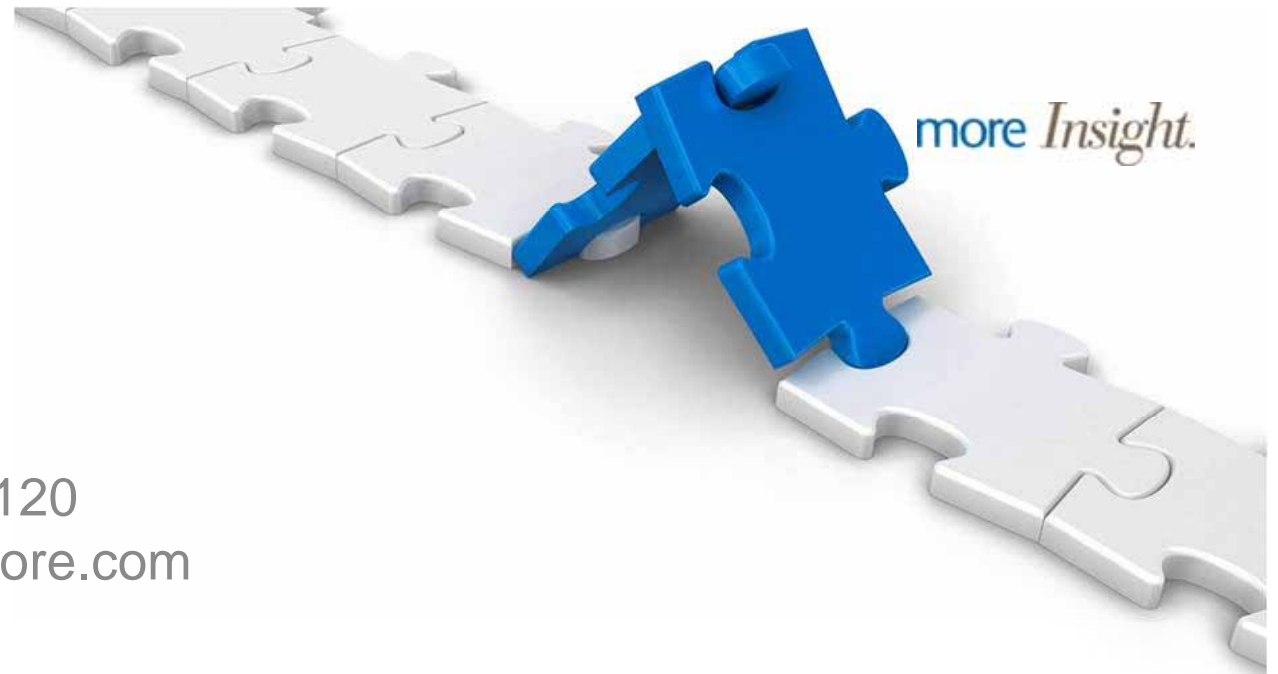




more *Insight.*

Contracts, Leases, & Property:

A Refresher on Polices 8200 and 1224.1



Presenters

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We will be covering

- Tips for entering into contracts and leases
- State law and legal requirements for schools entering into contracts, including prevailing wage, public bid, and length of term
- Disposing of property - real and personal
- Accounting and purchasing policies and procedures
- Parent-teacher associations, booster groups and school support organizations

Policy 8200—The Basics

▶ Competitive Bid Thresholds

- ▶ Purchases costing less than \$5,000
 - ▶ Competitive bids are not required (encouraged)
 - ▶ Approved purchase order is required
- ▶ Purchases costing between \$5,000 and \$10,000
 - ▶ Competitive bids are required
 - ▶ Minimum 3 verbal quotes obtained
 - ▶ Keep documentation of the name of the vendor and its representative, name of the Board representative, date, commodity, and price
 - ▶ Approved purchase order is required

Policy 8200—The Basics

▶ Competitive Bid Thresholds

- ▶ Purchases costing between \$10,000 and \$25,000
 - ▶ Competitive bids are required
 - ▶ Minimum 3 written bids received
 - ▶ Bids must be available for public view during normal business hours
 - ▶ Approved purchase order is required

Policy 8200—The Basics

▶ Competitive Bid Thresholds

- ▶ Purchases costing between \$25,000 and \$50,000
 - ▶ Competitive bids required
 - ▶ Solicit from at least 3 known suppliers
 - ▶ Good faith effort to solicit bids required (or solicit from vendor list)
 - ▶ Can waive requirement to advertise when: 1) vendor is considered the sole source; 2) when it is determined to be in the best interests of the Board; or 3) when professional, technical, or specialized services are being acquired under an agreement (reason for waiver must be documented)
 - ▶ Any and all bids may be rejected
 - ▶ Request and bids must be available for public view during normal business hours
 - ▶ Approved purchase order is required

Policy 8200—The Basics

▶ Competitive Bid Thresholds

- ▶ Purchases costing \$50,000 or more
 - ▶ Solicitation must specify that bids are to be sealed
 - ▶ Request for bids must be advertised
 - ▶ Bids must be publicly opened at the time and place announced in the invitation
 - ▶ Can waive requirement to advertise when: 1) vendor is considered the sole source; 2) when it is determined to be in the best interests of the Board; or 3) when professional, technical, or specialized services are being acquired under an agreement (reason for waiver must be documented)
 - ▶ Any and all bids may be rejected
 - ▶ Request and bids must be available for public view during normal business hours
 - ▶ Approved purchase order is required

Tip: Requests for Proposal

- ▶ RFP should contain all material terms of the contract
- ▶ RFP solicits offers; you want the offer to include any terms that are important to you
 - ▶ Commonly-Forgotten Examples:
 - ▶ Term
 - ▶ Prevailing Wage
 - ▶ In services contracts, specific services covered
 - ▶ In supply contracts, information regarding requirements

Tip: Open-Ended Contracts (A.K.A. Supply Contracts)

- ▶ Even though quantity is unknown, supply contracts are still competitively bid
- ▶ Request for Proposal should give any necessary information for the bidder to determine what the requirements are likely to be
- ▶ Bidders provide a proposed price and commodity but do not provide the quantity

Tip: Term

- ▶ Cannot expend money from future levies
- ▶ Thus, contracts with terms of more than 12 months must permit the Board to cancel the contract without incurring fees
- ▶ No issue if the term extends beyond 12 months but the costs are entirely paid within the first 12 months

Tip: Term (continued)

- ▶ Sample Language (Appendix C):

Fiscal Year Funding: Service performed under the agreement may be continued in succeeding fiscal years for the term of the agreement, contingent upon funds being appropriated by the Legislature or otherwise being available for this service. In the event funds are not appropriated or otherwise available for this service, the agreement shall terminate without penalty on June 30. After that date, the agreement becomes of no effect and is null and void. However the Agency agrees to use its best efforts to have the amounts contemplated under the agreement included in its budget. Non-appropriation or non-funding shall not be considered an event of default.”

Tip: Term (continued)

- ▶ Be wary of the ‘best efforts’ language
- ▶ Don’t agree to notice provisions in subsequent fiscal years, unless you can agree to the notice period
 - ▶ Example:
 - ▶ Fiscal year ends June 30
 - ▶ Notice required is 90 days
 - ▶ Will your budget for new fiscal year be approved 90 days ahead of fiscal year?

Policy 8200—The Basics

- ▶ Alternative procurement procedures in certain circumstances
 - ▶ Examples:
 - ▶ Unique product available from only one source
 - ▶ Item is available from a statewide contract, and ‘piggy-backing’ is permitted
 - ▶ Item is available from a local purchasing cooperative such as a RESA or a government purchasing cooperative that has already obtained competitive bids (such as the Association of Educational Purchasing Agencies)

Policy 8200—The Basics

▶ Exemptions from Competitive Bid Requirements

▶ Examples:

- ▶ Professional services (accounting, audit, attorneys, medical services)
- ▶ Facility rentals
- ▶ Advertising
- ▶ Postage
- ▶ Training activities
- ▶ Utilities

Policy 8200—The Basics

▶ Construction Projects

- ▶ All projects exceeding \$25,000 in total cost must be competitively bid (except in emergencies)
- ▶ Contract shall be awarded to lowest qualified responsible bidder
- ▶ May reject any and all bids
- ▶ Prevailing wage rates required
- ▶ All contracts in excess of \$10,000 must be in writing
- ▶ Change orders cannot be used to expand the scope

Tip: Construction Contracts

- ▶ SBA requires form documents produced by the American Institute of Architects (AIA)
- ▶ No AIA (or any) form should be signed without some modifications
 - ▶ Examples:
 - ▶ Arbitration
 - ▶ Jurisdiction
 - ▶ Statute of limitations
 - ▶ Limitation of liability
 - ▶ Termination charges
 - ▶ Fiscal Year Funding

Tip: Construction Contracts

- ▶ In the very least, consider Form 96 or Appendix C to Policy 8200
- ▶ Benefits:
 - ▶ Standard forms in the State (known to contractors, vendors, and architects)
 - ▶ Modifies typically bad language
 - ▶ Can tell contractors it's non-negotiable
 - ▶ Best for smaller projects, in which bargaining power is more balanced

Tip: Construction Contracts

- ▶ Drawbacks to Form 96 or Agreement Addendum
 - ▶ Like all forms, one-size-fits-all approach
 - ▶ In larger contracts, need to consider the details more closely (term, substantial completion, liquidated damages, etc.)
 - ▶ In a larger contract, you have greater bargaining power—use it to your advantage

Tip: Lowest Qualified Responsible Bidder

- ▶ What is the Lowest Qualified Responsible Bidder?
 - ▶ **NOT NECESSARILY THE ONE WITH THE LOWEST PRICE**
- ▶ Consider not only ‘lowest’ but also ‘qualified’ and ‘responsible’
- ▶ Thus, when bids are opened, do not say that the lowest priced bidder is the lowest qualified responsible bidder
- ▶ Instead—indicate that the bidder is the apparent low bidder, and that the bids will be reviewed for compliance with WV law and the contract

Tip: Lowest Qualified Responsible Bidder

- ▶ Criteria for determining LQRB:
 - ▶ Years of experience in the business
 - ▶ Bidder's participation in a drug-free workplace program
 - ▶ Bidder's work force and its experience level/knowledge
 - ▶ Bidder's performance on similar projects
 - ▶ Bidder's ability to timely complete similar projects
 - ▶ Bidder's participation in a bona fide joint apprenticeship program

Tip: Lowest Qualified Responsible Bidder

- ▶ Criteria for determining LQRB:
 - ▶ History of compliance with
 - ▶ Worker's compensation and unemployment compensation laws
 - ▶ OSHA
 - ▶ Prevailing wage requirements and Fair Labor Standards Act
 - ▶ State regulatory agencies
 - ▶ Fringe benefit contributions
 - ▶ WV Jobs Act (and local hiring plan)
 - ▶ History of subcontractors' compliance with state regulatory agencies

Tip: Lowest Qualified Responsible Bidder

- ▶ Criteria for determining LQRB:
 - ▶ Bonding record
 - ▶ Legal actions against the bidder
 - ▶ Bidder's financial stability
 - ▶ History of change order requests
 - ▶ Bidder's references and recommendations

Tip: Lowest Qualified Responsible Bidder

- ▶ Consider Contractor Qualification Statement
- ▶ And on larger projects,
Subcontractor Qualification Statement

Tip: Rejecting Bids

- ▶ Once bids are submitted, they can be rejected and new bids solicited
- ▶ Cannot re-negotiate scope once bids are submitted

Tip: Waiving Informalities

- ▶ Best practice is for your RFP to state that you reserve the right to waive informalities and reject any and all bids
- ▶ Examples of informalities that can be waived:
 - ▶ Failure to include contractor's license (when there is a valid license)
 - ▶ Misstatement on bid form as to incorporation of bidder
 - ▶ Required years of experience in field

Tip: Waiving Informalities & Pre-Bid Meetings

- ▶ An example:
- ▶ Bid specifications say: “A pre-bid conference will be held...Attendance is mandatory.”
- ▶ Sign-in sheet for pre-bid meeting shows that
 - ▶ John Doe signs in as a representative of Doe Athletics
 - ▶ John Smith signs in as a representative of Acme Bleachers
 - ▶ No one signs in as a representative of Beta Bleachers
- ▶ Bids come in from Acme Bleachers and Beta Bleachers
- ▶ Bids are opened and Beta Bleachers is the apparent low bidder

Tip: Waiving Informalities & Pre-Bid Meetings

▶ Problems:

- ▶ Did Beta Bleachers attend the pre-bid meeting?
- ▶ Did John Doe attend for another company—perhaps Beta Bleachers?
- ▶ Was any of this discussed at the pre-bid meeting?

Tip: Waiving Informalities & Pre-Bid Meetings

- ▶ Some suggestions:
 - ▶ Have someone take notes at the pre-bid meeting
 - ▶ Compare the sign-in sheet at the pre-bid meeting to the bids before they're opened
 - ▶ John Doe should have signed in as a representative of Beta Athletics
 - ▶ If it did not appear that Beta Athletics had a representative at the pre-bid meeting, the Board could have refused to open the bid
 - ▶ Since bid was opened, if that were the only issue, could waive as an informality or reject all bids and re-bid

Tip: Waiving Informalities

- ▶ Additional examples:
 - ▶ Alternates not provided
 - ▶ Math errors in bonds or alternates
 - ▶ Bid not submitted on proper form

Tip: Prevailing Wage

- ▶ Prevailing wages are required on all public construction projects
- ▶ That is, if wages are to be paid to anyone working on the project, they must meet the prevailing wages

Tip: Prevailing Wages

▶ Examples:

- ▶ Booster organization is donating money to pay for the labor associated with installation of a new fence at the baseball field
- ▶ Board is paying for materials only
- ▶ Prevailing wages required?

Tip: Prevailing Wages

Yes:

Since this “construction” is being performed on a “public improvement” by a “public authority” as defined @ 21-5A-1 (Wages for Construction of Public Improvements/ PWA) sections (1), (2), (4); the source and management of the construction funds does not negate the prevailing wage requirements. The employees performing this work must be paid the appropriate prevailing wage rates.

Thank you for the inquiry.

Larry I. Walker
Wage and Hour Director
WVDOL

Tip: Prevailing Wages

▶ Example #2:

- ▶ County contracts with health care provider to open a school-based health clinic on site at 4 schools
- ▶ Clinic will lease space from the school for a nominal sum
- ▶ Clinic will pay any necessary construction costs to create the space
- ▶ Clinic space will be owned by Board and will continue to be owned by Board if Clinic ever ceases to operate
- ▶ Prevailing wages required?

Tip: Prevailing Wages

- ▶ Yes.
- ▶ If improvements will cost more than \$25,000, also must be competitively bid

Tip: Prevailing Wages

▶ Example #3:

- ▶ Supporting organization will build an office building and lease 90% of the building's space to a school for its use
- ▶ Real property to house the building had been owned by the school but was sold to the supporting organization prior to design and construction
- ▶ Prevailing Wages required?

Tip: Prevailing Wages

▶ Example #3 (continued)

▶ Maybe—consider the following factors:

- ▶ (1) whether a public entity initiated the construction project
- ▶ (2) the extent of control retained by the public entity during the development and construction phases
- ▶ (3) the extent to which the project will be used for a public purpose
- ▶ (4) whether public funds are used either directly for the costs of construction or indirectly by means of a lease arrangement which contemplates payments essentially covering the amount of the construction
- ▶ (5) whether the contract is written as a lease solely to evade the requirements of the prevailing wage act
- ▶ (6) all other relevant factors bearing on the ultimate issue of whether the project is indeed a public project notwithstanding novel financing mechanisms.

Tip: Prevailing Wages

- ▶ Example #4:
 - ▶ Parents form booster organization to support wrestling program, and offer to build a new weight room
 - ▶ Parents will donate or fundraise to pay for the construction
 - ▶ Weight room will be located within school building and used only by school wrestling program
 - ▶ Prevailing wages required?

Tip: Prevailing Wages

- ▶ Yes
- ▶ County will own the property, benefit from its use, and direct some of the construction
- ▶ Cannot use a booster organization to avoid the prevailing wage requirements

Tip: Prevailing Wages

- ▶ In sum:

- ▶ If wages will be paid and the work will be used by the County/owned by the County/benefit the County, prevailing wages probably required
- ▶ Exception for those regularly or temporarily employed by the County or doing temporary or emergency repairs

Policy 8200—The Basics

- ▶ Architectural and Engineering Services
 - ▶ For projects estimated to cost less than \$250,000
 - ▶ Discussions with 3 or more firms solicited based upon their qualifications
 - ▶ For projects estimated to cost \$250,000 or more
 - ▶ Public notice required
 - ▶ Firms encouraged to submit an expression of interest
 - ▶ Committee of 3-5 representatives of the Board evaluates the statements and selects at least 3 qualified firms and ranks them to begin negotiations (for an SBA-funded project, 2 of the 3 must have had WV offices for at least 1 year prior)

Policy 8200—The Basics

▶ Bid Protests

- ▶ If regarding specifications, must be submitted no later than 5 working days prior to bid opening
- ▶ If regarding the award of a contract or purchase order, must be submitted no later than 5 working days after the award
- ▶ Must be in writing, and include:
 - ▶ Name and address of protestor
 - ▶ Requisition, purchase order/contract numbers
 - ▶ Statement of grounds of protest
 - ▶ Any necessary supporting documentation
 - ▶ The resolution or relief sought

Tip: Bid Protests

- ▶ You may reject a protest outright if it is submitted late
 - ▶ Be aware what is being protested
 - ▶ Protest concerning the specs submitted after the award is late
- ▶ But where the issues are clear, consider issuing a written decision stating lateness and substantive decision to save chances for review

Policy 8200—The Basics

- ▶ Purchasing director must issue a decision in writing (may hold a hearing, but not required)
- ▶ You may reject a protest outright if it is the subject of litigation, merits have previously been decided by court, or if it has been decided in a previous review

Policy 8200—The Basics

- ▶ Leases and Lease Purchase Agreements
 - ▶ Can be used to obtain equipment and pay over a period of time
 - ▶ Reserve the right to exercise an option to apply the installment payments to the purchase price
 - ▶ Competitive bids are encouraged but are not required
 - ▶ Title does not transfer until the option is exercised

Tip: Lease Purchase Agreements

- ▶ Ensure that an agreement extending beyond 12 months has a non-binding cancellation clause, to comply with the fiscal funding requirements
- ▶ Ensure there is no provision that requires notice to be given in order to avoid liability for future payments

Policy 8200—The Basics

- ▶ Resident Vendor Preference
 - ▶ County may by Board policy set procedures for granting preference to resident vendors of the State
 - ▶ Request for preference must be submitted at the time the bid is submitted
 - ▶ Preference cannot exceed 5% of the lowest bid submitted by a qualified bidder

Policy 8200—The Basics

▶ Resident Vendor Preference

- (1) 2.5% preference for resident vendor who has resided in West Virginia continuously for 4 years immediately preceding bid; 2.5% preference for partnership, association or corporation resident vendor which has maintained its headquarters or principal place of business within West Virginia continuously for 4 years immediately preceding bid; 2.5% preference for corporation nonresident vendor which has an affiliate or subsidiary which employs a minimum of 100 state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for 4 years immediately preceding the date of bid.
- (2) 2.5% preference for resident vendor if on average at least 75% of employees working on project are residents of West Virginia who have resided in state continuously for 2 years immediately preceding bid.
- (3) 2.5% preference for nonresident vendor which has an affiliate or subsidiary which maintains its headquarters or principle place of business within West Virginia and which employs a minimum of 100 state residents if on average at least 75% of employees working on project are residents of West Virginia who have resided in state continuously for 2 years immediately preceding bid.
- (4) 5% preference for vendor meeting requirements of subsections (1) and (2) or (1) and (3).
- (5) 3.5% preference for resident vendor who is veteran and resided in West Virginia continuously for the 4 years immediately preceding date of bid.
- (6) 3.5% preference for resident vendor who is veteran if on average at least 75% of employees working on project are residents of West Virginia who have resided in state continuously for 2 years immediately preceding bid.

Policy 8200—The Basics

- ▶ In determining the lowest bid, must exclude from the bid the amount of business occupation taxes which must be paid by a resident vendor to any municipality within the county comprising or located within the county as a result of being awarded the contract which is the object of the bid

Tip: Resident Vendor Preference

- ▶ Statute does not apply by its terms to County Boards of Education
- ▶ May apply the same preferences; set procedure for applying preference by local policy
- ▶ Statute does not give Boards authority to set a local vendor preference

Policy 8200—The Basics

- ▶ Performance bond is required on all public construction projects to ensure payment to subcontractors and material suppliers
- ▶ Failure to ensure a bond is in place arguably subjects the property to a mechanic's lien or subjects the Board to liability for payments to subcontractors and material suppliers

Tip: Performance Bonds

▶ Example:

- ▶ Board awards contract to general contractor
- ▶ Board pays GC who fails to pay subcontractor and supplier
- ▶ GC files bankruptcy
- ▶ Can subcontractor seek damages from GC, even though GC has been paid?
- ▶ Maybe
 - ▶ In the very least, subcontractor can make the argument
 - ▶ Board could consider dual payment to GC and subcontractor

Policy 8200—The Basics

▶ Emergency Procurement

▶ In a declared emergency

- ▶ If in excess of \$100,000 must be reviewed and approved by the county superintendent
- ▶ If between \$1,000 and \$5,000, must be based upon 3 competitive bids (can be verbal)
- ▶ If above \$5,000, must be based upon 3 written competitive bids
- ▶ If time does not permit written bids or verbal competitive bids to be obtained, must have written approval from superintendent to secure necessary services and supplies only during the time absolutely necessary to abate the emergency

Policy 8200—The Basics

▶ Emergency Procurement

▶ Local emergencies

- ▶ Local Board policy controls the emergency procurement process
- ▶ Superintendent must give prior written approval for purchases in emergency situations
- ▶ Competitive bids must be obtained where possible
- ▶ Must have prior written approval from superintendent to proceed without verbal bids and only for that time necessary to abate the emergency

Tip: Emergency Procurement

- ▶ Local emergencies can include interruptions in supply of services or product to Board
 - ▶ Examples:
 - ▶ Weather
 - ▶ Strikes
 - ▶ Shortages

Tip: Emergency Procurement

- ▶ Remember your underlying contract
 - ▶ Provide any notices required by your contract (to declare an event of default, to demand performance, to declare a force majeure event, to terminate, etc.) so that you are not in default
 - ▶ Document all efforts to find substitute product to prove your damages, if any
- ▶ Generally, any commercially reasonable substitute acceptable

Tip: Emergency Procurement

▶ Example:

- ▶ Produce supplier's workers strike
- ▶ Supplier notifies Board it can no longer supply produce after the next day
- ▶ Board should:
 - ▶ Notify supplier that failure to deliver produce will constitute a breach (supplier may claim force majeure event)
 - ▶ Search for reasonable substitutes and obtain bids if practical
 - ▶ If not, superintendent should give written approval to purchase without competitive bids

Policy 8200—The Basics

- ▶ Disposal of real property
 - ▶ If Board determines any building or land is no longer needed for school purposes, may be sold at public auction to highest responsible bidder
 - ▶ In rural communities, if the sale to the board was not a voluntary arms-length transaction for fair market value at the time of the sale, the grantor, her successors, or assigns has the right to repurchase the land for the same price for which it was originally sold

Policy 8200—The Basics

- ▶ Can, by public auction, lease the oil and gas or other minerals underlying the property, in lieu of offering it for sale
- ▶ If in the best interests of the school system, County may, by public auction, lease the property
- ▶ Public auction not required when selling or leasing property to the State, its political subdivisions, and county commissions for ‘adequate consideration’

Policy 8200—The Basics

- ▶ If in its sound judgment, Board determines that property can be used for charitable, economic development or other community use, property may be conveyed for ‘nominal consideration’ to a private, nonprofit, tax-exempt organization
- ▶ Terms must provide that title will revert to the board if the organization is dissolved or ceases to use the property for the intended purpose within the first five years of such conveyance

Tip: Disposal of Real Property

- ▶ Adequate consideration when selling to State
 - ▶ Need not reflect actual commercial value
- ▶ Nominal consideration when selling to non-profit for charitable, economic development, or community use
 - ▶ Minimal consideration
- ▶ All statutory requirements are subject to the terms of the deed granting the property to the Board

Tip: Disposal of Real Property

- ▶ If Board retains and leases the property, consider other potential applicable laws and regulations
 - ▶ Examples:
 - ▶ Gun possession laws
 - ▶ Drug, tobacco, and alcohol consumption

Policy 8200—The Basics

▶ Disposal of Personal Property

- ▶ If no longer needed for school purposes, Board may declare property to be surplus and dispose of it in the most economical means
 - ▶ Discarded or junked if of no salvageable value
 - ▶ Traded in towards the purchase of a replacement item
 - ▶ Sold at public auction by competitive bid to the highest bidder
 - ▶ Sold at a fixed price
 - ▶ Contributed to:
 - ▶ The State or a political subdivision
 - ▶ Private, non-profit tax-exempt organization for nominal consideration, for charitable, economic development, or community use

Tip: Disposal of Personal Property

- ▶ Key is ‘most economical means’
- ▶ Need not always conduct public auction, if another alternative provides a better solution
- ▶ But also cannot simply discard all property
- ▶ If the property was used in a federally-funded program, must use in other federally-sponsored activities
 - ▶ First, in those sponsored by the same awarding agency
 - ▶ Second, in other activities sponsored by other federal agencies

Policy 8200—The Basics

▶ Violations

- ▶ Contract can be deemed null and void
- ▶ Civil liability for value of contract
- ▶ Criminal penalties for the officials involved

Policy 1224.1—The Basics

- ▶ School support organizations
 - ▶ Must be an officially registered entity and approved annually by the school board
 - ▶ Must abide by corporate formalities
 - ▶ Provides some level of insulation of liability for volunteers
 - ▶ Written minutes from meetings must be made available to anyone interested within a reasonable time

Policy 1224.1—The Basics

▶ Bank Account

- ▶ Must be in organization's name
- ▶ Must use organization's Federal Employer Identification Number
- ▶ Cannot use the school's FEIN
- ▶ If the organization does not obtain its own FEIN, it must operate as a subaccount of the school's funds and the organization's money must be deposited into the school's bank account

Policy 1224.1—The Basics

▶ Fundraisers

- ▶ Must obtain prior approval of the school principal before conducting any fundraising activity in the school's name
- ▶ Profit and loss statement must be prepared for each fundraising activity conducted
 - ▶ Must show gross proceeds, cost of goods sold, and net proceeds
- ▶ Donations are only tax-exempt if the organization obtains its own tax-exempt designation from the IRS or if the funds are maintained in the school's account

Policy 1224.1—The Basics

▶ Event Receipts

- ▶ If activities are sponsored by the organization on school property at which an admission is charged or a donation is accepted, pre-numbered tickets must be used
- ▶ Ticket reconciliation report required

Policy 1224.1—The Basics

- ▶ Ticket reconciliation report required:
 - ▶ Beginning cash balance
 - ▶ First and last numbers of each type of ticket sold
 - ▶ Total number of tickets sold by type
 - ▶ Price of each type of ticket
 - ▶ Total sales
 - ▶ Ending cash balance
 - ▶ Total cash in cash box and differences, if any
 - ▶ Total sales from tickets sold prior to the event
 - ▶ Signed by the preparer and the individual in charge of the event

Policy 1224.1—The Basics

- ▶ Reconciliation of Bank Statements
 - ▶ Required monthly
 - ▶ Signed and dated by the individual who performed the reconciliation
- ▶ Annual financial statements
 - ▶ Copy must be provided to school principal

Policy 1224.1—The Basics

- ▶ Annual financial statements
 - ▶ Minimum requirements
 - ▶ Cash balance at beginning of year
 - ▶ Revenues collected during the year
 - ▶ Expenditures paid during the year
 - ▶ Cash balance at end of the year
 - ▶ Sub-accounts (if any) listed separately
 - ▶ Must be signed by preparer and the organization's president
 - ▶ Unpaid invoices and uncollected revenues

Policy 1224.1—The Basics

- ▶ Consumer sales tax

- ▶ Purchases

- ▶ Not automatically exempt
 - ▶ Must be registered with WV Department of Tax and Revenue
 - ▶ Cannot use the school's registration

Policy 1224.1—The Basics

▶ Consumer sales tax

▶ Sales

- ▶ If the above requirements are met, can make casual and occasional sales for fundraising and not need to collect sales tax
- ▶ Limited to six events of 84 hours each in any 12-month period (then begin collecting sales tax)
- ▶ Sales of food on an occasional basis not subject to sales tax (example—bake sale)
- ▶ Concession stands okay, if revenues are used for functions of and activities of the organization, and if tax was paid on the food purchased for the sale

Policy 1224.1—The Basics

- ▶ Board has the authority to examine the organization's financial records or to require the organization to provide the Board statements that have been examined by an independent accountant
- ▶ Copies of financial report to be provided to Board, superintendent, and school principal

Policy 1224.1—The Basics

▶ Records retention

- ▶ All records must be handed over to the president of the organization or the superintendent upon request
- ▶ Financial statements and minute books to be maintained permanently
- ▶ Transaction journal, bank statements, and canceled checks must be retained for five years
- ▶ All other financial records must be retained for three years



Questions?

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