BACKGROUND

- **Eide Bailly**
  - 50 years of audit and consulting experience serving school districts, currently working with over 60 districts across Minnesota
  - Over 200 professionals focused in the governmental industry
  - Schools, cities, counties, tribes, state agencies
  - Leadership roles within the GFOA and AICPA at local and national levels

- **Jamie Fay, CPA**
  - Over 10 years of audit and consulting experience
  - Focus in the governmental industry
  - Schools, cities, counties, tribes
  - Bachelors of Science, Accounting (Minnesota State University Moorhead)
  - MDE GASB Subcommittee Member

These seminar materials are intended to provide the seminar participants with guidance in accounting and financial reporting. They are not intended to be a substitute for the advice of professional accountants. The seminar materials are not intended to be exhaustive or definitive in nature and may not address all issues that may arise in any particular fact situation. The seminar participants should independently determine consequences of any particular technique before recommending the technique to a client or implementing it on the client's behalf.
AGENDA

- GASB 84 Impact
- Minnesota State Statute Language
- Activities Under Board Control
- Activities NOT Under Board Control
- What about the MAFA?
- Trust and Custodial Funds
- Best Practices

WHY TALK ABOUT STUDENT ACTIVITIES?

- IRS issued seven findings to the City of Boston School District
- Four cited mismanagement of student activity funds
- Reissuance of 1,200 corrected W-2 forms for last three years
- Spent tens of thousands of dollars from SAF’s for a program coordinator in violation of state and federal rules
- GASB 84
RESOURCES

- The majority of the information contained in this presentation is from the new MDE GASB 84 Q&A document as well as GASB Statement 84
- Q&A will be available on the department’s website http://education.state.mn.us

GASB 84 IMPACT

- GASB 84, Fiduciary Activities
  - Implementation for Fiscal Year 2020
  - Student activities under board control
  - Student activities NOT under board control
  - Agency and trust funds
MINNESOTA STATE STATUTE LANGUAGE

- Current MN State Statute §123B.49 Subd. 4 discusses Board Control of extracurricular activities and that the board MAY take control
- Legislation proposed to remove “MAY” and replace with “MUST” to require School Boards to take control of student activity funds
- Change is currently in process

GASB 84 FOR STUDENT ACTIVITIES UNDER BOARD CONTROL
UNDER BOARD CONTROL

- Limited changes
- Review for reasonableness
- Fund Balance classification change
- Reassign funds on July 1, 2019

GASB 84 FOR STUDENT ACTIVITIES NOT UNDER BOARD CONTROL

- GASB 84 requires all student activities to fall under Board Control
- Administrative Involvement
- Review all activity accounts to determine if the activity belongs in the General Fund, Custodial Fund, or outside organization

NOT UNDER BOARD CONTROL
NOT UNDER BOARD CONTROL

• HOW Do we make the change?
  • Board resolution
  • Accounting in software
  • Report in General Fund
  • Fund Balance Restriction
  • Review account activity
  • Financial Reporting – Restatement
    • 7/1/19 Balances for accounts receivable, accounts payable, deferred revenue, etc.

NOT UNDER BOARD CONTROL

• Operational Changes:
  • Board must review all transactions
  • Board oversight on activity accounts
  • Possible change in allowable expenditures
  • School board approval of contracts
  • Audit Opinion

WHAT ABOUT THE MAFA?
MANUAL FOR ACTIVITY FUND ACCOUNTING

- Chapter 14 of the UFARS manual
- Plan to modify and remain in the manual
- Q&A from MDE
- Statement of Purpose Form

TRUST AND CUSTODIAL FUNDS

- Trust Fund (08) – Trust agreement or equivalent arrangement required
- Custodial Fund (18) – “…report fiduciary activities that are not required to be reported in…trust funds…”
BEST PRACTICES

- Recommended though not required
  - Student activity handbook
  - Minutes maintained for all meetings of student activity accounts
  - Internal audit of student activity accounts annually
  - Annual training for all individuals involved with student activity accounts

BEST PRACTICES

- Procedures:
  - Annual budget
  - Fundraiser accountability form
  - Pre-numbered receipts and tracking for all monies collected
  - Reconciliation after each event of the financial activity to assure funds are accounted in a timely manner
  - Minimum of two individuals to count deposits
BEST PRACTICES

• Procedures continued:
  • Blank checks secured and safeguarded
  • Formal policy for handling deposit overages/shortages
  • Mail checks the same day they are signed
  • Use of a purchase order system

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.

THANK YOU

Jamie Fay, CPA
Senior Audit Manager
jfay@eidebailly.com
507.304.6944