

# Standard Accounting System for the Special Funds of Individual Schools

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## STATE LAWS

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The sections of Article 31, "The School Budget and Fiscal Control Act" of the Public School Laws of North Carolina, applicable to the Special Funds of Individual Schools are as follows:

### ***§ 115C-442. Fidelity bonds***

(c) The treasurer of each individual school and all other officers, employees and agents of each local school administrative unit who have custody of public school money in the normal course of their employment or agency shall give a true accounting bond with sufficient sureties in an amount to be fixed by the board of education. The premiums on these bonds shall be paid by the local school administrative unit. Instead of individual bonds, a local school administrative unit may provide for a blanket bond to cover all officers, employees, and agents of the local school administrative unit required to be bonded, except the finance officer. The finance officer may be included within the blanket bond if the blanket bond protects against risks not protected against by the individual bond.

### ***§ 115C443. Investment of idle cash***

(a) A local school administrative unit may deposit at interest or invest all or part of the cash balance of any fund. The finance officer shall manage investments subject to whatever restrictions and directions the board of education may impose. The finance officer shall have the power to purchase, sell, and exchange securities on behalf of the board of education. The investment program shall be so managed that investments and deposits can be converted into cash when needed.

(b) Moneys may be deposited at interest at any bank, savings and loan association, or trust company in this State in the form of certificates of deposit or such other forms of time deposit as the Local Government Commission may approve. Investment deposits shall be secured as provided in G.S. 115C444(b).

(c) Moneys may be invested in the following classes of securities, and no others:

- (1) Obligations of the United States of America.
- (2) Obligations of any agency or instrumentality of the United States of America if the payment of interest and principal of such obligations is fully guaranteed by the United States of America.
- (3) Obligations of the State of North Carolina.

(4) Bonds and notes of any North Carolina local government or public authority, subject to such restrictions as the Secretary of the Local Government Commission may impose.

(5) Shares of any savings and loan association organized under the laws of this State and shares of any federal savings and loan association having its principal office in this State, to the extent that the investment in such shares is fully insured by the United States of America or an agency thereof or by any mutual deposit guaranty association authorized by the Commissioner of Insurance of North Carolina to do business in North Carolina pursuant to Article 7A of Chapter 54 of the General Statutes.

(6) Obligations maturing no later than 18 months after the date of purchase of the Federal Intermediate Credit Banks, the Federal Home Loan Banks, Fannie Mae, the Banks for Cooperatives, and the Federal Land Banks.

(7) Any form of investment allowed by law to the State Treasurer.

(8) Any form of investment allowed by G.S. 15930 to local governments and public authorities.

(d) Investment securities may be bought, sold, and traded by private negotiation, and local school administrative units may pay all incidental costs thereof and all reasonable cost of administering the investment and deposit program. Securities and deposit certificates shall be in the custody of the finance officer who shall be responsible for their safekeeping and for keeping accurate investment accounts and records.

(e) Interest earned on deposits and investments shall be credited to the fund whose cash is deposited or invested. Cash of several funds may be combined for deposit or investment if not otherwise prohibited by law; and when such joint deposits or investments are made, interest earned shall be prorated and credited to the various funds on the basis of the amounts thereof invested, figured according to an average periodic balance or some other sound accounting principle. Interest earned on the deposit or investment of bond funds shall be deemed a part of the bond proceeds.

(f) Registered securities acquired for investment may be released from registration and transferred by signature of the finance officer.

(g) It is the intent of this Article that the foregoing provisions of this section shall apply only to those funds received by the local school administrative unit as required by G.S. 115C437. The county finance officer shall be responsible for the investment of all county funds allocated to the local school administrative unit prior to such county funds actually being remitted to the school finance officer as provided by G.S. 115C437.

**§ 115C444. Selection of depository; deposits to be secured.**

(a) Each board of education shall designate as the official depositories of the local school administrative unit one or more banks, savings and loan associations, or trust companies in this State. It shall be unlawful for any money belonging to a local school administrative unit or an individual school to be deposited in any place, bank, or trust company other than an official depository, except as permitted by G.S. 115C443(b); however, moneys belonging to an administrative unit or an individual school may be deposited in official depositories in Negotiable Order of Withdrawal (NOW) accounts.

(b) Money on deposit in an official depository or deposited at interest pursuant to G.S. 115C443(b) shall be secured by deposit insurance, surety bonds, or investment securities of such nature, in a sufficient amount to protect the administrative unit or an individual school on account of deposit of moneys made therein, and in such manner, as may be prescribed by rule or regulation of the Local Government Commission. When deposits are secured in accordance with this subsection, no public officer or employee may be held liable for any losses sustained by a local school administrative unit because of the default or insolvency of the depository.

**§ 115C445. Daily deposits.**

Except as otherwise provided by law, all moneys collected or received by an officer, employee or agent of a local school administrative unit or an individual school shall be deposited in accordance with this section. Each officer, employee and agent of a local school administrative unit or individual school whose duty it is to collect or receive any taxes or other moneys shall deposit his collections and receipts daily. If the board of education gives its approval, deposits shall be required only when the moneys on hand amount to as much as two hundred fifty dollars (\$250.00), but in any event a deposit shall be made on the last business day of the month. All deposits shall be made with the finance officer or in an official depository. Deposits in an official depository shall be immediately reported to the finance officer or individual school treasurer by means of a duplicate deposit ticket. The finance officer may at any time audit the accounts of any officer, employee or agent collecting or receiving any taxes or other moneys, and may prescribe the form and detail of these accounts. The accounts of such an officer, employee or agent shall be audited at least annually.

**§ 115C446. Semiannual reports on status of deposits and investments.**

Each school finance officer shall report to the Secretary of the Local Government Commission on January 1 and July 1 of each year, or such other dates as the Secretary may prescribe, the amounts of money then in his custody and in the custody of treasurers of individual schools within the local school administrative unit, the amount of deposits of such money in depositories, a list of all investment securities and time deposits held by the local school administrative unit and individual schools therein. In like manner, each bank or trust company acting as the official depository of any administrative unit or individual school may be required to report to the Secretary a description of the surety bonds or investment securities securing such public deposits. If the Secretary finds at any time that any moneys of a local school administrative unit or an individual school are not properly deposited or secured, or are invested in securities not eligible for investment, he shall notify the officer in charge of the moneys of the failure to comply with law. Upon such notification, the officer shall comply with the law within 30 days, except as to the sale of securities not eligible for investment which shall be sold within nine months at a price to be approved by the Secretary. The Local Government Commission may extend the time for sale of ineligible securities, but no one extension may cover a period of more than one year.

**§ 115C447. Annual independent audit.**

(a) Each local school administrative unit shall have its accounts and the accounts of individual schools therein audited as soon as possible after the close of each fiscal year by a certified public accountant or by an accountant certified by the Local Government Commission as qualified to audit local government accounts. The auditor who audits the accounts of a local school administrative unit shall also audit the accounts of its individual schools. The auditor shall be selected by and shall report directly to the board of education. The audit contract shall be in writing, shall include all its terms and conditions, and shall be submitted to the Secretary of the Local Government Commission for his approval as to form, terms and conditions. The terms and conditions of the audit contract shall include the scope of the audit, and the requirement that upon completion of the examination the auditor shall prepare a typewritten or printed report embodying financial statements and his opinion and comments relating thereto. The financial statements accompanying the auditor's report shall be prepared in conformity with generally accepted accounting principles. The auditor shall file a copy of the audit report with the Secretary of the Local Government Commission, the State Board of Education, the board of education and the board of county commissioners, and shall submit all bills or claims for audit fees and costs to the Secretary of the Local Government Commission for his approval. It shall be unlawful for any local school administrative unit to pay or

permit the payment of such bills or claims without this approval. Each officer, employee and agent of the local school administrative unit having custody of public money or responsibility for keeping records of public financial or fiscal affairs shall produce all books and records requested by the auditor and shall divulge such information relating to fiscal affairs as he may request. If any member of a board of education or any other public officer, employee or agent shall conceal, falsify, or refuse to deliver or divulge any books, records, or information, with intent thereby to mislead the auditor or impede or interfere with the audit, he is guilty of a Class 1 misdemeanor.

The State Auditor shall have authority to prescribe the manner in which funds disbursed by administrative units by warrants on the State Treasurer shall be audited.

(b) When the State Board of Education finds that incidents of fraud, embezzlement, theft, or management failures in a local school administrative unit make it appropriate to review the internal control procedures of the unit, the State Board of Education shall so notify the unit. If the incidents were discovered by the firm performing the audit under subsection (a) of this section, the board of the local school administrative unit shall submit the audit together with a plan for any corrective actions relative to its internal control procedures to the State Board of Education and the Local Government Commission for approval and shall implement the approved changes prior to the next annual audit. Where the firm preparing the audit under subsection (a) of this section identifies significant problems with internal control procedures the local school administrative unit shall submit the audit together with a plan for any corrective actions relative to its internal control procedures to the State Board of Education and the Local Government Commission for approval and shall implement the approved changes prior to the next annual audit.

If the incidents were not discovered by the firm performing the audit under subsection (a) of this section, the State Board of Education and the Local Government Commission shall employ an audit firm to review the internal control procedures of that local school administrative unit. Upon completion of this review, the audit firm shall report publicly to the State Board of Education, the Local Government Commission, and the board of the local school administrative unit. If the State Board of Education determines that significant changes are needed in the internal control procedures of the local school administrative unit, the local board shall submit a plan of corrective actions to the State Board of Education and the Local Government Commission for approval and shall implement the approved changes prior to the next annual audit. The local school administrative unit shall pay the cost of this audit.

**§ 115C448. Special funds of individual schools.**

(a) The board of education shall appoint a treasurer for each school within the local school administrative unit that handles special funds. The treasurer shall keep a complete record of all moneys in his charge in such form and detail as may be prescribed by the finance officer of the local school administrative unit, and shall make such reports to the superintendent and finance officer of the local school administrative unit as they or the board of education may prescribe. Special funds of individual schools shall be deposited in an official depository of the local school administrative unit in special accounts to the credit of the individual school, and shall be paid only on checks or drafts signed by the principal of the school and the treasurer. The board of education may, in its discretion, waive the requirements of this section for any school which handles less than three hundred dollars (\$300.00) in any school year.

(b) Nothing in this section shall prevent the board of education from requiring that all funds of individual schools be deposited with and accounted for by the school finance officer. If this is done, these moneys shall be disbursed and accounted for in the same manner as other school funds except that the check or draft shall not bear the certificate of preaudit.

(c) For the purposes of this section, "special funds of individual schools" includes by way of illustration and not limitation funds realized from gate receipts of interscholastic athletic competition, sale of school annuals and newspapers, and dues of student organizations.



## RECEIPTS

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### ***Receipt Book Guidelines***

- All schools must use a pre-numbered receipt book available from the finance department in the central office. Each staff person in the school receiving or collecting school funds should be issued a receipt book. Receipts should be prepared in duplicate with the original given to the person from whom the money was received and the duplicate retained in the book. Annually, the treasurer should maintain a log of receipt books issued using [The Receipt Book Log form](#).
- When issuing a receipt, the following information should be completed: (1) Date of receipt, (2) Name of person from whom the funds were received, (3) Purpose for which the funds were received, (4) Amount of the receipt, (5) cash or check, and (6) Signature of person receiving the money.
- If a mistake is made in writing a receipt, the original and duplicate should be marked "VOID" and both retained in the receipt book. Do not try to change or correct any mistakes on a receipt. Always void the receipt and prepare a new one.
- Money received should be turned in to the school treasurer on a daily basis. A [cash count form](#) can be completed when the money is turned in. The treasurer will add teacher receipts to determine if they are in agreement with the cash turned in. The treasurer will then issue an original office receipt that should be attached to the teacher receipt book. The office receipt will reference the receipt numbers from the teacher's receipt book. Any difference should be fully explained. The total of the office receipts attached in the book should equal the amount of receipts issued from the teacher receipt book.
- Individual teacher receipt books should be numbered and controlled by the treasurer, so as to ascertain that all receipt books are accounted for during the year.
- A [list receipt](#) may be used for collections of \$5 or less and all collections must be for the same amount. The only exception is at open house. At open house a list receipt can be used for collections of \$10 or less. The list will be used to support the total amount turned in.

- All money received or collected by a school employee shall be receipted.
- Receipt books should not be issued to multiple persons. There should be only one person per receipt book.
- All money should be receipted in the teacher's receipt book before being turned in to the treasurer.
- The employee turning the money in to the treasurer should always bring the teacher receipt book to the treasurer at the same time the money is turned in. The treasurer should add all teacher receipts since the last time money was turned in to make sure the receipts are in agreement with cash turned in.
- All receipts should be written to a person's name and not a club, group, etc.
- An [approved concessions reconciliation form](#) shall be used to account for concession sales.
- A [ticket sellers report](#) shall be used to account for all events charging admission.
- All receipts issued from the teacher's receipt book should be in strict numerical sequence.
- All teacher receipt books should be kept in a safe place. They should not be left in an unlocked desk drawer or file cabinet because if they are lost or stolen, regardless of how much is receipted in the book, then the internal control over cash receipts for the school is adversely affected and the school's audit report will reflect this. When a receipt book is issued to a school employee, it is the employee's responsibility if the book is lost or mishandled. The receipt book should be as important to you as your own checkbook
- Under no circumstances should students be allowed to write receipts in the teacher receipt book. Only the sponsor or advisor of clubs, etc. should issue teacher receipts.

- If possible, all money turned in to the school office should be counted by the treasurer in the presence of the individual turning in the money. This avoids any discrepancies arising over the amount turned in. The treasurer should bring any discrepancies in teacher receipts to the immediate attention of the principal and individual concerned.

## DEPOSITS

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Each school shall have a contingency plan on how money will be receipted and deposited in the absence of the school treasurer. Funds cannot be left undeposited simply because the school treasurer is not at work. Section 115C-445 of the General Statutes speaks to depositing funds on hand when they amount to as much as two hundred and fifty dollars (\$250.00) on any given day. In addition, all funds on hand, regardless of the amount, should be deposited at the end of each week. If computerized receipts are used, a manual (sequential numbered) receipt book should be on hand for receipts issued by someone other than the school treasurer.

### ***Deposit Procedures and Guidelines***

- When the treasurer is ready to make a deposit, the procedures for posting deposits in School Funds Online should be followed. See the School Funds Online Procedures manual. A Deposit Summary Report should be printed from School Funds Online. This report shows the details of the deposit.
- All funds collected in the school must be deposited in a bank selected by the finance officer and the principal for each school.
- Unless not feasible in a particular circumstance, the individual making a deposit should not be the individual that collects, prepares, and/or records the deposit.
- Deposits are to be made daily. All money received should be deposited intact to the bank. No funds should ever be expended in cash before being deposited.
- In making a bank deposit, the date of the deposit should be entered at the top of the bank deposit ticket. All currency and silver should be entered at the place designated for that purpose, and each check deposited should be listed individually by the name of the payer on which it is drawn, showing the amount of each check on the deposit ticket or if there are numerous checks, the treasurer may write "See Attached Tape" and record the total amount of the checks on the deposit slip.
- All checks received should be immediately endorsed on the back of the check using the school provided stamp.

- The total shown on the deposit ticket must agree with the total on the Deposit Summary Report. The duplicate and bank stamped deposit ticket should then be attached to the Deposit Summary Report as well as all School Funds Online office receipts associated with that deposit.
- If the bank corrects an error made on the deposit ticket, the correction should be attached to the duplicate ticket and the deposit should be adjusted in School Funds Online.

***Returned Checks***

- Occasionally, checks which have been deposited in the school bank account will bounce due to insufficient funds, the bank account being closed, an unauthorized signature, etc. When this occurs, the bank charges (debits) the amounts back to the school's bank account.
- When checks are bounced, the process of trying to collect from the issuer is handled by Checkredi. The bank sends the bounced check to Checkredi.
- It is important to make sure a phone number is listed on all checks accepted. Checkredi will only guarantee checks that list a phone number and the return reason as NSF. Checkredi will make an effort to collect on all other checks returned for a reason other than NSF. However, the school will not receive reimbursement until Checkredi has collected the funds.
- When the deposit is returned on the bank statement, an adjustment should be made in School Funds Online to reflect this chargeback by making an entry under "Journal Entries – Returned Check." The transaction date should be the date the check was noted as returned on your bank statement. The name and check number should be listed in the Reference field of the journal entry. The entry should be posted to the same account that the check was written from.

- When Checkredi is able to collect on a bad check, the check is re-deposited. When this is noted on the bank statement, the deposit should be recorded in School Funds Online using the following steps:
  - Select “Journal Entries”
  - Select “Returned Checks”
  - The transaction date should be the date that the check was re-deposited on your bank statement.
  - From the “Returned Checks Not Repaid” drop-down box select the re-deposited check.
  - **The “Repayment” field should be changed to ‘Y’ for yes.**
  - The “Reference” field should indicate “Repayment by Checkredi”

#### ***Change Funds***

- When a check is written for change to be used for pageants, carnivals, athletic events, etc. it should be charged to the appropriate fund as an ordinary check would be done. Checks are to be written to cash.
- After the event, when the change is re-deposited, the change amount should be listed separately from the proceeds of the event.
- The proceeds from the event should be receipted in School Funds Online. The regular Deposit Summary Report for the day would reflect the event’s proceeds along with any other receipts collected that day for other funds.

## TECHNOLOGY FEE

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All students at the middle and high schools are issued a district provided computer device (laptop). This laptop is to be issued to the student at the beginning of the school year and collected from the student at the end of the school year. All students who are issued a device will be assessed a \$50 technology fee. Students that provide proof of receiving free school meals will be assessed a \$25 technology fee. Students that provide proof of receiving reduced school meals will be assessed a \$40 technology fee. No refunds are provided when a student withdraws. Likewise, no fee reduction is provided when a student enrolls subsequent to the first day of school. Each individual school should develop collection and accountability procedures specific to their individual school environment. However, below are district-wide expectations of what should be included in each school's collection and accountability plan.

### ***General Guidelines***

- An administrator at each school should be tasked with organizing, overseeing and reviewing the collection process.
- Parents should be offered the opportunity to pay the fee online. Also, parents should be given the opportunity to pay the fee in installments, if requested.
- All students should be issued laptops at the beginning of the school year, regardless of payment status.
- A procedure should be in place to contact parents who are delinquent with their payments. All payments are expected to be made by the first Monday in October.
- All necessary repairs should be coordinated by your technology staff. Any necessary expense will be incurred by the district. The school should not incur any expense related to device repairs or replacements.

### ***Accountability Guidelines***

- At the beginning of each school year a master list of each student should be established. Annually, the Student Testing and Accountability Department or your Data Manager should be able to assist with the compilation of this list.

**Accountability Guidelines (continued)**

- The district will provide each school with a Google workbook that is to be used to document the student collections. This workbook should reconcile to the Technology Fees collected in School Funds Online.
- **At the minimum, weekly**, the bookkeeper should reconcile the fees noted as collected on the Student Master List with the revenue recorded for the Technology Fee in account #7.500. After the rush of collections has passed, this weekly reconciliation will not be necessary.
- Periodically during the year, the District Finance Department will request that all middle and high schools remit a check payable to Iredell-Statesville Schools for the Technology Funds collected and posted in account #7.500.



## DISBURSEMENTS

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### *Purchasing*

- Purchases and contracted services shall be managed in strict accordance with the spirit and letter of laws and regulations governing public funds.
- Iredell-Statesville Schools personnel are to comply with laws related to purchasing by public schools and the Purchasing Manual of North Carolina, as well as the procedures outlined in the Iredell-Statesville Schools Purchasing Manual. The finance officer is responsible for establishing and maintaining the Iredell-Statesville Schools Purchasing Manual.
- No school employee will initiate any purchase in the name of the school system or any individual school without proper authorization. Unauthorized purchases shall be the personal liability of the purchaser.
- No officer, agent, manager, teacher or employee of the Board of Education shall obtain a direct benefit from a contract that he or she is involved in making or administering on behalf of the Iredell-Statesville Schools. An employee is involved in administering a contract if he or she oversees performance of the contract or has authority to interpret or make decisions regarding the contract.
- No officer, agent, manager, teacher or employee shall receive directly or indirectly any gift, emolument, reward or promise of reward for his/her influence in recommending or procuring the use of any manufactured article, goods, wares, or merchandise of any nature or kind whatsoever for use by any schools.
- School equipment and materials are purchased with public funds for use in the educational programs of the schools. Therefore, school owned equipment is not available for loan or use by persons not employed in the system. All use of school equipment and materials shall be under the direction of an employee of the school system in conjunction with a school function.

### *Invoices*

- An invoice is a bill that gives an itemized list of goods and/or services purchased from a particular company. The list includes the quantity, description, price, terms, date, etc of the merchandise/services purchased.

- When invoices are received, the person who received the goods/service should indicate on the invoice or purchase order that the goods/services have been received. Invoices should not be paid until the goods/services are received.
- The invoices should be forwarded to the treasurer for payment. The treasurer should then check the invoices for correctness as to quantity, unit price, extensions, and total amount. The principal is to authorize payment.
- If the vendor sends statements, the charges on the statement should be checked against the invoices, and the invoices should be attached to the statement to support any cash disbursement. When multiple invoices are paid with a single check each invoice must be fully documented. No payments are to be made from the statement only.
- Invoices should be paid promptly in order to claim any allowable discounts. Long-term purchases should not extend beyond the school year. Invoices or substitute invoices should be approved for payment by the principal and the club or group sponsor, if applicable, before payment is made.
- Sales tax paid should be properly recorded in School Funds Online as sales tax so as to be eligible for reimbursement when the district files the annual sales tax return with the State.
- All disbursements must be supported by documents that indicate what was purchased.
- Original invoices, not copies, should always be retained by the school to support the disbursement.
- A copy of the check is attached to the invoice to cancel the invoice. Unpaid invoices and obligations of the school should be paid prior to June 30.

***Reimbursement to School Personnel***

Employees should not be encouraged to charge items for school purchases. If an employee must buy an item at a store where no school charge account is available, purchases should NOT be combined with purchases for personal use. Further, should an employee order product online, the 'ship to' address should be the school address, not the employee's personal address.

If it is necessary to reimburse an employee who also signs the check reimbursing them, the finance officer needs to approve the expenditure and sign the check. Every effort should be made to avoid this situation. The invoice supporting the payment should be attached.

***Checks***

- Printed checks can be secured from the bank, TRA, or printing firms. All checks should be pre-numbered. The checks should be printed with the exact name and address of the school, the account number and two signature lines.
- Checks should be written only when supported by documents indicating evidence of receipt of goods and the principal's approval.
- No school funds should be disbursed in cash. No check should be issued in payment of any item for which an invoice would normally be furnished until the invoice has been furnished to support the issuance of the check. In some cases, the school fund or accounts, such as the Senior Class Fund, may have a designated treasurer. The club advisor, in addition to the principal, should approve each purchase and expenditure from these funds.
- All checks should be printed from School Funds Online.
- After every check run, a Check Register Report should be printed. This report should be filed with all the invoices paid on that date.
- In case an error is made in writing a check, it should be marked "VOID", remove the signature line, then the check should be filed with that month's invoices in check number order. The check should also be voided in School Funds Online. No attempt should be made to correct a check written in error.

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- When checks are presented to the principal for signature, they should be completely filled in and the supporting documents should accompany the checks. Checks should never be signed in advance or in blank.
  - Cancelled checks are not returned with the bank statement. However, the bank statement does have images of the cleared checks. The principal should review the bank statement monthly and should review the check images for any irregularities.
  - The school treasurer should log onto the online banking website daily to check for any unusual activity.

## TRANSFERS

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When an amount is subtracted from one account/fund and added to another account/fund, a Transfer has occurred.

Fund Transfers do not involve a cash transaction. Part of the fund balance in one account/fund is being “moved” to another account/fund to be disbursed there. Transfers will neither increase nor decrease total cash.

Transfers to or from the Social account are not allowed.

### ***Reasons for a Transfer***

The following are examples of possible reasons for transfers (the examples are not intended to be all-inclusive.)

#### *Account/Fund Transfers:*

1. Certain account/funds have overspent in the past and the principal authorized transfers from the General Fund to eliminate the deficits in the accounts/funds.
2. Fund raising activity funds are moved to the General Fund.

## SCHOOL FUNDRAISING ACTIVITIES

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### *General Guidelines*

1. Requests to initiate fundraising activities should be submitted to the principal on the [Proposed Fundraising Activities Form](#) for approval. The report must be filed in the school office before any fundraising activity is initiated and prior to making any commitment to vendors. Once approved, one copy of the form should be maintained on file in the school office.
2. Annually each school must complete a School Fundraising Forecast. The forecast should consist of all fundraisers approved by the Principal via the Proposed Fundraising Activities Form. The forecast can take the form of listing the scheduled fundraisers on a calendar and is subject to change and updating throughout the year.
3. Each fundraising project is limited to a two-week selling period or a specific time period approved on the Proposed Fundraising Activities Form.
4. Individual school picture packages, book fairs, and school supply stores are a service to students and parents and are not considered fundraising projects. The vendor must provide an analysis of the commissions earned. This analysis should be reviewed for accuracy.
5. Whenever possible, fundraising activities should demonstrate the district's commitment to promoting healthful behaviors and improving personal wellness. Selling nutritious foods reinforces nutrition messages taught in classrooms and lunchrooms. No food or drink sales are permissible until the last lunch is served by the cafeteria.
6. **Booster/Volunteer Funds can be donated to support school activities.** These are monies raised by volunteer groups that support school organizations but operate independently of the school district. These organizations include PTO and other parent-faculty clubs, special interest groups, and booster clubs. These organizations should register with the State of North Carolina and operate as non-profit organizations.

***Accounting Procedures for School Fundraising Activities***

1. Staff members and/or advisors of school clubs or school activities involved in fundraising must receive the following record-keeping material/financial forms:
  - a. Proposed Fundraising Activities Form
  - b. Receipt Book – if not previously issued to the teacher/club
  - c. Inventory Control for Product Sales Form – if applicable
  - d. Profit Analysis Report Form
  - e. Coin and currency wrappers (on request)
  
2. Members of school staff are personally responsible for all products and any money handled during fundraising activities.
  - a. Security arrangements for all products are to be made with an administrator. With permission of the principal, fundraising products may be kept in classrooms overnight if they are locked in a secure place.
  - b. Students should take orders prior to the actual delivery of products whenever possible. Students are limited to handling goods valued to no more than \$30.00 before additional products are released for distribution, unless accompanied by a parent or responsible adult.
  - c. Monies collected from students must be turned over to the staff member in charge of finances each day.
  - d. A receipt book must be kept by each fundraising advisor with a record of monies received, including students' names and dates. Receipts shall be given to students each time money is received from them.
  - e. All invoices related to the payment for fundraising merchandise must be submitted to the bookkeeper.
  
3. All monies collected in school fundraising activities must be deposited intact in the school's checking account. No fundraising expenses or payments of merchandise can be made from these receipts.
  - a. Under no circumstances is money to be kept in classrooms, taken from the building by the fundraising advisor, or deposited in private accounts.
  - b. Staff members or students are prohibited from opening private bank accounts for money generated from school activities or using the school's name for private activities or private fundraising.

4. Fundraising events must show a reasonable profit at the conclusion of the sale. The fundraising advisor, in conjunction with the school treasurer, must complete a Profit Analysis Report (this can take the form of an Event Activity Report from School Funds Online) to determine the profitability of the fundraiser. This analysis should be used to determine if the fundraiser will be offered the following year.
5. All unsold inventory should be promptly returned to the vendor, if allowable. The refund check should be credited to the expense account from which the original purchase was debited.
6. All financial records relating to fundraising activities must be retained for a period of five years for audit purposes.
7. All fundraising activities are subject to periodic audits by Board internal auditors and/or the Iredell-Statesville Schools' independent auditing firm. Only the school principal shall have authority to approve school fundraising contracts.
8. Faculty advisors assume personal responsibility for all monies collected up until those monies are deposited with the school office.



## Sales and Use Tax

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1. School sales of personal tangible property for consumption or use are subject to State and Local sales and use tax. The Iredell-Statesville School System can not waive the non-payment of sales and use tax.
2. A school must apply for and obtain a license (unless already licensed) from the North Carolina Department of Revenue to conduct sales.
3. Registered schools should furnish their suppliers a Certificate of Exemption (State Form E-595E) as the vendor's authority for not collecting the applicable tax on items purchased for resale.
4. Sales in school stores, student lounges and/or teacher lounges of pencils, paper, various school supplies, soft drinks, and snack items are subject to sales and use tax.
5. Sales of school pictures, annuals, books at book fairs, concessions or other types of fund raising sales do not qualify for exemption and are subject to sales and use tax. When the school acts as an agent or solicitor for a vendor and receives a commission or fee for soliciting the sale, then the vendor (not the school) is liable for collecting and remitting sales tax on the gross receipts (including the commission earned by the school) from the sale.
6. Sales from certain school affiliated organizations (parent organizations) may qualify for exemption from sales tax on annual fund-raising activities if conditions set forth in NC General Statute 105-164.13 (34) and (35) are met.
7. Permanent school organizations which may have existence outside of or away from the school setting such as the National Honor Society, the Key Club, etc. qualify for up to six sales tax exempt fundraisers annually. The same club cannot have two tax exempt fundraisers at the same time.
8. School authorized organizations which normally do not have existence or recognition away from the school setting such as the Senior Class, German Club, Math Club, etc. qualify for one sales tax exempt fundraiser annually. The fundraiser must start and end within a 60 day period.
9. A school cannot have a tax exempt fundraiser. The fundraiser must be sponsored by a club within the school.

10. It is assumed that applicable State and Local taxes are included in the sale price of the merchandise purchased from local vendors or suppliers. Therefore, schools do not report or remit taxes due on local purchases
11. *Purchases from NC vendors and suppliers outside of Iredell County:* It is assumed that applicable State taxes are included in the sale price of the merchandise. If such suppliers do not include applicable sales and use tax in the sale price of the merchandise it is not necessary to remit the sales tax to the State.
12. *Purchases from out-of-state vendors or suppliers:* Some out-of-state vendors or suppliers are registered with the state and will include applicable state and local taxes in the sales price of their merchandise. However, if sales tax is not charged by the vendor, applicable state and local taxes due should be reported on and remitted with the Monthly Sales and Use Tax Report.
13. Sales and Use Tax Reports must be filed monthly on or before the 15th day of each calendar month for all taxes due for the preceding calendar month. The North Carolina Department of Revenue may allow a school to pay quarterly rather than monthly.
14. Schools reporting directly to the North Carolina Department of Revenue, Sales and Use Tax Division, should use the pre-printed coupon book form provided by the State. There is also the option of using a computerized form available on-line.
15. Disbursements for sales and use tax should be charged to the particular account(s) to which the purchases were charged.
16. A local school administrative unit is allowed an annual refund of *local* sales and use taxes paid except for sales tax collected and remitted on school sales. The district files this annual return and will compile the schools information by running the Sales Tax reports from School Funds.
17. All invoices and records necessary to determine the amount of sales and use tax due must be retained for three years.
18. Parent organizations are encouraged to donate a product rather than to donate cash to the school to purchase the product. The parent organization, if properly registered, is eligible to be refunded *both* State and Local sales tax whereas the school can only be refunded for the *Local* sales tax.

## ATHLETIC AND DRAMATIC PERFORMANCES

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### ***Admission Fees***

Admission fees to athletic events, dramatic performances, etc. are to be accounted for by the use of pre-numbered theater-type tickets. The supply of tickets available will be established by an inventory of tickets at the beginning of the sales activity. The remaining tickets based on an inventory of the unused tickets at the end of the sales period will measure the tickets sold. A representative other than the ticket sales persons should collect the tickets at the door to assure that all attendees pay the admission fees. A [Report of Ticket Sales Form](#) is to be prepared to reconcile the tickets issued to the cash collected. Two individuals should sign the form to attest as to accuracy of the funds remitted for deposit. This report should be kept by the school with the deposit documentation. Do not use Athletic tickets for events or activities other than Athletic events. Another type of ticket should be acquired for these events.

Tickets are to be maintained in the school office. The school treasurer will issue tickets prior to the event then verify the Ticket Sales Form report after the event. All tickets are to be accounted for. Complimentary tickets are to be noted.

### ***Deposits***

Athletic and dramatic performances' deposits are more difficult to handle since the monies are often collected after the school treasurer has left for the day. Cash collected from high school football games should be taken to the bank the night of the event and put in the night drop box. Should the deposit not be prepared the night of the event, the school should retrieve the bag from the bank the next working day and 'work up' the deposit. All other night collections can be kept in a secure, locked location on the school site.

## 1099 Vendors

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School Funds Online tracks payments made to vendors. If payment is made to a nonemployee in the amount of \$600 or more during a calendar year, Iredell-Statesville Schools is required to supply this individual with a 1099-MISC.

Nonemployee compensation is generally reported if the following four conditions are met:

1. The payment was to someone who is not an Iredell-Statesville Schools employee
2. The payment was for **services**
3. The payment was to an individual, partnership, estate, or in some cases a corporation
4. Payments to the payee were at least \$600 during the year.

The following are some examples of payments to be reported. This list is not all-inclusive.

- Professional service fees, such as fees to attorneys, accountants, architects.
- Payment for services, including payment for parts or materials used to perform the services if supplying the parts or materials was incidental to providing the service.
- A fee paid to a nonemployee, including independent contractor and athletic officials.
- Payments to nonemployee entertainers for services.

Payments made to nonemployees by individual schools should be reported to the Finance Department by January 5th each year in order for 1099-MISC to be processed accurately and timely. School Funds Online has a 1099 Report under the Reports menu, Vendor reports. This report will provide all the needed information to the Finance Department.

## RECONCILIATION OF BANK ACCOUNT

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### ***Bank Statement***

At the end of the month, the bank will render a statement to the school. The statement shows the balance at the beginning of the month, deposits, the checks paid, other charges or credits during the month, and the balance at the end of the month. The statement can also be viewed on-line by logging into your on-line banking account. This on-line statement will be available before the hard copy is received in the mail.

### ***Reconciling the Bank Account***

The balance shown by the bank statement will rarely agree with the school's books. Items may appear on the school's books that have not yet been entered on the bank statement, such as outstanding checks not presented to or paid by the bank, and deposits in transit. Items may also appear on the bank statement, which have not yet been entered on the school's books, such as service charges or interest. For the above reasons and numerous others, the bank statement should be reconciled with the school's books as soon as possible after it has been received.

The procedure for reconciling the bank account involves the following steps:

- 1) Start the bank reconciliation in School Funds Online (Bank Recon menu)
- 2) Check the statement ending date. It should be the last day of the month being reconciled.
- 3) Enter the Statement closing balance.
- 4) Clear deposits that have cleared the bank statement.
- 5) Record journal entries for online deposits, interest and all *paid* NSF checks. The total month deposits in School Funds Online should equal the total deposits on the bank statement.
- 6) Print the Deposits in Transit report.
- 7) Clear all checks that cleared on the bank statement.
- 8) Record journal entries for any charges on the bank statement, such as NSF checks. The total debits on the bank statement should equal the cleared checks and journal entries.
- 9) Print the outstanding check report.
- 10) Should you have any bank errors or other misc reconciling items that will clear the next month, record those as Other Non-Posted Items.
- 11) Once reconciled, be sure to click 'Finished'.
- 12) The bank reconciliation should be signed by the Principal and faxed to the Finance Department by the 15<sup>th</sup> of the month.

***Lost Checks***

If a check does not clear the bank after 60 days the payee needs to be contacted. If the check has been lost or the payee never received the check an affidavit needs to be sent to the payee to fill out before a new check can be reissued. A sample affidavit can be found on the finance webpage. There is a bank fee of \$25 for a stop payment; therefore, you will need to use your judgement if a stop payment needs to be issued on a check under \$100, but over \$25. If the check is over \$100 a stop payment must be issued before a new check is written. The stop payment fee should be charged to the account that the check was written out of.

***Interest Earned***

Interest earned on the checking account will be used to cover various banking expenses (checks, deposit slips, coin wrappers, etc). Interest will be posted to the General Fund. Interest is to be posted at the end of each month.

***Escheats***

North Carolina law does not allow a check to be voided simply because it has not been cashed. Every attempt should be made to try and contact the payee to determine why the check has not been cashed. Old outstanding checks are required to be escheated (remitted) to the State. Annually, the Finance Department will escheat all old outstanding checks to the State. An email with detailed instructions will be send to all treasurers.

## TRAVEL

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A staff development request is to be completed in advance of all travel and must be approved by the immediate supervisor or principal. All out of state travel must also be approved by the Superintendent. The school treasurer must receive the [approval form](#) at least one week prior to the activity. Reimbursement requests for travel should be within 30 days of the travel dates.

### ***Mileage***

The Superintendent is authorized to approve payment of mileage and subsistence costs for school personnel who are engaged in necessary and approved travel based on State rates.

Mileage reimbursement is to be paid at the Board or IRS approved rate/mile. Requests for mileage reimbursement must be submitted monthly.

Principals and Assistant Principals receive a payroll allowance for mileage. Therefore there should be no requests for mileage reimbursements from anyone serving in these positions. The only exception is for trips that are in excess of 100 miles from the school.

### ***Receipts***

Receipts are required for ALL items requested for reimbursement (except mileage). The following are acceptable receipt documentation:

- Actual receipts – NOT credit card or bank account statements
- Detailed restaurant receipts – NOT just the credit card slip that shows the total and the tip amount

The following expenses are **NOT** eligible for reimbursement:

- Excess baggage charge (extra fee for baggage being over the weight limit)
- Taxi fares for sightseeing trips or any other extracurricular travels
- Entry fee to museums, movies, etc
- *Lunches* when not staying over night
- Airline fees paid for early boarding or seat preference
- Alcohol
- Snacks in between meals
- Personal car service in lieu of a taxi (allowed only if less than taxi fare)
- Meals for spouses
- Second checked bag fee (district only reimburses the cost of checking one bag)

- Two trips to the airport (district only reimburses one trip to the airport, not two for someone to drop off and pick up)
- No flights allowed for in-State travel.

**Meals**

Meals are reimbursable for overnight travel. Employees may be reimbursed for meals for partial days of travel when in overnight travel status and the partial day is the day of departure or the day of return. The following applies:

- **Breakfast:** depart duty station prior to 6:00 am and extend the workday by 2 hours
- **Lunch:** depart duty station prior to Noon (day of departure) or return to duty station after 8:00 pm (day of return) and extend the work day by 3 hours.
- **Dinner:** depart duty station prior to 5:00 pm (day of departure) or return to duty station after 8:00 pm (day of return) and extend the workday by 3 hours.

The travel must involve a travel destination located at least 35 miles from the employee's regularly assigned duty station or home, whichever is less. If the travel meets the aforementioned mileage restrictions and is NOT overnight, breakfast and dinner are eligible for reimbursement if the departure and arrival time requirements are met.

Tips are included in the meal allowance set annually by the State. Excessive tips will be deemed unallowable.



## OTHER FINANCIAL INFORMATION

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### ***Loans of School Funds***

Personal loans from school funds are not authorized.

School treasurers, principals, or other persons making unauthorized loans will be held directly responsible and will be required to make immediate restitution.

### ***Employee Separation of Duty***

When an employee who has been assigned a receipt book leaves the school system a thorough check of the receipt book should be made by the school treasurer to determine that no discrepancies or other problems exist which should be corrected before the employee leaves or receives their final paycheck.

### ***Gift Certificates***

Cash and cash equivalents, such as gift certificates, are not allowed to be given to school employees. This is considered a form of compensation and would require benefit and tax reporting. The only exception are gift cards purchased from a 'Social Account'.

### ***Raffles***

Cash raffles are allowable. Tickets must be issued, and proceeds are NOT to be paid out from the cash collected. All cash collected should be deposited. The winner of the raffle should be written a check for their winnings.

Raffles involving non-cash prizes are not allowable. Only parent organizations can offer such a raffle.

### ***Gifts***

The Superintendent or designee must approve non-cash gifts to a school before they are accepted. In addition, gifts that necessitate renovation of school property, extensive installation procedures or construction work shall be presented to the Board for consideration. Furthermore, all gifts with a value over \$1,000 shall be presented to the Board for consideration. All donations become the property of the school system and will remain with the school system only so long as they serve a useful purpose.

**Grants**

▲ Any grants received by the school in excess of \$5,000 should be remitted to the Finance Department. The Finance Department will segregate the funds and make them available to the school for spending. The grants will carryover from one fiscal year to the next, if need be.

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## YEAR-END CLOSING PROCEDURES

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Internally, we require the following be completed:

- Deficits in any non-athletic accounts remaining should be eliminated by transfers from the General Fund or other accounts as designated by the Principal.
  
- All records should be boxed up and retained. This includes but is not limited to:
  - Teacher receipt books and the receipt book list
  - Bank deposit information
  - Bank statements and reconciliations
  - Purchase orders and invoices
  - Any void checks
  - Fundraiser information

School funds financial records should be retained for three years. However, at the end of the three year retention period, the records should not be destroyed if there is outstanding litigation, claim, audit, or other official action involving the records. After the conclusion of the litigation, claims, audit, etc the records can be destroyed.