STUDENT ACTIVITIES ACCOUNTING

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BACKGROUND

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BACKGROUND

- Eide Bailly
  - Government is the Firm's #1 industry
  - Over 50 years of audit and consulting experience serving school districts
  - Currently working with over 60 districts across Minnesota
  - Over 275 professionals focused in the governmental industry with more than 400 school districts served across the nation
  - Schools, cities, counties, state agencies
  - Leadership roles within the GFOA and AICPA at local and national levels

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PRESENTER

- Jamie Fay, CPA
  - 11+ 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

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FIRST: AN UPDATE

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BREAKING NEWS FROM THE GASB

- Potential delay in Standard Implementation
- GASB Statement No. 83, 84, 87, 88, 89, 90, 91 and 92
- Related implementation guide questions.
- Guidance expected to be finalized in May 2020
- Early implementation STRONGLY ENCOURAGED

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TIMELINE AND STUDENT ACTIVITIES

- Delay DOES NOT AFFECT changes for Minnesota Student Activity Accounts.
- State statute changed for FY20

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WHY TALK ABOUT STUDENT ACTIVITIES?

- Examples
- Common Issues
- GASB 84

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RESOURCES

- 2020 MDE UFARS Manual Chapter 14
  - https://education.mn.gov/MDE/dse/schfin/fin/UFARS/
- GASB Statement 84

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GASB 84 IMPACT

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GASB 84 IMPACT

- GASB 84, Fiduciary Activities
  - Implementation for Fiscal Year 2020
  - All Student activities brought under board control

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STUDENT ACTIVITY CHANGES

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CHANGES

- This change requires all student activities in MN 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

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HOW?

- 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.d

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OPERATIONAL CHANGES

- Board MUST review all transactions
- Board oversight on activity accounts
- Possible changes in allowable expenditures
- School Board approval of contracts
- Audit Opinion

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RECORDING ACTIVITY

- FIN code 301, Extracurricular Activities &
  - Used with Program codes 292, 294, 296 & 298
  - Salaries & benefits will NOT be allowed with FIN 301
- Balance Sheet code 401, Restricted for Extracurricular Activities

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APPROPRIATE & INAPPROPRIATE EXPENDITURES – APPENDIX G

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APPROPRIATE EXPENDITURES

- Admission and participation fees for the entire group, not specific individuals within the group
- Entertainment for specific student activity events, including contracted services (i.e., Disc Jockey for prom)
- Food
- Lodging
- Supplies and materials
- Clothing for students participating in the student activity
- Transportation
- Travel expenditures

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INAPPROPRIATE EXPENDITURES

- Assemblies not representative of the student activity purpose
- Employee compensation, gifts or awards
- Faculty meetings or events
- Labor or service payments (staff salaries or independent contractors acting as staff)
- Library books
- Office supplies
- Office or school furniture (for instructional use)
- Textbooks
- Gift cards
- Gift certificates
- Field trips which are curricular in nature
- Personal items for coaches, advisors or other staff members
- Scholarships

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MANUAL HIGHLIGHTS

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MANUAL TOPICS

- Banking
- Borrowing
- Centralized vs. Decentralized
- Contracts
  - Vending Contracts
- Disbursements
- Donations to a Student Activity
- Equipment
- Fundraising
- Inactive/Discontinued Activity Accounts with Remaining Cash
- Inventory
- Negative Balances
- Payroll Costs
- Receipts/Deposits

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MUST-DO'S

- Statement of Purpose Form
- Advisor
- Board Control
- Budget
- Restrict Fund Balance
- Accounting and Control System
- Annual Audit by a CPA or OSA

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MUST-DO'S

- Reconciliation of Bank Accounts
- NOT borrow money outside of student activity accounts
- NOT loan money outside of student activity accounts
- UFARS Code Structure
- NOT deposit vending contract revenue
- NOT pay disbursements with cash
- Approve Fundraisers

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MUST-DO'S

- Approve Fundraisers
- Dispose of inactive accounts (max of 1 fiscal year)
- Inventory at year-end
- NOT expend payroll
- Deposit funds weekly, at a minimum
- Report to the Board at least annually

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BEST PRACTICES

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BEST PRACTICES - GUIDELINES

- Student activity handbook
- Minutes maintained
- Internal audit annually
- Annual training

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BEST PRACTICES - PROCEDURES

- Fundraiser accountability form
- Pre-numbered receipts
- Reconciliation after events
- Minimum of two individuals to count deposits
- Blank checks secured & safeguarded
- Formal policy for overage/shortages
- Mail checks same-day as signed

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COMMON QUESTIONS

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SALARIES & BENEFITS

- Can salaries & benefits be paid through student activity accounts?
- What about a transfer to the General Fund to cover?
- What about referees?
- Other creative ideas?

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CONTRACTED SERVICES

- School Board Policies
- DJ Services
  - General Fund 01
  - Program Code 298
  - Finance Code 301, Extracurricular Activities

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FUNDRAISER CONSIDERATIONS

- Extent to which community will be inundated with sales?
- What sales are appropriate?
- What limits, if any, should be set for accumulation of funds?
- What purposes are appropriate for use of funds?
- What happens if a trip or other fundraising objective is cancelled?

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DONATIONS TO STUDENT ACTIVITIES

- Approved by the Board
- Board Policies
- Fundraisers
  - Board Approval
  - Fundraiser Accountability Report
  - Sales Tax Exemption
    - MN DOR, Sales Tax Fact Sheet 111 – page 3

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DONATIONS FROM STUDENT ACTIVITIES

- Donations after surplus – General Fund (01), FIN code 301
- Donations pre-determined – Custodial Fund (18)

- Inappropriate Donations:
  - Individuals
  - Religious activities
  - Booster clubs
  - Parent teachers organizations
  - School foundations
  - Scholarship funds
  - Payments to faculty, staff, individual students OR an individual person

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COVID-19 UPDATES

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THANK YOU

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