

H08 – Student and School Activity Funds



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BUSINESS SUCCESS
PARTNERS

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MSBO

April 23, 2026

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- Member of the Michigan School Business Officials and various Regional School Business Officials
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Topics

- GASB 84 – Implementation Refresher
- Recording with MDE Coding – Chart of Accounts
- Student/School Activities - Common Issues and Allowable Costs

GASB 84 – Implementation Refresher

GASB 84 – Fiduciary Activities – Implementation Refresher

- GASB 84 implementation was effective for reporting periods beginning after December 15, 2019 (School Districts fiscal year June 30, 2020)
- The implementation of GASB 84 determines:
 - Whether funds are fiduciary (district holds for others), or
 - Governmental (district controls and benefits)
- GASB 84 requires school districts to evaluate sources of the funds and who controls spending – this determines which fund they must be reported in

GASB 84 – Fiduciary Activities – Implementation Refresher

- Fiduciary Funds
 - Previously funds labeled as Agency Fund changed to Fiduciary Fund category – 2 types
 - Private Purpose Trust Funds (Donations held in trust for students such as scholarships)
 - Custodial Funds (Money raised by student organizations that is held by the district **BUT** managed by the students)

GASB 84 – Fiduciary Activities – Implementation Refresher

- Examples of Fiduciary Funds
 - Scholarship Funds (Private Purpose Trust Funds)
 - Memorial Funds (Private Purpose Trust Funds)
 - Student Council (Custodial Funds)
 - Class of 2026 (Custodial Funds)
 - Booster Clubs (Custodial Fund)

GASB 84 – Fiduciary Activities – Implementation Refresher

- Governmental Funds
- Activities not fiduciary must be recorded in governmental funds
 - These funds moved into:
 - Special Revenue Fund – Fund 29 (Student/School Activity Fund)

GASB 84 – Fiduciary Activities – Implementation Refresher

- Fund 29 is **REQUIRED** when:
 - Activities are district-controlled
 - Funds support district programs or operations
 - District (not students) have substantial influence over spending
- Examples are:
 - Band (Staff directed)
 - Athletics (Coaches administer spending)
 - Yearbook (Teacher directed)
 - Field Trips (Admin directed)

Recording with MDE Coding – Chart of Accounts

Recording Activity for Fund 29

- Recording of Revenues and Expenses
 - Revenues and expenses must be shown for the fund.
 - Typically, Districts track these separately using spreadsheets to show all activity in the funds for the year. (Ex: Bank activity for the year)
 - Make sure to do this before year end in order to properly adjust final budget.
- Districts all do the recording different (from my experience)
 - Some record straight to Fund 29
 - Others continue to track in a separate fund (Ex: previous Agency Fund before implementation on GASB 84)
 - This is fine, but need to make sure all items are then moved to Fund 29 prior to your audit (All assets, liabilities, and fund balance accounts need to be moved to Fund 29, and then revenue and expense activity needs to be recorded)

Michigan Department of Education - Coding

- Revenue codes

Appendix – Definitions of Account Codes – Revenue Major Class Codes

Major Class Code	Allowable Funds	Account Name/Description
170		Revenue from Student Activities - Revenue resulting from co-curricular and extra-curricular activities controlled and administered by the school district.
171	11, 2x, 7x	Admissions - Revenue from the sale of tickets or other admission charges for school sponsored activities (i.e. athletic events)
172	11, 2x, 7x	Merchandise Sales - Revenue from the sale of books, magazines, and other items of general merchandise. This does not include proceeds from sale of capital assets that are recorded under major class code “593”
173	11, 2x, 7x	Dues and Fees – Revenue from clubs, classes, or other pupil groups or organizations as dues or fees for participation in the activities of the organization or group. Include locker fees, equipment fees, etc. Public libraries late fees, non-educational child care fees, and senior citizen activity fees should be recorded as Community Service Activities in major class “181” below.
178	6x	Other Private Purpose Trust Income
179	11, 2x, 6x, 7x	Other Student Activity Income

Michigan Department of Education - Coding

- Expense codes

Appendix – Definitions of Account Codes – Expenditure Function Codes

Function Code	Allowable Funds	Account Name/Description
290		Support Service-Other - Activities of any supporting service or classification of services, general in nature, which cannot be classified in the preceding service areas.
291	11, 2x, 4x, 5x, 7x, 8x	Pupil Activities - Consist of those activities concerned with financing the pupil organizations that are under the supervision of the school.
292	11, 2x	Bookstore Activities/Consignment Activities - Consist of those activities concerned with financing the bookstore/consignment activities that are under the supervision of the school.
293	11, 21	Athletic Activities - Consist of those activities concerned with financing the interscholastic athletic programs that are under the supervision of the school.
294	5x, 28	Endowment Activities - Consist of those activities concerned with the purpose of expending monies for the purpose stated in the Endowment.
295	11, 2x	Agency Activities – Support for Agency Funds
296	11, 29, 6x	Other Student/School Activity Expenditures
297	25	Food Services - Consist of those activities concerned with providing food to pupils and staff in a school or school system. This service includes the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities and the delivery of food.
298	6x	Other Private Purpose Trust Expenditures
299	11, 2x, 4x, 5x	Other Support Services





Student/School Activities - Common Issues and Allowable Costs

Allowable Costs

- A school district's custodial activity funds would rarely contain any of a school district's source revenues and thus would typically not be subject to any source limitations.
- Only known restriction under Section 1814 of the Revised School Code (MCL §380.1814) which prohibits the use of public funds under the control of a school district for the purchase of alcoholic beverages, jewelry, gifts, fees for golf, or any item, the purchase or possession of which is illegal.

Student/School Activities – Common Issues

- Common findings:
 - Revenues and expenses not being recorded
 - Original and final budget not being implemented or approved by the Board of Education
 - Budget overages due budget not being accurately implemented
 - Fund balance audit adjustments
 - Issues balancing due to / due froms between other funds

Questions?

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