

**Diocese of La Crosse Catholic Unified School Systems**  
**Accounting Policies and Procedures Manual**

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**Chapter Five: Cash Receipts**

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**A. Policies**

Overview

In order to maintain good controls over accounting, the Central Office is responsible for depositing all cash and checks into the operating account. Cash and checks collected at the schools is counted, by two individuals who initial the count sheet, and bundled before turning in to the Central Office, therefore establishing a separation of duties which is required for good internal controls.

To further promote internal accounting control, these policies have been established:

- A daily deposit is recommended, however, at a minimum, all cash and checks received during a week must be deposited before the weekend. No cash or checks (with the exception of petty cash) should remain in the schools or at the Central Office over the weekend.
- Cash should remain on school or Central Office premises until deposited. No cash or checks should be taken home with employees.
- Cash and checks should be locked in a safe or desk drawer at all times.
- Currency must be deposited once it reaches \$250 (schools) or \$1000 (Central Office).

Types of Cash Collections

The schools and the Central Office collect funds from a variety of sources. A listing of these sources, along with the proper general ledger category in which they should be recorded, follows. Additional sources not listed here are covered in **Section G – School Specific Procedures**.

Cash Receipt Type	G/L Category	Cash Receipt Type	G/L Category
Tuition	* A/R – Tuition 1410, 1415	Registration fees	* A/R – Tuition/Fees
Parish support	** A/R – Parish 1405	Scrip payments	Scrip Income 4325
Athletic fees	Athletic Dept Income	Cafeteria payments	Food Service Activity Fund, Fund 20
Day care payments	Child Care Income	Donations	Donations and Grants
Grants	Donations and Grants	Fundraising dollars	Fundraising Development 4210 or 4340 Fundraising-Organizational
Interest	Interest Income 4260	Investment earnings	Gain/Loss on Investment 4250
Vending machine	Other Income 4330	Rent	Rent Income 4345

\* See **Chapter 8- Registration and Tuition – Tuition Collection** for additional information.

\*\* See **Chapter 9- Parish Support – Collection** for additional information.

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### ***B. Deposit Procedures***

The following procedures should be followed by each person authorized to collect cash on behalf of the school system.

#### Cash Collection

##### **Collections at Schools**

1. Prepare a daily cash receipts ledger that lists each payment received. The ledger may be manual or on an electronic spreadsheet (recommended), but must list the date, payee, description, check number, "CREDIT", or "CASH", and the amount.
2. Currency and checks - Prepare a cash receipt in duplicate. List on the receipt the date, payee, description, and the amount. Initial the receipt and give the payee one of the copies.
3. Checks - Endorse each check as it is received.
4. Credit cards – Check the expiration date of the card. Complete the credit card paperwork and give the payee their copy.

The following procedure should be completed by a different person completing the preparation items 1 through 4 above.

5. Daily (or according to the policies above) prepare the deposit for the Central Office.
  - Total the checks received
  - Count the currency and reconcile to the receipts for cash that were issued
  - Total the credit card receipts
  - Total the Cash Receipts ledger prepared
  - Reconcile these amounts as follows:  
$$\text{Checks} + \text{Currency} + \text{Credit Card Receipts} = \text{Cash Receipts Ledger}$$
  - Place all items above in a tamper proof bag and deliver to the Central Office
  - On the front of the bag write the date, school name, the check total, currency total, and credit card total, and the total amount of the deposit.

##### **Event Collections**

1. During the event, as money is received, a "source document" must be maintained for later verification with money received. The source document varies depending on the event. Some examples of events and source documents are:

<u>Event</u>	<u>Source Document</u>
Ticketed events	Prenumbered, color coded tickets (for various ticket prices)
Auction	Auction sheet listing all items, enter amount received next to each item, or Multi-part auction receipts, copy to bidder, copy for source document
Concessions	Register receipts (if using a register)

Other source documents used by the school are documented in **Section G - School Specific Procedures.**

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2. As currency is received, issue a cash receipt including the name of the buyer, the date, the description and the amount received.
3. At the end of the event, count all currency, add all checks, and add any credit card receipts. Two unrelated individuals should be present for the counting.
4. Reconcile the amount received with the total of all source documents.
5. Place all of the above in a tamper proof bag and seal it.
6. On the front of the bag write the date, the event, the check total, currency total, and credit card total, and the total amount of the deposit.
7. Sign the envelope and deliver to the Central Office. If the event is held over the weekend, the deposit should be taken to the bank immediately.

### **Central Office Collections**

To maintain separation of duties and good internal control, payments should be taken throughout the day by someone other than the person preparing the bank deposit.

1. Prepare a daily cash receipts ledger that lists each payment received by mail or in person. The ledger may be manual or on an electronic spreadsheet (recommended). List the date, payee, description, check number, "CREDIT", or "CASH", and the amount.
2. Currency - Prepare a cash receipt in duplicate. List on the receipt the date, payee, description, and the amount. Initial the receipt and give the payee one of the copies.
3. Checks - Endorse each check as it is received. Alternative. A remote check deposit scanner can be used to scan checks. After the checks have been scanned, file by month in a locked cabinet. Credit cards – Check the expiration date of the card. Complete the credit card paperwork and give the payee their copy.
4. Daily, reconcile these amounts:
  - Total the checks received
  - Count the currency and reconcile to the receipts for cash that were issued
  - Total the credit card receipts
  - Total the Cash Receipts ledger prepared
  - Reconcile these amounts as follows:  
$$\text{Checks} + \text{Currency} + \text{Credit Card Receipts} = \text{Cash Receipts Ledger}$$
  - Place all items above in a sealed envelope and store in locked drawer or safe

### **\$crip Collections**

See **Chapter 10 - \$crip Accounting** for these procedures.

### Preparing the Bank Deposit

#### **Central Office**

1. Re-count each deposit received from various sources.
2. For deposits received from schools, stamp the Cash Receipts ledger received with the date received and fax back to the school. This procedure gives the school verification that their deposit has been received and how long it took to get to the Central Office.
3. Combine all deposits received, separating the currency and the checks into separate piles.

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4. Using the cash receipts ledger, enter payments received on account (tuition, parish support, and miscellaneous receivables) into the accounts receivable subsidiary ledger. See **Section E** for further discussion of receivables.
5. Enter miscellaneous receipts into the Cash Receipts area of the accounting software. "Miscellaneous receipts" are payments received that are not on account.
6. Print out a deposit summary to verify the accuracy of information entered into the system.
7. Total the checks and currency individually (total currency, total checks) and together.
8. Reconcile these totals to the print out from Step 6.
9. Once they agree, prepare the bank deposit slip in duplicate. The total deposit must agree to the print out from Step 6.
10. Take the deposit to the bank.
11. File the deposit packet by date. The deposit packet should include the deposit summary printed from the system, any remittance advices received with payment, cash receipts issued, and the cash receipts ledgers.
12. Staple the bank deposit receipt to the deposit slip copy remaining in the deposit book.

**Alternative Procedure:**

Bank deposit slips and receipts can be kept with the deposit packet, if desired.

#### ***C. Daily Cash Balance or Register***

It is important to know daily the cash balance in the operating checking account. This will avoid embarrassing overdrafts and expensive bank service charges. To keep track of your daily cash balance, enter all cash activity into the accounting system daily. Examples of activity to record are:

- Manual checks written
- Payroll checks
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- Bank deposits
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#### ***D. NSF Check Procedure***

Non-sufficient funds checks must be handled immediately in order to avoid a collection problem. Follow these procedures when presented with an NSF check:

1. Redeposit the check with the bank once to see if it will clear. Some banks will automatically redeposit it once.
2. If it does not clear, make a collection phone call to the payee. Add any bank fees to the amount of the check.
3. Most of the time, the payee will honor the check immediately by replacing it or paying in cash. If this does not happen, enter the invoice back onto the accounts receivable subsidiary ledger, including the amount of the bank charges.
4. If the payment was not "on account", but rather a miscellaneous payment, enter a miscellaneous cash disbursement to remove the deposit from the cash balance.
5. Continue collection procedures.
6. Once collected, enter the payment through the cash receipts module of the accounting system.

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### ***E. Accounts Receivable Procedures***

#### Overview

Money owed to the schools for tuition, parish support, and other miscellaneous items are called **Accounts Receivable**. To track the activity in each individual account (family, parish) a separate general ledger account could be maintained. However, this would soon become unmanageable and make financial statements difficult to use.

#### Accounts Receivable Subsidiary Ledgers

To avoid this clutter, it is an accepted accounting practice to maintain a “control account” on the general ledger, with a supporting subsidiary ledger containing the individual account detail. A separate control account and subsidiary ledger is maintained for each type of receivable (Tuition, Parish, and Other). Most accounting programs have the capability to track individual activity through one or more subsidiary ledgers. Examples of activity that effect an individual’s account are as follows:

Activity	Accounting Module Used
Charge incurred (i.e. tuition)	Invoicing
Payment received	Cash Receipts
NSF check	Varies depending on system
Write-off of uncollectible amount	Varies depending on system

If a subsidiary ledger is being maintained, it is important to never make an entry directly to the general ledger control account. This would cause the general ledger and the subsidiary ledger to be out of balance.

#### Month End

As part of the month end process, a reconciliation is done between the general ledger control account(s) and the subsidiary ledger(s). These balances must agree prior to releasing financial statements. In addition, at the end of each month, the printed out subsidiary ledger should be reviewed for old invoices that have not been paid. Collection efforts should be started as soon as these amounts are identified.

### ***F. Net Assets***

#### Overview

Under U.S. GAAP, the Unified School System is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Unified School System are classified and reported as follows:

#### Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations. Board designated net assets are unrestricted net assets that have been designated by the Finance Committee for future unexpected expenditures.

#### Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Unified School System pursuant to those stipulations.

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Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Unified School System.

St. Ambrose Financial Services, Inc. has established a Deposit and Loan Fund (Fund) which provides a depository for surplus from all parishes and institutions. Depositors will receive an equitable interest return on their deposits. The purpose of the "Fund" is to provide a source of money on a loan basis to other parishes and institutions at an interest rate generally lower than can be obtained in the commercial market. In this way, financial rewards and responsibilities are shared in an equitable manner. See the St. Ambrose Financial, Inc. Parish Finance Manual for details on this policy.

***G. School Specific Procedures***

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