

OHIO AUDITOR OF STATE KEITH FABER



**Auditor of State
Bulletin 2023-004**

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TO: **School Districts
Community Schools
Independent Public Accountants**

FROM: **Keith Faber
Ohio Auditor of State**

SUBJECT: **Cash Receipts at School-Affiliated Events**

Bulletin Purpose

Ohio House Bill 33 of the 135th General Assembly *enacted new* Ohio Rev. Code § 3313.5319 regarding cash payments at school-affiliated events, effective October 3, 2023. This section requires schools that elect to participate in athletic events regulated by an interscholastic conference or an organization that regulates interscholastic conferences to comply with certain requirements:

- Each school shall permit an individual to pay cash for a ticket to a school-affiliated event. If a school does not accept cash payment from an individual who wishes to purchase a ticket to an event on the date of that event, the school shall grant that individual a free ticket if there are still tickets available and the individual demonstrates that the individual has enough cash to cover the full cost of the ticket.
- **"School-affiliated event" means an athletic event, play, musical, or any other school-related event or activity that a district or school conducts, sponsors, or participates in and for which a district or school charges admission to attend.** "School-affiliated event" does not include any event or activity that is conducted in a public facility that is leased by a professional sports team or a privately-owned facility.
- Each school that offers **concessions** for sale at a school-affiliated event shall provide at least one location where an individual may pay cash for concessions and, if concessions are sold on multiple floors, at least one location on each floor that accepts cash payment.

In addition, Ohio House Bill 33 *amended* the following sections of Ohio Rev. Code, to require the following additional school types to comply with Section 3313.5319, as described above:

- 3314.03(A)(11)(d) – community schools,
- 3326.11 – STEM schools,
- 3328.24 – college-preparatory boarding schools.

This Bulletin provides guidance for proper handling of cash receipts at school-affiliated events.

Ohio High School Athletic Association (OHSAA) Events

This bulletin supersedes Auditor of State Bulletin 2022-007, *Ohio High School Athletic Association (OHSAA) tournament events – admissions*, issued July 26, 2022 (which updated Bulletin 2013-005). Bulletin 2022-007 explained that due to OHSAA ticket sales moving online, schools no longer receive proceeds from ticket sales and therefore do not need to use a cost center within Fund 022 to account for these tournament monies. However, due to the passage of Ohio Rev. Code § 3313.5319, schools will need to return to using Fund 022 (as was described in Bulletin 2013-005) for collection of custodial cash sales related to OHSAA events hosted by schools.

As a result of Ohio Rev. Code § 3313.5319, OHSAA has *elected* to accept cash at the gate when their tournament events are held at schools, even though OHSAA is not a “qualifying school” as described in the legislation. Schools should report monies held on behalf of OHSAA in a separate special cost center within Fund 022, which should be classified as a custodial fund. (This communication serves as the authorization Ohio Rev. Code § 5705.12 requires for schools to establish this fund. No additional Auditor of State approval is required/needed to set up this cost center.)

On the day-to-day books, this cost center is intended to be a clearing account to distribute tournament monies to other funds of the school and to the OHSAA. At the conclusion of the tournament, the cost center should not have any remaining balance. The OHSAA school hosting fees and other non-OHSAA related cash collections (i.e., concession sales at athletic events hosted by the school) should be reported in the school’s governmental or proprietary funds, as applicable. School costs are not intended to be paid from the custodial fund.

Although monies to be distributed to the primary government can be accounted for through the custodial fund on the day-to-day books, for financial reporting purposes, own source revenue should not be reported in a custodial fund.

Per OHSAA guidance, checks collected for radio station fees should be made out to the OHSAA with the host school forwarding the checks to the OHSAA. If checks for radio station fees are made out to the host school or are paid in cash, these amounts could also be accounted for (including being subsequently remitted to the OHSAA) through the 022 fund.

In addition, OHSAA has advised schools to use the Hometown Gate app to scan & sell tickets and save the Reconciliation User Audit Report for each OHSAA event. OHSAA has developed related

procedures/instructions/training video, which are available at www.ohsaa.org/school-resources, under ‘Selling Tickets at the Gate’.

OHSAA advised when they rent space from schools for OHSAA events, the school normally uses its own personnel to manage the event, collect cash ticket sales, deposit cash, report tickets sold, and reconcile to cash. When necessary, the school may also be responsible for providing security and EMS services.

Other School Cash Sales

In addition to OHSAA-affiliated events, it is vital that schools develop strong internal controls over cash receipts related to any cash sales, including but not limit to, other cash sales covered by Ohio House Bill 33 (i.e., regular season events, non-athletic events such as musicals and plays, non-OHSAA tournaments, concession sales, etc.). Schools should evaluate their existing internal controls and consider the internal control guidance and other resources identified in this Bulletin for all cash collections points. As part of this evaluation, schools will need to consider internal controls for *documenting* and *reconciling* the sale of event tickets or concession items to cash received and deposited (e.g., using pre-numbered tickets, cash registers, and other documentary evidence).

Also, schools should consider internal controls for providing free entry to events under Ohio House Bill 33. When tickets for entry, schools may need to maintain record of the number of free tickets issued in order to reconcile tickets sold or “issued for free” to cash collections.

Internal controls, policies, and procedures related to cash collections and deposits are of utmost importance to maintaining the integrity of the public trust and providing the best stewardship of public dollars that are entrusted to local governments/entities. Specifically, local governments/entities are subject to audit requirements set forth by legislation and conducted/contracted by the Auditor of State of Ohio. As such, these internal controls, policies, and procedures are subject to financial reporting and audit procedures.

In addition to audit implications, internal controls and procedures over cash collections impact all aspects of financial management. The [Government Finance Officers Association’s \(GFOA\) Best Practice – Revenue Control Policy](#) recommends governments establish a revenue control and management policy that is annually reviewed and customized for the public office. In developing the policy, the GFOA recommends considering internal controls over cash receipting such as: segregation of duties, daily processing, and timely deposit of receipts (which must comply with Ohio Rev. Code § 9.38), and physical security procedures. Accordingly, local governments/entities have a responsibility to establish and implement policies that incorporate control procedures for over-the-counter cash collections.

Guidance

Auditor of State Resources

The Auditor of State's Office has previously issued several relevant resources related to cash sales in schools (not limited to athletic events). These should be carefully reviewed, considered, and implemented as deemed appropriate:

- Cash Collections-Best Practices – [Auditor of State Bulletin 2020-006](#) – contains guidance including:
 - Policies/Procedures
 - Training and Bonding Considerations
 - Segregation of Duties
 - Point-of-Sale Cash Collection – Cash Drawer
 - Expenses/Denomination Exchanges
 - Ticket Sales Cash Collections
 - Cash Collections – Reconciliations
 - Cash Collections – Deposits
 - Additional Fiscal Office Procedures/Considerations
 - Sample School Policy for Deposit of Public Funds – Cash Collection Points
 - Sample Ticket Reconciliation Form
- Best Practices in Cash Handling – [Auditor of State Best Practices, Fall 2007](#) – contains guidance including:
 - General Controls
 - Security Controls
 - Management Controls
 - Monitoring Controls
- Guidelines for Student Activity Programs - <https://ohioauditor.gov/publications.html> - contains guidance including:
 - Authority
 - Policy Development
 - Management of Student Activity Programs
 - Legal References

Questions

If you have any questions regarding the information presented in this Bulletin, please contact the Center for Audit Excellence at the Auditor of State's Office at (800) 282-0370 or contactus@ohioauditor.gov.



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