

School District of Holmen

Non-Sufficient Funds

(NSF)

Check Procedure

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February 2014

School District Of Holmen

NSF Check Procedure Philosophy Statement

PHILOSOPHY

Collection of all School District of Holmen related non-sufficient funds (NSF) checks is a responsibility of the district's Business Office. These checks come primarily from parents who are paying for various school fees and fund raising contributions, but may also come from other sources.

It is the parent's (or check writer's) responsibility to repay these funds. Acquisition of monies owed is our primary goal, but it must be remembered that parents (or check writers) are our valued customers and should be treated with courtesy, respect, and dignity whether being communicated by way of verbal or written means.

This philosophy should prevail throughout all dealings relating to NSF check collections. The General Procedures (below) and NSF Check Procedures (next page) offer additional standard operating procedures to be followed. All circumstances are different and all potential situations cannot be accommodated within the standard operating procedure. In unusual circumstances, the philosophy may dictate that alternatives to the procedures are applied.

GENERAL PROCEDURES

There will be a sequence of written correspondences. The progression of steps followed is dependent upon the check writer's response (or lack of) and number of prior NSF check incidences. As each individual circumstance will vary, discretion may be exercised when arranging a repayment schedule for funds owed.

As a courtesy to check writers who may have inadvertently written an NSF check, there is no additional fee charged for the first incident when full payment for the amount owed is received before the bank assesses a charge. After the bank makes two attempts to present the check, the bank notifies the Business Office. A first letter is mailed that explains to the check writer that a fee of \$10 has been assessed. If payment and fee is not received within 30 days, an additional \$15 will be added to their balance, for a total of \$25 in fees. This fee assessment not only covers district expenses in retrieving funds but is also an incentive for immediate repayment. No further charges will be assessed throughout this process.

The written notice will be sent via certified mail to ensure receipt of the letter.

Canceling or "writing off" the debt may be considered when the amount owed is less than \$10. This should not be contemplated until all other measures of repayment have been pursued AND the approval secured from the Supervisor of Business Services.

School District Of Holmen • NSF Check Procedures

Yearly notices should be included in the district newsletter forwarded AND posted at each school location and food service cafeteria. The notice should state:

NOTICE: A \$25 fee will be assessed on non-sufficient fund (NSF) checks received by the School District of Holmen, its schools or programs.

Goals:

- Recover 100% of the NSF amount, bank fees and collection costs,
- Reduce staff time,
- Improve community relationships by eliminating the do-not-accept-list,
- Escalating steps to match the situation, and
- The names of the parties involved will be kept confidential.

Definition of an incident is: when the district’s bank notifies the business office of a check that was deposited, that has twice been returned for non-sufficient funds. Any number NSF checks, from a same party, received in the business office on one day shall be defined as an incident. Each following day that NSF check(s) are received, from a same party, shall be considered an additional incident.

STEP	PROCEDURE
1.	Send certified letter on official district letterhead stating that If paid within 30 days, the individual will owe the NSF amount plus actual costs of \$10. The letter will include a warning stating that if the requested amount is not paid within 30 days, their account will be referred to a collection service. The letter will state that if they have difficulty paying, they should contact the business office to make arrangements. The letter will include a referral to the Great Rivers 211 service, which provide assistance and referrals to various types of community support.
2.	If payment is not received within 30 days, and no arrangements are made, the account will be reported to IC System.
3.	IC System will send a letter on IC System letterhead, requesting payment, with instructions to mail and make payment directly to the district (IC System “Phase 1”).
4.	If payment is not received within 30 days after the first IC System letter, IC System will send a second letter, with instructions to mail and make payment directly to the district.

STEP	PROCEDURE
5.	<p>If payment is not received within 30 days after the second IC System letter, IC System will transfer the account to "Phase 2". The district may elect to postpone phase 2, in the event the person has been making good faith attempts to resolve the debt.</p> <p>The cost to the district for phase 1 is a flat fee less than \$8 per account. The cost to the district for phase 2 is 50% of the amount collected.</p>
6.	<p>For those accounts that continue to phase 2, IC System will begin contacting the party by phone and/or letters.</p> <p>Additional measures that IC System may proceed with include:</p> <ul style="list-style-type: none"> ▪ Reporting the debt to the credit bureaus. ▪ Referring the debt to an attorney. <p>The measures taken will depend on the amount of the debt and the cooperation (or lack of) of the debtor.</p>

REPEAT INCIDENTS

If a person pays the district with an NSF after a previous incident, their account will be escalated to IC System's phase 1 immediately. After a third or subsequent incident, the account will be escalated to IC Systems phase 2 immediately.

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Appendix
Sample First Letter



School District of Holmen

1019 Mc Hugh Road
Holmen, Wisconsin 54636

(608) 526-6610 (608) 526-1333 FAX
www.holmen.k12.wi.us

Business Office

Date

Name

Street Address

City, State, Zip

Re: NSF Check

Dear _____:

You wrote a check to the School District of Holmen. The check has been returned to us by Merchants Bank as a non-sufficient funds (NSF) check. Merchants Bank has made two attempts to present the check to your bank.

The returned check is # _____, dated _____, in the amount of \$ _____.

In order to pay your balance due, you must submit a new check or a money order in the amount of \$ _____ payable to the **School District of Holmen**, Business Office, 1019 McHugh Road, Holmen, WI 54636 or you may stop by our office, which is located near Holmen High School. This amount owed includes a \$10.00 bank fee. I have enclosed a return envelope for your convenience.

I anticipate payment by (insert date = 30 calendar days after date of this letter). If payment is not received by this date, this will result in added costs to the District. A \$15.00 processing fee, per check(s), will be added to your current balance owed, for a total of \$25.00. We will also refer your account to IC System in Onalaska, WI for immediate collection.

In the future, please make sure you have sufficient funds in your checking account to cover checks written to the School District of Holmen. Additional NSF checks may result in the district assessing immediate processing fee(s) and/or referral to IC System. You should be aware that lack of attention to payment may have an adverse effect on your credit rating.

Should you have difficulty paying this amount owed, please contact us. Community services and resources are available by calling 211 or (800) 362-8255 or the website:

www.greatrivers211.org.

Information about the free and reduced meal program is available at:

<http://www.holmen.k12.wi.us/Page/439>.

Sincerely yours,

Account Specialist

608-526-XXXX

cc: File, Accounts Receivable-Receipt to 10-A-000-000-713250-000 NSF
10-R-000-990-500000-000 FEE