



**NHCS**

**Treasurer's Manual  
2014-2015**

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## Introduction

The purpose of this manual is to serve as a reference tool for Principals, Treasurers and other employees dealing with financial issues at the individual school level. The information explains what procedures or tasks are involved in different financial situations. The Principal is responsible for “school funds” maintained at the school level as authorized by the Board of Education Policy #3350. School funds are not budgeted. <http://www.nhcs.net/policies/series3000/3350.pdf>

According to *North Carolina General Statute 115C-448* - entitled “*Special Funds of Individual Schools*”, the Superintendent nominates a Treasurer for each individual school. The Treasurer accounts for those funds on a daily basis. The New Hanover County Board of Education approves Treasurers. <http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=115c-448>

The Principal and the Treasurer are accountable for maintaining the financial records of the school funds as prescribed by the Chief Financial Officer of the school system. Duties and responsibilities are detailed on the following pages. By law, the Chief Financial Officer is responsible for assisting the Treasurers in carrying out their duties. The Chief Financial Officer may at any time audit the accounts of any officer, employee or agent collecting or receiving any monies and may prescribe the form and detail of these accounts. These duties may be delegated to the Internal Auditor by the Superintendent.

Elementary and Middle School Treasurers may be assigned payroll duties. The payroll procedures are not included in this Treasurer’s Manual but are in the Payroll Manual:

<http://www.nhcs.net/finance/manuals.htm>

The Budget Manual is on the Finance Webpage at:

[http://www.nhcs.net/finance/forms/NHCS\\_Budget\\_Manual\\_July\\_2014.pdf](http://www.nhcs.net/finance/forms/NHCS_Budget_Manual_July_2014.pdf)

**Code of Professional Ethics  
For Principals and Treasurers  
(Office of the State Controller)**

All government accounting professionals (employees and contractors working for the State of North Carolina) are enjoined to adhere to legal, moral and professional standards of conduct in the fulfillment of their professional responsibilities. Standards of professional conduct as set forth in this code are promulgated in order to enhance the performance of all persons engaged in public accounting.

**1. Personal Standards:**

Government accounting professionals shall demonstrate and be dedicated to the highest ideals of honor and integrity in all public and personal relationships to merit the respect, trust and confidence of governing officials, other public officials, employees and of the public.

- a. They shall devote their time, skills and energies to their office both independently and in cooperation with other professionals.
- b. They shall abide by approved professional practices and recommended standards.

**2. Responsibility as Public Officials:**

Government accounting professionals shall recognize and be accountable for their responsibilities as accounting professionals in the public sector.

- a. They shall be sensitive and responsive to the rights of the public and its changing needs.
- b. They shall strive to provide the highest quality of performance and counsel.
- c. They shall exercise prudence and integrity in the management of funds in their custody and in all financial transactions.
- d. They shall uphold both the letter and the spirit of the constitutions of the United States of America and the State of North Carolina, legislation and regulations governing their actions and report violations of the law to the appropriate authorities.

**3. Professional Development:**

Government accounting professionals shall be responsible for maintaining their own competence, for enhancing the competence of their colleagues, and for providing encouragement to those seeking to enter the field of government accounting. Government accounting professionals shall promote excellence in the public service.

**4. Professional Integrity-Information:**

Government accounting professionals shall demonstrate professional integrity in the issuance and management of information.

- a. They shall not knowingly sign, subscribe to, or permit the issuance of any statement or report which contains any misstatement or which omits any material fact.
- b. They shall prepare and present statements and financial information pursuant to applicable law and generally accepted practices and guidelines.
- c. They shall respect and protect confidential, privileged information to which they have access by virtue of their office.
- d. They shall be sensitive and responsive to inquiries from the public and the media, within the framework of federal, state, or local government policy.

**5. Professional Integrity-Relationships:**

Government accounting professionals shall act with honor, integrity and virtue in all professional relationships.

- a. They shall exhibit loyalty and trust in the affairs and interests of the government they serve, within the confines of this Code of Ethics.
- b. They shall not knowingly be a party to or condone any illegal or improper activity.
- c. They shall respect the rights, responsibilities and integrity of their colleagues and other public officials with whom they work and associate.
- d. They shall manage all matters of personnel within the scope of their authority so that fairness and impartiality govern their decisions.
- e. They shall promote equal employment opportunities, and in doing so, oppose any discrimination, harassment or other unfair practices.

**6. Conflict of Interest:**

Government accounting professionals shall actively avoid the appearance of or the fact of conflicting interests.

- a. They shall discharge their duties without favor and shall refrain from engaging in any outside matters of financial or personal interest incompatible with the impartial and objective performance of their duties.
- b. They shall not, directly or indirectly, seek or accept personal gain which would influence, or appear to influence, the conduct of their official duties.
- c. They shall not use public property or resources for personal or political gain.

**School Accounting  
Internal Controls- (from the Local Government Commission (LGC))**

**1. From the Local Government Commission (LGC) three components of internal controls are:**

- a. Safeguarding resources against waste, fraud, and inefficiency.
- b. Promoting accuracy and reliability in accounting and operating data.
- c. Encouraging and measuring compliance with board policy.

**2. Internal Controls for school treasurers should include:**

- a. All blank checks, blank receipts, and check registers should always be kept in a locked facility such as a file cabinet or desk.
- b. When the Treasurer receives cash or checks these items should be counted, recorded and locked in a secure facility with limited access.
- c. All tickets to games or school events should be kept in a locked facility.
- d. All spare keys should be kept in a locked facility.
- e. The Treasurer could establish a cutoff time, during the workday, when the employees need to turn in the money they collected. This will aid the Treasurer in making the bank deposit.
- f. The Treasurer could establish a day of the week to write checks or pay invoices. This would create a more efficient process for writing checks on a regular basis.
- g. Someone in the office should be assigned as the backup person for the Treasurer. This person is to take and count money from the employees of the school in the absence of the Treasurer. This person cannot have check writing authority, but may receipt money and make bank deposits.

## **Duties and Responsibilities – Principal**

### **The Principal shall:**

1. Be responsible for all funds deposited into the school's accounts. No funds may be spent without the knowledge and consent of the Principal. No obligations may be incurred which cannot be paid by the end of the fiscal year 6/30/XXXX (except as recommended by the Superintendent and approved by the Board).
2. In effect, be a Trustee of School Funds and is charged with the responsibility of managing and spending these funds for their intended use in accordance with Board Policy and State Law.
3. Review check request(s) and invoice(s), in addition to supporting documentation, prior to printing and signing the checks.
4. Review account codes for appropriate use of expenses for check request(s) and invoice(s).
5. Review and sign the following monthly reports from SchoolFunds:
  - a. Statement of Receipts and Disbursements
  - b. Outstanding Check List
  - c. Bank Reconciliation
  - d. Returned checks
6. Ensure expenditures recorded in SunPac are not duplicated in SchoolFunds.
7. Ensure employees are trained in all areas of financial reporting, internal controls and budget.
8. Use original signatures for all financial records (not a signature stamp).

## **Duties and Responsibilities – Treasurer**

### **The treasurer shall:**

1. Maintain records in accordance with the School Budget and Fiscal Control Act NCGS 115C-448 that states that the school Treasurer “shall keep a complete record of all monies in his charge in such form and detail as may be prescribed by the Chief Financial Officer of the administrative unit and shall make such reports to the Superintendent and Chief Financial Officer of the administrative unit as they or the Board of Education may prescribe”.
2. Receive all monies collected for the school.
3. Receipt, secure and deposit funds in compliance with NHCS procedures.
4. Prepare all accounting forms.
5. Inventory the teacher’s receipt books.
6. Make daily bank deposits.
7. Initiate signature card changes with the bank when the banking responsibility is changed from one person to another or a person transfers schools.
8. Process invoices for payment.
9. Write checks.
10. Keep all books and accounting records as required.
11. Reconcile bank statements and school funds accounts.
12. Prepare and reconcile ticket sales and school store reports, if applicable.
13. Complete end-of-month and calendar year end procedures.
14. Close out all accounting records as of June 30<sup>th</sup> year-end, including year-end schedules and reports as required.
15. Store records following the record retention schedule which includes the destruction of old records.
16. Comply with any and all other accounting responsibilities required by the Principal.
17. Comply with any and all other accounting responsibilities required by the Chief Financial Officer.



## Account Types

### Account Types in School Funds

1. Board Policy 3350 (<http://www.nhcs.net/policies/series3000/3350.pdf>) defines the 4 categories of accounts as follows:
  - **Restricted Funds** – Those accounts for which the principal is in effect, a trustee of the funds and charged with the responsibility of managing and expending the funds for their intended use. It is the responsibility of the principal to determine which additional funds are to be treated as restricted funds. Restricted fund account balances carry forward from year to year. In some instances, a restricted fund account may be terminated at the end of the school year if the purpose of the restricted fund account no longer exists.
    - a. **School Organizations and Clubs** – Such organizations include but are not limited to clubs, classes, and school activities such as chorus and athletic activities.
    - b. **Special Projects** – Accounts established to track specific projects, such as field trips, grants, or third party donations.
  - **School Revenue** – These accounts are used to record receipts and expenditures related to specific fundraisers and provide a detailed accounting of such activities. Expenditures are restricted to only those related to the purpose of the revenue activity such as school store, pictures, and vending. Proceeds from these activities shall be transferred into the General Fund when the fundraiser is complete, but no later than the last day of this fiscal year.
  - **The General Fund** – This non-restricted school fund is used to account for the general revenue of the school. Disbursements are limited to such expenditures that benefit the students or school as an entity, support the goals and strategies of the School Improvement Plan, and/or accomplish expectations set forth by the Superintendent. The Superintendent or designee shall maintain General Fund Guidelines for appropriate expenditures. (See General Fund Guidelines for details)
  - **Cash Accounts** – The following three (3) cash accounts may be authorized for School Funds:
    - a. Cash – The cash account records all cash activity in the school bank account.
    - b. Cash Management – The cash management account records those funds invested by the Finance Department on behalf of the school.
    - c. Change Fund – Principals may authorize change funds as needed in an amount not to exceed \$250 for Elementary and Middle Schools or \$2,500 for High Schools. No expenditures are allowed from change funds.  
<http://www.nhcs.net/policies/series3000/3350.pdf>.

2. **General Fund Guidelines** The General Fund category covers all accounts set up by the school that are not specifically held in trust for a club, class, or other designated purpose. The majority of activity in the category is in the General Fund Account, but these guidelines apply to all such discretionary accounts and are intended to provide guidance to Principals as they serve in a fiduciary capacity over School Funds. Principals are expected to use good judgment and discretion for all expenditures.

Allowable Expenditures- Permissible expenditures from the “General Fund” are issued by the Superintendent.

- i. As stated in the policy, allowable expenditures are “limited to such expenditures that benefit the students or school as an entity, support the goals and strategies of the School Improvement Plan, and/or accomplish expectations set forth by the Superintendent.”
- ii. Honorariums for Guest Presenters (token gift or check)
- iii. Flowers may be sent to the families upon the death of an employee or student
- iv. Student Incentive/Recognition Awards:
  - Student incentive/recognition awards should be limited to inexpensive items or special privileges such as field trips, dances, or other special events. Schools are encouraged to fund incentives with donated items from the PTA or Business Partners.
  - Incentives from budgeted funds are restricted to instructional supplies or field trips
  - No cash, gift cards, or gift certificates are allowed to be purchased with budgeted or school funds.
- v. Staff Recognition Awards:
  - Staff Recognition awards should be limited to educational or professionally related materials such as note pads, planners, and pens.
  - An inexpensive breakfast or lunch may be provided when employees accomplish a major school goal. Expense documentation should specify the purpose of the event and the attendees.
- vi. Food for staff meetings and workshops are limited in accordance with the NHCS Travel and Workshop Procedures and can be found in the Budget Manual.
- vii. Staff shirts with school emblem
- viii. Field Trips – Field Trip fees should not be inflated to cover students that cannot afford to pay. Such expenditures may be made from the General Fund. Field trip expenses related to chaperones may be included in the cost of the trip for students.
- ix. Specific Needs of Children – Principals should coordinate other community resources as needed for specific needs of children. If community resources are not available, exceptions to the student gift limitation may be requested from the Assistant Superintendent of Student Support Services.

- a. Unallowable Expenditures
  - i. Staff gifts (are limited to the Faculty Fund)
  - ii. Student gifts
  - iii. Flowers may not be sent to staff members except as noted above, unless paid from Faculty Funds.
  - iv. Examples of unallowable expenditures:
    - Gift Cards or Gift Certificates
    - Celebrations such as baby showers, holidays, weddings, or other personal events
    - Cost of lunches or gifts for Administrative Assistant's Day, birthdays, or any holiday
    - The expenses of a spouse for a school event.
    - Gifts of recognition of a non-professional nature (e.g., candy, snacks, and flowers)
    - Staff Social Events
3. **Grants** – Complete grant information can be found at: (<http://www.nhcs.net/grants/>)

Each grant received by the school and authorized to be accounted for at the school level should be set up in separate special project account to provide detailed accounting for all grant fund transactions. **All Grant Applications must be approved following the Grant Application Process coordinated by Student Support Services Department.** Each application requires a "Request to Apply for a Grant" form to be approved as follows:

  - a. Mini-Grants are grants below \$1000 approved by the principal with a copy to Student Support Services and may be maintained at the school and accounted for in School Funds.
  - b. Grants equal to or greater than \$1,000 but less than \$10,000 must be approved by the appropriate Assistant Superintendent. The Chief Financial Officer will determine where the funds will be managed either in School Funds or Central Office.
  - c. Grants equal to or greater than \$10,000 must be approved by the Superintendent (or Superintendent's designee). The Chief Financial Officer will determine where the funds will be managed either in School Funds or Central Office.
  - d. Grant funds and/or inventory purchased with grant funds are the property of New Hanover County Schools and ARE NOT the property of the staff who wrote or received the grant.
4. **Petty Cash** - No petty cash funds may be established in schools without prior written approval of the Chief Financial Officer or the Superintendent. Petty Cash policy 3330: <http://www.nhcs.net/policies/series3000/3330.pdf>
5. **Faculty Fund** - Restricted funds collected from the school faculty to be used for agreed upon purposes, such as flowers, cards or donations for faculty or staff members who have a death or illness in their family, or for social events. Money should be collected from the faculty and staff to cover any expenses from this fund. Gift cards should not be used.

## Chart of Accounts

The following chart is based on funds now in use by the schools and should be used by all schools to present uniformity in accounting. Accounts may be added to this chart to facilitate proper accounting records upon written consent of the Chief Financial Officer. Schools can set up sub-accounts, as needed, without prior approval. Club or Class name should be used instead of personal names.

500.00 ACCOUNTS RECEIVABLE  
501.00 GENERAL FUND  
503.00 ATHLETIC ACTIVITIES  
504.00 ATHLETIC CLINICS  
505.00 ATHLETIC REIMBURSEMENTS  
508.00 BAND  
511.00 CHORUS  
514.00 CLASSES  
517.00 CLUBS  
520.00 FACULTY FUND  
523.00 GATE RECEIPTS  
523.01 TOURNAMENT RECEIPTS  
524.00 FIELD TRIPS  
524.01 FIELD TRIPS - 1ST GRADE  
524.02 FIELD TRIPS - 2ND GRADE  
524.03 FIELD TRIPS - 3RD GRADE  
524.04 FIELD TRIPS - 4TH GRADE  
524.05 FIELD TRIPS - 5TH GRADE  
529.00 GUIDANCE  
532.00 INTEREST  
533.00 ENRICHMENT  
538.00 LIBRARY  
541.00 NEWSPAPER  
544.00 ORCHESTRA  
547.00 PARKING FEES  
550.00 SCHOOL PICTURES  
553.00 PTO/PTA  
556.00 ROTC  
559.00 SCHOOL STORE  
561.00 SCHOLARSHIPS  
562.00 SPECIAL PROJECTS  
563.00 MINI-GRANTS  
565.00 STUDENT COUNCIL  
568.00 TEXTBOOKS  
571.00 VENDING MACHINES  
574.00 YEARBOOK  
581.00 AFTER SCHOOL PROGRAM  
600.00 MISC ACCTS  
800.00 ACCOUNTS RECEIVABLE-Child Nutrition  
810.00 CHILD NUTRITION CHARGE OFFS  
900.00 SALES TAX

### **Bank Accounts and Signature Cards**

1. The Principal and Treasurer are responsible for making sure the signature card at the bank is updated with signatures of the current Principal, Treasurer, Chief Financial Officer (CFO) and Director of Finance. A current copy of the signature card should be kept on file at each school and a copy should be sent to the Finance Department for filing.
2. The Board of Education's Chief Financial Officer shall designate the official depository bank to be used by each school. All school bank accounts must be approved in advance by the CFO. All accounts should be in the name of "New Hanover County Schools", followed by the name and address of the school with a tax identification number of 56-6001085.
3. Two signatures are required on all checks which will normally be the Principal and Treasurer. In the event that one of these people is not available the Chief Financial Officer or Director of Finance may sign. If a reimbursement payment is due to the Principal, a check request may be scanned/faxed to the Finance Department for pre-approval. Supporting documentation should accompany any check request scanned/faxed or submitted to the CFO of Finance Director for signature or approval, and the Schools Funds account number should be referenced. Approved check requests will be scanned/faxed back to the school.
4. Investment accounts for individual schools may only be established through the Chief Financial Officer. The Chief Financial Officer has delegated this investment process to the Reporting Specialist at the Central Office. These accounts will be in a separate account and established in the name of the school with North Carolina Cash Management Trust in accordance with Board Policy #3360. <http://www.nhcs.net/policies/series3000/3360.pdf>
5. Check copies (either imaged or actual) should be included with the monthly bank statements and maintained in the files.

### **Bank Account and Signature Cards-Changing Staff**

1. New Principal or New Treasurer - A new signature card should be obtained from your bank. The account should be opened as "New Hanover County Schools, Board of Education", (then the name and address of the school). The tax id number to be used is 56-6001085. The name should read this way so that the name and the tax identification number match. The new Principal, the Treasurer, the Chief Financial Officer and Director of Finance should sign the card. Call the Finance Department before coming to have the card signed. Due to scheduling, the Chief Financial Officer and Director of Finance may be out of the office. You may choose to send the card though interoffice mail.
2. When a treasurer leaves: The outgoing Treasurer should balance the SchoolFunds reports to the most recent bank statement before they leave the school or school system. When this balancing process is complete a copy of the information is sent to the Finance Department. The original month end reports and bank statement should be maintained at the school.

3. The Principal and the outgoing Treasurer should discuss the following before the Treasurer leaves:
  - a. Outstanding bills/check requests - The outgoing Treasurer should pay all items with proper documentation before they leave the school or school system. The Principal should then discuss any remaining bills with the outgoing Treasurer.
  - b. Deposits - The Principal should make sure the outgoing Treasurer has deposited all items received.
  - c. Security of items - All receipt books, check books, blank receipt books, blank receipts and blank checks need to be placed in a locked facility with limited access. The Principal should be the only one with keys and access until the new Treasurer arrives.
  - d. Reports - The Principal should become familiar with the location of the SchoolFunds reports from the prior years.
4. The Principal and new Treasurer should verify that the SchoolFunds reports and the bank statement are reconciled. The Principal and the new Treasurer should then initial the reports and the bank statement when they are in balance. At this point the Principal and the new Treasurer are accountable for the money in the SchoolFunds account. (See the new treasurer checklist for more information in under the Forms/Checklist Tab portion of this manual.)
5. A regular audit will be performed during the upcoming fiscal year.
6. The new Treasurer should spend at least 4 hours at another school for training from an existing Treasurer and complete the New Treasurer checklist. This training has proven to be invaluable to answer “real world” questions that will arise.

### **Interest Income Earned on Checking Accounts**

If the school's bank checking account earns interest it should be posted to the interest account and at year-end, transferred to the general fund account. (See Monthly Reporting & Year-End Procedures section for details.)

### **Cash Management Investing in the North Carolina Capital Management Trust (NCCMT)**

The *State of North Carolina Department of State Treasurer* has approved a mutual fund for individual schools to invest their general fund money to earn a higher rate of interest. Since schools are exempt from paying taxes on interest income, this is a good way for schools to earn a higher rate of interest.

1. Setting up the account
  - a. Notify the Reporting Specialist in the Finance Department that the school would like to set up an investment account.
  - b. A separate account with an account number in the schools name will be set up for the Treasurer to use. The following information will need to be given to the Reporting Specialist.

- i. Bank Name
  - ii. Bank Account Number
  - iii. ABA # (usually this is preprinted on your checks or deposit tickets)
  - iv. Name and phone number of the person at the school who can authorize transfers (school's Treasurer and Principal)
2. To Invest the Funds
  - a. When investing the money in the cash management account (make a purchase), the check should be coded to 101.00, Cash Management.
  - b. A check in the amount that has been decided to invest will need to be made out to "**New Hanover County Schools**". Please note on the check that it is for the Capital Management investment and it should be in whole dollars, no cents.
  - c. The check is taken to the Finance Department at the Central Office.
  - d. Funds received at the Central Office will be invested the next business day.
  - e. The Treasurer should always notify the Reporting Specialist in the Finance Department on the day that a check will be delivered so that he/she can immediately begin the investment process.
3. Withdrawal of Funds
  - a. Contact the Reporting Specialist in the Finance Department and request the amount to be withdrawn. A portion of your balance or the entire amount may be withdrawn.
  - b. The school will receive the funds in their bank account the day after the request is made. A fee may be charged when an emergency arises and funds are needed the same day.
  - c. A receipt needs to be written when the funds are withdrawn from the cash management account (make a redemption).

### **Cash Management – School Funds Procedures**

You will need to set up an account in SchoolFunds for Cash Management. To do this you will need to do the following steps.

1. Set up the account:
  - a. Data Files
  - b. Account
  - c. New
  - d. Account number is 101.00 (Cash Management)
  - e. Asset
  - f. Active
2. Posting or Withdrawing the Investment
  - a. When investing the money in the cash management account (make a purchase), the check should be coded to 101.00, Cash Management.
  - b. When funds are withdrawn from the cash management account (make a redemption), a receipt needs to be written (deposit it to the school account) and code it to 101.00, Cash Management.

# Receipts

## Accounting for Receipts

Internal Controls are built into the receipting process. The student/parent receives a receipt from the teacher. The teacher receives a receipt from the Treasurer. This process will provide good internal controls with a separation of duties.

### 1. School Staff Receipting:

- a. Annually the principal and treasurer shall train all school staff on proper receipting procedures. The school handbook should have written procedures for teachers outlining money-handling duties and the treasurer should place instructions in the teachers cash receipt envelope. (See Teacher Checklist for an example in Appendix A)
- b. The treasurer should assign all school staff receiving money from students, fundraising projects or club activities with a pre-numbered receipt book. Receipts should be used in sequential order. The original receipt is given to the individual submitting money. A receipt must be written for all funds received from teachers, students, other individuals or through the mail. The exception is library fines and small fees that are \$5 or less. Library fines should be logged on the Library Fine Log (See Form 70-22) or printed from the library software. Small fees can be logged on a class list and attached to a receipt.
- c. Receipts must include:
  - i. The payer, the date, the amount, list of the method of payment (cash or check), the purpose of the receipt and the employee's signature.
- d. The school staff should never pre-sign receipts. Remember that the staff member to whom the receipt book has been assigned is individually responsible for all funds recorded in their receipt books. If high school students are allowed to collect funds and sign receipts, the club advisor should insure that the students have been properly trained. The responsibility still lies with the club advisor for correct receipting procedures.
- e. The school staff should deliver the money (cash or check) daily or the next business day to the school Treasurer in accordance with Board Policy #3350. The receipts should be totaled. The total from the receipts must equal the total amount of cash and checks collected.
- f. The school staff should turn in the money (cash or checks) in an organized manner.
  - i. The money should be turned in to the Treasurer in an envelope with a Receipt Record (See Form 70-60). Each time the school staff turns in money to the Treasurer, it must be recorded on this Receipt Record log.



- ii. This Receipt Record will be turned in to the Treasurer and reference the following:
  - Date
  - Teacher receipt number(s)
  - Account Code/Name
  - Total Amount
- g. Do not alter or write over carbon copies of receipts. If an error is made, write VOID on the receipt and write another one.
- h. The voided original must be attached to the receipt carbon for internal control purposes. This will help prevent giving a refund to a person whose receipt has been voided.
- i. Library Fine Log. Due to the small amount of money collected for library fines (5 cents or 10 cents at a time), a log can be maintained instead of individual receipts. This fine is for "overdue books" or late fees, not for lost or damaged books. A receipt for the entire week should be made and attached to the log. The receipt can state "See Attached". This log and the money should be turned in to the Treasurer every Friday. A change fund of not more than \$5.00 can be kept with the librarian to make change. (See more information on Change Fund in Fundraising section.) The log should contain the date, the students name and the amount collected. However, "lost book fines" still need to be receipted per student. If the student or parent finds the lost book and request a refund the original receipt or a copy of the teacher's receipt can be attached as supporting documentation

Date	Students Name	Amount
2-5-02	N. Braswell	.05
2-6-02	Sue Smith	.10
	Total	.15

### **Treasurer Receipting:**

#### **1. Receipts must include:**

- a. The payer, the date, the amount, list of the method of payment (cash or check), the purpose of the receipt and the treasurer's initials/signature.
2. For receipts received from a teacher or a club advisor, a reference to the teacher receipt numbers should be included on the Treasurer's receipt.
  3. All money received by the Treasurer shall equal all money deposited to the bank. Only one bank deposit ticket is required per day.
1. A receipt should be written for monies that are received outside of the school (i.e., checks through the mail, money orders). Any invoices and/or information received with it should be filed for supporting documentation. A receipt should be mailed to this person or entity.

2. Checks should be promptly endorsed with a restrictive endorsement stamp (the school name with "For Deposit Only") when they are received. This will prevent the checks from being fraudulently endorsed.
3. The Treasurer is to count the money in the presence of the person turning in the money.
  - a. The employee is to wait while the Treasurer verifies the information on the *Receipt Record*, signs the form in the space provided, and writes a receipt for the money turned in.
  - b. If this is not possible, the receipts should be placed in a sealed envelope indicating the amount enclosed and the person turning it in should initial across the seal. The Treasurer, in the presence of another person, can count the money later.
4. When printing receipts in SchoolFunds any voided receipts should be filed with the Voided Receipt Register report. This will help prevent giving a refund to an individual whose receipt has been voided.
5. Be sure the proper account number to be credited is written on the receipt. If the Treasurer is uncertain of the proper account name/numbers, the Principal should be consulted and approve the correct account number.
6. All receipt books should be issued and collected on an annual basis and recorded on the "Receipt Issuance Log". (See Form 70-61).
  - a. The receipt books should be accounted for by date, name and by receipt numbers and number of books issued. For instance, if the Treasurer issues Mr. Jones a book of pre-numbered receipts, a record should be made of the date, his name and the beginning and ending receipt numbers.
  - b. A folder should be kept with this information in the permanent files.
  - c. Teacher receipt books should be collected at year-end and recorded on this log.
7. As a cost saving method, a Treasurer can tear out the receipts that have been used and file these with the other receipts for that school year. The remaining receipts in the receipt book can be reissued if the receipt numbers are logged correctly on the Receipt Issuance Log. (See Form 70-61).
8. When receipts are entered into SchoolFunds, a Deposit Analysis should be printed after each batch is posted. The funds should be counted and compared with the totals before the bank deposit is made.
  - a. If there is a difference, re-add the receipts and try to find the error. If a shortage or overage exists and the error can be determined, the account affected by the difference should be charged or credited for this difference. If the error cannot be determined, the general fund should be credited or charged upon written consent of the Principal.

- b. The correction for a shortage or overage should be made by going to journal entries in SchoolFunds and doing a receipt for the wrong amount. The receipt should be credited or debited for the difference with an explanation.
11. Deposits In accordance with General Statute 115C-445 and Board Policy #3350 all money (cash and/or check) received by the Treasurer should be deposited when the amount on hand at the end of the day equals \$250.00 or more, or in any event a deposit shall be made on the last business day of the month. Deposits on the last day of the month should be made before the bank's cutoff time so funds will be posted that day to the school's account(s).
12. A deposit packet should be prepared that includes:
- a. Deposit Analysis - A deposit analysis report should be printed each time a batch of receipts is posted. The total(s) must equal the deposit.
  - b. Treasurer receipts - The office copy of the Treasurer's receipts should be stapled to the Deposit Analysis report. This provides the detail for the deposit.
  - c. Receipt Register - Receipt Register by receipt number should be printed for each bank deposit. For small schools with one daily deposit, a Deposit Analysis Report for the full amount of the deposit is acceptable.
  - d. Bank Deposit Ticket - A bank deposit slip should be completed for the full amount of the deposit. The bank deposit slip should equal the SchoolFunds Receipt Register. A copy of the bank deposit ticket should be stapled to the Receipt Register. The deposit slip should either list the checks or an adding machine tape can be attached with the individual check amounts.
  - e. Returned checks - Returned checks will be electronically submitted to the returned check vendor to collect the funds. The returned check vendor will notify the Treasurer and Principal via email when this action takes place.

## Disbursements

### Accounting for Disbursements

All purchases made on behalf of New Hanover County Schools must meet specified qualifications according to State Law and Board Policy #4610, #3410 and #3350. The following disbursement procedures comply with these guidelines.

1. Disbursements/Checks - All disbursements must be approved by the Principal. The Principal should sign the check request indicating the purchase is authorized prior to the purchase.
2. Vendor Set-up - Pay close attention to individuals performing a service as they may need to be set up as a 1099 vendor. All payees must be set up in the vendor file before a check is written. Sports officials should always be set up as a 1099 vendor in the event they perform services for multiple schools. Refer to the SchoolFunds Users Guide to explain vendor set up.
3. School Funds Contract- When the principal wants to pay for services through School Funds a School Funds Contract will need to be completed. See Form 70-140
4. Staff Reimbursements - School staff may be reimbursed for expenditures of personal funds on behalf of the school at the discretion of the Principal.
5. Check Requisition for Officials - The Check Request for Officials (See Form 70-21) should be used for payments to sports officials. New Hanover County Employees may be paid for officiating through SchoolFunds since these individuals are not considered our employees for this service (Revenue Ruling 58-505, 1958-2 C.B. 728). Officials must sign for their checks and provide their social security number to document that the right person received the check. This will also indicate that the correct social security number is on file when issuing the 1099's at year-end. (NOTE: In the vendor file, set up the officials as: Last name, First name. This will aid in the 1099 reporting process.) Schools may use the form in the automated booking system that lists all of the officials as there is a space for each official to sign.
6. Payments for Personal Services to Employees - Compensation for any school personnel shall be made through the Central Office Payroll. The school must submit this information to Central Office Payroll and use the program code 509. The Finance Department will send out a 509 report as an invoice for schools to use to write a check made out to "New Hanover County Schools". The check is then forwarded to the Finance Department.

Reimbursement for officials is requested using Form 70-80 due to booking through an outside agency. (See section: Athletics for more details)

7. Cash Advances - Cash advances should be infrequent. If a cash advance is made for a trip or other reason, supporting documentation for actual expenses should be attached to the check request form. The check number and receipt number should be noted on the check request form. If an additional check needs to be issued, cross-reference this information on the first check request form.

8. Refunds - When a refund is given, the original receipt should be obtained and attached to the check request. If the original is not available, then a copy of the school employee's receipt should be attached. This will provide proof of the original amount paid and will help prevent refunding a disbursement twice. For example, a lost library book that was later found. A copy of the teacher's receipt should be attached.
9. Tipping - When a tip is paid it should be noted on the receipt. Generally a tip should not exceed 20% of the receipt.
10. School Check Request - The Check Request forms and other forms that the Treasurer requires the staff to use should be readily available to employees.(e.g., staff lounges, workrooms)

Supporting documents- School Check Requests and Invoices - Either a vendor invoice or a receipt must accompany every check written. When a check request is submitted to the Treasurer, the school employee requesting the check should complete the Check Request form, not the Treasurer. The staff should make sure it contains sufficient data to support the disbursement and list a purpose not just the item that was purchased. Invoices from the same vendor should be grouped together and one check should be written to the vendor. Information that should be on the check request or the invoice/receipt is:

- a. Name and address of who the check is remitted to
  - b. Social Security Number or Tax Id number
  - c. Purpose of the check - e.g., names of participants, number of registrants.
  - d. Total Amount
  - e. Who requested the check
  - f. Account code
  - g. Principal's signature
  - h. Check Date
  - i. Check #
11. Approval/Signatures - The Principal and Treasurer have the authority to sign checks except when the check is made directly to the Principal or Treasurer. The amount of the check, the date and the payee must be filled in before the Principal or the Treasurer signs a check. After the checks are prepared and signed by the Treasurer, they are given to the Principal, with the supporting invoices and check requests attached, for the Principal's signature.
    - a. In the Principal's absence the checks may be signed by the Chief Financial Officer or Director of Finance.
    - b. Check requests for reimbursement to a Principal or Treasurer may be scanned/faxed to the Finance Department (254-4295) for the Chief Financial Officer or Director of Finance to approve. The approval gives the Principal or Treasurer authority to sign for a check made out directly to them.
    - c. Signature Stamps are not to be used.

12. Receiving Documentation - The employee receiving the merchandise should verify the accuracy of the packing slip (quantity, description, etc.) to the merchandise received. The treasurer should not be the one to receive merchandise since the treasurer performs the monthly reconciliation. Another staff member should count and compare the items to the packing slip or other documentation to verify the correct merchandise and correct quantity has been received. The person verifying the merchandise should note any discrepancies, initial and date the packing slip, attach the invoice or check request and submit to the Treasurer. The Treasurer should match the receiving documentation with the invoice before paying the bill. All purchases are to be used for school related purposes. The receiving information should include:
- a. Date Received
  - b. Merchandise received by
  - c. Verified as correct
  - d. Discrepancies
13. Vendor Statement - If payment is made based upon a vendor's statement or a monthly bill; charges should be checked against detailed receipts and invoices. This supporting documentation should be attached.
14. Checks - A check must be issued for school related purposes and must be charged to the proper account number. Cash may not be used to pay a bill.
15. Blank Checks - Blank checks are to be secured when not in use. A locked facility should be available to the Treasurer and Principal only.
16. Cashing Checks - Personal checks are not to be cashed from SchoolFunds.
17. Checks Written to Cash - Under no circumstances are checks to be written to "Cash".
18. Verification - The mathematical accuracy of all invoices and check requests is to be verified by the Treasurer. The Treasurer is to denote this procedure by using a checkmark on the invoice or receipt. An adding machine tape may also be attached.
19. Due Dates - All invoices, bills and tax statements are to be paid by the due date. Generally all invoices, bills and tax statements should be paid within 30 days.
20. Approval - After the above steps have been completed for the check requests, the check requests and supporting documentation are given to the Principal for his or her approval. The check request or invoice must be approved prior to the writing of the checks. The Principal can delegate this responsibility to an Assistant Principal in his/her absence.
21. Pre-signing Checks - Under no circumstances should a blank check be pre-signed. The amount of the check, the date and the payee must be filled in before the Principal or the Treasurer can sign the check.

22. Printing/Writing Checks - When the approved invoices and/or check requests are returned to the Treasurer, the checks may be prepared. Pre-numbered checks that require two signatures and a description including the invoice number or other pertinent information should be used. Always use checks in sequential order.
23. PAID Stamp - Original invoices, statements, or other supporting documentation should be marked PAID or otherwise indicate the bill has been paid. The information can be written or a stamp can be used with the following information:
- a. The word "PAID" should be printed
  - b. Date
  - c. Initials of person paying the item
24. Voiding Checks - If a check needs to be voided, the Treasurer should write VOID across the face of the check and remove (tear off or cut out) the signatures. Schools should attach the voided checks to the SchoolFunds voided Check Register. To make adjustments to SchoolFunds, refer to the SchoolFunds Users Guide under "voided checks". It is very important to put the "void" date not the "original check date" in when voiding a check. This will enable the SchoolFunds reports to be correct. If a check form is misprinted and cannot be used please see School Funds Users manual for entering a zero void check so there will not be a break in numbers on the check register. (For voiding checks in a prior year – Refer to the SchoolFunds Users Guide.)
25. Endorsement - When reconciling the bank statement, the Treasurer should verify a selection of the endorsements on the back of the checks to verify that the appropriate person has signed the check.
26. Over Expenditure of Funds - Neither the Principal, Treasurer or any other school staff may obligate an account for more than the amount of current cash less all liabilities and other obligations of the fund. Therefore, none of the accounts should carry a negative balance. Anyone over expending available cash in a fund subjects himself or herself to personal liability for the amount of the expenditure.
27. Check Registers are to be printed monthly.

## Treasurer Filing System

In order to maintain the financial records appropriately, Treasurers should maintain their files in the following order. Elementary and Middle School Treasurers should maintain their files in chronological date order by month. High School Treasurers should maintain their account files by account name.

Records to be kept on a monthly basis in files labeled with the appropriate month and year:

1. SchoolFunds Reports - SchoolFunds reports should be filed either in continuous form binders, notebooks or file folders. Each should be labeled with the appropriate contents. The reports to be printed are:
  - a. Check Registers
  - b. Receipt Registers
  - c. Adjustment Proof Listings and Journal Entries
  - d. Statement of Receipts and Disbursements
  - e. Deposits in Transit
  - f. Outstanding Checks
  - g. Bank Reconciliation
  - h. Returned Checks
2. Check Requests and Invoices - Check requests and invoices should be filed by date and/or check number order. Some schools file their invoices by account name, others by the month in which they were paid. In either system, invoices should be filed in order corresponding to the check number. All supporting documentation should be filed in the month it was paid. A Check Register should be printed for the month and placed in each monthly file.
3. Receipts – Copies of treasurer's receipts should be kept in receipt number order. A Deposit Analysis report will need to be printed. The Treasurer's receipt should be stapled to the Deposit Analysis report. A Receipt Register report should be printed each month and placed in each monthly folder.
4. Bank Statements – Cancelled checks or copies of cancelled checks returned by the bank should be filed with the corresponding bank statement for the month. Contact your bank if you do not receive images or copies of cancelled checks. Copies of debit or credit advises, charges for returned checks, or any other correspondence affecting the bank balance, should be filed with the bank statement with which it was received. Never remove checks or these memoranda except temporarily and make sure to return them to the correct bank statement. This can be filed with the monthly check request(s) and invoice(s) in each monthly file.
5. Bank Deposit Slips – Bank deposit slips should be kept in date order. Each deposit slip total must match a Deposit Summary. The duplicate deposit slip can be stapled to the Deposit Summary.



6. Receipt Book Issuance Log – A folder should be kept for each school year with updated logs each year. (See Appendix Form 70-61).
7. Returned Checks - A folder should be maintained that tracks the collection process of returned checks. The checks in the returned check folder should equal your School Funds Accounts Receivable balance. If they do not, you will have to research and write off any amounts that you do not have support.
8. Outstanding Checks – A folder should be maintained that tracks the efforts to contact the person who has a check listed on the outstanding check report.
9. Adjustments - A folder should be maintained for all adjustments made in SchoolFunds. This can be maintained in your monthly folder or a separate folder. A monthly journal entry register should be printed and kept with the adjustments.

## General Information

### After School Program

#### 1. Receipting

- a. The Program Coordinator receipts the money received from parents in a manual receipt book like all other teachers. The Program Coordinator should make notations such as registration fee, March monthly payment and so forth so that it is clear to the coordinator and parent as to the purpose of the money. This ensures that the parent's money is accounted for at that time and the parent has a receipt.
- b. The Program Coordinator then turns the money and manual receipt book into the Treasurer daily or the next business day. The Program Coordinator should have a locked facility or safe to secure funds collected overnight. To ensure all funds are accounted for, the Treasurer will reconcile the funds received to the manual receipt book.
- c. The Treasurer posts these payments against each individual child's account in the SchoolCare software.
- d. The Treasurer will investigate any questions from the parents.
- e. The daily receipts are then posted into the SchoolFunds software on a daily basis just like any other funds that are collected.
- f. A Deposit Summary is printed from SchoolCare, signed by the principal and the coordinator, and filed with the SchoolFunds deposit.

#### 2. Invoicing

- a. Invoices do not have to be given to parents every month. If a parent requests an invoice or if there is a problem, an invoice can be sent.

#### 3. Monthly Statements

- a. The Treasurer should send a monthly statement showing account activity to each parent. It may be mailed, emailed or given to the parent by the Treasurer. These statements may be placed in the teacher mailboxes to be given to the students to take home. The treasurer should keep a copy of the statements for their records by month.

#### 4. Balancing and Collections

- a. Verify attendance based on SchoolCare attendance sheets submitted by the Program Coordinator.
- b. The SchoolCare software has an Accounts Receivable feature. When the payment is posted, this payment posts against an Accounts Receivable balance. This will allow the Treasurer to have an accurate account of what the parent owes on a daily basis.
- c. Collection efforts should begin by the Treasurer after the first week a payment is not received. A letter can be sent with the outstanding balance due.
- d. After the 3rd week of non-payment the Principal is notified. At the Principal's discretion the child can be removed from the after school program until full payment is made.

- e. A student cannot enter any NHCS after school program with any after school fees outstanding.
5. Department of Social Services Subsidy (DSS)
- a. The Program Coordinator takes attendance of all students daily and the scanner provided by DSS will be used to take attendance for DSS students.
  - b. DSS will use attendance provided by the scanner as the request for reimbursement.
  - c. DSS will review the attendance report and pay for approved days and eligible children. The Treasurer will need to review attendance information and payment from DSS and reconcile any differences. This can be done on the EXCEL DSS reconciliation sheet.
  - d. The Treasurer will need to resolve any differences by calling DSS.
  - e. The amount of the check is then posted into the SchoolFunds software and may be entered into SchoolCare.
  - f. The DSS EXCEL spreadsheet may be used and retained with the monthly records.
6. Annual Statements-At the end of each calendar year (January 1<sup>st</sup> to December 31<sup>st</sup>) a statement should be mailed to each parent with a payment history for the year. This will aid the parents with their annual taxes.
7. Fees-Fees for all after school programs are set annually by the Student Support Services Department.
8. Programming-Student Support Services is over all programming for NHCS After School Programs.

### **Athletic Reimbursements from Budgeted Funds**

At the middle schools, the Treasurer pays for the officials and team travel from their SchoolFunds and then may request a reimbursement through budgeted funds. At the high schools, the treasurer may transfer funds received from tickets sale rather than requesting a reimbursement from budgeted funds.

- a. Official's Pay Use Form 70-80 to request reimbursement for payments to officials each month. Attach copies of the SchoolFunds monthly "1099 Payments Report" for supporting documentation. Mark through any contractors other than officials. Be sure to show the total for each sport on the check request.
- b. Athletic Team Travel Expenses - High schools who wish to request reimbursement should use Form 70-90 to request reimbursement for athletic travel expenses.

## **Cafeteria Charges procedures**

Board Policy 4425: "Each school shall set up a meal account budget code to reimburse the Child Nutrition Department for borrowed meal charges. All schools shall reconcile with the Child Nutrition Department by June 30th."

### **School Invoicing Process:**

1. In mid-June the Child Nutrition Department will send a list of uncollected balances to the Finance Department.
2. Finance will invoice each school for that balance, giving schools an option to pay from Budgeted or School Funds.
3. Principals then have the option of whether or not they want to continue to try to collect these funds. If write-off amounts will be collected by the schools, a receivable account will need to be set up as explained below.
4. Payment Process:
  - i. **Budgeted Funds** - The principal should approve a budget transfer from any local budget code with an available balance to 2.8400.035.715.xxx.
  - ii. **School Funds** - School should first write a check to New Hanover County Schools coded to the General Fund (501.00)
5. Process to set up Accounts Receivable:
  - i. Schools may set up an Accounts Receivable by recording a Miscellaneous Journal Entry (Revenue and Expense) from CN-AR (800.00) to CN-Write-offs (810.00). Schools should maintain a spreadsheet by student for any amounts remaining CN-AR (800.00).
  - ii. Subsequent receipts will be credited to the CN-A/R account (800.00).
  - iii. On a monthly basis schools may transfer collections from the CN Write-off Account (810.00) to the General fund (501.00). After that entry the balances in 800 and 810 should equal.
  - iv. Principal's may then opt to write-off the amounts deemed uncollectable by the school after 6 months by doing Miscellaneous Journal Entry (Revenue and Expense) from CN-Write-offs (810.00) to CN-AR (800.00), thereby eliminating the receivable.

## Camp Procedures

New Hanover County Schools (NHCS) support camps that are beneficial to the students. A camp can be held during the summer months or during intercession for year round schools. Camps can be centrally run such as arts camp or school based such as a sports camp.

1. Criteria for camps - Before a camp can begin on school grounds a determination needs to be made as to who is operating the camp and whom the proceeds will benefit.
  - a. Outside groups using NHCS facilities - If a camp is run by an external group and the money is handled by an external group, the camp director must get approval from the Operation's Department before the camp can begin. Facility and custodial fees may apply. The camp director is responsible for all payroll taxes, sales tax and liable for proper cash receipt procedures. For Facility Use see the information on the Operations Department web page at: <http://www.nhcs.net/facilityuse.htm>
  - b. NHCS sponsored camps - If a camp is run by NHCS employees, on school grounds, and NHCS or other students attend, the camp is considered to be part of NHCS. Camps that are run by NHCS employees are for the purpose of enriching a child's abilities and providing extra opportunities for participation to enhance the child's skill level. Camps should be fun as well as educational.

In this case:

- i. The money is run through the SchoolFunds account and a separate line item should be created to track the camp at the school or for centrally run camps money is collected in the Central Office Finance Department.
  - ii. The proceeds are to be used to support a school activity or central office program. On the fundraising form, a purpose for the proceeds should be clearly stated
  - iii. The Principal or Assistant Superintendent of Student Support reviews the fundraising form and sets all pay rates for the camp staff. This will therefore prevent the camp director from setting his own salary. No salary can be set lower than the current minimum wage rates.
  - iv. The Principal or Assistant Superintendent of Student Support approves or denies all requests for camps.
2. Camp Financial Procedures
  - a. Receipts:
    - i. Participant fees should be determined by the total cost of supplies, salaries and equipment. A camp CANNOT run into a negative balance situation. Careful planning is vital. Accident insurance can be included in the camp fee.
    - ii. All cash receipt procedures are the same as for teachers during the regular school year. Contact the school Treasurer or the Finance Department for a copy of cash receipt procedures before handling any money.

- iii. Receipt books will need to be issued and camp directors will need to give a receipt for all money collected. This includes: registration fees, t-shirts, supplies and any other fees.
  - iv. All receipts and money should be given to the school Treasurer or designated central office person daily.
  - v. Sales tax. If an item is sold, then NHCS must collect sales tax and then pay this to the Department of Revenue. This does not include registration or camp fees; it is for items such as a camp T-shirt.
- b. Camp Hiring process and payroll
- i. All camp workers pay rates are determined by the Principal or Assistant Superintendent of Student Support Services. This should be clearly stated on the fundraising form (See Form 70-70) before the camp begins. All proceeds from the camp go to the school not to the camp workers.
  - ii. A SchoolFunds Contract (See Appendix Form 70-160) CAN be issued for camp workers ONLY if the following apply:
    - The camp worker DOES NOT supervise children.
    - The term of the camp is very short such as a week.
    - The camp worker is set up as a 1099 vendor in SchoolFunds.
    - A SchoolFunds contract MUST be signed before the camp worker starts.
    - Not currently a school system employee
  - iii. All other camp workers who are to work for multiple weeks OR who supervise children MUST be hired through the Human Resources Department and paid through the Central Office Payroll Department. This is for the safety of the children as well as to be in compliance with the Fair Laborers Standard Act (FLSA).
  - iv. All camp workers will need to have their paper work finalized with the Human Resources Department PRIOR to being employed. This includes a background check.
  - v. Please make your staff aware that applicable payroll taxes will be deducted from their paycheck.
  - vi. Camp directors can hire high school students to assist with the camps.
    - Minimum age is 18 years old.
    - The students are NOT allowed to supervise the children but can assist the directors.
  - vii. Board Policies apply to camp programs. Please refer to Board Policy #6080 about "Nepotism" and Board Policy #6082 Code of Ethics. This policy explains that you cannot hire and supervise a close relative.  
<http://www.nhcs.net/policies/series6000/6080.pdf> and  
<http://www.nhcs.net/policies/series6000/6082.pdf>

3. Insurance - The school system DOES NOT provide Accident Insurance. This should be clearly stated to parents who sign their children up for summer camps. Each school can purchase their own accident insurance to be included in the camp fees if the school desires.
4. Scheduled Maintenance - Since camps are held during intercession or summer breaks, Principals or the Assistant Superintendent of Support Services should check with the Maintenance and Facility Planning Departments prior to approving a camp. These departments use these breaks to schedule work at schools and the site may be unsuitable for students to be around during this time period.
5. Energy Management-The camp director will need to schedule the camp with the Energy Manager in the Maintenance Department to make sure facilities are conditioned as needed.

### **Clubs-School Sponsored Clubs and Parent Support Organizations**

The N. C. Department of Revenue has two separate club types. They categorize them as school-authorized organizations (e.g., Math club) and separate qualifying permanent school organizations (e.g., PTO).

There has been a lot of confusion as to the differences between school-authorized organizations (Student Organizations or Clubs) and separate qualifying permanent school organizations (Parent Support Organizations). Sales tax laws are different for the different types of organizations, as well as, different fundraising activities. Each school must make a determination for each school-authorized organization as to when they should pay sales taxes. All school-authorized organizations should have their accounts with the school's Treasurer. The Treasurer can remit the sales taxes, if applicable, to the N.C. Department of Revenue. If a separate qualifying permanent school organization has any sales tax questions, you should refer them to the N.C. Department of Revenue.

Each organization associated with your school MUST be categorized as either school-authorized organization or a separate qualifying permanent school organization.

Here is a brief summary of some of the differences:

1. **School Sponsored Clubs:** <http://www.nhcs.net/policies/series8000/8560.pdf>
  - a. The organization will be on the books of the individual schools, accounted for by the Treasurer and recorded in SchoolFunds.
  - b. Follow the rules in the New Hanover County Schools Treasurer's Manual.
  - c. The school's Principal, using the N.C. Department of Revenue guidelines, will determine the sales tax status of the organizations and their fundraisers.
  - d. These accounts are audited by the school system and N.C. Department of Revenue.
  - e. The school maintains a file with information such as a statement of purpose and fundraising activity for each organization. (See Board Policy # 8550 and #8570)
  - f. Several clubs have dues or memberships associated with their clubs. These fees collected from students must have Board of Education approval in accordance with Board

Policy #8560. The policy states that school clubs may collect up to \$5.00 per year unless otherwise listed. <http://www.nhcs.net/policies/series8000/8560.pdf>

- g. School Sponsored Fundraising Guidelines can be found at:  
[http://www.nhcs.net/auditor/PDF\\_Files/SchoolSponsoredFundraisingTips2012.pdf](http://www.nhcs.net/auditor/PDF_Files/SchoolSponsoredFundraisingTips2012.pdf)
- 2. **Parent Support Organizations:** <http://www.nhcs.net/policies/series9000/9200.pdf>
  - a. The organization maintains an accounting system **separate** from school accounts.
  - b. The organization follows their established charter, bylaws or rules.
  - c. The organization will follow the N.C. Department of Revenue guidelines for their fundraisers.
  - d. These accounts are audited by the N.C. Department of Revenue.
  - e. The school maintains a file with information such as a statement of purpose and fundraising activity for each organization.
  - f. This organization must follow Board policies relating to Parent Support Organizations.
  - g. Employees of the New Hanover County School System shall not serve as officers with financial responsibilities of any parent support organizations. (See Board Policy #9200)
  - h. Parent Support Organizations (Booster clubs) do not have their money maintained on school books and Parent Support Organizations can apply to the Department of Revenue to request that they can receive a tax-exempt status, but school organizations that have their money maintained on school books cannot.
  - i. It is the Principal's responsibility to obtain information from all organizations at their school. The information should be maintained in a central file. This file should include proof from the organization as to how it operates. This could include a copy of the organization's charter or bylaws, a statement as to the purpose of the organization, the purpose of the use of the funds, liability insurance that names NHCS as an additional insured and how they participate in fundraisers. After this file is set up it needs to be updated only if the organization changes its purpose, if a new organization starts at the school or an organization disbands. Any money raised on the school grounds that is not associated with a separate qualifying permanent school organization should ALWAYS be turned into the school's Treasurer. A determination should be made before the fundraiser as to the purpose and planned use of the proceeds.
  - j. Parent Support Organization Fundraising Guidelines can be found at:  
[http://www.nhcs.net/auditor/PDF\\_Files/ParentSupportOrganizationGuidelines2012.pdf](http://www.nhcs.net/auditor/PDF_Files/ParentSupportOrganizationGuidelines2012.pdf)

### **Counterfeit Money**

On rare occasions a school might accept a counterfeit bill. When making the bank deposit the bank may refuse the bill for deposit. The school will need to take this as a loss. The Internal Auditor will need to be emailed when you get a counterfeit bill. A "Counterfeit Detector Pen" may be purchased by the school.

### **Credit Cards-unallowable accounts**

No credit cards or store accounts in the name of the school system or individual school may be authorized by any employee other than the Chief Financial Officer or the Director of Purchasing.



## Donations

1. Donations from the school - ***Donations are not allowed from “public funds”***. The intent of this procedure is not to misrepresent that a school is raising money for the “good of the school and the students” and then to donate the money to a charity.

A club can donate money to a charity if the following procedures are followed. The club advisor can complete the “Fundraising Request” form and in the space for “Proceeds” they would put the name of the charity the money is being raised for. When students and the club advisor are *soliciting* for the charity they need to advertise that it is for the charity and not for the “overall benefit” of the school or the students. Fundraising Request Form on line at:

<http://www.nhcs.net/fundraising/FundraisingRequest.pdf>

2. Donations to the school - Each school is to maintain a list of all donations to the school. Cash donations should be easily identified in SchoolFunds. The Finance Department should be notified if any donations are received in excess of \$1,000 in order to evaluate if donation should be maintained at Central Office due to intent of the donor. Any equipment purchased or donated to the school should also be maintained on an inventory list. The cost, description, date received and any other information related to the equipment should also be recorded. The Finance Department should be notified of any school purchases or donations with a cost greater than \$1,000 so that the equipment can be tagged and included in Fixed Assets. Gifts of equipment greater than \$1,000 must have written approval by the Principal and the Superintendent. This is to ensure that the gift meets all safety regulations and is compatible for school use. (See Board Policy #9600) <http://www.nhcs.net/policies/series9000/9600.pdf>
3. Donations through Gift Cards.-Some companies now have their rewards programs issue a gift card to the school instead of a check. When a gift card is received, the school treasurer should develop a log to track expenses. Receipts should be placed in an envelope for support.
4. Donations from Businesses Sponsorship Agreements - When a business wants to sponsor an NHCS event with money or items, a sponsorship agreement should be completed so that it is clear what both parties are agreeing to provide. The form and instructions are on the NHCS website under the Employee Tab under Fundraising.  
<http://www.nhcs.net/fundraising/fundraising.htm>
5. Gift Letter – A letter should be sent to the person or company that made the donation. This will serve not only as an acknowledgement or a thank you letter but the donor may be able to use this for tax purposes. (See Appendix for Donation Letter sample 70-120).
6. Donation Ticket- In order to know what the donor wants to do with their donation, the teacher/staff member can have the donor fill out a donor ticket (Form 70-121) which can then be stapled to the back of the receipt. This will indicate by means of a donor’s signature the purpose of the donation. This will also aid the teacher or treasurer in providing a gift letter.

## **Donations-(for Charities or Third Party Donations)**

When collecting money for third parties (entities other than NHCS) where the schools simply collect the money and forward it to another organization, please follow the procedures below to make certain that all money is handled correctly and good internal controls are in place.

1. When advertng for this event it should be clearly noted that the money does not go to the school but to another organization.
2. Two people at each school are responsible for the collection efforts.
3. Students and staff should turn in the cash or checks to the two responsible individuals. Due to the usually small amount of change collected, individual receipts are not needed. These two employees then count all the money and turn it in daily to the school Treasurer. Checks can either be made payable to the organization or made out to the school. If the check is made payable to the organization it is held and sent with the SchoolFunds check. If the check is made payable to the school, the school will deposit it and then will include this amount in the overall donation. (Checks made out to the school are tax deductible as well as most charitable organizations.)
4. If coins are being collected, the coins should be counted and rolled in coin wrappers by the two responsible people prior to being turned in to the Treasurer.
5. If a central collection place is made at the school, such as a bottle or box, these collection containers should only be placed out during certain hours, for example, lunch periods. These containers shall ALWAYS be monitored by the two responsible employees. At the end of this collection time the money should be counted and turned into the Treasurer. No money is to be left out during school hours or overnight at any time.
6. The schools should set up a line item in SchoolFunds entitled the name of the event such as American Red Cross-Katrina.
7. The Treasurer writes a receipt for the money turned in by one of the two responsible people.
8. The fundraising event is held for a specific length of time, for example, two weeks with a stated beginning and ending date.
9. After the end period of the event, a check is made payable to the agency from each school's SchoolFund account. Such as the American Red Cross. If any other checks were collected and made payable directly to the organization they can be included with the SchoolFunds check and sent to the organization.
10. Please track this information. If requested, each school should be able to email the amount that was raised at their school to the Community Schools/Public Relations Department. The department can compile the data so that the school system and possibly the media will know the amount donated.

**Fees Due-**The Fees module in Power Schools is able to track student fees that are outstanding to the school by student. Contact Emily Jones Student Information Systems Coordinator for questions and training.

## **Field Trips**

All normal financial procedures should be followed by teachers and the treasurer for field trips. Field Trip procedures and forms can be found on the NHCS webpage under the Employee tab or at <http://www.nhcs.net/fieldtrips/fieldtrips.htm>

## **Outstanding Checks**

Outstanding checks are checks that have been written from the SchoolFunds account and have not been cashed. According to the State of North Carolina Department of the State Treasurer Escheat and Unclaimed Property Division, all outstanding checks that have not been cashed for a period of 1 year must be “escheated” or “the funds must be sent” to the State of North Carolina. Although the Central Office handles this process of escheating funds to the State, the schools must maintain adequate records in complying with escheat procedures. The legal reference is NHCGS 115B: [http://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByChapter/Chapter\\_116B.html](http://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByChapter/Chapter_116B.html)

1. In order to reduce the number of checks to be escheated to the State and to clear outstanding checks from your school account, the Treasurer must contact the person the check has been issued to within 90 days of the date the check was written.
2. The Treasurer may want to follow the same procedures that are followed in the Finance Department. The Reporting Specialist sends a form letter (See Appendix Form 70-110) to the recipient of the check that simply requests the recipient to cash the check.
3. An outstanding check file needs to be maintained that shows the name, address (includes city, state and zip), social security number (if available), date check was written, and dates of last contact.
4. If after contacting the person it is discovered that the check is misplaced or lost follow the procedures in the Stop Payment section and an Affidavit (See Form 70-150) will need to be completed. If the person does not want a replacement check they must indicate that on the affidavit and it will be considered a donation to the school. If no replacement check is issued you will need to void the check and attach the affidavit to the void check proof sheet.
5. Under no circumstances can an outstanding check be cleared from the outstanding checklist without written contact with the person the check was made payable.
6. The school is never allowed to simply “void” the check and the school keeps the money.

## **Purchase of Supplies and Equipment**

Before purchasing supplies or school related equipment, the Principal and the school Treasurer should read the Purchasing Manual or call the Purchasing Department to see if the item can be purchased through the State Purchase and Contract Division. Schools shall conduct purchasing in accordance with Board Policy #4610. <http://www.nhcs.net/policies/series4000/4610.pdf>

## **Purchases through the NHCS Purchasing Department with School Funds**

When making a purchase with school funds through NHCS Purchasing Department the following process should be followed.

1. Outside Vendors - If purchasing an item not maintained in the NHCS warehouse:
  - a. The school will send a requisition and a check for the amount of purchase to the Finance Department.
  - b. The check will be deposited and the Finance Department will forward the requisition to the Purchasing Department where the order can be placed.
2. NHCS Warehouse - If purchasing items stocked in the NHCS warehouse:
  - a. The school submits the order electronically by email or fax to the Purchasing Department (254-4414) using the code 2.1120.000.000.xxx (school code).
  - b. The amount of the purchase is set up in a school charge account.
  - c. A copy of the invoice will be sent to the school with the items ordered.
  - d. If there is a balance on the account 2.1120.000.000.xxx a copy of the report and a memo requesting the balance due is sent to the school at the beginning of each month. Only submit payment for items that have been received.
  - e. The Finance Department will deposit the check to offset the amount in the schools charge account.

To follow State laws, the schools purchasing designee is the only one that can place orders through the NHCS warehouse and these items must be used to benefit the students or school as an entity. This is because items in the warehouse are purchased at lower rates utilizing the State contract process and therefore may not be purchased for personal use.

## Record Retention/Destruction

There is a publication entitled the “*Records Retention Disposition Schedule*” issued by the Division of Archives and History Department of Cultural Resources This lists the STATE guidelines for retaining records. These guidelines are from North Carolina General Statutes 121 Archives and History and 132 Public Records. Records should be destroyed by shredding. The link to the full guide is located below and dated February 19, 1999:

[http://www.ncdcr.gov/Portals/26/PDF/schedules/schedules\\_revised/local\\_education\\_agencies.pdf](http://www.ncdcr.gov/Portals/26/PDF/schedules/schedules_revised/local_education_agencies.pdf)

The following is a portion of that schedule, please refer to the above link for other items:

<u>Description</u>	<u>Destruction Date</u>
Record of donations	1 year
Bank Statements	3 years
Bids	3 years
Cancelled check	3 years
Check Register	3 years
Deposit Slips	3 years
Invoices	3 years
Reconciliation's	3 years
Sales and Use Tax Reports	5 years
Annual Backup Disk for SchoolFunds	Permanent

If any record must be discarded, a list must be kept that describes the item being destroyed, the date of destruction, the method of destruction and the signature of the two people who witnessed the destruction. This should be kept with your bookkeeping records.

For example:

Description of Items being destroyed	Sequence Numbers	Quantity Destroyed

We destroyed these items by \_\_\_\_\_

Method of destruction such as shredding\_\_\_\_\_.

Destruction witnessed by \_\_\_\_\_

Date \_\_\_\_\_

Destruction witnessed by \_\_\_\_\_

Date \_\_\_\_\_

## Returned Checks

Occasionally checks that have been deposited in the school bank account will be returned due to insufficient funds, bank account closed, unauthorized signature, etc. These are called “returned checks”.

1. National Agency Clearing House Association requires check writers to be given notice that dishonored checks will be electronically debited. The vendor who provides our check return service will provide stickers that must be posted to give check writers appropriate notification.

When a check is returned, the bank charges (debits) the amount back to the school's bank account. The bank may also charge a fee. NHCS has contracted with a returned check service to attempt to collect all returned checks. Either your bank will send the returns directly to a returned check service or they will send the returns to you. If the returns are sent to the school, make a copy and forward them directly to a returned check service in the envelopes provided.

The current Returned Check vendor is Envision and can be reached at 1-800-618-1110 or support @envisionpayments.com.

2. In order to track the returned check while trying to collect the money, an Accounts Receivable account will need to be set-up. (Refer to the SchoolFunds Users Guide.)

### Posting to SchoolFunds

- a. Use the date on the bank advice.
  - b. Go to the “Journal Entries”, Returned check screen.
  - c. Enter the amount.
  - d. “Post To” account will be 500.00 Account Receivable.
  - e. “Offset” account is 100.00, Cash.
  - f. Reference: Type in “Returned” and persons last name
  - g. At the repayment screen, leave as “N”.
3. The returned check service should handle all correspondence and collection attempts.
  4. Write-off – When the returned check service notifies you that a check is uncollectible, it should be written off as follows: In SchoolFunds at the Journal Entries screen choose the Fund Transfer file:
    - a. Transfer Date=Current Date
    - b. Take from Account=Account check receipted to or General Fund account.
    - c. Add to Account=Accounts Receivable
    - d. Reference=NSF Check (name of person)

This adjustment will reduce the balance in the Accounts Receivable account and will reduce the balance in the original account (i.e., club account, athletic account).

5. File - A returned check file should be kept which contains the copy of the returned check that was sent to returned check service. This would include the advisory from the bank and any notification from returned check service. The documentation in this file should match the balance in the Accounts Receivable account.

### **Stop Payments on Checks**

If a check written and released by the school is stolen, lost, issued to the wrong vendor/person, or for any other reason a check should not be honored, the bank may be notified to put a "Stop Payment" on the check. The Treasurer should consult the Principal to see if it is to the school's advantage to place a stop payment since the bank will charge the school a stop payment fee.

1. Procedures for Handling a Stop Payment
  - a. An affidavit will have to be completed if the check was lost or stolen. (See Affidavit and Indemnity Form 70-150.)
  - b. Call the bank requesting the stop payment order.
  - c. Immediately send the bank a written confirmation of the stop payment order. This is required for the bank to continue a stop payment order.
  - d. In the check register record on the corresponding check the phrase "stopped payment" and the date. Record the explanation of why this action was taken and add the amount of the check back into the balance.
  - e. An entry must be made in the School Funds to record the stop payment. The entry is identical to that for a voided check with the exception that the description is "Stop Payment-Check # \_\_\_\_". (See School Funds Manual for more information.)

### **Surplus-Discards and Disposals**

1. Surplus/Disposals – Items that need to be discarded from a school should be in accordance with Board Policy #4600. Refer to the New Hanover County Schools Purchasing Manual, page V-8, Surplus Equipment and Furniture. <http://www.nhcs.net/policies/series4000/4600.pdf>

### **Textbook Fines**

1. Fines for all textbooks shall be collected, receipted and turned in to the school Treasurer.
2. All fees should be turned in daily as with all receipts and deposited into the special textbook account.
3. Schools may transfer this money to their General Fund or send a check to the Finance Department.
4. With the money sent to the Finance Department, a request should be sent indicating which object code in PRC 061 the funds should be allocated to Instructional Supplies (411) or Supplemental Textbooks (413).

### **Transfers in School Funds**

1. Transfers may be made from one account to another except into the Faculty Fund. If such transfers exceed \$500 per year, written notice should be given to the Chief Financial Officer or designee. Transfers between accounts must be pre-approved by the Principal and the Principal should sign the transfer batch report.



## Fundraising

The Principal and the Treasurer should provide annual training on fundraising policies and procedures to all employees involved in fundraising activities at their school.

### Approval

Before any fundraiser can begin, approval from the Principal must be obtained in accordance with Board Policy #8550. A copy of all fundraising activities must be forwarded to the Assistant Superintendent of Student Support. It is best to coordinate all fundraising in the school so that fundraisers can be held at a variety of times during the school year. (See Sales and Use Tax section for one time sales tax exempt fundraisers.) The form for approval is online at: <http://www.nhcs.net/fundraising/FundraisingRequest.pdf>.

### Profit Analysis

Before a fundraising project begins an analysis needs to be performed on pricing the product, estimating the profits and calculating the expenses (including sales tax). A fundraising project cannot operate in the negative. An example of a way to determine the price to charge for the product and the profit to be obtained is below. It assumes the product cost is .25 per item, and the club plans to sell 100 items. Expenses for supplies (e.g., cash box, receipt book) are \$5.00 and sales tax is 8.00%. The sales tax rate may be different, this is just an example.

Sales price of product	.30	.35	.40
Quantity sold	100	100	100
Amount of money collected (100*sales price)	30.00	35.00	40.00
Cost of product (.25 per item)	25.00	25.00	25.00
Less expenses (estimate)	5.00	5.00	5.00
Less 7.00% Sales Tax (Sales price *.07)	2.10	2.45	2.80
<b>Estimated Profit</b>	-2.10	2.55	7.20

This example shows that you could not operate this fundraiser by charging \$.30 because it produced a negative balance.

### Purchasing Items

Purchasing guidelines must be followed when buying items for fundraising projects to sell or to use. (See the Purchasing Manual on-line)  
<http://www.nhcs.net/purchasing/Purchasing%20Manual/Purchasing%20Manual.pdf>

## Internal Controls for Fundraisers

Internal controls must be established and followed when holding a fundraiser. Inventory should be considered to be “cash” and secured and counted. Cash should be controlled and accountable at all times. Internal controls not only insure the safety and security of cash and inventory, but also assist the employee from being placed in precarious situations for the mishandling of these assets.

- a. All money that is collected is to be counted and turned into the Treasurer of the school daily with a Receipt Record (See Appendix Form 70-60).
- b. Before the money (cash and checks) is turned in to the Treasurer, the employee who collects the money is fully responsible for the safe keeping of the money.
- c. The employee must have the money (cash and checks) counted in the presence of the Treasurer and receive a receipt for the amount turned in. Failure to do this could result in an inaccurate credit to the club account.

## Inventory

Either the advisor has the inventory or the vendor holds the inventory and the school receives a commission. If the school holds the inventory, there are two different methods of tracking inventory.

1. Maintaining two inventories:
  - a. Bulk Inventory - The bulk inventory is stored in a locked facility separated from the inventory that is sold regularly (working inventory). Only the advisor should have access to this inventory. The balance can be carried forward each day unless some of the inventory is used. If any of the inventory is used it must be counted.
  - b. Working Inventory – These are items that are available to be sold on a regular basis (daily or weekly). A physical inventory should be taken each time the items are sold.
2. Maintaining one inventory:
  - a. All items should be counted each time any items are sold.
  - b. If the vendor maintains the inventory they are responsible for inventory records and control.

## Expenses and Profits

1. Expenses
  - a. No expenses can be paid from the cash profits of the fundraiser. A check must be issued.
  - b. A check request should be submitted for all expenses to the Treasurer.
  - c. All expenses associated with an individual fundraising project should be charged to the account that was set up for this fundraiser through the school Treasurer. (e.g., School store expenses should come from the school store account.)

## 2. Profits

- a. All money received for an individual fundraising project should be credited to the individual club account (e.g., funds received for DECA Club candy sales should be credited to the DECA Club account).
- b. At the end of the school year, the school Treasurer will transfer all remaining (profits) for school wide projects into the school's General Fund account to be used for general purposes of the school.

**Sales Tax and Fundraising** –See the Sales Tax Section.

## Change Fund

1. Change funds may be established with approval by the Principal and shall not exceed rates approved in Board Policy 3350. (Elementary and Middle Schools - \$250.00; High Schools - \$2500.00) <http://www.nhcs.net/policies/series3000/3350.pdf>
2. A change fund may be used for schools stores, special events, media center, athletic gates and/or concessions.
3. The change fund should be recorded in a separate account in SchoolFunds and shall be assigned a change fund custodian (person responsible for the change fund) by the Principal. The check for the change fund will be made payable to the change fund custodian. Examples of change fund custodians might be a coach, teacher or club advisor. Pre-planning is suggested so that the change fund can be obtained from the bank prior to the event starting.
4. This money should only be used to make “change” during the sale of products or collection of fees. **No expenditures are allowed from change funds.** The balance of the cash box should always remain the same.
5. A cash box that locks should be purchased to secure the change fund. The change fund is assigned to a change fund custodian and this person should be the only person with a key. While using the cash box (es) one person should be assigned to each box. When the box is not in use the custodian should store it in a locked facility. The custodian is completely responsible for the funds at all times.
6. The money is received from either the General Fund or profits from the previous year's club/class account. At the end of the year the change fund should be turned back into the Treasurer.
7. Cash must be counted each time the group sells a product. The money needs to be counted before and after the sale. The difference between beginning and ending balance of the change fund should equal the amount received from the items sold less the change fund balance. If not, this should be noted as an overage or shortage and discussed with the cashier who used the cash box.

## Types of Fund Raisers

### **Athletic Gate Receipts-Revenue**

For Middle Schools - Money that is collected in middle schools is not budgeted centrally. The money collected is a nominal charge (\$1 students and \$2 for adults) that is set by the Student Support Services Department to help with crowd control. The middle schools should deposit these receipts into the Gate Receipts account and then transfer to Athletic Activity to spend.

For High Schools - **High School Ticket Prices are:**

Adult	<b>\$6</b>
Student	<b>\$4</b>

Family Pass (2 adults and 2 students)	<b>\$250</b>
Single Parent Pass (1 adult)	<b>\$125</b>
Senior Citizen Pass (Ages 60 and up)	<b>\$60</b>
Student Pass (school age and up)	<b>\$40</b>

1. Regular Season Gate Receipts - Regular season gate receipts are collected through SchoolFunds and deposited into the Gate Receipt account (which is a revenue only account).

2. According to the below percentages, all revenue should be transferred out of the Gate Receipt Account to either the Athletic Activity account or the Band account.

For Football:

- i. 80% of the revenue from football will go to the individual school's Athletic Activity Fund.
- ii. 20% of the revenue from football will go to the individual school's Marching Band Fund when they participate.

For Other Sports:

- iii. All of the revenue from sports other than football will go to the individual school's **Athletic Fund**.

3. Tournament Gate Receipts – High Schools will need to set up separate line item for Tournament Gate Receipts.

The North Carolina High School Athletic Association NHCSAA governs tournament gate receipts. There is a NCHSAA handbook, which outlines for each sport how the money is to be spent. A percentage of these gate receipts will go to NCHSAA and the rest is divided among the participating schools. The school can transfer these proceed from ticket sales according to the above percentages.

## **Art Education Performances**

Admission fees and collecting donations **ARE NOT** permitted at events for which student's are required to participate in order to receive a grade.

Admission fees and collecting donations **ARE** permitted at events for which student's **VOLUNTEER** to perform and the performance is **NOT** part of a grade.

All normal financial procedures must be followed for ticket sales and donations.

## **Bingo**

According to North Carolina General Statutes, school organizations (e.g., clubs, class projects) are not considered a "non-profit organization" and **therefore cannot have Bingo's**. A school's PTA may be allowed, but they need to review the licensing and application process before they begin. There are instructions in the PTA Handbook for Treasurers. Reference: *North Carolina General Statutes, 14-309.5. Bingo*.

**Concession Sales**-See School Store and Concession Sales

## **Graduation Projects (Senior Projects at High Schools)**

Refer to the Graduation Project Handbook on the Instructional Services web page for Graduation Project Fundraisers. See pages 8, 10 and 66.

<http://www.nhcs.net/instruction/Instruction%20Page%20Links/GPHandbookrev8.11.14.pdf>

## **Pictures- Yearbooks-Class Rings**

If the school maintains the yearbook/picture/class rings inventory, inventory procedures must be followed. Most schools have an arrangement with the yearbook/picture/class ring company where the school does not maintain the inventory, the student pays the company directly and the school receives a commission from the sales.

## **Raffles**

According to North Carolina General Statutes, governmental entities are allowed to have raffles. The maximum cash prize that may be offered or paid for any one raffle is one hundred and twenty-five thousand dollars (\$125,000) and if merchandise is used as a prize, and it is not redeemable for cash, the maximum fair market value of that prize may be one hundred and twenty-five thousand dollars (\$125,000). Raffles shall not be conducted in conjunction with bingo. None of the net proceeds of the raffle may be used to pay any person to conduct the raffle, or to rent a building where the tickets are received or sold or the drawing is conducted. Reference: *North Carolina General Statutes, 14-309.15. Raffles*.

### **Raffle 50/50 -Procedures for School Sponsored 50/50 Raffles**

- A fundraising form will need to be completed and approved.
- The school can hold two raffles per school year.
- All items in NCGS 14.309.15 must be followed.  
<http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=14-309.15>
- Schools can sell sequential numbered tickets for a 50/50 raffle. Two part tickets are needed for the school to keep the name/number and the donor to keep the other numbered ticket part.
- A ticket sellers report should be completed.
- Money is collected and sent to the school treasurer through normal procedures.
- Treasurer sets up a line item account in School Funds and deposits money when received into this line item.
- At the drawing a name is pulled.
- The name of the person along with their SSN is given to the school treasurer.
- The school treasurer cuts a check of half the amount of tickets sold to the winner. The amount is taken from the 50/50 line item.
- The individual is set up as a 1099 vendor, so a 1099 statement can be developed if needed at 12-31-xxxx.

### **Sale of Food**

Food items for fund-raising purposes may not be sold on school grounds between midnight and until after the final lunch period has ended. (See Board Policy #8550) <http://www.nhcs.net/policies/series8000/8550.pdf>

### **School Store and Concession**

When selling items either through a concession area or school store, internal controls must be established for the receiving and selling of merchandise and receipting the money.

1. Inventory – A record of inventory of products should be maintained at all times using the form Concession Sales and School Store Inventory Reports (See Form 70-40/70-50).
  - a. Purchasing – Items that are purchased should be added to the current inventory when they are received.
  - b. Sales - A record should be maintained daily of the items that are sold. An adjustment should be made to the inventory to account for these sales.
2. Receipting the money
  - a. The club advisor should count the money at the end of each day.
  - b. State law requires all money that is received is to be turned in daily or the next business day to the Treasurer.
  - c. A School Store and Concession Sales Report should be completed by the club advisor and turned in to the Treasurer with the money. The N. C. Department of Revenue may require sales tax to be calculated from the sales of the merchandise sold. Review the guidelines for fundraising to see if these sales are taxable.

### 3. Concession Sales School Store Inventory Reports

The school store and concession sales report includes concession sales and school store products that are sold.

- a. Each time items are sold an inventory must be taken of all items before and after the sale.
- b. Concession operators or school store advisors will submit this report daily along with all money collected. The completed report and the cash received must balance. The report must show the description of the item, the beginning inventory, additional purchases, amount sold and ending inventory. Taxes must be calculated and recorded on the report.
- c. No expenses may be paid directly from the cash received. The money should be turned in to the school Treasurer and a check request made for any bills that are due.

### **Ticket Sales-Admission**

When charging admission and selling tickets to an event, internal controls must be established for the issuing of tickets and receipting the money. Examples may include school dances, band concerts and athletic events.

#### 1. Tickets

- a. Tickets should be pre-numbered and used in sequential order.
- b. Inventory - Someone should store the tickets other than the person who will be selling the tickets. For example, if the business manager or club advisor is in charge of selling the tickets, the Treasurer could be the one to store the inventory of the tickets until the tickets are ready to be sold.
- c. Issuing - A record should be kept of all tickets that are issued to the Business Manager or club advisor. When the event is over the business manager or club advisor will count and return any unused tickets. A Ticket Sellers Report (See Appendix Form 70-30) will need to be completed and turned in to the Treasurer.

#### 2. Receipting the money

- a. The business manager or club advisor should count the money. A Ticket Sellers Report should be completed by the business manager or club advisor and turned in to the Treasurer with the money.
- b. General Statute 115C-445 and Board Policy #3350 requires money to be turned in daily or the next business day to the Treasurer.
- c. The ticket sales and the money collected should equal.

#### 3. Report - The ticket seller's report is used to report the receipts from the sale of tickets to the school Treasurer.

- a. Prior to the sport/event the business manager should receive from the Treasurer or other responsible person pre-numbered tickets, student and adult. The ticket numbers received should be recorded on the ticket sellers report at this time and tickets should be used in sequential order by sport or event.

- b. After the event, the ticket seller will turn in the tickets that have not been sold and complete the Ticket Sellers Report (See Form 70-30).
- c. The business manager will then complete the bottom of the form which shows the following information:
  - i. Number of tickets sold - by students and adults.
  - ii. Amount of cash received from the ticket sales. The amount calculated on the Ticket Sellers Report must equal the amount of cash turned in to the Treasurer.
- 4. Proceeds from the sale - Payments to officials, ticket takers and others may not be made from cash proceeds from the event. The school Treasurer will verify that the information on the ticket seller's report corresponds to the amount of money that is collected and will issue a receipt to the person turning in the money. This amount will be recorded to the appropriate club/event account. The business manager will then submit a Check Request for all payments so that a school check can be issued.

### **Vending and Vending Contracts**

#### **1. Vending Machine Commissions**

The Child Nutrition Department coordinates all vending contracts for New Hanover County Schools. Please contact the Child Nutrition Department when you want to have vending at your school.

A vending contract must be in place for each vendor that has machines on school property.

- a. The Principal and the vendor will negotiate the terms and two sponsorship agreements need to be completed.
- b. If a school is renewing a contract this should be done 4-6 weeks before the old contract expires.
- c. If a school is receiving a small commission or no commission:
  - i. The Principal may approve the contract
  - ii. Contracts should be for 1 year ending on June 30, renewable for 4 years.
  - iii. Contracts subject to review and routine monitoring by Director of Child Nutrition. (Board Policy #4405) <http://www.nhcs.net/policies/series4000/4405.pdf>
- d. Schools receiving large commissions or sponsorships should send a proposed contract, with a cover memo requesting approval, to the Director of Child Nutrition. The contract will be submitted to the Board of Education for approval.
  - i. The Principal should not sign the contract.
  - ii. Contracts should be for 1 year ending on June 30, renewable for 4 years.
  - iii. The vendor should sign after the Board approves.



2. Vending Commission - When receiving a vending machine commission statement from a company, the Treasurer should be able to recalculate the commission. This will provide a check that the amount being paid is correct. Some schools just receive a check and no statement.
3. There are usually two methods to calculate commissions due to the school. The school chooses which method they want. The "quantity method" provides a better audit trail and generally produces more revenues for the school.
  - a. Revenue based - Commissions are based on the money removed from the machine.
  - b. Quantity based - Commissions based on the number of cans sold.

The following two examples use the same figures.

Revenue=\$65.50  
 Cans sold=120  
 Vending rate=.75  
 Commission rate .2500  
 Sales tax 7.00%

#### **Example Revenue based**

Amount of the revenue  $\times$  commission rate=A  
 A is divided by 1.08 to get the sales tax taken out (Vendor pays this tax) = the amount of the commission due to the school.

Example 1:

\$65.50 revenue amt  $\times$  .2500 commission rate=\$16.37  
 \$16.37/ 1.07=**\$15.30 commission due to the school**

#### **Example Quantity based**

Vending machine rate  $\times$  commission rate=A  
 Number of cans sold $\times$ A=B  
 B  $\times$  tax rate = C  
 B-C=Commission due to school

Example 2:

.75\*  $\times$  .2500=.1875 per can  
 120 cans sold $\times$ .1875=\$22.50  
 \$22.50  $\times$  .07=\$1.58(Vendor pays this tax)  
 \$22.50-\$1.58=**\$20.92 commission due to school**  
 \*Rounding may make a few cents difference.

**Yearbooks/Class Rings**-See section on Pictures

## Sales Tax

**Sales Tax.** There are several situations in which sales tax needs to be handled in the schools. Below is a description of each sales tax situation. It is important to break out the details of sales tax included in any checks written from School Funds, because a portion of this tax may be refundable to the school each year.

1. **In State vendors.** North Carolina vendors should charge sales tax on their invoices. The vendor should be set up according to the School Funds User Manual in order to track sales tax that is paid for sales tax refund purposes.
  - If you receive an invoice that does not include sales tax on it, you will need to contact the vendor so that they know NHCS is not tax exempt and they may choose to submit a corrected invoice to the school.
2. **Out of state vendors.**
  - i. Vendors who pay NC Sales Tax Out of state vendors may submit North Carolina sales tax on their invoices. When the school pays the item, the taxes are paid to the vendor. The vendor is responsible for submitting these taxes to the N.C. Department of Revenue.
    - Make sure to contact the vendor and verify that the sales tax on the invoice is North Carolina Sales Tax as we do not pay other states sales tax.
  - ii. Vendors who do not collect or pay NC sales tax. If an out of state vendor does not include North Carolina sales tax on the invoice then the school is responsible for submitting the sales tax to the N.C. Department of Revenue.
    - First you may want to contact the vendor if they do not include NC sales tax on their invoice. Some vendors assume that the NHCS is tax exempt. New Hanover County Schools is not tax exempt. They may want to send you a revised invoice with the NC sales tax included.
    - If the vendor does not want to include the North Carolina sales tax, then you will need to pay the invoice to the vendor without sales tax and you will need to pay the tax directly to the N. C. Department of Revenue using your NC DOR coupon book. Follow the instructions in the School Funds Users Manual under the No Tax Payment Report section.
3. **Sales tax on Fundraisers.** The North Carolina Department of Revenue requires that taxes be paid on products that are sold during a fundraising event. The school can either add sales tax to the product or include it in the price of the product. Either way sales tax needs to be collected and then paid to the Department of Revenue. **North Carolina schools and school organizations are not tax exempt.** The school Treasurer is responsible for sending a check for the taxes to the Department of Revenue monthly or quarterly. Sales tax paid on fundraisers to the Department of Revenue is not included in the tax that is refunded at the end of the year. If products are sold-for example: t-shirts, flowers, candy- at the school for fundraising purposes, sales tax needs to be paid to the N. C. Department of Revenue. (Sales tax is not paid on services such as car washes).

The treasurer needs to track the amount receipted for each fundraiser. The easiest way to do this is to set up an individual account for each fundraiser in School Funds and use the feature in School Funds called Taxable Receipts. See the School Funds Users manual for details. Then use the report entitled Tax Due on receipts. The taxes that you will need to pay and submit to the NC DOR are calculated and listed under the Tax Liability heading.

## Certificate of Resale Procedures

### Certificate of Exemption (old Certificate of Resale and NC Sales and Use Tax Registration)

When your school buys the supplies for resale to students at the school store or anywhere else in the school, the school should use a *Certificate of Exemption* to present to the vendor. This certificate will allow the schools to avoid paying sales taxes twice because the sales taxes are to be remitted to the N.C. Department of Revenue when the item is sold. Otherwise, you will be paying sales taxes when you purchase the item and when you remit the taxes to the N. C. Department of Revenue. **Please be very careful that this certificate is only used when you are going to resale the item and remit sales taxes later to the N. C. Department of Revenue.** There are very stiff penalties for the misuse of the *Certificate of Exemption*. See the forms section for a copy or additional copies can be obtained by going to the following website: <http://www.dor.state.nc.us> click on "Tax Forms" then choose "Sales and Use". The form to use is E595E (Streamlined Sales Tax Agreement Certificate of Exemption).

When completing this form, be sure in Box 2 to check it so that this is for JUST THIS EVENT. Before you can use a *Certificate of Exemption* you must have a North Carolina Sales and Use Registration Number. This number can be obtained by completing a "*Registration Application for Income Tax Withholding, Sales and Use Tax and Machinery, Equipment, and Manufacturing Fuel Tax*". See the forms section for a copy or additional copies can be obtained by going to the following website: <http://www.dor.state.nc.us> click on "Tax Forms" then choose "Sales and Use". The form to use is NC-BR (Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Machinery, Equipment, and Manufacturing Fuel Tax).

An example for using the certificate would be if you purchase items from Wal-Mart for the school store. You present the *Certificate of Exemption* either at the time of purchase or have it on file with customer service. (Stores have different procedures. Please check with your store for the correct procedures.) At this point you do not have to pay the sales taxes to Wal-Mart. When you sell the items to the students, a portion of your mark up price should include an amount for sales tax. The Treasurer at each school will need to calculate the sales tax on the sale from the school stores and remit this amount to the N. C. Department of Revenue with the appropriate "*Sales and Use Tax Report*".

## One Time sales Tax Exempt Fundraiser

### 1. One time sales tax exempt fundraisers for School sponsored clubs and organizations.

#### a. Who Qualifies?

Only clubs and organizations that run through the School Treasurer and School Funds accounting system qualify for this exemption. Book fair, yearbook, picture and concession sales cannot be used as your one time sales tax exempt fundraiser per the NC Dept of Revenue.

#### b. Does the school have to offer this exemption to their school clubs or organization?

The Principal at each school can determine if they want to allow the clubs and organizations to exercise this exemption. Each school sponsored club can use this sales tax exemption once per fiscal year July 1st to June 30th.

#### c. How does this exemption work?

- i. The fundraiser cannot last longer than 60 days. Per the NC Department of Revenue, the 60 days is from the first day the item is sold to the customer to the delivery of the product to the customer.
- ii. The school buys the items to be sold from the vendor for a one time sale tax exemption.
  - If the vendor charges NC sales tax the school club or organization pays the vendor the sales tax. The school should claim the sales tax paid to the vendor and include in the year end sales tax refund process.
  - If the vendor does not charge NC sales tax, you DO NOT pay the NCDOR; you just do not pay any sales tax. When selling items the customer is not charged sales tax.
- iii. For a one time sales tax exempt fundraiser, the *Certificate of Exemption* cannot be used.
- iv. Each school Treasurer must track each clubs or organizations one time annual exemption. Many schools track on an EXCEL spreadsheet that includes: club name, beginning and ending date of fundraiser, name of vendor and description of product(s).

## Refund of North Carolina Sales Tax by the NC Department of Revenue (NCDOR)

The North Carolina General Assembly voted to allow school systems to submit refunds for sales taxes paid on certain items. New Hanover County School System is allowed to file one joint refund request. Therefore, all the individual schools must submit the tax refund requests to the Finance Department. The *N. C. Department of Revenue* is very specific as to the information that must be submitted before a refund can be given.

North Carolina has two entities that collect taxes: STATE government and the LOCAL (County) government. Depending on the specific item there are different tax rates. This is very important. You will have to know the difference in order to claim your refund.

Currently sales tax refunds are limited to the local portion. Schools will be notified of any changes. Current Sales Tax rate may be different, 7.00% is used as an example.

<u>ITEM</u>	<u>STATE TAX RATE</u>	<u>COUNTY TAX RATE</u>	<u>TOTAL TAX RATE</u>
Non-Food	4.75%	2.25%	7.00%
Food	0%	2%	2%

The majority of invoices may not include food. There may be some items on invoices that do not include any sales tax. If the sales tax is already listed on the receipt or invoice it can be circled. Check each invoice to make sure that the tax is correct.

### 1. Allowable Expenditures for Sales Tax Refund

In SchoolFunds the sales tax "county" is based on point of possession. Most vendors will be set up with the "county" as New Hanover. All out of state vendors that charge NC tax will be set up with the "county" as New Hanover. Any out of state vendor that should charge tax and does not will be set up with the county code as No Tax. One example of when the county would not be New Hanover is if you purchased an item from a company in Burgaw and went to Burgaw to pick up the item. That would be the point of possession and the county would be Pender. The NC Department of Revenue should be set up as Dpt Revenue for taxes paid based on the No Tax Report.

### 2. Non-allowable Expenditures for Sales Tax Refund

There are also some exceptions where the school cannot file for a refund.

- a. Reimbursements to employees.
- b. Taxes paid on motor vehicles.
- c. Scrap tire disposal.
- d. White goods disposal tax.

The exceptions that will probably apply to individual schools are related to employee reimbursements. To clarify the above exceptions; the school cannot claim a refund on taxes paid on electricity, piped natural gas, and local intrastate telephone services, intrastate toll

telecommunications services and on cellular phone usage. The school is also unable to claim a refund for employee reimbursements for travel expenses. This includes prepared food and beverages (restaurants), lodging, occupancy taxes and travel. This is odd but the law states this is "a personal contract between the employee and the provider". When the school reimburses the employee, "we have chosen to reimburse a personal expense to an employee". This also applies to items purchased by an employee with their personal money and then the school reimburses them for this amount. The school cannot claim a refund for these purchases.

If a school pays a motel directly and if the sales tax is listed on the bill separately from the occupancy tax, then you can claim this sales tax that the school paid as part of your refund.

### Month End Closing Procedures

1. When the bank statement is received, any necessary adjustments such as interest, service charges, or returned checks should be posted with the date indicated on the bank statement or the last day of the month you are reconciling.
2. Perform the Month-End Closing Procedures as outlined in the "SchoolFunds" User Manual.
3. The Statement of Receipts and Disbursements must be reviewed to ensure the following:
  - a. Cash ending balance should equal the reconciled bank balance.
  - b. Total of Regular Accounts should equal total of Asset Accounts.
  - c. Beginning balance equals the prior month's ending balance.
4. Each school will report to the Finance Department as follows:
  - a. For schools banking with Wells Fargo, the treasurer will send the Finance Reporting Specialist an email, CC to the Principal, that the bank reconciliation process is complete. The Finance Reporting Specialist will then be able to print these reports.
  - b. For schools banking with a bank besides Wells Fargo, please fax or email a copy of the bank statement no later than the fifteenth day of each month following the reported month.
5. Monthly Documentation maintained in the monthly folders should include:
  - i. The Statement of Receipts and Disbursements (must be signed by the Principal)
  - ii. A signed copy of all reports that print when performing the Bank Reconciliation (must be signed by the Principal)
  - iii. A copy of all pages of the bank statement

For specific SchoolFunds posting procedures, refer to the SchoolFunds Users Guide.

### Calendar Year End Procedures (December 31, XXXX)

1. **1099 Report.** Please notify the Reporting Specialist when you have completed all check runs for the period ending December 31, XXXX. She will then run your 1099 report as of December 31, XXXX. You will need to run a copy and keep at the school.
2. A **Sales Tax Report** will be run by the Reporting Specialist at this time. You will need to run a copy and keep at the school.

## **Fiscal Year-End Closing Procedures**

### **June 30, XXXX**

1. The Finance Department will send the procedures for closing the year in SchoolFunds and also send a list of what reports need to be run before June 30<sup>th</sup> each year. However, the following procedures should be done as soon as the June bank statement is received.
2. When you receive your June bank statement complete all June transactions for receipts, disbursements and adjustments, including your bank charges and interest.
3. For schools with a Cash Management accounts, the June interest should be posted BEFORE year-end closing procedures are performed.
4. Transfers and Roll Forward Balances:
  - a. Any balance remaining in your interest account and school wide fundraising accounts (examples are school pictures and vending) must be transferred at year-end to your general fund account. Prior to transferring make sure all outstanding invoices with these accounts have been paid. If needed, an amount covering the outstanding invoices can be left in the account and the remaining balance transferred to the General Fund account.
  - b. After School Care balances at the end of the year will roll forward to the next school year and beginning balances should be transferred to the main After School Account (581).
  - c. School Club balances at the end of the year will roll forward to the next school year.
  - d. If a club is no longer active and there is a balance at June 30<sup>th</sup> and if the beginning of the next school year the principal determines the club will not be active, the remaining balance for this club can be transferred to the General Fund Account.
5. Reconcile your bank account for June and print the reconciliation, the outstanding checklist, deposits in transit report and the reconciliation.
6. NOTIFY the Reporting Specialist when bank recon processed and year end transfers have been completed.
7. A Statement of Accounts Payable as of June 30, XXXX - Form 70-100 should be completed and signed by the Principal. This form should be completed even if there are no outstanding payments as of June 30<sup>th</sup>. Forward a copy to the Reporting Specialist.
8. The Reporting Specialist will run the Central Office's Sales Tax Report for the fiscal year. You will need to run and keep a copy at the school.
9. File all other year-end reports with your June records. A copy does not need to be sent to the Finance Department unless noted above.



## References

For additional information related to NHCS procedures, Board Policies, North Carolina Statutes or NC Department of Revenue forms referenced in this manual please see the following:

- NHCS Treasurer's Manual- <http://www.nhcs.net/finance/manuals.htm>
- NHCS Payroll Manual- <http://www.nhcs.net/finance/manuals.htm>
- School Funds Manual- log into the School Funds account, go to the Help drop down menu and click on manual.
- Budget Manual- [http://www.nhcs.net/finance/forms/NHCS\\_Budget\\_Manual\\_July\\_2014.pdf](http://www.nhcs.net/finance/forms/NHCS_Budget_Manual_July_2014.pdf)
- Department procedures and manuals: [http://www.nhcs.net/links\\_departments.htm](http://www.nhcs.net/links_departments.htm)
- NHCS Board Policies - <http://www.nhcs.k12.nc.us/policies/policymanual.htm>
- North Carolina General Statutes - <http://www.ncleg.net/gascripts/statutes/statutes.asp>
- North Carolina Sales Tax-
  - North Carolina Department of Revenue forms are available at their website at. <http://www.dor.state.nc.us/> Go to: Business, Tax Forms and Instructions, Sales and Use Tax Forms and Certificates. The local N. C. Department of Revenue office is located at 33 Darlington Ave. Wilmington, NC 28403.
  - Registration Application for Income Tax Withholding, Sales and Use Tax, and Machinery, Equipment and Manufacturing Fuel Tax [http://www.dornc.com/downloads/fillin/NCBR\\_webfill.pdf](http://www.dornc.com/downloads/fillin/NCBR_webfill.pdf)
  - Certificate of Exemption form [http://www.dornc.com/downloads/fillin/E595E\\_webfill.pdf](http://www.dornc.com/downloads/fillin/E595E_webfill.pdf)
  - List of codes for Cities and Counties and applicable tax <http://www.dornc.com/downloads/Gen562.pdf>

## Appendix A

### Checklist

The following checklists are recommended guidelines to provide assistance in handling SchoolFunds accounts. These can be customized for each school and could be used in the annual training of school staff.

Checklist Name	Page Number
Principal's Monthly Checklist	59
Treasurer's Monthly Checklist	60
Teacher's Checklist	61
New Treasurer's Checklist	62
Mentor Training Checklist	64

## SchoolFunds - Principal's Monthly Checklist

Month of: \_\_\_\_\_

1. **Fundraising:** Approve all fund-raising activity before the fundraiser begins. Coordinate with the school staff in charge of fundraisers to make a schedule of fundraisers for the upcoming year. This will aid the teachers and other staff in following correct "cash receipt" procedures. Complete Form 70-70.
2. **Invoices:** Review invoice(s) and check request(s) before the check is completed.
  - a. Check the invoice and check request(s) for reasonableness.
    - i. Were the products received? Did someone sign stating the items were received?
    - ii. Did the person attend the seminar? Is the travel reasonable?
3. **Checks:** Review the checks supporting documentation before signing the checks.

Signature stamps are not accepted, original signatures only.

Do the check amounts equal the invoice or check request amount? Is the invoice approved?
4. **Returned checks**-Review the returned checks for any unusual or employee check returns.
5. **Reports:**
  - a. Review the "Statement of Receipts and Disbursements"
    - i. Do all account balances have a positive balance?
    - ii. Do you recognize the names of the accounts as clubs or approved fundraisers?
    - iii. After reviewing, sign the form. Original signatures only. No signature stamps. Treasurer should also sign.
  - b. Review the "Outstanding Check List" (Checks that the school has written but the recipient has not cashed.)
    - i. Checks older than 90 days-The Treasurer should be contacting the person requesting them to cash the check.
    - ii. Checks that are not cashed **MUST** stay on the outstanding checklist report for 1 year. These checks cannot be removed and placed back into the "SchoolFunds" accounts unless the person signs an affidavit that they will not cash the check. This is State law.
  - c. "Bank Reconciliation" sheet from SchoolFunds:
    - i. The "Statement Ending Balance" is the closing balance or the ending balance from the Bank statement.
    - ii. Deposits in transit- Deposits that have been made that month that do not appear on that month's bank statement. (Any outstanding deposits for the prior month should always be on the next month's statement.)
    - iii. "ADD" – these are non-posted items. Always ask the Treasurer what this item represents. This should not be a frequent occurrence.
    - iv. "Outstanding Checks" are the total from the SchoolFunds "Outstanding Check List Report" for that month.
    - v. "LESS" - these are non-posted items. Always ask the Treasurer what this item represents. This should not be a frequent occurrence.
    - vi. "Reconciled Bank Balance" for "Cash/Bank Account, 100.00 from the "Statement of Receipts and Disbursements" SchoolFunds report.
    - vii. "Other Assets": Cash Management account. This should be the ending balance on the Cash Management statement.
    - viii. "Bank Balance and Other Assets" is the total of everything.
    - ix. The Principal should sign this form after reviewing these figures. The Treasurer should also sign. Original signatures only.

## **SchoolFunds – Treasurer's Monthly Checklist**

For the month of \_\_\_\_\_

1. All receipts should have a clear audit trail.
  - a. All teacher receipt descriptions should be clear as to what the money was receipted for and whom the money was receipted from.
  - b. All Treasurer Receipts should cross-reference to the teacher's receipt numbers.
  - c. The amount received from the teacher should equal the amount of the receipt issued by the Treasurer.
  - d. The total from all of the Treasurer's receipts received should equal the amount deposited to the bank on the bank deposit slip.
  - e. The confirmation slip from the bank should equal the deposit slip prepared by the Treasurer. An adding machine tape should be attached to the bank deposit slip.
2. All checks should have proper authority and correct support.
  - a. All check request should have principal approval prior to the check being written.
  - b. All checks should have two signatures.
  - c. All checks should have an invoice or check request, a receipt or a written explanation signed and dated by the person requesting the check before a check can be written.
  - d. There should not be any past due bills. Any past due bills should be signed off by the Principal and discussed with the teacher or staff member.
3. All records should be filed in date order by month for Elementary and Middle Schools and account name order by month for High Schools.
4. All receipts should be filed in a folder labeled "Receipts" for that month. This folder should include the SchoolFunds report, "Register of Receipts" by date.
5. All check copies should be filed in a folder labeled "Checks" or "Disbursements" for that month. This folder should include the completed check request form.
  - a. Attached to the check request form should be the invoice, receipt or other support for the amount.
  - b. Also included should be the bank statement and cancelled checks that relate to the receipts and disbursements for that month.

## **SchoolFunds – Staff/Teacher’s Checklist**

All money that is collected should be organized in the following manner before being turned into the Treasurer at each school. Failure to follow these instructions could result in the envelope with the money being returned to the teacher and a delay in a deposit to the account.

### **Receipts:**

1. All money received should be receipted using a pre-numbered receipt. The school Treasurer issues these receipt books.
2. A Receipt Record (See Form 70-60) should be attached to the envelope when money is turned in to the Treasurer. This is to be completed by the teacher and the Treasurer.
3. Each individual receipt should be added and equal the amount of money that is being turned in to the Treasurer.

### **Checks:**

1. Teachers or clubs, that have a “FOR DEPOSIT ONLY” stamp, depositing 25 checks or more at one time, should stamp the back of the check, write or stamp the name of the school and the checking account number. When the check is stamped it prevents anyone else from cashing this item. If your school club does not have a stamp, your school club should purchase one. The Treasurer can help you with obtaining all the correct information for this stamp.
2. Checks should be bundled separately from cash.

### **CASH:**

1. All cash should be organized in the following manner:
  - a. Currency – counted and bundled as follows:
    - Ones - strapped by \$25.00 increments
    - Fives - strapped by \$100.00 increments
    - Tens - strapped by \$250.00 increments
    - Twenties - strapped by \$500.00 incrementsAny loose cash should be placed in an envelope or Ziploc bag.
  - b. Coin-counted and wrapped in coin wrappers as follows:
    - Pennies - wrapped by \$.50 increments
    - Nickels - wrapped by \$2.00 increments
    - Dimes - wrapped by \$5.00 increments
    - Quarters - wrapped by \$10.00 incrementsAny loose coin should be placed in an envelope or Ziploc bag.  
Coin wrappers are available from your school Treasurer.

Please use the Teacher Deposit form (See Form 70-23) as your master copy.  
(See the Receipts section of the Treasurer’s Manual for more details)

## New Treasurer Checklist

### 1. Getting Started:

- a. There are two separate funding sources you will need to become familiar with: School Funds accounts and Central Office Budget.

### 2. School Funds

- a. School Funds are maintained at the school and have a software system called School Funds. A common name for School Funds is General Funds. The school has their own bank account. Contact the Reporting Specialist in Finance for School Funds setup, training and access.
- b. The ***Treasurer's Manual*** is a guide to answer your questions concerning accounting with your School Funds money. This manual can be found under the Finance Department or Internal Auditor's webpage.
  - New Treasurers will need to read this manual and refer to it often.
  - New Signature Card. Follow the treasurer's manual for setting up a new signature card.
  - Treasurer's Monthly Checklist. Print this out and use this each month to guide you until you become familiar with the process
- c. TRA training:
  - TRA is the software company for the School Funds accounting system. This company is located in Wilmington, NC.
  - Call TRA at 799-2252 for the next new user ½ day class. Your principal should approve this as there is a charge.
  - If your school runs a NHCS After School Program, then you will also need to be trained on an OSMS *School Care*. Call the Reporting Specialist in Finance for the next scheduled training at 799-2252.
  - ***School Funds Manual***. Once you have been given access to School Funds software and then log into the School Funds program, the manual for School Funds is under the drop down Help menu.
- d. Fees Due Training: Contact Emily Jones, Power School Coordinator at 254-4369.

### **3. Finance Training:**

- a. The Finance Department will provide access and training for the centralized account systems depending on your job responsibilities:
  - General Ledger (Budget)
  - Accounts Payable/DocAgent
  - Payroll and Speed
  - Fixed Assets
  - Purchasing and Warehouse
- b. Please contact AS 400 Operator in the Finance Department for access to the various centralized systems. She will confirm appropriate access with your supervisor and then forward the information to the appropriate staff in Finance and Purchasing Departments who will contact you to schedule your training. You may also contact Donna Rosser with any questions related to the scheduling of required training.
- c. Prior to training, please visit the Finance and Purchasing Departments webpages to review procedures and manuals related to your duties.
- d. You may contact the Purchasing Department for any questions about Purchasing training.

### **4. Other useful NHCS WebPages:**

- a. The NHCS web pages are valuable place for information. In order to become familiar with NHCS go to the NHCS webpage at [www.nhcs.net](http://www.nhcs.net) and go to any tab and click on it. Then go to the left side and click on departments.
  - i. For example: Find the Finance Department and click on it and then click the staff directory. You can do this same process to find out any central office staff directory, procedures and lots of other information. This should be the first place you look for a process or procedure.
- b. Here are a few areas that may be helpful:
  - i. Internal Auditors web page-There are inventory procedures, fraud hotlines and posters.
  - ii. Maintenance Web page-Key procedures are under the Building Access Procedures.
  - iii. Technology webpage-AUP forms and instructions.
  - iv. Maintenance and Technology work orders are at:  
<https://www.myschoolbuilding.com/myschoolbuilding/msbdefault.asp>

## 5. Mentor Training Checklist

You will be assigned a Mentor by the Internal Auditor. The below will give you a good start with School Funds along with reading your Treasurer's Manual. Use this checklist when you meet with your Mentor. This will need to be completed and turned into the Internal Auditor:

Date item completed	Description of item
	<b>Receipts.</b> Review their receipting procedures. Look at the teacher receipts, the Receipt Record and the treasurer receipts. Review how this is entered in Schools Fund and what reports are needed. Make sure that you can reconcile this money from start to finish.
	<b>Deposits.</b> Review how to compile a deposit, how to enter it into School Funds, what reports are needed and how often this needs taken to the bank for deposit.
	<b>Checks or disbursements.</b> Look at who successfully completes a check request, how to look at the account code, how to enter it into School Funds and how to print checks. Ask what the schedule is for check writing. Ask the process for when the treasurer or principal needs a check made out to them.
	<b>Monthly Reconciliations.</b> Look at the monthly reconciliation process. Go over how this process works in School Funds, what needs to be reported to Finance and who signs off on this process.
	<b>Filing System.</b> Ask to view all the files to see how the filing system is set up.
	<b>Other. Ask to see the process for the following items:</b>
	Stop payments.
	Outstanding checks and escheating.
	Returned Checks.
	Sales Tax.
	Fiscal Year End close out procedures.
	Calendar year end close out procedures
	Record Retention.
	Donations.
	Key Log.
	Library Log for fines
	Gate Receipts, if applicable.
	Paying officials, if applicable.
	After School, if applicable.

I have met with my mentor and we have reviewed all of the above.

\_\_\_\_\_  
Treasurer's Signature

\_\_\_\_\_  
Date



## Appendix B

### Forms

The following forms are provided to assist in performing treasurer duties.

Form Number	Form Name	Page Number
70-20	School Funds Check Request	66
70-21	Check Request for Officials	67
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