



## **713 STUDENT ACTIVITY ACCOUNTING**

### **I. PURPOSE**

The purpose of this policy is to establish uniform practices for the creation, management, accounting, and oversight of student activity funds in accordance with the Minnesota Department of Education's Uniform Financial Accounting and Reporting Standards (UFARS) Chapter 14 Manual for Activity Fund Accounting, Minnesota Statutes, section 123B.49, and GASB Statement No. 84.

This policy ensures that all student activity funds are administered with integrity, transparency, and fiscal accountability.

### **II. GENERAL STATEMENT OF POLICY**

The school board recognizes the value of providing students with meaningful learning opportunities, practical skill development, activities and athletic programs that foster personal growth and engagement. At the same time, the board affirms its duty to uphold strong fiscal accountability and responsible stewardship of all public funds. Therefore, the school board shall maintain clear oversight of all student activity funds.

Student activities are authorized under Minnesota Statutes, section 123B.49. The board delegates authority to the Superintendent and Director of Finance and Operations for determining if a student activity is co-curricular or extracurricular.

In administering student activity accounts under this policy, the school board shall not maintain or account for funds generated by staff, booster club, parent-teacher organization or association, or donations designated for purposes other than student activities.

### **III. DEFINITIONS**

For the purposes of this policy, these terms have the following meanings:

- A. "Co-Curricular Activity" means a school sponsored and directed activity that is an extension of classroom instruction. Participation is voluntary, there is no credit offered, and participation is not required for graduation. These activities may occur before, during, or after school and at times that are established by school administration. Co-curricular activities are supervised by licensed instructional staff.
  - 1. Co-curricular activities are partially funded by public monies for general instructional purposes under direction and control of the school board.
- B. "Curricular Activity" means any part of the school program for which credit is offered, regardless of whether the activity is required or an elective.

- C. “Extracurricular (Noncurricular/Supplementary) Activities” means activities that are managed and operated under the guidance of an adult or staff member. Participation is voluntary, there is no credit offered and participation is not required for graduation. Extracurricular activities are generally conducted outside of school hours at times agreed upon by the student participants and approved by the activity advisor and/or building administrators.
  - 1. The content of these activities is determined primarily by the student participants under the guidance of a staff member or other adult.
  - 2. Revenue raised for extracurricular activities must be reserved by the district and spent only for extracurricular activities.
- D. “Public Purpose Expenditure” is an expenditure that benefits the community as a whole, is directly related to the functions of the school district, and does not have as its primary objective the benefit of private interest.
- E. “Students” includes all students enrolled in the district and home schooled students, who must be permitted to participate on the same basis as district enrolled students.

#### IV. ALL STUDENT ACTIVITY ACCOUNTS

- A. All student activity accounts must have a *Student Activity Purpose Form* approved by the Director of Athletics & Activities or Middle School Principal and on file with the district’s Department of Finance and Operations. This form establishes the activity’s purpose, designates advisors and student representatives, and creates a plan for the allocation of any unobligated funds in the event that the activity becomes inactive. The *Student Activity Purpose Form* must be completed annually.
- B. Student activity accounts shall be managed as part of the district’s financial system and the school board shall direct its independent certified public accountants to audit, examine, and report upon student activity accounts as part of its annual school district audit in accordance with state and federal law.
- C. All student activities must be self-sustaining, meaning that total expenses may not exceed revenues generated through dues, admissions, donations, or other student fundraising activities.
- D. Student activity groups engaging in fundraising-activities may do so only with prior approval and in alignment with ISD 200 Policy 511(Student Fundraising). The district must ensure that all fundraising, resale, and sales activities comply with Minnesota sales tax laws, using Minnesota Department of Revenue guidance (e.g. Sales Tax Fact Sheet 111) as needed.
- E. Any advisor responsible for a student activity account must acknowledge, in writing,

receipt of the district's student activity fund policy and MAFA procedures, and their responsibility for compliance. The district must provide regular training (e.g. annually) for advisors, building administrative staff, and student representatives on proper procedures, internal controls, and allowable vs. disallowed expenditures.

- F. All student activity funds will be collected and expended under the general direction of the principal and with the participation of students and faculty members who are responsible for generating the revenue.
- G. Activity funds are disbursed in alignment with the established student activity purposes, these expenses must benefit the students that are currently in school who raised the funds.
- H. No individual student activity account can have a negative balance at the end of the fiscal year.
- I. No individual student activity account can carry an unreasonably large balance at the end of the fiscal year. Activity accounts with large unspent balances must submit a plan detailing how and when the remaining funds will be spent, ensuring that the students who raised the funds benefit from their use.
- J. Activity accounts of a graduated class will be terminated prior to the start of the school year following graduation. Any residual money from a graduating class activity fund will remain in the general fund and may be used for any school district purpose. Prior to depositing such accounts, all donations or gifts accepted for the specific purpose of the student activity account shall be administered in accordance with the terms of the gift or donation and school district policy.

~~Home schooled students must be allowed to participate on the same basis as district students.~~

## **V. FUND HANDLING, DEPOSITS, AND RECORDKEEPING**

- A. All student activity funds must be recorded in the district's UFARS-compliant accounting system;
- B. The district will not allow parallel "off books" accounts for student activities that bypass central controls;
- C. All money collected must be documented in accordance with the Student Activities Accounting Manual;
- D. Bank deposits must be completed, at a minimum, weekly and in the form in which the funds were received;
- E. All funds held prior to deposit must be in a locked safe or other secure, limited access location as designated by district administration; and

- F. The district should contact the issuer of any returned check to recover the funds. When checks are deemed as uncollectable, a negative receipt should be recorded in the activity account to reverse the original revenue that was generated in that activity account.

## **VI. CO-CURRICULAR STUDENT ACTIVITY ACCOUNTS**

(UFARS Program Code 291, General Fund)

- A. To account for school-sponsored, instructional, skill-building activities that are connected to the district's educational program but not offered for credit.

- B. Accounting Classification:

- 1. Under GASB 84, co-curricular activities are governmental activities because the district is directing the activity.
  - a. All money received on account of co-curricular activities shall be turned over to the Director of Finance and Operations or designee, who shall deposit such funds in the general fund. These funds are to be disbursed for expenses and salaries connected with the activities, or by the school board upon properly allowed itemized claims; and
  - b. The Department of Finance and Operations shall account for all revenues and expenditures related to co-curricular activities in accordance with the Uniform Financial Accounting and Reporting Standards (UFARS) and school district policies and procedures.

## **VII. EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS**

(UFARS Program Code 292, 294, 296, 298, Activity Fund)

- A. To account for student directed clubs, athletics, and activities conducted primarily for student enjoyment, not tied to curriculum or instruction.

- B. Accounting Classification:

- 1. Extracurricular activities fall into Governmental Activities (General Fund) if the district controls spending and operations.
- 2. The district must classify each activity annually.
- 3. When reported in the activity fund category under GASB 84 (as student activity custodial or fiduciary activities).
  - a. The school district must reserve revenue raised for extracurricular activities and spend the revenue only for the specific extracurricular activities; and
  - b. Expenditures must benefit the activity.

## VIII. MANAGEMENT AND CONTROL OF ACTIVITY FUNDS

<u>Feature</u>	<u>Co-Curricular Account</u>	<u>Extracurricular Account</u>
UFARS Code	291	292, 294, 296, 298
Fund Type	General Fund	Activity Fund (Fiduciary/Custodial under GASB 84)
Purpose	Instruction-related skill development	Voluntary student clubs and enjoyment-based activities
Who Directs	Instructional staff	Students (with advisor guidance)
School Credit?	No	No
Board Oversight Required?	Yes	Yes
Where Money Goes	General Fund	Activity account restricted to that club/activity
Allowed Spending	Instructional activity costs as allowed per the appropriate expenditure guideline	Student-approved activity costs as allowed per the appropriate expenditure guideline
Spending Restrictions	Must meet public purpose; no personal benefit	Must meet public purpose; no personal benefit

**Legal References:** *Minn. Stat. § 123B.02, Subd. 6 (General Powers of Independent School Districts)*  
*Minn. Stat. § 123B.09 (Boards of Independent School Districts)*  
*Minn. Stat. § 123B.14, Subd. 7 (Officers of Independent School Districts)*  
*Minn. Stat. § 123B.35 (General Policy)*  
*Minn. Stat. § 123B.36 (Authorized Fees)*  
*Minn. Stat. § 123B.37 (Prohibited Fees)*  
*Minn. Stat. § 123B.38 (Hearing)*  
*Minn. Stat. § 123B.49 (Extracurricular Activities; Insurance)*  
*Minn. Stat. § 123B.52 (Contracts)*  
*Minn. Stat. § 123B.76 (Expenditures; Reporting)*  
*Minn. Stat. § 123B.77 (Accounting, Budgeting, and Reporting Requirement)*  
*Minn. Rules Part 3500.1050 (Definitions for Pupil Fees)*  
*Visina v. Freeman, 252 Minn. 177, 89 N.W.2d 635 (1958)*  
*Minn. Op. Atty. Gen. 159a-16 (May 10, 1966)*

**Cross References:** *Uniform Financial Accounting and Reporting Standards (UFARS)*

*ISD 200 I Policy 511 (Student Fundraising)*  
*ISD 200 Policy 701 (Establishment, Adoption, and Modification of School District Budget)*  
*ISD 200 Policy 702 (Accounting)*  
*ISD 200 Policy 703 (Annual Audit)*  
*ISD 200 Policy 704 (Development and Maintenance of an Inventory of Fixed Assets and a Fixed Asset Accounting System)*  
*ISD 200 Policy 706 (Acceptance of Gifts)*

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