

**Arkansas Department of Education Rules Governing
Athletic Revenues and Expenditures for Public School Districts**
October 13, 2011

1:00 Regulatory Authority

- 1.01 These rules are enacted pursuant to the authority of the Arkansas State Board of Education under Ark. Code Ann. §§ 6-11-105, 6-16-137, 6-20-417, and 6-20-2001 *et seq.*
- 1.02 These rules shall be known as the Arkansas Department of Education Rules Governing Athletic Revenues and Expenditures for Public School Districts (districts).

2:00 Purpose

- 2.01 The purpose of these rules is to establish the procedures to be followed by public school districts in coding and implementing financial reporting of athletic expenditures.

3:00 Definitions

For the purposes of this rule, the following terms shall mean:

- 3.01 “Adjusted square footage of athletic buildings” means the total square footage of all athletic buildings per the most current property insurance statement of values, less any square footage required for physical education by the most recent Program of Requirements of the Arkansas School Facility Manual, as published by the Division of Public School Academic Facilities and Transportation.
 - 3.01.1 Square footage required for physical education courses shall be calculated by applying the prior-year three-quarter average daily membership of the public school or school district to the physical education spaces prescribed by the appropriate spacing calculators of the Program of Requirements.
 - 3.01.2 If only a portion of a multi-function building is used for an interschool athletic program, only the square footage of the portion of the building used for or by an interschool athletic

program shall be included in the calculation of "adjusted square footage of athletic buildings".

- 3.02 "Arkansas Activities Association" means the organization which serves as the centralized governing agency for all interschool athletic competitions.
- 3.03 "Athletic Building" means an enclosed facility, or a portion of an enclosed facility, built for, renovated for, or used or intended to be used by an interschool athletic program.
 - 3.03.1 An Athletic Building includes without limitation: gymnasiums, whether in use or not; field houses; indoor practice facilities; offices for athletic directors and coaches; concession stands; press boxes; playing field dressing rooms/restrooms; and athletic equipment storage buildings.
 - 3.03.2 An Athletic Building does not include an Outdoor Playing Field.
 - 3.03.3 An Athletic Building does not include a building no longer used by or for interschool athletic programs and located on a campus annexed or consolidated into a public school district.
- 3.04 "Athletic Coach" means an employee of a district who is assigned direct responsibility for guiding a team engaged in an athletic program and competing with other schools subject to the regulations of the Arkansas Activities Association.
- 3.05 "Athletic Expenditures" means all direct and indirect expenses related to interschool athletic programs, prorated if necessary, including without limitation:
 - 3.05.1 The proportion of salaries or supplemental pay for staff for or related to interschool athletic programs;
 - 3.05.2 The proportion of fringe benefits, including without limitation medical and dental insurance, workers' compensation, pension plans, and any other costs associated with employment of staff for interschool athletic programs;

- 3.05.3 Travel, including bus-related operation and maintenance, to and from any interschool athletic program event for students, faculty, spirit groups, band, or patrons of the school district;
 - 3.05.4 Equipment;
 - 3.05.5 Meals;
 - 3.05.6 Supplies;
 - 3.05.7 Property and medical insurance;
 - 3.05.8 Medical expenses;
 - 3.05.9 Utilities;
 - 3.05.10 Maintenance of facilities related to interschool athletic teams and spirit groups, excluding bands; and
 - 3.05.11 Construction and renovation of athletic buildings and outdoor playing fields.
- 3.06 "Interschool Athletic Program" means any athletic program which is organized primarily for the purpose of competing with other schools, public and/or private, or any athletic program subject to regulation by the Arkansas Activities Association, including organized physical activity courses as defined by Ark. Code Ann. §6-16-137 and designed or implemented for participation in interschool athletics.
- 3.07 "Net athletic event gate receipts" means the amount remaining from fees collected for admission to a school district athletic event less any expenses paid by the school district from those gate receipts.
- 3.07.1 "Net athletic event gate receipts" include revenues generated from the sale of reserved seating and the amount collected for admission to a school district athletic event, less any expenses, including any rental fee for a facility used for an athletic event.

3.07.2 “Net athletic event gate receipts” do not include any portion of admission fees charged by a school district, for an athletic event held at the school district or at a facility leased or rented by the school district, and remitted or passed through to another entity outside the district.

3.08 “Outdoor Playing Field” means a non-enclosed area used for an interschool athletic program.

3.08.1 An Outdoor Playing Field includes without limitation: football fields, baseball fields, softball fields, soccer fields, and track and field areas.

3.09 “Public School District” includes, for purposes of this rule, all open-enrollment public charter schools.

3.010 “State Funds” means all money derived from state revenues, specifically including without limitation distributions from the Arkansas Department of Education (ADE) Public School Fund Account and ad valorem property taxes distributed to a public school or school district.

4:00 Financial Coding Requirements

4.01 All athletic expenditures must be charged to a budget unit containing the appropriate fund, source of fund, function, and location codes.

4.02 The program code 115 must be used for all athletic expenditures.

4.03 Expenditures for property insurance, utilities, and maintenance, including salary and benefits for employees providing janitorial or maintenance services, must be charged to athletics based upon the adjusted square footage of athletic buildings as a percentage of total square footage of all buildings.

4.03.1 The square footage of all buildings shall be obtained from the most current property insurance statement of values.

4.03.2 The adjusted square footage of athletic buildings shall be divided by the total square footage of all buildings to

determine the percentage of square footage used for athletics.

- 4.03.3 The percentage determined in 4.03.2, carried to five decimal places, shall be applied to the total cost of property insurance, utilities and all other maintenance costs to determine the amount applicable to athletics.
- 4.03.4 The amounts determined in 4.03.3 shall be recorded by posting a journal entry prior to each year-end final close and prior to submitting the Annual Financial Report to the ADE. Documentation supporting the journal entry shall be retained for review by the Division of Legislative Audit.
- 4.03.5 Expenditures for property insurance, utilities, and maintenance shall not be directly coded as athletic expenditures so that the allocation method does not overstate athletic expenditures.

4.04 When district owned vehicles are used for transporting students, faculty, spirit groups, band or patrons of the school district to any interschool athletic program event, the district shall use the state-wide average student transportation cost per mile as determined by ADE. Districts must maintain all documentation supporting all athletic transportation miles.

4.05 Expenditures for the construction or renovation of athletic buildings shall be charged to athletics, minus the construction and renovation costs of square footage required for physical education courses by the most recent Program of Requirements contained in the Arkansas School Facility Manual published by the Division of Public School Academic Facilities and Transportation.

For example, if a school district already has the physical education square footage required and builds a new gymnasium, the entire construction cost of the new gymnasium shall be charged to athletics.

4.06 Expenditures for the construction or renovation of outdoor playing fields shall be charged to athletics.

5.0 Salaries and Benefits for Coaches

- 5.01 Coaching stipends and related benefits must be charged to athletics.
- 5.02 All pay for extended contract days pertaining to athletics and the related benefits to those days of pay must be charged to athletics.
- 5.03 The base salary contract and related benefits for athletic coaches as indicated by the district's base teacher's salary schedule must be allocated between athletics and nonathletics if during the school day, the athletic coach is assigned to classes for students participating in an interschool athletic program.
- 5.04 For purposes of allocating salaries and benefits of athletic coaches, preparation periods in excess of one period must be allocated to athletics unless the additional preparation period is clearly documented to pertain to non-athletic duties.
- 5.05 Salaries paid to interschool athletic program personnel in positions requiring a teaching license must be paid from the teacher salary fund and will, therefore, always be considered paid from state funds.

6.00 Required Reporting

- 6.01 School districts must provide to the Department of Education an annual report of prior year athletic expenditures and current year budgets by September 15 of each year.
 - 6.01.1 Prior to submitting the report to the Arkansas Department of Education, the school district's board of directors shall review and approve the report at a legally held meeting of the board.
 - 6.01.2 Following approval by the school district's board of directors, the report shall be posted on the school district's web site in a format approved by the Arkansas Department of Education, and electronically submitted to the Department in a format approved by the Department. The report shall remain posted on the school district's web site

for a minimum of three years following the year approved by the school district's board of directors.

- 6.02 The content for the required athletic expenditure report shall be obtained from information districts submit to the Arkansas Department of Education in cycle 1 for the current year budget and cycle 9 for the prior year actual expenditures.
- 6.03 The report shall include athletic expenditures from state funds only and budgets from state funds only.
- 6.04 The athletic expenditure report shall include the total number of coaches employed by the district during the previous school year and the athletic Full-Time Equivalency (FTE) of each as submitted to the Arkansas Department of Education in cycle 8.

7.0 Revenues

- 7.01 Gate receipts, private donations made directly to the school district, revenues from fund raisers, and any other non-state revenue pertaining to the athletic programs shall be deposited in the activity fund (Fund 7).
- 7.02 School districts shall establish a separate fund for athletic event gate receipts.
 - 7.02.1 Revenues and expenditures from the athletic event gate receipt funds shall be tracked and reported.
 - 7.02.2 The local school board of directors must approve the use of net athletic event gate receipts to purchase athletic awards for students participating in school-sponsored activities.
 - 7.02.3 The school district shall not expend from net athletic event gate receipts, for the purchase of athletic awards, more than an average of \$100 per student per activity.
 - 7.02.4 School districts may access private funds to purchase athletic awards.

8.00 Required Reviews

- 8.01 The Division of Legislative Audit (Legislative Audit) shall conduct a review of athletic expenditure reports and Department of Education rules.
- 8.02 Legislative Audit shall conduct an annual review of the reports required by these Rules on a rotating basis so that each public school district is evaluated at least one (1) time every five (5) years.
- 8.03 If Legislative Audit determines that for any given year the Division has insufficient staff to conduct the reviews as required by Ark. Code Ann. § 6-20-2003, then the Division may establish the number of districts that will be reviewed for that year.

9.00 Sanctions

- 9.01 Any school district failing to comply with the provisions of Ark. Code Ann. § 6-20-2001 et seq. and the rules adopted by the state board for the implementation of required reporting of athletic expenditures shall be identified by the Department of Education to be in fiscal distress in accordance with Ark. Code Ann. § 6-20-1901 et seq.