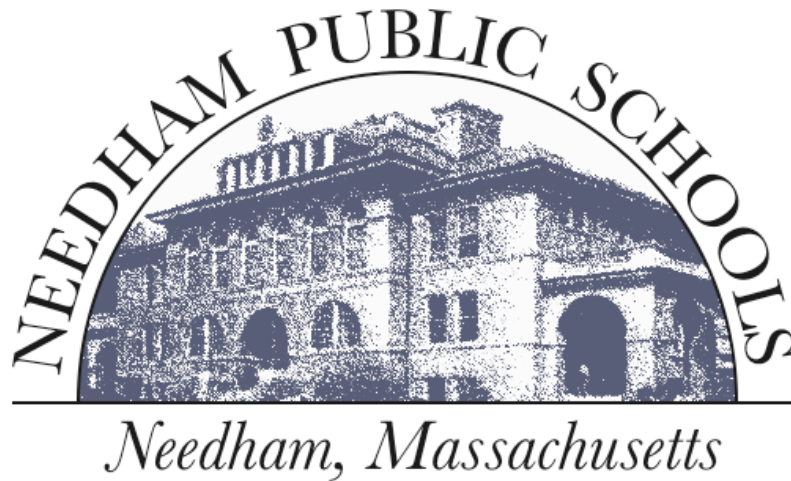


Needham Public Schools



Student Store Guidelines

Revised 8/30/2010, Director of Financial Operations

Introduction

A school store is a hands-on learning opportunity for students. Through a school store, students can learn about important aspects of the business world, including: cost and profit, customer service, making change, ordering and receiving merchandise, accounting for sales receipts and expenses, sales tax, advertising, responsibility. Additionally, students learn to act responsibly and function as part of a team. A school store can be a learning opportunity for many different groups of students, including school business classes, student government, student organizations, special education classes, students looking for a challenge, and other groups.

Properly run, a school store will prosper and make money. Improperly run, it will do what any other business will do – fail. Success depends on the interest and commitment shown by students, effective supervision and attention of faculty advisors, and clear procedures for operation.

These guidelines are adapted from School Store: An Operating Manual, created from a partnership with Future Business Leaders, of America- Phi Beta Lambda and the Raymond Geddes & Co., Inc. They also reflect Needham Public Schools cash management and student activity purchasing procedures.

These procedures are guidelines, and with the exception of the cash management and purchasing procedures, may be adapted to meet the particular needs of the store at your school. The cash management and purchasing procedures are District-wide procedures followed by all departments.

The Application Process

It is important to have students apply to work at the School Store. The purpose of the application process is both educational and practical. Students gain experience filling out a job application, while at the same time signaling their commitment to the school store. The application should be signed both by the student and parent.

Store Hours & Student Shifts

School Administration must decide upon the schedule of store hours. Most school stores are open before school, during lunch, or after school. Students work in the store during their study halls or free periods.

The supervising administrator or faculty member should give all students a schedule of times they are to assigned to work in the store. Students should notify the supervising teacher if they are unable to work in a timely manner, so that a replacement can be found.

The supervising faculty member is responsible for training student workers, particularly those involved with the receipt and expenditure of store funds.

School Store Positions

The organization of a school store is flexible, and some jobs can be combined. Suggested positions include:

- **General Manager.** This student would report to the School Store supervising teacher and supervises the overall management of the school store.
- **Shift Managers.** These students would supervise store operations during particular periods while the store is open.
- **Order Clerk.** This student keeps track of store inventory (e.g., what items are sold and how much remains in stock) and develops lists of items that need to be ordered to replenish low quantities. In addition, this position may be involved with product analysis to identify new items the store may want to carry.
- **Receiving Clerk.** This student receives merchandise, enters incoming items into the stock record and restocks shelves.
- **Student Accountant.** This position prepares expenditure requests, monitors store revenues against expenditures and prepares periodic financial reports. The accountant would also assist the receiving clerk with organizing and supervising the weekly inventory.
- **Advertising Representatives.** These students develop advertisements that let other students know what the store has to offer and notify the study body of special promotions.
- **Sales Clerks.** These positions record items for sale, receive money and make change if needed. These positions also help to keep the stock neat and suggest items that are getting low to the order clerk.

Rules of Thumb for Store Personnel:

DO

- Work in pairs or more whenever possible.
- Keep the store locked up when unused or unsupervised.
- Keep the cash box out of the reach of customers, and locked when not in use.
- Make sure that a supervising adult is present at all times.
- Be familiar with items offered for sale in the store.
- Be courteous and polite to the customers.
- Keep the store neat and organized.
- Mark down and keep track of all sales.
- Use a calculator or paper to figure totals and change if you don't have a cash register.
- Count change back to the customer.
- Double-check all math.
- Report all problems to the shift manager or the supervising teacher/adviser immediately.
- Make customers wait in a single file line.
- Watch for shoplifters.

DON'T

- Joke with people about their money.
- Play with the store merchandise.
- Leave the store unattended.
- Give credit to customers.
- Talk to friends while working at the store.
- Leave money where people can reach it.

- Put money from sales into pockets for safe-keeping.
- Sit around the store.
- Get flustered – take your time.
- Have many employees working at one time – they get in each other’s way.

AVOID COMMON PITFALLS

- Dishonesty – remove anyone acting dishonestly from the store.
- Pricing mistakes – watch invoices for frequent (and unannounced) price changes
- Wrong change – know the proper way to make change.
- Removing merchandise without paying for it – this should be prohibited; school officials and school groups should always pay for merchandise. Money may not necessarily change hands, but records – at retail price- should be kept on what is taken. The school store must pay for all merchandise it gets, including those items that are removed and not paid for. If no record is kept, it is the same as if the item was stolen, with the same effect on profit.
- Ordering Mistakes – pay careful attention when placing orders, because it is costly to return wrong items or incorrect quantities.
- Imprints – Be careful with imprinted merchandise, which is usually ordered in large quantities and cannot be resold if it is returned.
- Discounts to Store Workers – this should be avoided, both to maintain a healthy bottom line, and because workers are getting a valuable true-to-life education in business that is available to few of their peers.
- Credit to Students – No!
- Discounts to Teachers- The Principal should make a decision on this, following a recommendation by the School Store Board of Directors. The handling of discounts requires a complete list of special prices, or a certain percentage off retail price.
- Not verifying invoices – Verify all vendor invoices before paying the bill!

Procedures for Operating the School Store

Creating and Maintaining an Inventory:

A school store, like a real store, must create and maintain an inventory of store merchandise.

Creating and Using Stock Records:

1. Create a Stock Record for each item in your inventory. A Stock Record is an individual record (page) for each item in your inventory showing things like stock number, description, cost price, retail price and quantities ordered and sold. The purpose of the stock record is to show how long the item remains in inventory and how well the item moves. Keeping stock records will help to avoid ‘dead stock,’ and is useful when looking up cost prices while figuring inventory. The Stock Record is usually maintained by the Order Clerk.
2. Record the initial inventory of each item in the Stock Record, as well as subsequent purchases. To ensure accurate records, purchases should be entered on the Stock Record as soon as they are made.
3. Stock Records may be set up on a computer, or on paper. Commercial inventory cards also may be available through office supply stores. A sample stock record might look like this:

Item:	Flash Drives			Stock #:	T-23
Date	Qty. On Hand	Qty. Ordered	Wholesale Price	Retail Price Per Item	Note
10/6/10	15		\$12.99	\$15.00	Initial Inventory
10/8/10	10	5	\$12.99	\$15.00	Restock
10/15/10	10	5	\$13.99	\$15.00	Restock

Taking Inventory:

1. Taking periodic inventories is important, to ensure that merchandise does not become lost or stolen, to verify that sufficient quantities are available for sale, and to identify which products should be re-ordered. These inventories should be conducted by teams of student workers, under the supervision of the Order Clerk.
2. A sample inventory control form appears below. It contains the following information: stock number, item description, minimum number of each item to keep on hand, the date the inventory is completed, the unit price of each item and total quantity of each item in its corresponding row.

Stock #	Item Description	Min. Qty.	Date _____	Unit Price	Total Cost	Date _____	Unit Price	Total Cost
			Grand Total:			Grand Total:		

3. Once inventory has started, no selling should be done until it is completed. Workers should move from item to item, noting the quantity of each item. Each person then writes the physical count of each item they were assigned on the inventory sheet. Items should be counted again by at least one other person as an accuracy check.
4. At the end of the physical count, there will be a complete list of items in the inventory, plus the total quantity of each item.
5. The inventory now needs to be priced at cost. The cost is the wholesale unit price that the school pays for each item. This figure should be obtained from the vendor's last invoice, or from the Stock Record. Enter this number in the Unit Price column for each item.
6. To calculate the value of the inventory, multiply the quantity times the unit cost for each inventory item and you will get the wholesale cost for each.
7. Then, calculate the grand total. This is the wholesale cost (and value) of the entire inventory, on the date the inventory is completed.

Replenishing Inventory:

1. Replenish store inventories in timely and proactive manner. The Order Clerk should monitor daily sales and inventory results, and maintain a running list of items ("Order Book"), which need to be ordered for the store. To make reordering easier and eliminate the possibility that sold out items go unnoticed, use shelf labels that include the stock number, item name and price.
2. Students should receive the supervising teacher's permission before placing an order. Incorrectly ordered merchandise causes unnecessary costs to both the supplier and

school store.

3. Purchase requests should be prepared by the Store Accountant, following standard Student Activity procedures.

Inventory Tips:

1. Use shelf labels that include stock number, name of item and price. This makes re-ordering easier and eliminates the possibility of a popular item being sold out fast and no one being able to remember what is in that spot.
2. If an item carries a stock number, or if it is purchased from a catalog and has a stock number, use it. It's a time savings.

Receiving Merchandise

1. When a shipment arrives, unpack the items and place them in a cleared area.
2. Check the packing slip against the original order, to ensure that each item on the packing slip is included in the shipment, and that the invoice accurately reflects both the items ordered and unit price anticipated. Store staff should follow up on backordered items, or any items shipped in error.
3. If the shipment is correct, the invoice should be marked "OK to Pay" and forwarded to the Store Accountant for processing.
4. The Store Accountant should submit the invoice for payment, using standard Student Activity payment procedures. No payments should be made for backordered items, or for shipments in error. As always, student activity payment requests must be signed by the Store Accountant/Student Treasurer, the Faculty Advisor and School Principal .
5. Enter incoming items into the Stock Record.
6. Restock shelves, making sure that the old stock is placed in front of the new stock. (This is called "rotating the stock" and is necessary to ensure that the older stock sells first.)

Selling Merchandise

Each sales clerk is responsible for the merchandise and money during the posted work times. If any money or merchandise is missing, students should be instructed to alert their supervisor immediately.

Steps to be completed by the Sales Clerks Working the First Shift of the Day:

1. Before the shift begins:
 - a. Count the cash in the cash box.
 - b. Enter the starting cash amount by denomination type on the Cash Drawer Reconciliation Sheet (Attachment A), in the box labeled "Cash Drawer Starting Amounts." (The beginning balance will remain in the cash box for ongoing use as a starting cash box amount. This amount may be \$0 if a beginning cash balance is not used.)

Steps to be Completed by Sales Clerks During the Day:

1. *(If a Cash Register is Used)* Use the cash register to record sales of items throughout the day.

2. *(If No Cash Register is Used)* Record the sale of items on the *Daily Tally/Sales Sheet (Attachment B)*. The Daily Tally/Sales Sheet is used to track the number of items sold, and calculate total sales revenue. Use one Daily Tally/Sales Sheet per cash box per day.
 - a. List the items sold on the Daily Tally/Sales Sheet. Use one line per item. Use additional sheets as necessary to account for all items sold.
 - b. Use hash marks or some other method to tally the number of items sold, by type of item.
3. Place cash received in the cash register or cash box and make change as needed. For each sale, double-check the dollar total, amount given and change amount.

Steps to be completed by the Sales Clerks Workign the Last Shift of the Day (Close Out):

1. *(If Cash Register Used)* print the cash-register generated daily reconciliation sales sheets. These reports are produced by the cash register and itemize sales by register.
2. *(If No Cash Register Used)* Total up the tally sheet:
 - a. Add up the number of units sold, for each item type.
 - b. Enter the total quantity sold, unit price and amount of total sales for each item.
 - c. Calculate the grand total sales amount (for all items) and enter this amount on the row labeled "Grand Total Sales Amount."
4. Close the Cash Box:
 - a. Count cash in cash box. This amount is the "Cash Drawer Ending Amount." It is helpful to have a calculator with a tape for this part.
 - b. Enter the Cash Drawer Ending Amount on the Cash Drawer Reconciliation Sheet. Amounts must be entered by denomination type, and totaled on the row labeled "Total Currency & Coin."
 - c. Re-enter the Cash Drawer Starting Amount on the row labeled "Minus Starting Amount."
 - d. Calculate the "Net Currency & Coin," by subtracting the starting amount from the total amount of currency and coin.
 - e. Enter the total of checks, money orders or credit card payments received on the line for checks and other payments (money orders and credit cards) on the Cash Drawer Reconciliation Sheet.
 - f. Calculate the "Total Monies for Deposit," by adding the net currency and coin amount to the total of checks, money orders or credit card payments received. Enter this amount on the row labeled "Total Monies for Deposit." **The Total Monies for Deposit is the amount that will be deposited at the bank and should exclude the Cash Drawer Starting Amount. (The starting amount, if any, will be retained in the cash drawer for the next use.)**
 - g. *The Total Monies for Deposit recorded on the Cash Drawer Reconciliation Sheet should equal the total sales revenue shown on the cash register daily reconciliation sheets or the Daily Tally/Sales. If a discrepancy exists, note the discrepancy on the Cash Drawer Reconciliation Sheet.*
 - h. Complete the "Cash Turnover Acknowledgement" section of the Cash Drawer Reconciliation Sheet, as a record of the turnover:
 - i. Cashiers should sign and date the form, and indicate the total funds turned over to the School Bookkeeper for deposit. The School Bookkeeper will sign, date and acknowledge the amount of funds received for deposit.
 - i. Have a supervising teacher review the sales and cash drawer sheets for accuracy and completeness.
 - j. Staple the Daily Tally/Sales Sheet (or cash register reconciliation sheet) to the Cash Drawer Reconciliation Sheet. Give both pages, plus the funds for deposit, to the Student Activity Bookkeeper immediately. If immediate turnover is not

possible, funds must be safeguarded in a safe and turned over by the end of the business day. Under no circumstances, may cash or checks be stored in a classroom, a desk drawer, or other unsecured location. Under no circumstances may funds be brought home, left in a vehicle, given to another organization for safekeeping (PTC/Boosters) or deposited to an employee's personal bank account.

5. Clean up the work area.

Collecting Sales Tax

You are required to collect sales tax on sales of certain items, even though you are running a school store and selling items to other students. The following items are generally tax-exempt: food and beverages for human consumption (other than prepared meals and beverages sold by restaurants), clothing costing \$175 or less, admission tickets and most health care items. The following items are taxable: prepared meals and beverages, athletic uniforms and helmets, accessories (such as handbags), household items (like light bulbs and batteries), reading materials, stationery, books and paperbacks, school supplies, greeting cards, and paper goods. Books required by teachers for educational instruction are not taxable.

The Massachusetts Department of Revenue publishes a more complete list of taxable and non-taxable items on its website. The current Massachusetts sales tax is 6.25%, and must be paid according to a regular schedule during the year. The sales tax payment will be made by the School Bookkeeper on your behalf, but you will be required to track your sales closely, in order to calculate the amount of taxable sales and corresponding tax payment owed to the state.

Ordering/Purchasing Merchandise

Ordering items for the school store is easy and follows the regular SAA procedures for expending funds.

Clubs and organizations who want to sell products in the school store must sell their items directly to the store – just like a supplier in the real world, who receives payment directly from the store. The store, then will re-sell the merchandise to students, and retain the profits. This is important for internal fund accounting and cash management reasons. Under no circumstances should groups sell merchandise through the store and then remove the funds from the store for deposit in their own accounts.

To order merchandise for the store:

1. Identify what should be ordered through an inventory or product analysis process.
2. Find a vendor offering the desired item at a good value. Order the item and obtain a bill/invoice from the vendor for the purchase.
3. Complete the "Payment Request Form" (Attachment C.) The original bill/invoice must be attached to this form, which must be signed by a School Store officer, the faculty advisor and the Principal.
4. Submit the Payment Request Form and original bill/invoice to the Student Activity Bookkeeper for processing. Typically, it takes between 1-2 weeks for a check to be cut on the Town's warrant process and mailed to the vendor. Expedited (checkbook) checks may be issued for emergency/unanticipated expenses, with 48 hours notice. (Large requests, which involve an inter-bank funds transfer, may require up to 72 hours to complete.) The Director of Financial Operations must approve all emergency/unanticipated check requests. State law prohibits NPS from pre-paying an

expense, or issuing payments on credit. *No payments will be made, unless sufficient funds are on deposit to cover the expense – no exceptions.*

5. The Needham Public Schools will reimburse students and staff-members for legitimate student activity-related expenses, with the approval of the Building Principal and Director of Financial Operations, provided sufficient funds are on deposit to cover the expense. *Unfortunately, state law does NOT allow Needham Public Schools to reimburse parents or other non-school personnel for out of pocket expenses.*
6. Equipment and supplies purchased with student activity funds are the property of the organization, not of any individual student, advisor or interested party.
7. State law prohibits expenditures on alcohol and tobacco.

Accounting & Financial Reporting

Accounting and financial management for a school store can be a very simple thing if desired. As in any business, one needs to keep track of income and expenses, and generate financial reports showing how profitable the business is and how much it is worth. The first task is maintaining an income/expense ledger. The other two reports are the ‘bread and butter’ financial reports prepared by any private company – the Profit/Loss Statement and the Balance Sheet.

Maintain Income/Expense Ledger:

The best way to set up an accounting system is to maintain a ledger (in Excel, or on paper) in the following format:

Date	Receipts	Expenses	Balance	Invoice	Date	Description
10/6/10	\$25		\$25			Daily Sales
10/7/10	\$10		\$35			Daily Sales
10/8/10	\$15		\$50			Donation
10/8/10		\$20	\$30	#9615	10/8/10	Chilly Bear T’s
10/8/10		\$5	\$25	#36792	10/6/10	Office Supplies

The following tips are important for maintaining good accounting records:

- In order to purchase inventory, you must have raised enough money to cover the expense. Unlike real life, the school store can not borrow funds to make purchases: the store will not be able to spend money unless it has the money in the bank to cover the expense.
- Reconcile the store’s income and expense activity against the club records maintained by the School Bookkeeper. The records should match – if they don’t, attempt to reconcile by identifying where the records differ and understanding why. Adjustments to one or both records may be required, in order for the records to match.

Calculate Profit & Loss Statement:

The profit/loss statement (also referred to as the income statement) compares your revenue to your expenses and calculates your net income (what is left of your revenue after expenses.) This report is important because it gives you a clear picture of what the store is earning, what it costs to sell your goods, and what you are spending. The Net Profit/Loss line at the bottom of the report tells you if you are making a profit (positive net income) or incurring a loss (negative net income.) In addition to tracking profit, you can use this report to spot trends in how your money is coming in – whether it is driven by season,

product line or marketing campaign, and how your money is going out, so you can budget for the future.

This report is prepared for a specific period (typically month, quarter, or year.) Two inventories are needed. One is called an opening inventory and the second is the closing inventory. A suggestion – the period of time between the two should be no less than three or four months unless a tremendous amount of merchandise is sold.

A sample profit/loss statement appears below:

Row #	School Store Profit/Loss (Income) Statement	Report Period:	
		9-1-2010	12-31-2010
A	Income from Sales:		\$
	Cost of Goods Sold:		
B	Opening Merchandise Inventory:	\$	
C	Plus Purchases:	\$	
D	Subtotal Merchandise Available for Sale (B+C)	\$	
	Less:		
E	Closing Merchandise Inventory:	\$	
F	Equals Cost of Goods Sold (D-E)		\$
G	Gross Profit from Sales (A-F)		\$
H	Other Income (Donations, etc.)		\$
	Expenses:		
I	Advertising	\$	
J	Office Supplies, etc.	\$	
K	Subtotal Expenses (I+J)		\$
L	Net Profit/Loss (Income) (G+H-K)		\$

Calculate Net Worth

The Statement of Net Worth gives a 'snapshot' of what you have (assets) and what you owe (liabilities), at a particular point in time. It is a balance sheet that gives you a sense of the overall financial health of your business. Net worth (equity) is determined by subtracting liabilities from assets. A sample Statement of Net Worth is shown below.

Row #	School Store Balance Sheet (Net Worth)	Report Period:	
		As of: 12-31-2010	
	Bank Assets		
A	Bank Account	\$	
B	Petty Cash	\$ -- NA ---	
C	Subtotal Bank Assets (A+B)		\$
D	Current Merchandise Inventory:	\$	
E	Plus Purchases (Not Yet Added into Inventory)	\$	
F	Subtotal Merchandise Available for Sale (D+E)		\$
G	Accounts Receivable (Money Owed to You)		\$
H	Total Assets (C+F+G)		\$
	Current Liabilities:		
I	Accounts Payable (Money You Owe Others)	\$	
J	Sales Tax Payable	\$	
K	Subtotal Current Liabilities (I+J)		\$
L	Net Worth (H-K)		\$

Product Analysis

Store personnel should conduct regular product analysis to identify new merchandise opportunities. A product analysis typically involves multiple students and the following steps:

1. Determine The Product
 - a. Describe the item you wish to introduce.
 - b. Identify the features and benefits of this product.
 - c. Evaluate the product, based on the following characteristics:
 - i. Is it suitable for the School Store?
 - ii. To what group does the product appeal (target market)?
 - iii. Does it stand up well/wear well?
 - iv. Unique/not a duplicate?
 - v. Is the retail price within the range of the target market?
 - vi. Is it a good value?
 - vii. Will it provide a satisfactory profit?
 - viii. Is the item properly packaged?
 - d. What type of product is it? (impulse, or commodity)
 - e. List the reasons why you think the product would be successful.
 - f. List the reasons why you think that the product might not be successful.
2. Determine The Supplier
 - a. List the possible suppliers from which to choose.

- b. List the prices for the product from each of these suppliers.
 - c. Choose a supplier and list the phone number, address, and FAX number of the supplier.
3. Introduce Product
 - a. Inform class members.
 - b. Handle training of worker on product.
 - c. Complete receiving, checking, and marking product upon arrival.
4. Evaluate performance of product using above categories and make recommendation for future sales of the product.