip and they need to be gone the last day that school is in attendance prior to spring break. Can they do this?

If the trip is optional, then students should not be gone during an instructional day. If they are, it is to be considered an “excused absence” and not count toward perfect attendance policies.

Students, parents and school groups hold fund raisers throughout the year for students to be able to go to Washington D.C. when school is out. Can they continue to do this?

If the trip is an elective, students can fund raise to cover costs.

Many of the trips that we want to take students on for instructional purposes have a cost associated with them. If we can't charge the students, how do we afford to take them?

You can accept donations from parents, parent organizations, or other outside groups. You can also have fund raisers for trips but students cannot be required or expected to participate.

Can we sell concessions at events with the proceeds going to cover the costs of an instructional trip?

Yes, as long as it is not students who are selling the concessions.

Can students participate in fund raising throughout the year with the proceeds going into an account that is not specifically designated for field trips but which may be used for field trips?

No. When students fund raise the proceeds have to benefit the student and should be placed in a student activity account. Student activity accounts cannot be used for instructional purposes.

Student clubs and organizations hold funding raising events throughout the year and may use the proceeds for a trip sometime throughout the year that is associated with a class. For example, Spanish Club may go with a Spanish teacher to Chicago for a cultural event. Is that permissible?

Yes. As long as the students have the option of joining the club and the trip is not required of the class, then they can fund raise to cover costs.

A student is in band. Part of the class requirement is that they perform a solo in a competition every year, have a piano accompanist and be judged. They are currently required to pay a nominal amount to cover the cost of the judge, and the accompanist. Is this permissible?

No. If the student is required to perform in the competition as part of their class, then they cannot be required to pay for the judge or accompanist.

If a class is "co-curricular" such as elective performance groups, what is the status of field trip funding? In other words, when a band, orchestra or choir wishes to attend an event which carries with it costs, can the cost be divided among the students equally with an opportunity to raise the funds or earn the trip with a service project

If a band/orchestra/choir wishes to attend an event that carries a cost, that cost can be passed along to the student as long as it is on the weekend (or during other non-students days) and the student is not

required to attend, and is not a required part of the class. If that is not the case, then the student cannot be required to pay for the trip or raise funds to pay for the trip. If a performance group is actually part of the class, then students cannot be required to pay for activities.

Students are going to Finance Park as part of a class. They are not required to go as they can elect to stay at school and do an alternate assignment. Since it is not required that all students attend, can we charge the student for the admission?

No. Since the trip is part of class, whether or not the students are required to attend is not the deciding factor. The fact that it is part of instruction dictates that students cannot be charged.

How does the wording for "field trips" pertain to music departments, show choirs, bands, etc?

If the trip taken by the group is a required trip, you cannot charge for transportation, regardless if the transportation is a yellow school bus or a charter bus.

For example, if the student is part of a specialty choir (through try-outs) and this choir travels to several competitions throughout the year that students are required to attend as part of being in the choir, then the student cannot be charged for transportation costs or for any cost associated with the competition. However, if a student is a member of the band and for spring break they take a bus to Florida for a competition that is not mandatory.

A special performance of a high school play is being scheduled for intermediate school students. The students are being asked to pay a discounted price of \$2. Is this appropriate?

It is only appropriate to charge for the performance if it is optional for students to attend.

FEES – What’s Allowable?

Background

There are only 7 fees recognized as “allowable” by the Department of Education

1. Textbooks
2. School Supplies
3. Eye Protective Devices
4. Ear Protective Devices
5. Summer School Courses
6. Driver Education Courses
7. Discretionary Transportation (Paid conditional)

In addition, there are 5 areas where fees may be charged that are authorized in statute:

1. Child Care Programs
2. Facility Usage
3. Public Records
4. Breakfast/lunch
5. Sale or rental of school property

Other items for which you may “charge” (but not defined as a “fee”)

1. Fines
2. Tangible items that are not related to instruction, the purchase of which is strictly voluntary, and the ownership of which inures to the purchaser – examples would include activity tickets, school newspaper, yearbook, postage, activity calendar, class rings, dance admissions.
3. NSF Check Charges
4. Charges for Duplicate Student ID Cards

Schools operate under Dillon’s Rule. This means schools have only those powers granted in express words of statute. If it doesn’t say that you can, then you can’t!

Summary of Fee/Charges and if allowable

ITEM	FEE/CHARGE ALLOWED?
Textbooks, including electronic textbooks, and supplementary instructional materials which convey information to the student or otherwise contribute to the learning process	YES
Rental of musical instrument	YES
Software used for instruction	YES
Worksheets	YES
Student planners	YES
Towel Fee	YES
Fee for costs of cleaning and general wear-and-tear of marching band uniform or choir performance robe	YES
Chemicals, apparatus used by every student in chemistry class Wood in wood shop Foods in food class Cloth, sewing supplies in sewing class	NO
Difference between the basic raw material (see above) and a student's voluntarily chosen upgrade (e.g. pine wood upgraded to walnut or basic cotton cloth upgraded to finer grade of cloth)	YES
Eye protective device	YES
Ear protective device	YES
Driver education course	YES
Summer school course	YES
Discretionary transportation of pupils to and from school (less than 2 miles from elementary or middle school or less than 3 miles for high school)	YES
Transportation for extra curricular events	NO
Any costs associated with field trip (e.g. admission, transportation)	NO
Line fees for bowling as part of PE cost	NO
Flowers, decorations, security associated with graduation ceremony	NO
Locker, lock fees	NO
Parking Permit	YES
Yearbook, Memory Book, School Newspaper	YES
Class ring	YES
Dance tickets	YES
Activity tickets	YES
Graduation cap, gown, tassel	YES
Diploma	NO
Diploma cover (not the diploma itself)	YES
NSF check charges	YES
Duplicate Student IDs	YES
Fines for overdue school books or lost, damaged, destroyed items	YES
Monetary penalty for violation of parking regulation	YES

Fees vs. Fines

At registration, we charge a service **fee** that is intended to cover some of the cost of the textbooks. State Code allows us to charge this **fee**, however, fees charged by school districts must be waived/reduced for those students who qualify for free/reduced lunch. The service fees that we collect are deposited into a district-wide revenue account and are not credited to the individual schools' budgets.

When a student loses a book, we are allowed (by State Code) to impose a **fine** to cover the cost of replacing the lost book. **Fines** are not subject to fee waivers; therefore, all students who have fines imposed upon them are required to pay the fine.

The school's curriculum account will have to pay for the replacement book from the warehouse, and then when the fine is collected from the student the money will be deposited back into the building's curriculum account, so they should come out even. It is better that money is collected in the school office rather than in the classroom; it's safer for the teacher and the district.

If the student does not pay the fine at the time they receive the book, the activity office could enter that information into SIS so that it could be tracked and collected later

Please note: You cannot withhold diplomas from a student for unpaid fines or fees.

Example: a student on free lunch status does not have to pay for a course workbook (consumable). If that student loses the workbook, he/she is to be "fined" for the replacement workbook. The replacement workbook (consumable) will be purchased out of the resale account and the fine collected from the student will be deposited into the resale account.

Example: a student on free lunch status loses her science textbook. Your building curriculum budget must pay for the replacement textbook (A textbook that is not a consumable). The fine collected from the student will need to be marked on your deposit slip as "book fine – curriculum" and then the money will be deposited back into your curriculum budget area.

Fines for lost books/consumables

When a student loses a book or other item, we are allowed (by State Code) to impose a **fine** to cover the cost of replacing the lost item. **Fines** are not subject to fee waivers; therefore, all students who have fines imposed upon them are required to pay the fine.

Textbooks: the school's curriculum account will be charged for the replacement book from the warehouse. When the fine is collected from the student the money will be deposited back into the building's curriculum account.

Library Book: the school's IMC account will be charged for the replacement book. When the fine is collected from the student the money will be deposited back into the building's IMC account.

Consumable (Workbook): the resale account will be charged for the replacement consumable. When the fine is collected from the student, the money will be deposited back into the resale account.

All monies (fine) should be collected in the school office rather than in the classroom. If the student does not pay the fine at the time they receive the book, the office should enter that information into SIS so that it can be tracked and collected later.

Gift Certificates and Cash

Gift Certificates and Cash are NOT an allowable expense. Per the State of Iowa, school districts cannot purchase gift certificates or cash for students. This includes movie passes, coupons for free merchandise, etc. This applies to both the general and student activity funds. Both funds are district funds and must meet the criteria of being used for a “public purpose”.

Gift Law

The gift law applies to all public employees, which includes administrators, teachers, and coaches at school districts. The gift law prohibits a public employee or that person's immediate family member from accepting or receiving, directly or indirectly, any gift or series of gifts from a "restricted donor." A restricted donor is defined in the law as a person or company who is or is seeking to be a party to a sale, purchase, lease or other type of contract with the employer of the public employee.

Scenario #1: A clothing company contacts an activities director and coaching staff with a deal for their school. To get the AD and coaches to recommend the company to the superintendent and school board members, the company wants to give clothing to the AD and coaches.

Scenario #2: A curriculum publisher contacts the math department of a district and offers free DVD players to the teachers if they can get their building principal to recommend the company to the superintendent and school board members.

The Reality: Iowa's gift law (Iowa Code chapter 68B) prohibits the above conduct. Thus, in the above scenario the clothing company, the publisher, and all of their representatives are restricted donors. They want a contract with the school district. They want to sell goods to the district.

There are some exceptions to the prohibitions in the gift law. The ones that would most commonly occur regarding school employees are as follows:

- Non-monetary items with a value of three dollars or less that are received from any one donor during one calendar day.
- Informational material relevant to a public employee's official functions, such as books, pamphlets, reports, documents, periodicals, or other information that is recorded in a written, audio, or visual format.
- Anything available or distributed free of charge to members of the general public without regard to the official status of the recipient.

The consequences for violating the gift law are severe. A person who knowingly and intentionally violates the gift law may be punished in ALL of the following three ways:

- Both donor and recipient are guilty of a serious misdemeanor. Serious misdemeanors are punishable by up to one-year

- incarceration and a fine between \$250 and \$1,500, plus a 30% surcharge and court costs.
- The gift law specifically gives the public employer permission to fire the employee who takes a gift in violation of this law.
 - Finally, violation of the gift law is a violation of the Board of Educational Examiner's Code of Ethics.

Therefore, the public employee who is also licensed by the Board of Educational Examiners could lose his or her license.

Internal Controls

The review of the revenue cycle should determine if appropriate segregation of duties exists relative to receiving, depositing and posting receipts. The review includes:

Receipt Monitoring

- All receipt books and numbered forms used in support of cash receipts are properly maintained and accounted for
- Receipts are written promptly and that bank deposits are prepared and made within an appropriate time after receipt of funds
- All copies of voided receipts are retained and must show the reason for cancellation across the face of the receipt
- Verifying that ticket sales are accounted for by number and reconciled to the receipts, bank deposits and book entries
- Checking mathematical accuracy of receipt reports and examine appropriate signatures
- Ensure that no receipts are missing
- Ensure that receipts are issued in numerical order

Depositing and Recording

- Reconciling cash deposits to bank deposits and bank deposits to journal and ledger entries
- Verifying that deposits are made intact

Segregation of Duties

Activity	Collecting Cash/ Payments	Depositing/ Recording	Control Activity
Handles and processes currency, checks & credit cards. Enters transactions into the cash register system	XXXXXXXXXXXXX XXXXXXXXXXXXX		
Prepares cash balancing or cash register to cash on hand	XXXXXXXXXXXXX XXXXXXXXXXXXX		
Performs reconciliation of credit card receipts to end of day report			
Prepares bank deposit and bank deposit slip		XXXXXXXXXXXXX	
Review of cash balancing			XXXXXX
Compares cash balancing report to bank deposit			XXXXXX

For proper segregation of duties, an individual should not be performing duties in different columns of the matrix.

Physical Security

It is important that the assets are adequately protected. Physical security of assets requires that access to assets be limited to authorized personnel.

One means to limit access to both assets and related accounting records is through the use of physical controls. Protection devices restrict unauthorized personnel from obtaining direct access to assets or indirect access through accounting records which could be used to misappropriate assets.

Locked storage facilities restrict access to inventories, and fireproof vaults prevent access to petty cash. Electronic cash registers record cash sales both on cash register tapes and at an off-site electronic storage facility, creating two records of a single transaction.

Miscellaneous

- Determining that proper approval has been obtained for each revenue-producing event
- Determining that every revenue-producing activity is consistent with the purpose for which the activity was established
- Personal checks are not cashed from student activity funds
- Investigating any significant variances from previous years and unusual items

Money Held Overnight (other than petty cash)

Money is NOT to be held in the building overnight. By keeping money in the building overnight you are risking theft, regardless of it being kept in a locked environment. If the money is taken, you will most likely suffer the loss because the District's insurance will not provide coverage for small sums of money due to the deductible contained within the policy.

There are times when an event is held at night and it is not feasible to make a deposit after taking tickets. This would be the only exception to the procedure of not holding funds in the building overnight

Petty Cash

Petty Cash Reimbursements

The limit on petty cash reimbursements will be \$100 in a one week period of time. The person making the purchase must have supervisor approval prior to the purchase. Receipts must be submitted in order to be reimbursed. Two or more receipts from the same store on the same day that total more than \$100 will not be reimbursed with petty cash; those receipts must be turned in on an A1A Form (Request for payment form) and then reimbursement will be made by check.

Petty cash cannot be given in advance of the purchase; the employee must make the purchase and bring in ORIGINAL receipts to receive a petty cash reimbursement.

If you have requests for **one person** that total over \$100.00 you may set up a request to pay and a check will be cut for that person.

Some schools keep petty cash in their buildings and it is their responsibility to keep track of how much each person is getting reimbursed during a one week time frame.

Special ed department heads must also keep track of how their people are spending money.

We must not bypass the purchasing department just because it is convenient or it is a “good sale”. Also computer/software purchases must be approved by the Director of Technology.

Like every other piece of paper, a 2nd signature is required.

DAVENPORT COMMUNITY SCHOOL
DISTRICT
PETTY CASH REQUEST FORM

DATE: _____

AMOUNT REQUESTED: _____

ACCOUNT NUMBER: _____

VENDOR NAME: _____

DESCRIPTION: _____

REQUESTOR SIGNATURE: _____

SUPERVISOR SIGNATURE: _____

\$ RECIPIENT SIGNATURE: _____

Petty Cash – Registration

Petty cash will be delivered by a Global Security courier to your building the day prior to your school's registration day. You will need to sign for your funds when they are delivered to you; the money will not be left at your building without your signature. Please sign for food service if they are not in the building. You are not verifying the money in their bag, just that you received it. Count your money before you use it. If there are any discrepancies, please call Accounting immediately.

Cashiers/secretaries may keep the money for the year or return it by following the instructions listed below.

Keeping Petty Cash

Secretaries - If you are keeping all or a portion of this money for your building petty cash fund, please send Accounting written notification of your school, your name and the amount that you are keeping. (via e-mail or school mail)

- If you keep the money for the school year to reimburse staff members, please remember you can only pay someone \$100.00 or less during a ONE WEEK period. If it is over that amount you will have to turn it into your Account Rep to process a check. You can not pay a staff member any of your petty cash for a grant that is in your building. It has to be turned into your Account Rep to get proper signatures.

Cashiers – We will assume you are keeping your money unless you notify Accounting that you are returning it. Please follow the instructions, when you are returning petty cash.

Petty Cash – Return

DO NOT RETURN TO ACCOUNTING

Use these instructions for returning petty cash at the end of registration or the end of the school year. All petty cash must be accounted for by the last day of school. When your building registration is finished, you will deposit registration money AND the petty cash (if you are not keeping it) to the bank. You will need to prepare separate deposits.

1. Your registration deposit will be for the amount of money that you collected at registration. Many buildings have found it helpful to prepare several deposits throughout the day, rather than preparing one large deposit at the end of the day. That is your choice.
 - a. Fill out a District deposit slip. Put your school name office/café and building number on the DCSD deposit slips.

- b. Secretaries, you do not have to separate the planners from resale. They are resale, so please add them in with your workbooks.
 - c. We have added three extra lines under padlock for you to write in other amounts that are not service fees or resale. Please write your account number that you want this money deposited into. This will help us to put the money in the right accounts. There are also two extra lines under catering that you can use to write on. Please do not write up the sides of the ticket. When writing on the slips, please press a little harder so we can see what you wrote all the way to the last ticket. Two different people get these slips to deposit money into your accounts. Please use up your old DCSD tickets before using these new ones.
 - d. Fill out a THE National Bank deposit slip. Make sure you record the number that is in the upper right hand corner of your DCSD deposit ticket in the boxes below your school name on the bank deposit ticket and that it is legible. This will help accounting and the bank, track your deposit and ensures that your building receives credit in the accounting software. Your school name office/café is already on the deposit slip. A calculator tape of checks being deposited must be attached to the checks. Checks must be endorsed.
 - e. The dollar amounts on the DCSD ticket and the bank slips must be equal to each other. Keep the pink copy of the Bank deposit slip and the white copy of the District deposit slip for your records.
 - f. Take the yellow and pink copies of the DCSD and the white and yellow copies of the Bank deposit slip and place them into the moneybag. Cloth moneybags must be locked before they are picked up by Global. Plastic bags must be sealed. Make sure you fill out the front of the plastic bags before depositing it.
2. A separate deposit will be made for the amount of petty cash you received prior to registration that you are now returning. Follow the same procedures as listed above in #1 for both the District deposit slip and the Bank deposit slip. On the District deposit slip make a note that this is “RETURN OF PETTY CASH”. On the Bank slip list the proper dollar amounts in the lines provided.

- Both registration money and return of petty cash deposits may be placed in the same money bag as long as each deposit is separately secured with its money.
3. Global Security will pick up all deposit bags. Please make sure that someone stays at the building with your deposit until Global Security picks up the deposit. Also make sure there is an unlocked door so Global can get in.

Do NOT keep your deposit in the building overnight. Do NOT take your deposit to the bank. This is for your protection as well as the District's protection. If you do not have your deposit ready when Global Security stops to pick it up, mark your bag "DO NOT DEPOSIT – RETURN TO (BLDG NAME)". Global Security will secure the bag overnight and return the bag to you the next morning so that you can complete the deposit for the bank. Please return all extra empty bags /Accounting.

Paychecks

Paychecks cannot be withheld for disciplinary or other types of actions.

If you withhold an employee's pay beyond the required pay date, you may violate state law requiring timely wage payment. The federal Fair Labor Standards Act does not specify when wages must be paid or include a specific pay date requirement. However, courts generally have interpreted the FLSA to require the prompt payment of wages.

Pop Funds

You may maintain a separate checking account for the accounting of pop fund money IF the pop machine IS NOT connected to student activities. i.e.: maintained by the faculty or other group. If you elect to maintain a separate account, you CANNOT use the district's tax ID number for identification purposes. If you have an account using this number, you must change your account with the bank or the funds will become property of the district. If you elect not to maintain a separate checking account, you may deposit the funds with the District in a "fund 76" account to be used for faculty-directed purposes.

You may elect to account for the monies from the pop fund through your student activities account if the students have access to the machines and the funds are used for co curricular/extra curricular student activities. The pop fund should be considered another "activity" of your account and not co-mingled with the funds of the student activity monies.

Refund of Service Fee

If the service fee was paid in the form of a check, the secretary should refund the person by requesting a check on an A1A form. This will give the district ample time to make sure the parent's check actually cleared the bank without any problems.

If the service fee was paid in cash, the secretary may refund the person in cash or by requesting a check. The secretary should use other service fee money if possible to make the refund in cash. If service fee money is not available, the secretary may refund with activity money. After using the activity money for the refund, the secretary must request a check to reimburse the activity account.

Suggestion for pro-ration of fees:

If within first quarter, full fee

If within 2nd quarter, half of semester fee

If within 3rd quarter, full semester

If within 4th quarter, half semester fee

Resale

The **resale account is an account that consumables are purchased from. Even though this account number contains your building number, it IS NOT part of your site budget!! Therefore, your site account will not be negatively impacted for those students who are free and reduced and who do not pay fees for consumables.

You will sell these items to your students and will deposit these receipts. These items will not be charged to any of your building budgets; these items are paid for out of a centralized account. You must record your resale receipts separately on your deposit slips.

You will also need to keep track of resale supplies and workbooks that are given to “fee waiver” students.

At the end of the year you will need to provide the Accounting Office with a reconciliation of your resale account. The amount of resale supplies and workbooks that were sent to your building will need to equal the amount of money collected plus the amount given to fee waiver students plus the remaining inventory in your building.

Consumables

Consumables are to be ordered through the new electronic Textbook Management Program for next year (this takes the place of the Service Book catalogs). The warehouse will charge these items to the **resale account for your building: 11-bldg-1100-subject area-1720-642. The cost of the consumable should be added to e-sis as a fee to be paid at registration. When you collect the fees for consumables, please mark your deposit slip as **resale.

Consumable items include: workbooks, any “text” that can only be used once.

Padlocks

Padlocks should be in your Resale account in the General Fund. Curriculum budget doesn't have to cover this expense. Since it's related to the school day, it should not be in the Activity Fund.

P.E. T-shirts

Physical Education t-shirts are to be purchased through the district's **resale account. Charge your orders to 11-bldg-1100-100-0000-612. The cost of the t-shirt is to be added to e-sis as a fee. When you collect the fee, please mark your deposit slip as **resale.

Planners

High School and Intermediate:

When ordering planners, please charge your order to 11-bldg-1100-100-1720-610. This is the district **resale account. When you collect the fee for the planner during registration, please mark your deposit slip as **resale.

Elementary:

Elementary planners are to be purchased from your curriculum account: 11-bldg-1100-100-0000-612. When you collect the fee for the planner during registration, please mark your deposit slip as "planner reimbursement – curriculum".

All Levels:

The cost of the planner is to be added as a fee to e-sis and is payable at registration along with service fees and other consumable fees. If you have an outside organization that wants to purchase the planners for you or you have another source of funding to pay for the planners, do not include the fee on e-sis. Deposit the funding into **resale if at the high school or intermediate level; deposit the funding as "planner reimbursement – curriculum" if at the elementary level.

Revenues

1. **Basic Concept:** Match revenues to expenditures. Match revenues to the source of the funds.

Example: Kids sell candy bars to raise money to go to a state event.

Source of funds = kids selling something = activities fund
Expenditures – cost of bus will be paid by activities, therefore, deposit the revenue in the activities fund.

Example: School collects tuition for preschool program.

Source of funds = private individual....which fund?
Expenditures = preschool expenses come from General Fund, therefore, deposit the revenue in the general fund.

Example: Kids pay \$2 to go on a class field trip during the school day.

Source of funds = kids? Private individual? Which fund?
Expenditures = general fund curriculum account, therefore, deposit the revenue in the school's curriculum account in the general fund.

2. What types of revenue accounts are there?
 - a. Curriculum (general fund) – deposits received from various sources to be used to pay for a curriculum-related expense.
 - Student pays a portion of field trip cost
 - Book fair money to be used for classroom supplies
 - Shop cards
 - Family/Consumer Science fees
 - Instrument repair fee
 - Library fines
 - Etc.
 - b. Office (general fund) – deposits received from various sources to be used to pay for an office-related expense
 - Fees for using fax or copier
 - Sale of misc. school property (bricks, lockers)
 - Non-student fund raiser
 - c. Activities fund – funds received from co-curricular activities to be used to pay for co-curricular expenses
 - Yearbook fees
 - Student candy bar sale for band trip

Fund raiser money for cheerleading uniforms
Athletic gate receipts

- d. Tuition (preschools) – general fund
- e. Lunch/breakfast receipts – food service fund
- f. Resale books – general fund – to a district-wide account, not credited to the individual school

3. When do the schools get credit for their deposits?

When they are responsible for the corresponding expenditure.

Example: money collected from students to go on a field trip that the school's curriculum budget is paying for.

Example: money collected from a student fund raiser that will pay for an activity fund expense

NOT for resale books, service fees, etc, because the corresponding expense is not being charged to the building's budget.

4. How do the schools get credit for their deposits?

Each month I will look at the revenue accounts to determine how much each building deposited for curriculum and office revenue. A budget transfer will then be made into the curriculum and office accounts, increasing those budgets by the amount of revenue they deposited. Any budget left at the end of the fiscal year is carried over to the new fiscal year, so they won't lose any money.

"Social Funds" and Building Checking Accounts

Social Funds refer to monies maintained in an account by employees normally used for social activities. The monies received into the fund are from employees or activities generated by employees and are no way related to the student activities fund.

Example: Employees pay a "dues" each year to establish a social fund. During the year they purchase flowers, gifts, etc.

Example: Employees pool their monies and purchase a pop machine. The monies generated from sales are maintained in the employee fund and used by the employees for purposes they specify.

Social/faculty funds may remain in a separate **only** if the following conditions are met:

1. The account cannot use the district's tax ID number in any manner associated with the account.
2. The account must use a SSN as the identifier.
3. The name on the account **cannot** include the building name/ office name/ club affiliation, or any other such identifier that would associate the account with the Davenport Community School District.
4. The account cannot be used to receive any discounts afforded the district such as discounts, tax exemption, etc.

If any of these conditions are violated, the district is then made accountable for the transactions of the account and the account must be closed and an account will be opened and operated through the district accounting process.

The person administering the account takes full responsibility for the account and the Davenport District will not be held accountable for any transactions of this account.

All financial institutions in the Quad Cities are notified, and will be annually, that individual buildings/offices in the Davenport School District are not to be associated with the district for the purpose of maintaining a business account or to use the district's tax exempt number

Sunshine Accounts

The Sunshine Account is used to pay for items not appropriate to come from school district funds. Often times this account is used to buy flowers or other items for employees that are sick, have children, loss of loved one, etc.

Vending Machines

1. Generally, it is better inventory control to keep no inventory on hand other than in the machine.
2. Weekly (more or less often as necessary) have a designated staff member remove the money. Observe the vendor filling the machine or count/verify that all merchandise was received. From the machine, inventory the merchandise in the machine, and record the number on the machine counter.
3. Do a vending machine recap similar to a ticket recap for gate receipts:
 - a) Subtract the beginning machine count from the ending machine count. Multiply this by the selling price to determine how much cash should have been collected.
 - b) Add beginning inventory plus inventory added during the period less ending inventory. Again, multiply this by the selling price to determine how much cash should have been collected.
 - c) Count the cash collected from the machine (ignoring the standard amount of change left in the machine at all times.)
 - d) All three counts should match.
4. Better internal control will be maintained if the individual designated to remove money from the machines is switched with no warning and no pattern.
5. If the vending machines you have do not have counters, request counters be added or machines be replaced. Counters are very important for internal control.

If you have an account at a financial institution and are using the district tax ID number for whatever purpose, you should close your account and direct all activity through the Special Fund.

Purchasing

To access the entire District Purchasing Manual, go to:
<http://www.davenportschools.org/employees/purchasingmanual.pdf>
In the Employee section of the District website.

Blanket Orders

There are three situations in which the use of a blanket order is appropriate:

1. for requesting materials or services that are needed repetitively
2. for requesting authorization to purchase a fixed dollar amount of a variety of miscellaneous inexpensive items over a fixed period of time
3. for making periodic payments against a contractual agreement such as a maintenance agreement for copiers, welding gases, etc.

A requisition shall be initiated according to standard procedure at least one week prior to the time of the initial purchase and note in the remarks field this is a blanket order request. Purchases may then be made against this purchase order until the fixed dollar amount has been reached and/or the allowable time frame has passed.

The district person making the purchase must indicate to the vendor the Purchase order number against which the purchase is being made, must sign the vendor receipt at the time of purchase, and must forward verification of the purchase to the Accounts Payable Department.

Invoices

Incoming mail will be looked up on IFAS to find the Account Rep for the invoice. Account Rep will set up invoice for payment in the appropriate AP batch.

Each Account Rep will send her Batch Proof Report to MIS to distribute the batch. MIS will return the Batch Proof Report and the Distribution Report to the Account Rep. The Account Rep will make sure the Distribution Report agrees to the Batch Proof Report. Make sure the net amount on the Audit Report (last page) is ZERO. The Batch Proof Report can be discarded.

The Account Rep will combine all her batches for the Friday run (in alphabetic order) and run a grand total of all her batches. Follow the same process for the Board run. Edie (Account Rep) will total all 7

Account Rep's batches and make sure that total matches the amount in the Select-For-Pay step of check processing.

Open Purchase Orders

This is to be used for supply items only and not to exceed \$500 per semester. Follow standard requisition procedures and note in the remarks field that this is an open purchase order request. An Open Purchase order is to be used only for one school year and only for the intended purpose.

Receiving Report

1. For supplies/equipment/subscriptions received directly in your building, you must fill out a Receiving Report which authorizes payment.
2. After attending a conference, fill out a Receiving Report for the appropriate Purchase Order (hotel, etc).
3. If the items were received at the warehouse and then were delivered to your building, you do not need to fill out a Receiving Report; the warehouse staff completes those Receiving Reports.
4. You must write either the Purchase Order Number or the C-Form Number on the Receiving Report. Your Account Rep will have to send incomplete Receiving Reports back to you.
5. Send the completed Receiving Report to your Account Rep.

Request for Payment - A1A's

Buildings and departments will still submit paper A1A's to their Account Rep.

The Account Rep will make sure the principal/administrator has signed the form, the account code is correct, and all supporting documentation is in place. The Account Rep will also make sure that the A1A follows general district guidelines and policies (i.e. no gift certificates, etc).

If the reimbursement request is for \$100 or less, the Account Rep will process as usual for petty cash reimbursement and will not need to enter a PR or Direct Pay into IFAS.

If the A1A is received by the Account Rep with all needed signatures, the Account Rep will enter it as a Direct Pay in her AP batch. If the A1A received still requires signatures, the Account Rep will give the A1A and attached paperwork to Purchasing who will enter in IFAS and the approvals will be obtained through Workflow.

Cut off for accounting is usually 7-8 days prior to the board meeting. Please allow sufficient time for the A1A to reach accounting via school mail.

The limit for an A1A will be \$500. Purchases over \$500 must be made on a Purchase Order. Purchases under \$500 can still be made on Purchase Orders for out-of-town vendors and to avoid paying sales tax. Please be aware that any purchase that is not done through a Purchase Order will incur sales tax. Receipts must be attached to the A1A Form and submitted to your Account Rep. Reimbursement will be made by check.

Requisitions

Buildings and departments will submit paper c-forms (requisitions) to their Account Rep.

The Account Rep will make sure the principal/administrator has signed the form, the account code is correct, and all supporting documentation is in place. The Account Rep will also make sure that the c-form follows general district guidelines and policies (i.e. no gift certificates, etc).

The Account Rep will initial the c-form in the *upper left corner* and give it to Purchasing.

Purchasing will enter the c-form in IFAS. They will write the Requisition Number in the *upper right corner* of the c-form and will return it to the Account Rep.

Purchasing will approve the PR (Purchase Requisition) as the originator of the PR and then IFAS Workflow will send to the appropriate administrators for subsequent approvals. The last approval will be the Buyer. Once the Buyer has approved, the PR will be ready for the next PO run done by MIS.

Disposal fees – Purchasing will put the information on the parent record of the PR and will write up the JE. Purchasing will give the JE to the Account Rep; the Account Rep will hold the JE until the invoice has been paid and then will give the JE to Anna to process.

Software – Purchasing will give the hard copy c-form packet to the Director of Technology. He will receive electronic notification from IFAS Workflow that he has a PR to approve.

Fed Programs – Purchasing will give the B42's and other supporting documentation to the Director of Federal Programs. She will receive electronic notification from IFAS Workflow that she has a PR to approve.

Shipping/ Handling and Discounts - Purchasing will enter the appropriate amounts on the PR when they create the PR. Any major variances from the paper c-form will be handled in the same manner as we currently do.

Scanning

Gail (Account Rep) will continue to scan the complete packet after the checks have been approved by the Board. Once we have full scanning capability we will revise this process.

Unauthorized Purchases

The district is not liable for payment of invoices when purchases of supplies or equipment were not authorized by the Buyer or Director of Support Services.

Warehouse Orders

Buildings and departments will send their paper s-forms to their Account Rep.

The Account Rep will enter the s-form into IFAS.

Student Activities and Athletics

The student activity fund is a special revenue fund established in Iowa Code chapter 298A. The purpose of the fund is to account for financial transactions related to the cocurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281—12.6(1).

The student activity moneys are public funds. All funds collected by a school district through the school activities are under the financial control of the school board. Public funds may only be spent for the public benefit – or public purpose.

Types of Expenditures

Appropriate expenditures include the ordinary and necessary expenses of operating district sponsored and supervised student cocurricular and extracurricular activities.

Expenditures that may NOT be made from public moneys included the following:

1. The cost of optional equipment or customizing uniforms. Basic uniform and safety equipment is okay.
2. The cost of uniforms when the following two tests are NOT met:
 - a. The activity is a part of the schools' educational program, and
 - b. The wearing of the uniform or equipment is necessary in order to participate
3. Hospital or medical claims for student injuries or procurement of student medical insurance
4. Optional costs related to activities such as promotional costs (printing of tickets and posters, or other advertising expenses) The expenditures are not necessary to the extracurricular program, and are therefore optional and shall not come from public funds. (Note: this refers to specialized tickets promoting the event but does not refer to general purpose tickets used by the district for appropriate internal accounting controls)
5. Membership fees in student activity related associations if the fees are optional, in that non-member schools may participate in sponsored events.

All funds from all student organizations and activities residing in the school district funds including the student activity fund are owned by the school district. The students are NOT owners of the funds, and the funds do not meet the legal requirement of description to be specific

identifiable money. An excess of revenues over expenditures for any student activity remains under the control of the board and may not be distributed to any individual member of such activity.

Student activity funds may not be devoted or allocated to any private organization unless a fundraiser was held expressly for that purpose and the purpose of the fundraiser was specifically identified.

Basic Rules

1. All expenditures from the Student Activity funds must be approved by the Board.
2. Student Activity Funds are covered by the District's depository resolution and subject to the District's investment policy
3. Federal grants should not be recorded in the Student Activity Fund
4. Activity Fund accounts should not have a deficit balance at year end
5. Student groups may use the District's tax exempt ID for allowable activity purchases to avoid paying sales tax
6. Individuals and outside organizations such as Booster Clubs may not use the District's tax exempt ID or taxpayer ID for their bank accounts
7. Teachers, coaches, and/or sponsors should not use personal or establish "separate" bank accounts for SAF Activities.
8. It is never appropriate for a school district to give cash to student members of activity groups

Book Clubs (Scholastic, Others)

Students are to make checks payable to the book company then they are sent in at the building level. The books and other gifts are the district's' to be used in the building otherwise the teacher has violated the state gift law.

Booster Clubs

In Iowa, all funds collected through school activities are under the financial control of the school board and belong in the student activity fund, not the Booster Club. This includes admissions to events.

As outlined in Iowa Code 298A.8, “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”.

Outside organizations do not have the right or authority to waive fees, reduce fees, or change fee amounts for school sponsored events. Proceeds from school district sponsored activities for students are the legal responsibility of the school district and are required to be accounted for by the district in the student activity account following state mandated regulations. Proceeds from fund raising activities that include students are also legally required to be accounted for in the student activity fund.

All Booster Club fund raising activities that include selling passes to district events are still considered District funds and are to be accounted for as such.

It will be the responsibility of the building administrator to determine if a fund raising request is appropriate for a school sponsored club/organization or a non-school sponsored club/organization. If a school sponsored club/organization is making the request and is approved, the funds will be accounted for in the Student Activity Fund. If a non-school sponsored or an outside organization is requesting the fund raising activity and it is approved, the funds can be accounted for by the outside organization.

Fund Raising Procedures

Gambling

The district has to pay gambling sales tax to the State on any fun night or fundraising activity that involves Bingo or raffle-type activities. A form needs to be filled out to report sales tax. Forms may be picked up at the Accounting office. The form, along with a check for the sales tax owed on an event, should be sent to the Accounting Office.

Iowa Gaming

The Division of Racing and Gaming is charged with licensing and the auditing of the gambling reports. All licenses must be prominently displayed at the playing area of the game or at the drawing area of a raffle. No person or group can use another's gambling license to conduct gambling activities. However, if a public school district holds a valid gambling license, any school group or parent support group from that district may use the gambling license of the public school district to conduct games. No organization can use the district's license more than twice in a calendar year. Groups such as PTA and booster clubs, made up of parents and students, may obtain their own gambling license to conduct gambling events if they do not wish to use the district's license. Only one qualified organization can hold a two-year license to conduct bingo at the same location.

Gross receipts from gambling are subject to Iowa sales tax. The word "donation" printed on a gambling ticket does not exempt it from sales tax. All licensees must make arrangements with the department of revenue to obtain a sales tax permit. The sales tax permit must be displayed at the gambling location.

When applying for the gambling license public school districts need not obtain the written credit reference, IRS documentation nor law enforcement notifications. No public [tax] funds can be used to purchase the license.

All gambling activities conducted must be fair, honest, and the object of the game must be attainable. Federal postal regulations prohibit using the mails to distribute printed matter that advertises most forms of gambling.

If the District buys the gambling license, it should only be used by the District. If a Booster group wants to use the license but they are separate from the District and do their own accounting of funds, then they need to buy their own license and cannot use the District license.

Iowa Raffle Guidelines

Iowa Code Chapter 99B regulates charitable gambling and allows raffles to be conducted according to the following restrictions:

Organizations Eligible to Conduct Raffles:

Only “qualified organizations” are eligible to conduct raffles in Iowa. “Qualified organizations” are those that dedicate the net receipts of games of skill, games of chance, or raffles to educational, civic, public, charitable, patriotic, or religious purposes and that are either:

- Exempt from federal income taxes under Section 501© of the Internal Revenue Code, or
- Parent-teacher organizations or booster clubs recognized as fundraisers for school districts.

Licensure:

All persons conducting raffles in Iowa must submit an application and obtain a charitable gambling license from the Iowa Department of Inspections and Appeals. The following application requirements must be satisfied before a license will be issued:

- ✓ Proof of “qualified organization” status – Each applicant must provide proof of the organization’s tax exempt status. This proof must be in one of the following forms:
 - A determination letter from the Internal Revenue Service stating that the organization is exempt from federal income taxes under Section 501 (c) of the Internal Revenue Code;
 - A copy of the organization’s completed form 1023 or 1024, which is an application for tax exempt status;
 - A copy of the organization’s form 990, which is the annual return filed by organizations exempt from federal income tax; or
 - A notarized letter stating that a parent-teacher organization or booster club is recognized as a fundraiser for a school district. The letter must be signed by the president of the board of directors, the superintendent of the school district, or a principal of a school within the relevant school district
- ✓ Credit reference – Each applicant must submit a written credit reference from a banking institution or other entity with which the applicant does business. The credit reference should state that the applicant holds an account with the entity writing the reference, and the applicant’s account is in good standing.
- ✓ Signature of law enforcement – Each application must be signed by the Chief of Police or County Sheriff with jurisdiction over the gambling location.

- ✓ Signature of responsible party – Each application must be signed by an individual having authority to sign for the organization.
- ✓ License fee – Each application must be accompanied by the requisite license fee. License fees depend upon the duration of the license, and are listed on page one of the application.
- ✓ One of each license per calendar year – A qualified organization may hold each type of charitable gambling license only once per calendar year. For example, an organization is not eligible to receive more than one type 8 license (a 14-day qualified organization license) during calendar year 2001.

Ticket Sales:

- No presence required – Iowa law prohibits organizations conducting raffles from requiring participants to be present at the drawing in order to win prizes.
- No extended prize drawings – Raffle prizes must be awarded within a 24-hour period. An organization cannot draw winning names over a period of time greater than one day. For example, a single raffle providing monthly drawings would be illegal. Instead, each month's drawing must be conducted as a separate raffle, and participants must be given the option of buying single tickets for any one or more months.

Small vs. Annual Raffles:

- Iowa law classifies raffles into 2 categories: (1) small raffles, and (2) annual raffles.
 - (1) A small raffle is one wherein the aggregate value of the prizes awarded is \$1,000 or less, and the cost of a ticket is \$1 or less.
 - (2) An annual raffle is one wherein the aggregate value of the prizes awarded is greater than \$1,000, and the cost of a ticket may exceed \$1.
- A qualified organization may conduct an unlimited number of small raffles during the effective dates of its license.
- A qualified organization may conduct only 1 annual raffle per calendar year.

Quarterly Reporting and Sales Tax:

- Each organization holding a charitable gambling license must complete and file a quarterly gambling report showing gross gambling income, disbursements, and total income.
- The Department sends out a gambling quarterly report form at the end of each quarter to all qualified organizations that held an active license during that quarter.

- All licensees except city and county governments must pay state sales tax on their gross gambling proceeds. The sales taxes may be remitted with a copy of the quarterly gambling report.

Use of Raffle Proceeds:

- All gambling receipts, less expenses, fees, taxes, and prizes must be distributed to educational, civic, public, charitable, patriotic, or religious uses within 30 days following the end of the calendar quarter in which the gambling occurred.
- A licensee desiring to hold the net receipts for a period longer than 30 days after the end of the quarter may request an extension from the Department of Inspections and Appeals.
- The amount distributed and dedicated must equal at least 75% of the net receipts.
- If a licensee derives at least 90% of its total income from charitable gambling, at least 75% of the licensee's net receipts must be distributed to an unrelated entity for educational, civic, public, charitable, patriotic, or religious purposes.

Prepared by Iowa Department of Inspections and Appeals, Social and Charitable Gambling

Student Fund Raising

Students may raise funds for school sponsored or non school sponsored events with permission of the building principal. It will be the responsibility of the building administrator to determine if the request is appropriate for a school sponsored club/organization or a non-school sponsored club/organization.

At no time can the building administrator assign, approve or transfer the rights to funds legally belonging to the district to an outside organization, e.g. collection of gate receipts, admissions, activity fees, student dues, etc.

Guiding Principles

1. Student fund raising should be minimized
2. Each fund raiser must have a specific purpose
3. Failure to follow appropriate fund management procedures may force the district to hold the sponsor personally responsible and liable for incurred expenses

Operational Procedures

Approval – General

1. All fund raising activities must have the approval of the building principal.
 - a. Approval must be obtained at least two weeks prior to the proposed start of the fund raiser
 - b. Request must be made via the Activity Fund Raiser Request Form. Included on the form will be :
 - i. Organization making request
 - ii. Dates of Sale
 - iii. Items being sold
 - iv. Price per unit
 - v. Selling Price
 - vi. Purpose of Fund Raiser
2. When selecting a company and product, consideration should be given to the reputation of the company and of the item delivery, return, shipping costs, previous success with sales, etc.
3. Copies of all requests for fund raising activities (approved and denied) must be maintained in the principals office and available upon request by Central Office

Ordering Fund Raising items – School Sponsored

1. General purchasing procedures must be followed when ordering fund raising items.

Student Sales- General

1. In all sales transactions where the item sold is promised for future delivery, the buyer must give a written receipt by the seller. The receipt should include the name of the organization, the item(s) to be delivered, anticipated delivery date, and the name of the advisor in case of questions. In all other transactions the buyer will receive merchandise in exchange for money.
2. Advisors are responsible for returning all unsold items and for getting a credit from the company.
3. No payment for expenses of the activity should be made from the cash or receipts of the activity. Expenses must be paid by check or petty cash with proper substantiation.
4. **No discounted sales** - This provision prohibits the discounting of tickets for raffles and gambling. For example, an organization cannot sell tickets at a cost of \$1 per ticket or 6 tickets for \$5. All tickets must cost the same amount, regardless of the quantity purchased.

Moneys Collected – School Sponsored

1. All moneys are to be given to the building secretary for daily deposit. Moneys deposited should reference the organization, and a listing of the individual's money was collected from with the related amounts collected. The advisor will receive a receipt for this deposit and will keep this receipt on file for organization records. Moneys should not be taken home for safe keeping or left in desk drawers or file cabinets.

Moneys Collected – Non School Sponsored

1. If the organization sponsoring the fund raiser is non school sponsored, or has their own tax ID number, or have 501c3 status and maintain a separate checking account for their organization, they will then deposit moneys into their account. Moneys deposited should reference a listing of the individuals money was collected from with the related amounts collected.

Cross Reference: Board Policy 302.01 Handling of Cash and Other funds Received, Board Policy 506.01 Collection of Money from Students, Board Policy 506.02 Activity Funds

Legal Reference: Iowa Code 291.12, 298A, Iowa Department of Education Administrative Code Section 281-12.6(1), Iowa Attorney General Opinion dated September 1, 1983

Date of Request: _____



Organization _____

Dates of Sale: _____

Item(s) being sold _____

Price per Unit _____ Selling Price: _____

Projected Profit _____

Purpose of Fund Raiser _____

Sales will be held: (check all that apply)

_____ In School _____ In Community _____ In School Facility
_____ During School Hours _____ During School Sponsored Activity

Sellers include: (check all that apply)

_____ Students _____ Parents _____ Staff _____ Others

Signature of Advisor/Organizer: _____

Contact information for above Address: _____

Phone: _____ or _____

For District Sponsored Only:

_____ *By signing this form I agree to abide by all district policies and procedures and acknowledge all funds raised are property of the Davenport District*

Signature of Building Administrator _____	
_____ Approved	
_____ Denied	Reason: _____

District Sponsored _____	Non District Sponsored _____

Cross reference: Board Policy 302.01 Handling of Cash and Other funds Received,
Board Policy 506.01 Collection of Money from Students, Board Policy 506.02 Activity Funds
Legal Reference: Iowa Code 291.12, 298A, Iowa Department of Education Administrative
Code Section 281-12.6(1), Iowa Attorney General Opinion dated September 1, 1983

Fund Raising Q&A

Q: Does a club or organization have to submit a Fund Raising form to sell concessions? And if so, do they have to fill out a form for every event?

A: Yes, they should fill out a form for Fund Raising. They can fill out 1 form to cover the entire season or seasons if they staff the concession stand for several different sports/events.

Q: Does a fund raising form need to be filled out if the group is not raising money, but collecting goods instead? I.e. Food drives

A: Yes, board policy 506.01 says “The principal of the building must authorize the collection of any funds or goods in the community or in the school before any collection is made.”

Q: Can students use the Student Activity Fund to buy t-shirts for kids going to the State track meet?

A: No. They do not meet the “public purpose” test and they are not a required uniform. Suggestion: Ask the Boosters to do it.

Q: Can we use the Student Activities fund to print up posters for an upcoming dance?

A: No. It is considered an optional cost and therefore not appropriate.

Q: Our high school science teacher told the students she does not have enough money to replace beakers in the classroom so the students are selling candy bars before, between and after classes to give to the teacher. Is this okay since it was the students idea?

A: No. It is still a student fund raiser and proceeds must be used for the students in extra curricular and co curricular activities.

Q: Our student council is holding a dance for students and will charge a nominal amount. We intend the “ticket” cost will cover the DJ and food. At the end of the night we intend to pay the DJ cash (we can get him cheaper that way) and reimburse a parent who will be purchasing pizzas from a local vendor. If there is money left, do we have to deposit it or can we keep it as petty cash until the next event?

A. It is not appropriate to pay anyone cash from the proceeds of an event. The deposits from the dance (all of it) need to be deposited and then checks written to the DJ. If the parent wants to be reimbursed, that needs to follow the procedure for a petty cash reimbursement if the amount is under \$100.

People purchasing goods or services from a member of a student activity group must be provided with all relevant information about how the funds will be used. For example, “the money raised by this project will help send four members to our national conference”.

Alternative

If fund raising is used by an activity group, a community service alternative must be offered to members who cannot or will not undertake the fundraising activity. The alternative project must be safe, available to any member, and must earn the student as much “credit” as would the fundraising. (For example, if the alternative activity is picking up trash on school grounds, the students must be informed that “X” hours of the activity is equivalent to selling “X” dollars worth of the goods or services being sold). Make sure the alternative is not punitive in nature.

All clubs and organizations will be required to complete a Request Form including school sponsored clubs and organizations as well as all Booster Clubs, Parent Organizations, and other non-school sponsored organizations.

It will be the responsibility of the building administrator to either approve or deny the request. If a school sponsored club/organization is making the request, the funds will be accounted for in the Student Activity Fund. If a non-school sponsored or an outside organization is requesting the fund raising activity, the funds can be accounted for by the outside organization.

It will be the responsibility of the building administrator to determine if the request is appropriate for a school sponsored club/organization or a non-school sponsored club/organization.

Proceeds from fund raising activities that include students can be accounted for by a non-school sponsored club/organization as long as the activity has received approval by the building administrator.

At no time can the building administrator assign, approve or transfer the rights to funds legally belonging to the district to an outside organization, e.g. collection of gate receipts, admissions, activity fees, student dues, etc.

Gate Receipts at Intermediate and High School Athletic or Activity Events

The activities office is responsible for:

- Sending THE National Bank a schedule of change order requests needed to have start-up cash for the event. Global will deliver the change order to the school on the day of the event. THE National Bank phone # is 823-2323 and fax # is 823-2324
- Ordering and safeguarding the adult, student and pass tickets.
- Maintaining a perpetual inventory of the adult, student, and pass tickets.
- Issuing the adult, student, and pass tickets for the athletic or activity event.
- Establishing the gates receipts kit containing the ticket sales report, rolls of tickets, two bank and two DCSD deposit slips, two bank bags (clear plastic) and the start-up cash for the ticket sellers to use. The ticket sales report and deposit slips should be labeled with date & name of the event and one set of the deposit slips be labeled return of start-up cash.
- Monitoring each event where gate receipts were collected to ensure the money was deposited in the bank.
- Reconciling the ticket sales report for number sold and amount sold.
- Recording gross sales (no expenses to be paid out of gate receipts) to the appropriate sport or activity category in the Quicken Accounting Records.

The ticket sellers are responsible for:

- Obtaining the gates receipt kit containing the ticket sales report, rolls of tickets, two bank and two DCSD deposit slips, two bank bags (clear plastic) and the start-up cash.
- Verifying the start-up cash is correct.
- Safeguarding the tickets in their possession.
- Safeguarding all money in their possession.

- Issuing tickets to each paying customer and to those with valid passes unless there is a separate ticket issuer for customers with passes.
- Counting money after the gate is closed and completing the ticket sales report. There will be two bank bags (clear plastic) to deposit gate receipts and start-up cash separately. (Deposit will be gross receipts only / no expenses paid out of gate receipts) ** NOTE: At Intermediate home games ONLY, a DCSD student worker may be reimbursed from gate receipts. A voucher noting the amount and who received the reimbursement must accompany the deposit. Adult workers will be reimbursed following normal District reimbursement procedures. **
- Returning the gates receipts deposit, start-up cash deposit, ticket report, and unused rolls of tickets to the event supervisor for depositing the money in the night deposit box and for returning all other items to the activity office. The money **MUST** be given to the event supervisor the same night as the event for deposit.

The ticket takers are responsible for:

- Collecting the whole ticket from **EVERY** customer (paid or pass) to enter the event and storing it in a container.
- Returning container of sold tickets to the event supervisor

The event supervisor is responsible for:

- Staffing each athletic or activity event for the collection of gate receipts.
- Ensuring the gate receipts kit is delivered to the ticket sellers.
- Supervising the gate operation for adherence to the gate receipts procedures.
- Safeguarding and returning the ticket report, unused rolls of tickets and container of sold tickets to the activity office for processing.
- Safeguarding and depositing the gate receipts deposit and the start-up cash deposit immediately following the event in the night deposit box at THE National Bank located at 53rd and Jersey Ridge. This is the only location that should be used to deposit money.

- The money **MUST** be returned on the same night as the event.
Money **CAN NOT** be stored overnight or taken home until the next day for deposit.

PTA's and Dad's Clubs Monies

A question was raised on whether a school is required to maintain in their school activity account the monies raised by school or student support groups (PTA's, Dad's Clubs, Booster Clubs, etc).

In an attorney general's opinion issued in September of 1983, this question was raised. After examination of the Iowa Code, they could not find any requirement that a school district maintain the money raised by such groups in the school activity account. However, a school board clearly holds power to regulate the use of funds raised during school hours and school sponsored activities and to regulate the fund-raising activity. It further states that monies 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. So while the monies may not actually be processed through the school's activities accounts, they are "legally" still the monies of the school.

To see how well you are following district policies and procedures, take the self assessment at the end of this section. If you answer “no” to any of the questions, you need to review policy and make necessary changes so that you are able to answer “yes” to the internal control.

Self Assessment – Cash Handling

Yes No

1. Are all funds received accounted for by a pre-numbered receipt, written promptly upon receipt of funds?
2. Are the responsibilities of receiving funds and writing receipts and preparing bank deposits segregated?
3. Are all deposits made on a timely basis?
4. Are checks received endorsed immediately upon receipt?
5. Do receipts indicate the source of funds and differentiate between cash and checks?
6. Are appropriate security measures in place to protect deposits until picked up?
7. Are receipt books and numbered forms used in support of cash receipt properly secured and accounted for?
8. Are monthly Quicken reports filed and reconciled with Central Office on a monthly basis?
9. Is adequate training provided regarding the use of cash registers and other equipment?
10. Are keys to the cash register and safe secured?
11. Are all cash register tapes accounted for?

12. Are cash registers properly backed up and do maintenance agreements exist?
13. Is vending machine stock safeguarded?
14. Is vending restocking and cash collection performed by two individuals?
15. Are gate receipt reports and ticket logs reconciled?
16. Are all unused tickets safeguarded?
17. Are ticket selling and reconciliation of tickets done by two different individuals?
18. Is the Petty Cash fund reconciled on a regular basis by someone other than the person in charge of petty cash funds?
19. Does the petty cash on hand plus expenditure receipts equal the amount of the original fund balance?

Accounts and Funds

ACCOUNT

Adult Education
Alumni Association
Anonymous Scholarship
Band uniforms required to be worn
Change Fund/Petty Cash
COBRA/Insurance
Community Education
Computer Purchases
Copies/Phone Calls
Donations
Driver Education
Early Retirement Medical Benefits
Family & Consumer Science Foods
Fundraising revenue
Goggles
Hot Lunch
Industrial Arts Resale
Laboratory Fees
Landscaping/Tree Committee
Latch Key Program
Library Fines
Mandatory safety equipment and balls
PE Field Trips
PE Padlocks
PE Towel Fees
Playground Committee
Preschool
Rental of Gym
Revolving/Clearing/Holding/Flow Throu
School bookstore
State/Federal Grants
Summer Workshops
Swimsuit Rental
Textbook Rental/Sales
Travel expenses for students
Vandalism
Wellness
Workbooks

MOST LOGICAL FUND

General Fund
Agency
Nonexpendable Trust/Expendable Trust
General Fund
DELETE: this is only a balance sheet item
General Fund/Self Ins Fund
General Fund
General Fund
General Fund
General Fund/Student Activity Fund/Trust Fund
General Fund
General Fund/Management
General Fund
Student Activity Fund
General Fund
School Nutrition
General Fund
General Fund
PPEL
Day Care
General Fund
General Fund
General Fund
General Fund
General Fund
PERL/PPEL
General Fund/Enterprise
General Fund
DELETE
Enterprise
General Fund/Nutrition/Day Care/Capital Projex
General Fund
General Fund
General Fund
General Fund
General Fund/Student Activity Fund
General Fund/PPEL/Management
General Fund
General Fund

Student Activity Funds – Q&A

David A. Vaudt, CPA, Auditor of State

Student Activity funds are “public funds”. As such, these funds are subject to the statutory requirements for all public funds of the School District. Public funds are governed by Article III, Section 31 of the Constitution of the State of Iowa. That is, public funds may only be spent for the public benefit.

Student Activity funds are under the fiduciary control and responsibility of the School District’s Board of Education (Board). The Board establishes policies and then procedures are put into place by the School District’s Administration/Business Office to establish internal control over these funds and to ensure compliance with Board policies and other statutory requirements including Dillon’s Rule; Chapter 298A of the Code of Iowa; Iowa Department of Education Administrative Code Section 281-12.6(1); court cases; and opinions of the Iowa Attorney General.

The following questions and answers are designed to address issues pertaining to internal control and/or statutory compliance requirements, primarily pertaining to school athletics. **Appendix A** at the end of this document includes references and definitions that may be helpful in using this document.

We are not attorneys and the answers included in this document should not be considered to be legal opinions. School Districts may need to consult legal counsel for guidance regarding specific circumstances. You may also contact the Iowa Auditor of State at 515-281-5834 regarding questions and clarification of the items addressed in this document.

1. QUESTION: The District charges admission to its athletic events. What is the best way to account for this?

ANSWER: The District should have internal control procedures established for handling cash for all activity events, including athletic events. The Board would of course, approve any policies and the District’s business office should be involved in developing the detailed procedures. At a minimum these procedures should include:

- a. Cash or change boxes should be established with a specified amount.
- b. The District should use pre-numbered tickets.
- c. Two or more individuals should be involved in the cash collection/ticket sales process. In addition to cash

collection/ticket sales procedures, the individuals should be instructed to not leave the cash/change boxes unattended under any circumstances.

- d. At the end of the event, cash should be counted and reconciled (by two or more individuals) to sales/pre-numbered tickets sold including the amount of the beginning cash.
- e. To reconcile, the next unsold ticket number less the beginning ticket number determines the number of tickets sold. This number times the price per ticket equals total sales. Total sales compared to total collected should reconcile. Variances, if any should be minimal.
- f. A reconciliation form should be completed and signed off by the individuals responsible for counting and reconciling the cash.
- g. The cash and change box should be turned into the Athletic Director (AD) or designee responsible for the “accounting” function at the event.
- h. The AD or designee should be required to take the cash collections to the night depository at the bank or at a minimum, lock the cash collections in the District’s vault or other secure location at the District’s office for deposit on the next working day. District procedures should prohibit individuals from taking cash collections home.
- i. A pre-numbered receipt should be issued by the Business Office the next working day in the amount of the confirmed deposit.
- j. Administrative personnel should periodically review/test the process to ensure procedures are working as prescribed.

Remember: Districts won’t be able to know they have accounted for everything, if they don’t know how much should have been collected.

2. QUESTION: Are there any special requirements for High School tournament events?

ANSWER: The Iowa High School Athletic Association (IHSAA) and Iowa Girls’ High School Athletic Union (IGHSAU) issued a joint communication dated January 20, 2005 regarding the accounting procedures to be used by member schools during IHSAA and IGHSAU sponsored tournament events. A copy of that letter is included in this document as **Appendix B**.

The Boards of these organizations adopted a policy required to be used by schools serving as IHSAA and IGHSAA tournament hosts. Specifically, the procedures required include:

(1) Collect the money for the ticket(s) sold.

(2) 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.

3. **QUESTION:** Where should the District record revenue from the state organizations for hosting athletic tournaments, leading to and including the state tournaments and where should the District record the revenue from the state organizations for travel expense reimbursement?

ANSWER: Districts should record revenue from the state organizations for hosting athletic tournaments in the General Fund. Under Dillon's Rule and Iowa Code, the revenue is not otherwise required to be recorded in another fund. Also, the maintenance fees and other overhead costs are paid from the General Fund so the related revenue should be recorded in the General Fund to match and offset the expense. The travel expense reimbursements would be recorded in the District's Student Activity Fund since the travel expense would have been paid from that fund.

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

ANSWER: In accordance with an opinion of the Iowa Attorney General dated February 15, 2000 exclusive vendor contracts are allowable. The opinion states in part:

- a. "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.
- b. Vendor contracts for non-educational goods are proprietary in nature and may extend beyond the term of current board members.
- c. A marketing firm may be employed to assist with the negotiation and oversight of vendor contracts.

- d. While statutory public bidding requirements are not applicable to school district contracts for the purchase of goods and services, public policy supports use of competitive bidding procedures for such contracts.”

Revenue from exclusive vendor contracts must be recorded directly in the District’s General Fund and not in the Student Activity Fund (emphasis added). Under Dillon’s Rule, there is no statutory requirement or authority to record the revenue in another fund.

According to guidance provided by the Iowa Department of Education and Auditor of State, Districts must record the revenue from exclusive vendor contracts in the General Fund. It may then be expended for General Fund purposes including athletics or other extracurricular activities to the extent the expenditure would be allowable and appropriate from the General Fund.

5. **QUESTION:** The District’s Athletic (or Band, Vocal Music, PTA, etc) Booster Club, a separate nonprofit organization, received permission from the Board of Education 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 General Fund or Special Revenue, PPEL Fund to the District’s Athletic Booster Club for this specific purpose?

ANSWER: Pursuant to a Chapter 28E contractual agreement, the District may contribute towards the cost of the concession stand. The District may make payments to a contractor or other vendor pursuant to Chapter 279.29 of the Code of Iowa for a portion (or percentage share) of the cost of the concession stand. The District must also comply with the competitive bidding requirements of Chapter 73A of the Code of Iowa if the total cost exceeds \$25,000.

Ideally, the District would manage the project in order to ensure compliance with these statutory requirements as well as to ensure that adequate insurance coverage is in place until title passes to the District.

The District’s share of the cost may be paid from the Physical Plant and Equipment Levy (PPEL) but not from the General Fund since the General Fund may not be used for construction.

6. **QUESTION:** Can salaries for coaches be paid from the Student Activity Fund?

ANSWER: Yes, salaries for coaches or other student activity type wages can be paid from the appropriate account in the Student Activity Fund provided the District processes the payments through the District’s

regular payroll process subject to proper payroll withholdings and reporting. Districts may want to exercise caution in paying salaries from the Student Activity Fund as it may inadvertently leave a false impression of the District's financial condition.

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

ANSWER: This question was answered in a School Business Alert dated June 2001.

“There has been a great deal of discussion recently regarding school district employees that perform officiating duties/referee services for their school districts. The Lamoni Community School District received an Internal Revenue Service (IRS) SS-8 determination that concluded that based on the specific information provided the worker (employee/referee) was an independent contractor for referee services provided to the school district. This information has been shared across the state and applied by a number of school districts in treating referees as independent contractors for withholding purposes.

It is our understanding that the Lamoni Community School District determination applies solely and only to the individual and specific circumstances for which it was issued. The determination states in part ‘This ruling is directed only to the taxpayer to whom it is addressed, however, it is applicable to any other individuals engaged by the firm (district) under similar circumstances.’ Section 6110(j) (3) of the Internal Revenue Code provides it may not be used or cited as precedent (emphasis added). Accordingly, other districts may not use this determination as a basis to treat their employee/referees as independent contractors.

IPERS has determined that even though the individual may otherwise be a covered employee, the income received as a result of performing referee services for varsity and junior varsity athletic events for which a license is needed from the Iowa High School Athletic Association, is excluded from IPERS coverage.

The Auditor of State and Department of Education continue to advise school districts and their auditors that additional payments to employees of a district who provide additional services to the district should be handled through the district's regular payroll process and reported as wages on the employee's W-2. Districts should review this information and address questions, if any, to their independent auditors.”

8. **QUESTION:** Can School Districts pay athletic officials immediately following the game?

ANSWER: This question was answered in a School Business Alert dated May 1996.

Chapter 279.30 of the Code of Iowa states that “The board of directors of a school district or an area education agency may by resolution authorize the secretary or administrator, in the case of an area education agency, to issue warrants when the board of directors is not in session in payment of freight, drayage, express, postage, printing, water, light, and telephone rents... and for the payment of salaries pursuant to the terms of a written contract...”

This chapter goes on to state, “In addition, the board of directors may by resolution authorize the secretary or administrator, upon approval of the president of the board, to issue warrants when the board of directors is not in session, but only upon verified bills filed with the secretary or administrator...”

Pursuant to a valid contractual agreement between the school board and the officials, which includes terms and conditions for payment and compliance with Chapters 279.29 and 279.30 of the Code of Iowa, officials could be paid the night of the game, after the service has been rendered. For non-contract officials or substitute officials, payment should be made after services have been rendered and audited and allowed similar to other vendor payments. The district should have a policy and (athletic) officials should be informed that payment will be made in this manner unless a valid contract exists.

9. **QUESTION:** Can we give a gift certificate to volunteers that have assisted the athletic department during the year?

ANSWER: Article III, Section 31 of the Constitution of Iowa provides that public funds may only be spent for the public benefit. This concept is also addressed in various court cases and opinions of the Iowa Attorney General, including an opinion dated April 25, 1979.

Because this establishes a precedent, this decision should be made by the District’s Board of Education, rather than District officials, department heads or employees.

Expenditures in this “gray” area should be evaluated and determined through the criteria of “public purpose” and the Board should document the public purpose served including how the public benefits through the expenditure of public funds for the particular purpose such as gift

certificates. Documentation should be in the Board minutes and/or through established Board policy. The decision and documentation should be in place prior to spending the public funds.

Keep in mind, this decision and related documentation may not eliminate the shadow of doubt surrounding this type of expenditure. It simply establishes the District's consideration and justification for the expenditure.

If the volunteer is also an employee of the District, the value of the gift certificate would be compensation and must be accounted for through the District's regular payroll process subject to withholdings pursuant to Chapter 422.16 of the Code of Iowa. If the volunteer is not an employee of the District, the gift certificate, if provided for services performed, should be reported on a 1099, if applicable.

A better alternative may be to ask the Athletic Booster Club to provide the gift certificates to the volunteers in lieu of using public funds.

- 10. QUESTION:** When the District orders merchandise, the vendors sometimes "throw in" some extra items for the coaching staff. Is this allowable?

ANSWER: Chapter 68B of the Code of Iowa establishes the ethical requirements for state and local government for Iowa's "gift law". According to a document prepared by the Iowa's Ethics and Campaign Disclosure Board, the gift law "prohibits officials and employees or their immediate family members from receiving or soliciting gifts from a "restricted donor." The School District Board of Education should have a policy regarding compliance with Iowa's gift law.

Chapter 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) the state official or employee is employed." Exceptions to the receipt or solicitation of gifts are detailed at Chapter 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. Chapter 68B.22 (3) of the Code of Iowa requires that items received from restricted donors must be turned over to the School District for official use within 30 days.

Referring again to the Iowa Ethics and Campaign Disclosure Board document, "a good rule of thumb is for state (and local) officials and employees to avoid receiving or soliciting gifts from anyone who would have an interest in the actions of the official or employee's agency."

Pursuant to Chapters 68B.25 and 903.1, violating the gift law could result in imprisonment and/or fines and can also be grounds for dismissal or other employee discipline.

- 11. 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: According to an opinion of the Iowa Attorney General dated September 1, 1983, "Iowa law does not require school district to maintain funds raised by outside organizations in the school activity account. A school district board may regulate fund-raising activity during school and school sponsored events and it may regulate the use of funds derived from those sources."

Districts should have policies and/or procedures in place to address fund-raising activity including:

- a. The Board or its designee should approve all District-sponsored fund-raising activity.
- b. The Board may also adopt a policy to require Board approval of all fund-raising activity including fundraising activities of affiliated organizations such as Booster Clubs and the PTO.
- c. Boards should establish procedures for fund-raising activity for District-sponsored fund-raisers as well as fund-raisers sponsored by outside groups and organizations to help ensure consistency and accountability over fund-raising activities.
- d. The Board should determine the extent, if any, of administrative support to be provided for District-sponsored and affiliated organization fund-raising activity including the cost and/or expense associated with staff time used in collecting payments; preparing, printing and/or assembling mailings; postage; etc.
- e. Fund-raising activity should be clearly designated as District-sponsored and/or sponsored by an outside group or affiliated organization to clearly establish responsibility and accountability.
- f. If District-sponsored, the District should account for the fund-raising activity.

- 12. QUESTION:** May Athletic Directors or coaching staff establish separate checking accounts for fundraising or other activities related to athletics and, if so, is it okay to use the District's taxpayer ID number?

ANSWER: No. Athletic Directors or coaching 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. Athletic Directors and coaching staff should comply with the accounting procedures established by 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.

This allows the District to comply with Chapter 291.6 of the Code of Iowa 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 Chapter 279.29 of the Code of Iowa. 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.

13. QUESTION: How should Districts handle sports camps/clinics?

ANSWER: Sports Camps/clinics may be handled differently depending on whether the sports camp/clinic is sponsored by the District (Community Education Program) or privately sponsored using District facilities.

The rules established pursuant to Iowa Administrative Code Section 281-36.15(6) must also be addressed and complied with. These rules address summer camps and clinics and coaching contacts out of season. This Q&A is intended to address sports camps/clinics held in compliance with these rules.

Advertisements and other materials related to the sports camp/clinic should clearly identify or distinguish whether it is a District-sponsored sports camp/clinic or a privately-sponsored sports camp/clinic using District facilities.

District-sponsored sports camp/clinic: The Board should approve the salaries/wages along with approval to hold the sports camp/clinic (if not otherwise established as a school activity or part of the Community Education program). Revenue for fees collected should be deposited and recorded in the Student Activity Fund. All sports camp/clinic related expenses would require prior approval (purchase order) and payments would be processed through the normal disbursement process. Salaries for district personnel should be negotiated in advance and salary payments should be processed through the District's normal payroll process, subject to withholdings etc. Wages would be reported on the

District employee's W-2 at year-end. Non-employees (sports camp/clinic staff not otherwise employed by the District and who meet the criteria for independent contractors pursuant to and consistent with the results of IRS Form SS-8) do not need to be paid through payroll. However, a 1099 should be issued at year-end, if applicable, depending on the amount paid.

Sports camp/clinic fees should be based on actual costs anticipated and fees should be established to at least break-even. Excess funds (profit), if any, should be retained by the District in the Student Activity Fund and not remitted or retained by the sports camp/clinic coaching staff.

Privately-sponsored sports camp/clinic using District facilities: The contract between the sports camp/clinic facilitator and District should address facility and equipment use and rental fees (established by the sports camp/clinic facilitator); insurance and other costs of conducting the sports camp/clinic. The sports camp/clinic facilitator would need to rent the facility for the sports camp/clinic pursuant to Chapter 297.9 and 297.10 of the Code of Iowa and the District's policy. The sports camp/clinic facilitator would need to provide a certificate of insurance for liability coverage.

14. QUESTION: Can the District purchase shirts, jackets or other clothing for District employees from the Student Activity Funds?

ANSWER: Article III, Section 31 requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public purpose and public benefit to be derived. Districts should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

Districts may wish to refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing such as team jackets for coaches, to District employees in lieu of using public funds.

15. QUESTION: The Athletic Booster Club is a separate nonprofit organization not established by the District pursuant to Chapter 279.60 of the Code of Iowa but independently established to benefit the District's athletic program. Does it have to be included in the District's audit?

ANSWER: In accordance with criteria established by Governmental Accounting Standards Board (GASB), in GASB statements 14 and 39, auditors must review the organization and financial information of these potential component units (PCU). If the PCU is deemed to be “significant” to the District as a whole, the auditors will include the activity in the District’s audit report.

Some Districts perform the accounting and record-keeping functions for the Booster Club. In this case, the financial information is reported in the District’s audit in the 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 or operating activities or requirements of the Booster Club.

Student Activity Funds, Key Points

Iowa Department of Education—April 2008

The purpose of this document is to provide guidance to school districts regarding usage of student activity funds, including fundraising by members of student activity groups¹. Specifically, schools and school auditors are raising questions about proper use of funds raised by student members of such groups.

General Points:

1. Student activity funds are first, last, and always public funds that are property of the school district, the same as any other district funds.
2. It is never appropriate for a school district to give cash to student members of activity groups.

Ensuring Equitable Participation in Benefits:

3. All members of a student activity group must have an equitable opportunity to participate in the benefits offered by the group. Suggested criteria (in addition to fundraising) that may be used by a school district include the following:
 - a. Years of membership in the group;
 - b. Positions of leadership or responsibility held in the group;
 - c. Attendance at meetings or functions of the group;
 - d. General conduct (or misconduct).
4. All criteria for participation in a benefit offered to some, but not all, members of the group must be approved by the local school board. These benefits may be defined locally, but must include attendance at any state-level or national-level conferences, as well as all other activities that are not available to all student members of the group because of cost restrictions.
5. Notice of all criteria for participation in a benefit offered to some, but not all, members of the group must be provided to the members at the start of each school year.

Fundraising:

6. If fundraising is used by an activity group, the school district must keep the safety and security of student members as its primary concern. For instance, students should be urged not to go door-to-door alone, if at all. Some alternatives to the door-to-door sales include the following:

¹ Activity groups include Future Farmers of America (FFA), Distributive Education Clubs of America (DECA), Family, Career and Community Leaders of America (FCCLA), National Honor Society (NHS), as well as any other student curricular, co-curricular, and extra-curricular groups that raise funds.

- a. Selling items at tables or booths (with proper permissions) at a mall, shopping center, or individual place of business;
- b. Operating a concession stand at a local event;
- c. Cleaning the local football stadium of trash after home events;
- d. Waiting on tables one night a year at a local restaurant for the tips;
- e. Asking a local business (such as a restaurant) to donate a percentage of its profits on a designated day of each year to the club.

7. If fundraising is used by an activity group, a community service alternative must be offered to members who cannot or will not undertake the fundraising activity. The alternative project must be safe, available to any member, and must earn the student as much "credit" as would the fundraising. (For instance, if the alternative activity is picking up trash on school grounds, the students must be informed that "X" hours of the activity is the equivalent of selling "X" dollars' worth of the goods or services being sold.) Any typical "Eagle Scout" project will probably be appropriate as an alternative activity to fundraising. Make sure that the alternative is not punitive in nature.

8. People purchasing goods or services from a member of a student activity group must be provided with all relevant information about how the funds will be used. For example, "the money raised by this project will help send four members to our national conference."

9. Give thoughtful consideration to allocation of a percentage of all funds raised to a common pot. It is reasonable to use the district's population of students who receive free or reduced-price lunch (F/R) as a starting point. For instance, if a district has a F/R population of 43%, some percentage close to – perhaps within ten points of – 43% is a good guideline for the amount of funds raised by each student to go to the common pot. The remaining percentage may be credited to the student specifically based on the other guidance given above. Again, the amount credited may not be given to the student, but is used to fund participation of that student in an approved event.

Here's an example of putting this to action: ABC Community School District has a F/R student population of 43%. The District's DECA group wants to raise funds to send five members to its national conference. ABC's school board has approved a set of criteria for determining which five students go, including points for the criteria in paragraph 3 herein. Those points are 2/3 of the determination of who goes to the national conference. A fundraiser determines the other 1/3. Students are offered the chance to sell pizzas (every \$50 sold = 1 point) or to participate in the District's "Adopt a Highway" ditch clean-up effort (every hour = 1 point). The ABC school board has determined that 45% of all funds raised by all student activity groups goes into that group's "common pot." Lola sells \$100 worth of pizzas, gaining 2 points. If she is selected to go to the conference, \$55 (\$100 - \$45) of what she earned is directly allocated to the costs of sending Lola to the conference.

Statutory References and Definitions

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

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

Dillon’s Rule

School Districts operate under Dillon’s Rule. This means school districts “possess and can exercise the following powers and no others: First, those granted in express words; second, those necessarily implied or necessarily incident to the powers expressly granted; third, those absolutely essential to the declared objects and purposes of the (school) corporation – not simply convenient or desired, but indispensable” (Black, H.C. *Black’s Law Dictionary*, 6th ed. 1990: West Publishing, St. Paul.).

Source: Iowa Department of Education, School Business Alert, Volume 1993-1, March 1993.

Financial Reporting Entity

“A primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s basic financial statements to be misleading or incomplete.” (GASB Statement 14)

Gift

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

Internal Control

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

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

Recommended governmental internal control procedures are detailed in the Iowa Auditor of State's Internal Control Questionnaire located at www.auditor.iowa.gov then click on "audit practice aids" and page down to "internal control questionnaire".

Primary Government

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

Restricted Donor

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

Code of Iowa

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts or major capital projects) that are legally restricted to expenditure for specific purposes. Student activity fund, management levy fund, PPEL Fund, PERL Fund, District/AEA support trust funds, 67.5 cent schoolhouse fund, and library levy fund are special revenue funds.

Student Activity Fund (21)

Purpose and Use

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 **(298A.8)**.

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 **(IAC 12.6(1))**.

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 **(IAC 12.6(2))**.

If a school district does not provide an interscholastic activity for its students, the board of directors of that school district may complete an agreement with another school district to provide for the eligibility of its students interscholastic activities provided by that other school district. **(280.13A)**.

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 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 contests and competitions and the organizations **(280.13)**.

Organizations registered with the department include the following:

36.2(1) Iowa high school athletic association

36.2(2) Iowa girls' high school athletic union

36.2(3) Iowa high school music association

36.2(4) Iowa high school speech association

36.2(5) Unified Iowa high school activities federation (IAC 281--36.2).

Cities and towns cannot limit or license school activities (1928 Op. Att'y Gen. 280 (#27-12-23)).

In Iowa, all funds collected through school activities are under the financial control of the school board. Prudent and proper accounting of all receipts and expenditures in these accounts is, therefore, the responsibility of the board, and therefore, the board secretary and board treasurer (291). Districts may maintain subsidiary records for student activities, however, all official records of the student activity fund shall be maintained on the single, district-wide Uniform Financial Accounting system, and all subsidiary records must be reconciled to the official records on a monthly basis.

School districts are not required to maintain funds raised by outside organizations in the school's activity fund. A board may regulate fundraising activity during school and school sponsored events, and it may regulate the use of funds derived from those sources **(OAG #83-9-1)**.

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 shall be paid from the general fund of the corporation **(279.8)**.

The student activity fund shall not be used as a clearing account for the general fund or any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund.

Types of Expenditures

The purpose of the Student Activity Fund is to account for financial transactions related to the co curricular and extracurricular activities offered as a part of the education program for the students established under **Iowa Administrative Code 281--12.6(1)**.

Expenditures that lack public purpose shall not be made from public moneys. The student activity moneys are public funds.

Appropriate expenditures include the ordinary and necessary expenses of operating district sponsored and supervised student co curricular and extracurricular activities.

Expenditures that may not be made from public moneys include the following:

1. The cost of optional equipment or customizing uniforms.
2. The cost of uniforms when the following two tests are not met:
 - a. The activity is a part of the school's educational program, and
 - b. The wearing of the uniform or equipment is necessary in order to participate.
3. Hospital or medical claims for student injuries or procurement of student medical insurance. However, district liability insurance is allowed from public tax funds.
4. Optional costs related to activities such as promotional costs (printing of tickets and posters, or other advertising expenses). The expenditures are not necessary to the extracurricular program, and are therefore optional and shall not come from public funds. [Note: This refers to specialized tickets promoting the event but does not refer to general purpose tickets used by the district for appropriate internal accounting controls.]
5. Membership fees in student activity related associations if the fees are optional, in that non-member schools may participate in sponsored events **(OAG #92-11-13)**.

Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. All funds from all student organizations and activities residing in the school district funds including the student activity fund are owned by the school district. The students are not owners of the funds, and the funds do not meet the legal requirement of description to be specific identifiable money (1967 Senior Class of Pekin vs Tharp, Supreme Court of Iowa, December 12, 1967). An excess of revenues over expenditures for any student activity remains under the control of the board and may not be distributed to any individual member of such activity. Residual interest in all student activity moneys belongs to the district. Upon dissolution of such activity, such as a graduating class, drama club, etc., the surplus must be used to support other student activities in the student activity fund.

Student activity funds may not in any event be devoted or allocated to any private organization nor may they be added to the general fund. These funds shall be maintained in a student activity fund supervised by the board **(O.A.G. #46-3- 26)**.

Sources of Revenue

Revenue sources include income derived from student activities and interest on the investment of those moneys. This includes gate receipts, ticket sales, admissions, student dues, donations, fund-raising events, and any other receipts derived from student body co curricular or extracurricular activities, contests, and exhibitions.

Public Purpose

It is unlawful to use public funds to pay for social functions, parties, or other forms of entertainment for employees. This constitutes a use of property owned by the State or a

governmental subdivision thereof for a private purpose. This does not apply to conferences in which employees participate in activities related to their duties and are authorized by the superiors and in which entertainment may be an incidental part of the registration fee or other expense of attending. Nor does it apply to the legitimate entertainment or meal expenses of outside consultants which may include the expenses of one or more employees participating therein **(OAG #75-3-12)**.

A retirement dinner, however, under appropriate circumstances and with proper motives could be considered to have public purpose. It is the motive for the expenditure that may insulate an officer from criminal liability for misuse of public funds. Any retirement dinner will certainly be subject to a deserved close scrutiny and one is well advised to consider carefully the expenditure of public moneys for such a purpose **(OAG #79-4-26)**.

This opinion was based on court cases including *Kingman v. Brockton*, 153 Mass. 255, 26 N.E. 98 (1981) which recognized that a public purpose is served and public funds may be spent in commemorating those important historical, military and civil events in which all citizens should take an interest. Also considered was *John R. Grubb v. Iowa Housing Finance Authority*, 255 N.W. 2d 89, 93 (1977), which said that an examination of *Dickinson* [*Dickinson v. Porter*, 240 Iowa 393, 35 N.W. 2d 66 (1948)] and decisions from other jurisdictions discloses a judicial intent to permit the concept of public purpose to have the flexibility and expansive scope required to meet the challenges of increasingly complex social, economic, and technological conditions.

Public employees may use vehicles and computers owned by their governmental subdivision of which they are employees for private purposes if facts and circumstances indicate that the use also serves some public purpose **(OAG#95-5-1)**.

Fund Raisers

Internal Revenue Service holds organizations responsible for informing the public what portion of purchases, admissions, etc. are tax deductible as charitable donations (or that they are not). The ruling states the importance of determining, in advance of solicitation, the portion of payments attributable to the purchase of admission or other privilege and the portion solicited as a gift. The ruling says that in those cases in which a fund-raising activity is designed to solicit payments intended to be in part a gift and in part the purchase price of admission or other participation in an event, separate amounts should be stated in the solicitation and clearly indicated on any ticket or other evidence of payment furnished to the contributor. For more information, request Publication 1391 from the IRS and/or consult with a CPA, public accountant, or enrolled agent who actively practices in the area of individual income tax preparation.

68B.22 Gifts accepted or received.

1. Except as otherwise provided in this section, a public official, public employee, or candidate, or that person's immediate family member shall not, directly or indirectly, accept or receive any gift or series of gifts from a restricted donor. A public official, public employee, candidate, or the person's immediate family member shall not solicit any gift or series of gifts from a restricted donor at any time.

2. Except as otherwise provided in this section, a restricted donor shall not, directly or indirectly, offer or make a gift or a series of gifts to a public official, public employee, or candidate. Except as otherwise provided in this section, a restricted donor shall not, directly or indirectly, join with one or more other restricted donors to offer or make a gift or a series of gifts to a public official, public employee, or candidate.

3. A restricted donor may give, and a public official, public employee, or candidate, or the person's immediate family member, may accept an otherwise prohibited nonmonetary gift or a series of otherwise prohibited nonmonetary gifts and not be in violation of this section if the nonmonetary gift or series of nonmonetary gifts is donated within thirty days to a public body, the department of administrative services, or a bona fide educational or charitable organization, if no part of the net earnings of the educational or charitable organization inures to the benefit of any private stockholder or other individual. All such items donated to the department of administrative services shall be disposed of by assignment to state agencies for official use or by public sale. A person subject to section 8.7 that receives a gift pursuant to this subsection shall file a report pursuant to section 8.7 .

4. Notwithstanding subsections 1 and 2, the following gifts may be received by public officials, public employees, candidates, or members of the immediate family of public officials, public employees, or candidates:

a. Contributions to a candidate or a candidate's committee.

b. Informational material relevant to a public official's or public employee's official functions, such as books, pamphlets, reports, documents, periodicals, or other information that is recorded in a written, audio, or visual format.

c. Anything received from anyone related within the fourth degree by kinship or marriage, unless the donor is acting as an agent or intermediary for another person not so related.

d. An inheritance.

e. Anything available or distributed free of charge to members of the general public without regard to the official status of the recipient. This paragraph shall not apply to receptions described under paragraph "r" .

f. Items received from a bona fide charitable, professional, educational, or business organization to which the donee belongs as a dues-paying member, if the items are given to all members of the organization without regard to individual members' status or positions held outside of the organization and if the dues paid are not inconsequential when compared to the items received.

g. Actual expenses of a donee for food, beverages, registration, travel, and lodging for a meeting, which is given in return for participation in a panel or speaking engagement at the meeting when the expenses relate directly to the day or days on which the donee has participation or presentation responsibilities.

h. Plaques or items of negligible resale value which are given as recognition for the public services of the recipient.

i. Nonmonetary items with a value of three dollars or less that are received from any one donor during one calendar day.

j. Items or services solicited by or given to a state, national, or regional government organization in which the state of Iowa or a political subdivision of the state is a member for purposes of a business or educational conference, seminar, or other meeting; or

solicited by or given to state, national, or regional government organizations, whose memberships and officers are primarily composed of state or local government officials or employees, for purposes of a business or educational conference, seminar, or other meeting.

k. Items or services received by members or representatives of members at a regularly scheduled event that is part of a business or educational conference, seminar, or other meeting that is sponsored and directed by any state, national, or regional government organization in which the state of Iowa or a political subdivision of the state is a member, or received at such an event by members or representatives of members of state, national, or regional government organizations whose memberships and officers are primarily composed of state or local government officials or employees.

l. Funeral flowers or memorials to a church or nonprofit organization.

m. Gifts which are given to a public official or public employee for the public official's or public employee's wedding or twenty-fifth or fiftieth wedding anniversary.

n. Payment of salary or expenses by a person's employer or the firm in which the person is a member for the cost of attending a meeting of a subunit of an agency when the person whose expenses are being paid serves on a board, commission, committee, council, or other subunit of the agency and the person is not entitled to receive compensation or reimbursement of expenses from the state or a political subdivision of the state for attending the meeting.

o. Gifts of food, beverages, travel, or lodging received by a public official or public employee if all of the following apply:

(1) The public official or public employee is officially representing an agency in a delegation whose sole purpose is to attract a specific new business to locate in the state, encourage expansion or retention of an existing business already established in the state, or to develop markets for Iowa businesses or products.

(2) The donor of the gift is not the business or businesses being contacted. However, food or beverages provided by the business or businesses being contacted which are consumed during the meeting are not a gift under section [68B.2](#), subsection 9, or this section.

(3) The public official or public employee plays a significant role in the presentation to the business or businesses on behalf of the public official's or public employee's agency.

p. Gifts other than food, beverages, travel, and lodging received by a public official or public employee which are received from a person who is a citizen of a country other than the United States and are given during a ceremonial presentation or as a result of a custom of the other country and are of personal value only to the donee.

q. Actual registration costs for informational meetings or sessions which assist a public official or public employee in the performance of the person's official functions. The costs of food, drink, lodging and travel are not "registration costs" under this paragraph. Meetings or sessions which a public official or public employee attends for personal or professional licensing purposes are not "informational meetings or sessions which assist a public official or public employee in the performance of the person's official functions" under this paragraph.

r. Gifts of food, beverage, and entertainment received by public officials or public employees at a function where every member of the general assembly has been invited to attend, when the function takes place during a regular session of the general assembly. A sponsor of a function under this paragraph shall file a report disclosing the total amount

expended, including in-kind expenditures, on food, beverage, and entertainment for the function. The report shall be filed with the person or persons designated by the secretary of the senate and the chief clerk of the house within five business days following the date of the function. The person or persons designated by the secretary of the senate and the chief clerk of the house shall forward a copy of each report to the board.

5. For purposes of determining the value of an item given or received, an individual who gives an item on behalf of more than one person shall not divide the value of the item by the number of persons on whose behalf the item is given and the value of an item received shall be the value actually received by the donee.

6. A gift shall not be considered to be received by a public official or public employee if the state is the donee of the gift and the public official or public employee is required to receive the gift on behalf of the state as part of the performance of the person's duties of office or employment.

7. A person shall not request, and a member of the general assembly shall not agree, that a member of the general assembly sell tickets for a community-related social event that is to be held for members of the general assembly in Polk County during the legislative session. This section shall not apply to Polk County or city of Des Moines events that are open to the public generally or are held only for Polk County or city of Des Moines legislators.

8. Except as otherwise provided in subsection 4, an organization or association which has as one of its purposes the encouragement of the passage, defeat, introduction, or modification of legislation shall not give and a member of the general assembly shall not receive food, beverages, registration, or scheduled entertainment with a per person value in excess of three dollars.

92 Acts, ch 1228, §9; 93 Acts, ch 163, §6 ; 94 Acts, ch 1092, §5 - 7 ; 2001 Acts, ch 24, §19 ; 2003 Acts, ch 145, §286 ; 2003 Acts, ch 161, §1 , 2 ; 2005 Acts, ch 76, §5 ; 2007 Acts, ch 5, §2

Reports on gifts received on behalf of state, see § 8.7

Solicitations for capitol complex projects, see § 8A.108

Subsection 3 amended

68B.25 Additional penalty.

In addition to any penalty contained in any other provision of law, a person who knowingly and intentionally violates a provision of sections 68B.2A through 68B.7 , sections 68B.22 through 68B.24 , or sections 68B.35 through 68B.38 is guilty of a serious misdemeanor and may be reprimanded, suspended, or dismissed from the person's position or otherwise sanctioned.

[C71, 73, 75, 77, 79, 81, §68B.8]

87 Acts, ch 213, §3; 92 Acts, ch 1228, §12

C93, §68B.25

93 Acts, ch 163, §9

279.29 Claims - investments.

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.

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.

[C51, §1146, 1149; R60, §2037, 2038; C73, §1732, 1733, 1738, 1813; C97, §2780; S13, §2780; C24, 27, 31, 35, 39, § **4239**; C46, 50, 54, 58, 62, 66, 71, 73, 75, §279.26; C77, 79, 81, §279.29]

86 Acts, ch 1226, §4; 92 Acts, ch 1156, §11

Exceptions, § [11.21](#)

279.30 Exceptions.

Each payment must be made payable to 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.

[C35, §4239-g1; C39, § **4239.1**; C46, 50, 54, 58, 62, 66, 71, 73, 75, §279.27; C77, 79, 81, §279.30]

92 Acts, ch 1187, §4; 2006 Acts, ch [1152](#), §[34](#)

Chapter 279.60

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

condition of education report a statewide summary of the expenditures and revenues submitted in accordance with this section.”

Note: Chapter 11.6 (1) (a) was also amended to require an audit of “the revenues and expenditures of any nonprofit school organization established pursuant to section 279.60.”

291.12 Duties of treasurer - payment of warrants.

The treasurer shall receive all moneys belonging to the corporation, pay the same out only upon the order of the president countersigned by the secretary, keeping an accurate account of all receipts and expenditures in a book provided for that purpose. The treasurer shall register all orders drawn and reported to the treasurer by the secretary, showing the number, date, to whom drawn, the fund upon which drawn, the purpose and amount.

[C51, §1138 - 1140; R60, §2048 - 2050; C73, §1747 - 1750; C97, §2768; S13, §2768; C24, 27, 31, 35, 39, § 4316; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §291.12]

298A.8 Student activity fund.

The student activity fund is a special revenue fund. A student activity fund must be established in any school corporation receiving money from student-related activities such as admissions, activity fees, student dues, student fund-raising events, or other student-related 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.

94 Acts, ch [1029](#), §8

Iowa Administrative Code Section 281-12.6(1)

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

Board Policy Reference

103.09 – Fund Raising Activities

The District prohibits the solicitation of funds and goods from students or employees by non-school organizations or persons without the consent of the Superintendent or superintendent's designee.

All marketing materials regarding a fund raising activity or event will be subject to prior approval by the Superintendent or superintendent's designee before any distribution of postings are done at buildings.

All fund raising activities must comply with other board policies that address funding, and individuals must follow applicable procedures for collecting money in the District.

- By action of the Board 9/20/76; Revised 12/13/82, Reviewed 7/8/91, 11/23/98; Revised 09/19/05 (with title change)
- Edited 09/05

302.01 Handling of Cash and Other funds Received

Local, State, Federal, and Miscellaneous Income

All income received by the District shall be classified under the official accounting system and be deposited into the official District depository as set by the Board and in accordance with the laws of the State of Iowa.

Cash Receipts

Cash in an amount greater than \$25.00 may not be accepted on behalf of the District without providing an approved receipt. All transactions involving cash will be completed with a receipt with appropriate documentation for the building showing cash being received.

Monies in School Buildings

Money is to be deposited each day according to guidelines established by the administration. Any money left overnight in a school building must be held in a secured location.

It is the responsibility of the Superintendent or superintendent's designee to develop appropriate administrative regulations dealing with cash receipts.

- Cross Reference: [Administrative Regulation 302.01A](#), [Administrative Regulation 302.01B](#), [Administrative Regulation 302.01C](#), [Administrative Regulation 302.01D](#), [Administrative Regulation 302.01E](#), [Administrative Regulation 302.01F](#), [Administrative Regulation 302.01G](#)
- Legal References: Iowa Code §§ 291.12, 126.1
- By action of the Board 9/20/76, 2/14/83; Reviewed 10/14/91; Revised and combined 1/24/00; Revised 11/26/07
- Edited 11/07

506.01 Collection of Money From Students

Non-School Organization and Activities

It shall be the policy of the District to prohibit the solicitation of funds and goods from students by non-school organizations or persons. Person to person solicitation of students to participate in fund raising drives is prohibited; however, approved posters may be displayed to inform students of up-coming programs. Students participating in such programs do so as individuals and not as representatives of any school in the District.

Resale-Instructional Supplies

Instructional supplies for use in the curriculum and other items stocked for resale or rental must be approved by the Deputy Superintendent or designee.

Student Insurance

Each year monies may be collected from students wishing to purchase insurance programs that have been offered by the District.

Clubs and Organizations

All money making projects sponsored by a school club or organization must be approved by the building principal before the project begins. Book clubs, which are completely voluntary as far as the purchase of books by pupils, are permitted. Teachers must assume full responsibility for collecting the money, for any losses that might occur, and for any problem that is related to the club. Books from book clubs shall be purchased in the name of the teacher as an individual, not in the name of the District.

Solicitation by Students

The principal of the building must authorize the collection of any funds or goods in the community or in the school before any collection is made. Such solicitations and collections should be held to a minimum.

Receipts

Receipts should be issued for all monies collected except for items that are immediately presented to the purchaser.

School-related Organizations

School related organizations such as P.T.A., Dads' Club, Boosters, Band Parents, etc., must receive prior authorization for all money making projects and activities from the building principal.

Deposits

All monies collected are to be deposited the same day; no funds are to be held at the school. School-sponsored activities will deposit funds into the district activity fund. Non-sponsored collections of funds must be deposited with the appropriate organization and such funds will not be held in the school building.

- Cross Reference: [Board Policy 301.01 Handling of Cash and Other Funds Received](#)
- By action of the Board 11/8/76; Revised 4/11/83; Revised 5/13/96; Revised 8/12/02
- Edited 8/02

506.02 Activity Funds

Collection of any funds for school activities must have the approval of the building principal and an administrative director. All activity funds shall be under the financial control of the Board.

Records and procedures relating to activity funds shall be in accordance with those found in *Uniform Financial Accounting for Iowa Schools* published by the Department of Education.

An audit of these accounts shall be made at the same time as the annual audit of school funds.

- Cross Reference: [Board Policy 302.1 Handling of Cash and Other Funds Received](#)
- By action of the Board 11/8/76; Revised 4/11/83; Revised 2/14/00
- Edited 2/00

Administrative Regulation Reference

302.01A - Handling of Cash and Other Funds Received

Local Funds

Funds generated from local sources include taxes levied on assessed values of local property plus such miscellaneous items as tuition, materials fees, sales of books and supplies, sales and rental of property, interest from investments, gifts, and payments from other agencies.

State Funds

Receipts from state sources apply only to the General Operating Fund.

The principal amount is as computed under the provisions of Chapter 422 and 405A of the Code of Iowa. Other items include special grants from the School Budget Review Committee, reimbursement for non-public school transportation, reimbursement for children living in foster care facility, reimbursement for special education children placed by district court, payment of Phase I, II and III of the Educational Excellence Program, state vocational education payments, and state grants and various other State – funded initiatives.

Federal Funds

Most federal funds are received as categorical aids for specific programs. Expenditures are not authorized unless specific funds have been received or assurance of the receipts has been received. Vocational aid from federal sources is non-categorical in nature and such funds, when received, are merged with other General Fund monies for expenditure purposes. Any federal funds received for the purpose of assisting in the cost of new construction will be deposited in the Capital Projects Account for expenditure on authorized projects.

Miscellaneous Income

Service Fees

A specified fee may be charged to each student enrolled in the school system as a rental or use fee to cover the cost of supplying textbooks for each course of study. The administration shall determine, subject to approval by the Board of Directors, the amount for each grade level sufficient to ensure the proper number of additional and/or replacement textbooks and other non-consumable instructional materials deemed appropriate.

Sales of Books, Equipment & Supplies

The administration shall provide a system for the sale of surplus books, equipment and supplies. Guidelines shall be established and approved by the Board.

Equipment items due for replacement because of age or condition may be "traded in" as a portion of the purchase cost of the replacement.

Equipment that is usable but obsolete and has significant value may be sold by taking sealed bids. If bids are requested but no bids are received, the administration may proceed to negotiate the sale of such equipment to interested individuals or companies. Such sales are approved by the Board before becoming final.

Surplus books, unusable equipment items of little value, and obsolete supply items may be disposed of by the administration for the highest available offer. Detailed records of all contacts made in the attempt to sell such materials shall be maintained and available for inspection. Auctions may be held with approval by the Board.

Accumulation of Funds

The Voted Physical Plant and Equipment Fund, when authorized by the electorate, is used to accumulate funds for new construction, major remodeling, equipping new facilities, and site purchases as necessary. Funds may accumulate from year to year until balances are sufficient for such major expenditures.

The Regular Physical Plant and Equipment Fund, which may be levied by action of the Board of Directors, is used to accumulate funds for new construction, major remodeling, equipping, new facilities site purchases and site improvement.

Cash Receipts

Cash received on behalf of the District by an employee will be deposited into the appropriate District fund (general, student activities, other). The employee will issue a receipt for all amounts in excess of \$5.00.

Monies in School Buildings

Money held at the buildings will be held in a secured, locked location. Money should not be left overnight at a school building whenever possible. District employees should not transport money, but should call for the outside courier service to pick up money to be transported to the bank for deposit.

- Updated 6/82, 4/91, 7/03
- Reviewed 5/96, 11/97, 7/99, 7/03



Davenport Community School District
Acknowledgement of Cash Handling Policies and Procedures

Strong internal controls for cash handling are necessary to prevent mishandling of District funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process. All District employees have a fiduciary responsibility to the District to handle cash transactions in accordance with District policies and procedures.

A District employee is strictly liable for loss of any cash collected by him/her for the District.

I acknowledge receipt of the policies and procedures prescribing management of cash. I agree to accept responsibility for the accounting and control of cash in accordance with such policies and procedures.

I further understand that failure to comply with these policies and procedures or comparable component policies and procedures could result in disciplinary action up to and including termination and possible criminal sanctions.

Date: _____

Employee: _____