

## **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. All expenditures shall be paid by check except that a petty cash fund of \$200.00 shall be kept by the Secretary of the Board for purposes of payment of obligations for which no charge account can be arranged. A descending ascending register shall be maintained showing all petty cash transactions. Also, consecutively numbered receipts shall be maintained whereby all expenditures shall be described relative to amount, date, and purpose, with all receipts being attached to the voucher to be approved by the Board. All receipts shall be signed by the person disbursing and receiving petty cash from the fund.
4. The Superintendent 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, except for emergency items which are necessary to prevent interruption of school operations.
5. The 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 OPERATION**

## **Regulation 3110**

### **Financial Management**

#### **Preparation of Budget**

On or before the first Thursday in March 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.

After the beginning of the fiscal year in July, 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 levy authorized by the voters. The aggregate estimated expenditures shall not exceed ninety-eight percent (98%) 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 by the Board on or before the first Thursday of September of each year.

#### **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 3% uncollectible); and free textbook money. Unencumbered balance is defined as the end-of-fiscal year balance minus anticipated expenditures between July 1st and November 1st.

#### **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.

## **FINANCIAL OPERATION**

**Regulation 3140**  
**(Form 3140)**

### **Financial Management**

#### **Banking Services**

For purposes of letting bids, the Board will divide District funds into no less than two nor more than ten equal parts. Each eligible bidder may bid for any number of the parts. However, the bid for each part must be separate. Notice that bids for depositary of District funds will be received will be published in a newspaper within the county which publishes at least five times per week or, if no such publication exists, then notice will be published in a newspaper of general circulation within the county. Notice that bids will be received will be published at least twenty days prior to the date designated for acceptance of bids.

Each eligible bidder is required to deliver to the secretary of the Board a sealed bid stating the rate of interest or the method by which the interest will be determined for the term of up to five years as specified in the notice to bidders. Each bid must be accompanied by a certified check drawn upon a county bank or a bank in an adjoining county made out to the District in an amount of no less than two thousand five hundred dollars. The bidder's certified check is required as a guaranty of good faith that if selected as depositary, it will deposit the required security. Bids will not be disclosed prior to opening at a public meeting.

On the date designated for acceptance of bids, the Board/designee will publicly open each bid and will verbally read and document each such bid. After discussion and after any clarification of bids, the board will select the successful bidder(s) for each fund part let for bid. Upon award of the depositary bid(s), the security checks will be returned to all bidders. The Board reserves the right to reject any and all bids. Depositary contracts may be terminated at any time by the mutual agreement of the Board and the depositary.

Interest on funds deposited will be computed on the daily balance and will be payable on the first day of each month to the treasurer of the District for credit of the District. No later than the fifth day of each month, the District's depositary(s) will provide to the secretary of the Board a written accounting of the interest paid by the depositary on District funds.

District funds will be deposited in the name of the District. No funds may be withdrawn except by a legally drawn check bearing the signatures of the president and the treasurer of the Board or by wire transfers executed by a person designated by the Board to execute such transfers.

## **FINANCIAL OPERATION**

## **Regulation 3160**

### **Financial Management**

#### **Investment of District Funds**

In achieving the District's investment objectives, District officials will be guided by the following criteria:

1. Legality - District funds will be invested only as permitted by the Constitution and Statutes of the State of Missouri as well as federal law and applicable federal regulations. Investments outside the legal requirements will not be permitted.
2. Safety - Safety of the District funds is the foremost objective of the District's investment program. Investments will be made in a manner that seeks to ensure the preservation of capital.
3. Liquidity - The District's investments will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Of necessity, District investments will consist largely of securities with active secondary or resale markets.
4. Yield - District investments will be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles. However, rate of return is less important than realizing the safety and liquidity objectives.

#### **Permissible Investments**

The following categories of investments are authorized for investment of District funds:

1. Time Deposits - Funds may be invested as provided in Board Policy and Regulation 3140 - Banking Services, and as authorized by the State Treasurer's Office.
2. Linked Deposits - Funds deposited can be invested at a minimum rate of 2% and must be 100% collateralized with approved securities.
3. United States Securities
  - a. U.S. Government Agency Coupons and Zero Coupon Securities - Bullet coupon bonds with no embedded options and with final maturities of five (5) years or less.
  - b. U. S. Government Agency Discount Notes - Purchased at a discount with maximum maturities of one (1) year.

- c. U. S. Government Agency Step-Up Securities - The coupon rate is fixed for an initial term. At a coupon date, the coupon rate rises to a new, higher fixed term. This provision is restricted to securities with final maturities of five (5) years or less.
  - d. U. S. Government Agency Collateral Securities - Restricted to securities callable at par only with final maturities of five (5) years or less.
  - e. U. S. Government Agency Floating Rate Securities - The coupon rate floats off one index and resets at least quarterly with final maturities of three (3) years or less.
  - f. U. S. Government Mortgage Backed Securities - Restricted to securities with stated final maturities of five (5) years or less.
- 4. Commercial Paper - Investments are limited to paper which has received the highest letter and numerical ranking (A1/P1) as provided by Standard & Poor's and Moody's. Issues are limited to corporations that are organized and operating in the United States and have a total commercial paper program in excess of \$500,000,000 and have long term debt ratings, if any, of "A" or better from Standard & Poor's and Moody's. Such purchases may not exceed 180 days to maturity.
  - 5. Banker's Acceptances - Issuing banks for such bills of exchange or time drafts must have the highest letter and numerical rating by Standard and Poor's and Moody's. Such banks must be organized and operating in the United States. Banker's acceptance agreements may not have maturity dates exceeding 180 days.
  - 6. Repurchase Agreements - Such agreements must be purchased through approved broker/dealers and may not be entered into for periods in excess of ninety (90) days. Approved broker/dealers must have a signed Public Securities Association Master Repurchase Agreement on file with the State Treasurer's Office. Overnight and open repurchase agreements must be collateralized at 101% with approved securities. Term repurchase agreements must be collateralized at 102% with approved securities. The market value of all repurchase agreement collateral will be reviewed at least weekly to determine collateral adequacy.

### **Prohibited Transactions**

- 1. Leveraged Borrowing for Investment Purposes - Leveraging is prohibited whether through a reverse repurchase agreement or otherwise.
- 2. Use of "Structured Note" - (e.g. inverse floaters, leveraged floaters, and equity-linked securities) are not permitted. Investment in any instrument, which is commonly considered a "derivative" instrument (e.g. options, futures, swaps, caps, floors, and collars) is prohibited.

3. Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculation on developments or trends in the market is prohibited.

### **Collateralization**

All deposits placed in financial institutions must be at least 100% collateralized with approved securities. All securities, which serve as collateral against the deposits of a depository institution must be safekept at a nonaffiliated custodial facility. Depository institutions pledging collateral against deposits must, in conjunction with the custodial agent, furnish the necessary custodial receipts.

### **Asset Allocation**

District investment will be diversified to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific classes of securities. At a minimum District investments will fall within the following minimum and maximum allocations.

<b><u>INVESTMENT TYPE</u></b>	<b><u>MINIMUM ALLOCATION</u></b>	<b><u>MAXIMUM ALLOCATION</u></b>
Time Deposits	0%	50%
U.S. Treasuries/Securities having principal and interest guaranteed with the U.S. Government	0%	95%
U.S. Government Agencies and Government-sponsored Enterprises	0%	70%
U.S. Government Agency Callable Securities	0%	15%
U.S. Government Floating Rate Securities	0%	15%
Commercial Paper and Banker's Acceptances	0%	40%
Banker's Certificates	0%	20%
Repurchase Agreements	3%	50%

### **Internal Controls**

In keeping with the emphasis the Board has placed in ensuring the safety of public funds, the District will maintain and enhance its internal controls of funds. Every reasonable effort will be made to minimize the potential for loss of funds from fraud, employee error, misrepresentations by third parties, unanticipated changes in financial markets or imprudent actions by employees. Investments that are downgraded below the minimum acceptable rating levels will be reviewed for possible sale within a reasonable time period. At least quarterly, the District's investments will be revalued to reflect prevailing market prices.

Internal controls to achieve investment safety include, but are not limited to:

1. Separation of duties;
2. Separation of transaction authority from accounting and record keeping;
3. Custodial safekeeping;
4. Clear delegation of authority;
5. Written confirmation of telephone transactions;
6. Documentation of transaction strategies;
7. Monitoring of ethics and conflict of interest provisions provided in this policy/regulation.

### **Reporting**

The Superintendent/designee will direct preparation of a report at least quarterly to the Board concerning the current status and performance of the District's investments. The quarterly investment report will include but not be limited to:

1. Investment type, issuer, maturity, par value, and dollar amount invested in all securities and monies held by the District.
2. Funds or investments managed by contracted parties.
3. Market value as of the date of the report and the source of valuation.
4. Citation of compliance with the District's investment policy/regulation or an explanation for noncompliance.
5. Statement of the ability or inability to meet expenditure requirements for six (6) months, as well as an explanation of why funds will not be available if that is the case.
6. Statement of the percentage of the District total investments which comprise each category of the investment set out herein.

7. Rating levels for commercial paper and bankers acceptances.

The quarterly investment report will be delivered at an open session of a regular meeting of the Board. A copy of the District investment policy/regulation will be provided to each outside manager of District investment funds. Commitment to compliance with this policy/regulation will be a precondition for initial placement of District funds. Adherence to District policies/regulations will be condition for continued retention as a manager of District funds.

## **FINANCIAL OPERATION**

**Regulation 3230**  
**(Form 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 30, 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**

**Regulation 3320**

### **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 tax rate may be obtained.

**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 of years 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.

## **FINANCIAL OPERATION**

**Regulation 3380**

### **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.

##### **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.

## **FINANCIAL OPERATION**

## **Regulation 3440**

### **Accounting and Reporting**

### **Travel and Reimbursement**

#### **Travel Expense Allowance**

Upon approval of the Superintendent, employees may be authorized to attend conferences, meetings, conventions, etc. When full expenses are allowed, they shall be deemed to include registration, transportation fees, lodging and meals.

Each employee allowed travel expenses shall file with the Superintendent/designee an itemized account of expenses; he/she may request an advance of estimated expenses subject to adjustment upon filing of the itemized account. Each employee shall submit to the Superintendent/designee such other reports as may be required.

The Superintendent may authorize attendance at professional meetings by staff members, Board members and others working on District matters, and may approve reasonable expenditures that include an amount set annually by the Board for lodging, travel expenses and applicable registration fees.

The Superintendent shall notify the Board of the date and purpose of the event for which such approval is granted, name(s) of person(s) attending, and cost to the District.

The Superintendent shall have the power to excuse any employee from duty for the above purposes for a period not to exceed one (1) day without allowance for expenses

#### **Reimbursement Policies**

1. Mileage reimbursement is not authorized between home and office/base school.
2. Employees who travel directly from home to other than office/base school on official business are entitled to a mileage allowance of the distance in excess of that from home to office/base school. The same policy is applicable to return trips. In this case a reimbursement request must show that all mileage excludes round trip mileage from home to office/base school.
3. Employees who travel from school to school on official duty are authorized mileage from the first to the last school visited subject to the restrictions outlined in the paragraph above.
4. When transportation is performed by privately owned vehicle, mileage is authorized at an annually determined rate, subject to provisions of the following paragraph.

5. When private transportation can be pooled, the driver of the vehicle is authorized reimbursement at the annually determined rate. When transportation pooling is not desired by the individuals concerned, each traveler will be limited to an equal share of the annually determined rate per mile.
6. In performing necessary local travel, personnel will use the most direct well-traveled route between any two points. Claims for mileage reimbursement will be for actual miles driven based on odometer readings.

## **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 renting 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 students' individual and personal ownership. If the purchases are for the school's purposes as part of its regular educational activities, no tax should be collected by the sellers. (Examples of nontaxable purchases: books, desks, school supplies and equipment; diplomas, medals, awards or cups; athletic, musical or other equipment and supplies purchased for the athletic and other departments; and items 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.