

FINANCIAL OPERATION

Regulation 3100

Financial Management

The following procedures or actions shall be taken:

1. The Missouri Financial Accounting Manual published by the Missouri Department of Elementary and Secondary Education shall be adopted for financial accounting.
2. All receipts, including student activity funds, shall be deposited in the School District account as provided by law. There shall be no separate accounts of any organization, individual, or department for funds collected or received in connection with any school activity or program.
3. The Superintendent of Schools shall formulate administrative procedures to facilitate the orderly expenditure and receipt of funds. The Superintendent is empowered to purchase for the District within limits as set forth by the budget approved by the Board of Education; however, purchases of single items with a unit cost of \$1,000.00 or more shall be approved by the Board of Education, except for emergency items which are necessary to prevent interruption of school operations.
4. The School District accountant shall maintain student activity accounts for various classes and organizations. Upon graduation any funds which remain in the account of the graduating class shall be transferred to the Student Council Account.

FINANCIAL OPERATIONS
Financial Operations
Debt Management Policy

Policy 3102

The debt management policy of the District is to remain in full compliance with statutes of the State of Missouri by borrowing within the allowable limits of no more than fifteen percent (15.00%) of the District's assessed valuation, which can include state assessed railroad and utility properties located within its boundaries. It is also important that the District exercise caution and prudence concerning its full compliance with the rules and regulations of the United States Department of the Treasury Internal Revenue Service (IRS) to avoid any risk of loss of the tax exempt status of any proposed financings, as well as those currently in existence. Generally the improper spending of the bond proceeds is what triggers a violation of IRS regulations and not complying with the ballot language for the projects can create problems with the Missouri State Auditor and local patrons.

In terms of philosophy towards the monitoring of a long term debt management policy, the Board of Education and Administrators recognize that to achieve the necessary 4/7 or 2/3 majority for approval by the voters of general obligation bond issues it is likely to be much easier if no increase in the debt service fund levy occurs. As a result, it is the District's practice to issue general obligation bonds with optional redemption (call) provisions that facilitate prepayments when excessive debt service fund balances accumulate with the goal of maintaining a constant debt service fund levy. This policy has enabled the District to achieve significant interest savings by issuing refunding bonds to capture lower interest when municipal bond markets change.

On occasion the District may consider capital facilities or equipment lease financing programs. It is the intent to only enter into those types of transactions when it is clear based upon reports from the District's Municipal Bond Underwriter that such a program is affordable and that its implementation does not harm the overall operating budget. If the project and lease financing are deemed essential, but beyond the range of reasonable affordability, the Board of Education and Administration will approach the voters for a temporary or permanent increase in the operating levy to produce the additional revenue.

Since general obligation bond issues and capital facilities or equipment lease financings happen intermittently, it presents challenges for administrators and board members to keep fully informed about the conditions of the municipal bond market, changing rules and regulations issued by the U.S. Treasury Department, etc. For these reasons the Board of Education engages the service of a municipal bond underwriter on a continuing basis to assist the administrators and board members keep up to date and understand what refunding opportunities exist and what actions are necessary to preserve the existing debt service fund levy to remain on track with the long range facilities plans.

The Superintendent of Schools and other staff providing assistance with those special duties are responsible to the Board of Education for carrying out this policy.

FINANCIAL OPERATION

Regulation 3110

Financial Management

Preparation of Budget

On or before the regular board meeting in April of each year, the Superintendent shall prepare and submit to the Board for its consideration a preliminary draft of the annual budget covering salaries of the teachers, principals, and other employees, and an estimate of other current expenses for the next fiscal year together with an estimate of the income or revenue available and necessary for the purpose of fixing the annual levy to be submitted to the voters according to the law.

On or before June 30th of each year, the Superintendent shall prepare and present to the Board for its consideration a detailed annual budget covering all estimated expenditures for the ensuing fiscal year in accordance with the anticipated levy authorized by the voters. The aggregate estimated expenditures shall not exceed ninety-two percent (92%) of the estimated income plus any fund balances carried forward from the previous fiscal year. This annual budget, with such changes or additions as the Board may desire to make, shall be adopted for the school year beginning July 1.

Income

Estimates of income are based on previous receipts, information such as new legislation, new programs and phasing out of present programs; interest rates; tax rate (less uncollectibles).

Expenditures

Budget expenditures are to reflect the needs and priorities of the District's programs. By law, the expenditures cannot exceed the estimated revenue to be received plus any unencumbered balance.

Building Modifications

Building modification plans for major changes must be in the Superintendent's office by January 1st to be given serious consideration for the next fiscal year. The Maintenance Supervisor should be included in the early planning stages.

A general guideline for budgeting is that the District must be able to demonstrate equal per pupil allocation of funds available. This will vary from year to year; however, except in unusual cases, this should not vary more than 5%.

FINANCIAL OPERATION

Regulation 3150

Financial Management

Payment Procedures

Invoices for materials or services will be authorized for payment only upon the approval of the Board of Education. However, payments for materials or services which are necessary for normal business operations which do not individually exceed \$500 or exceed an aggregate monthly amount of \$3,000 may be authorized by the Superintendent/designee. In addition, if cash discount or avoidance of financial penalty can be achieved, the Superintendent/designee is authorized to issue a check. In all such cases, the identity and amounts of such payments will be provided to the Board at the next regular meeting following payment. The Board will consider such payments and ratify the action taken.

FINANCIAL OPERATION

Policy 3180

Financial Operations

Procurement of Professional Services

The Board of Education and the Administrators recognize that some professional services are necessary on certain occasions to assist in the governance of the District. These services include attorneys to provide legal counsel with specific expertise regarding education policy matters, architects, certified public accountants to annually audit the financial statements of the District and to provide answers to questions that arise during the course of the fiscal year. Similarly, it may be necessary to obtain financial advisory services to monitor the long range debt objectives of the District, as well as, bond counsel to address questions that arise with existing debt and various reports occasionally sought by the Missouri State Auditor and the United States Treasury branch of Internal Revenue Service and others.

While in some instances it may be possible to seek bids for the financial services and bond counsel each time a need arises, there are also numerous benefits to maintaining longer term relationships with specific professionals. Having a satisfactory relationship with a professional service provider includes fair pricing, timely delivery, dependable and sound advice concerning areas of expertise, a personality match with administrators and board members and numerous other factors. As long as the board members and administrators are comfortable with the quality of services provided, it is not essential that annual bidding occur merely to drive prices to their lowest level. By losing historical memory of any professional service provider, the District may in the long run incur more expense for the new firm to educate their representatives. On other occasions if the administrator expresses belief that service quality is slipping, expenses and fees are escalating at unacceptable levels, or any other non favorable working situation is developing, nothing in this policy is intended to preclude seeking proposals from other vendors offering similar services. The Board of Education and Administration believes that the collective expertise within the District is sufficient to judge if and when seeking alternative providers is prudent.

FINANCIAL OPERATION

Regulation 3230

Payroll

Expenditures for Certificated Staff

The District will expend for tuition, teacher retirement and compensation of certificated staff a percentage of current operating costs that is no less than two (2) percentage points less than the base school year certificated salary percentage.

Or

Have an unrestricted fund balance in the combined incidental and teachers' fund on June 20 which is equal to or less than ten percent (10%) of the combined expenditures for the year from those funds.

Or

Maintain or increase its fiscal instructional ratio of efficiency (FIRE) compared to the District's FIRE for the 1997-98 base year.

The District's FIRE is the quotient of the sum of the District's current operating costs plus the cost of improvement of instruction and the cost of purchased services and supplies for operation of the facilities housing those programs, and excluding student activities divided by the sum of the District's current operating cost for kindergarten through grade twelve, plus all tuition revenue received from other districts minus all noncapital transportation and school safety and security costs.

Exceptions

The above provisions do not apply to qualifying districts when the state distributes ninety-six percent (96%) or less for the formula than it did in fiscal year 2002. A qualifying district:

1. Must have had on June 30th of the preceding fiscal year a combined incidental and teacher fund balance which was seventeen percent (17%) or less of the combined incidental and teacher fund expenditures for that fiscal year.
- Or** 2. Must have had one person or a corporation with ten percent (10%) or more of the District's assessed valuation be delinquent in a property tax payment.
- Or** 3. Must have had a combined incidental and teacher fund balance on June 30th of the preceding fiscal year that was fifty percent (50%) or less than the local property tax revenue for that fiscal year.
- Or** 4. Will receive in the current fiscal year ninety-six percent (96%) or less of their fiscal year 2002 formula distribution.

FINANCIAL OPERATION

Revenue
Tax Rate Hearing

The Board of Education will annually conduct tax rate hearing(s) prior to September 1. The purpose of the tax rate hearing process is to provide administrative recommendations, obtain community input and adoption of a tax rate. Notice of all tax rate hearings will be provided by posting in at least three District sites or publication in a local newspaper at least seven (7) days prior to the hearing. Written notice will include the District's assessed valuation, proposed tax rate, date, time and place of hearing and will advise where copies of the proposed budget may be obtained.

FINANCIAL OPERATION

Regulation 3330

Revenue

Bonded Indebtedness

The Missouri state law guidelines shall serve to direct the Board's bonds issue. Guidelines currently include the following provisions:

1. A two-thirds vote is required to approve the issuance of bonds if the issue is not submitted at a general, primary or municipal election.
2. A four-sevenths vote is required before bonds may be issued if the proposal is submitted at a general, primary or municipal election.
3. Revenues from taxes levied for the purpose of satisfying bonded indebtedness, including principal and interest, will be recorded in the debt service fund.
4. Twenty years is the maximum number for which bonded indebtedness may be obligated.
5. Bonds shall be issued in denominations of one thousand dollars or multiples thereof.
6. The limit for District bonded indebtedness is 15% of the value of taxable tangible property as documented by the last completed assessment for state and county purposes.

Revenue

Sale/Lease of Real Property

If the Board of Education affirmatively votes to sell or lease unneeded real property, the sale will be conducted as follows:

Listing with Real Estate Broker

At its option, the Board may list the property with one or more real estate brokers licensed by the State of Missouri. In such cases, the Board is authorized to pay a commission upon successful completion of such sale or lease.

Sales/Lease to Highest Bidder

If the Board chooses not to list the unneeded real property with a real estate broker, the notice of the sale or lease will be published in a newspaper of general circulation in the community in which the District is located in whole or in part. Notice of the sale or lease will be published at least once a week for two consecutive weeks with the last publication to be at least seven (7) days prior to the sale or lease. Property will then be sold/leased to the highest bidder. The Board reserves the right, in its sole discretion, to set a minimum bid.

Sale/Lease to City, State, or Governmental Subdivision

The Board may also elect to sell or lease such real property to a city, state agency, municipal corporation, or other governmental subdivision located within the District for public use or purpose. In such case, the notice will be given by publication in a newspaper of general circulation as set out in the preceding section. The price for sale or lease of the property will be as agreed upon by the District and the governmental entity.

Regardless of how sold/leased, the lease or deed of conveyance will be signed by the Board President and attested to by the Board Secretary. The proceeds from such sale/lease, except for districts identified as financially distressed, will be placed in the capital projects fund.

Disposal of Previously Donated Property

If, after ten years, following the donation of real property, the District may sell the donated property after first offering to return the property to the previous owner. If the previous owner declines, the District may sell the property as surplus.

FINANCIAL OPERATION

Policy 3440 (Regulation 3440)

Accounting and Reporting Travel and Reimbursement

It is the policy of the Board of Education to pay reasonable travel expenses for those who travel on District business and whose trip has been approved in advance by the Superintendent/designee. These expenses include registration, transportation, meals, lodging, tolls, and parking charges. Expenses are reimbursed only when properly accounted for by an individual and approved by the Superintendent/designee.

Federal Award Programs

Travel costs, include transportation, lodging, meals and related expenses. When District employees are traveling on Federal Program Business, automobile travel will be reimbursed at the then existing IRS mileage rate. The reasonable costs of lodging, meals and related cost will be fully reimbursed. With prior approval, commercial air travel is a covered expenses. Provided the air travel utilizes the least expensive, unrestricted accommodation class.

In addition, the District's Policy and Regulation 3440 are applicable except where District policies conflict with specific Federal Award Program guidelines set out herein. In such cases, Federal Award Program guidelines control.

FINANCIAL OPERATION

Regulation 3450

Accounting and Reporting

Sales Tax

Suppliers or retailers selling rings, pictures, sweaters, jackets, school annuals, musical instruments, shoes and similar items or the rental of gowns, caps and other items which are for personal, individual benefit and use of a student, should include and collect the sales or use tax on such sales or rentals.

Purchase orders will designate if purchases are for school purposes and not for student's individual and personal ownership, and if the purchases are for the school's purposes as part of their regular educational activities, no tax should be collected by the sellers. (Examples of non-taxable situations: when a school purchases books, desks, school supplies and equipment; diplomas, medals, awards or plaques; athletic, musical or other equipment and supplies purchased for the athletic and other departments; and for the general use by or benefit of all students entered or engaged in regularly sponsored school athletic or other educational programs, classes, events or activities.)

Operators of vending machines or commissaries located in schools, but not operated by the schools or any school group, are required to report the tax on the gross receipts from these vending machines or commissaries operated by them (retailers).

Tax will not be collected on admissions charged to school plays or entertainment sponsored as a part of the regular school program, as such activities are considered occasional in nature. However, when entertainment or programs are put on by individuals, entertainers or groups who make this a business and receive as compensation a portion of the net receipts, then the sales tax must be collected on the admission charge even though sponsored by the school, and the profits, if any, are intended to be used for school purposes.