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FINANCIAL OPERATION **Policy 3100**
(Regulation 3100)

Financial Management

The Board of Education will adopt a series of policies to provide direction regarding the District's budget and financial affairs which reflect the educational philosophy of the School District and provide a framework in which the District's administration can effectively operate.

The budget and finance processes will conform to all state and local requirements as set forth by the State constitution, State statutes, Department of Elementary and Secondary Education rules, and Board policies.

Good business necessitates keeping accurate, legal and understandable records of receipts and expenditures. It is also essential that procedures be followed which will help to insure that the budget adopted by the Board of Education is effective in providing parameters for the fiscal affairs of the School District.

The purpose of the District budget and finance policies will be to provide direction for a systematized procedure that maintains continuity from year to year and informs the public regarding the education and financial operations of the School District.

FINANCIAL OPERATION **Policy 3106**

Financial Management

Fraud Prevention

The District is committed to protecting the public funds with which it has been entrusted. Minimizing the losses to fraud and corruption is an essential part of ensuring that all of the District's resources are used for the purpose for which they are intended.

The public is entitled to expect the District to conduct its affairs with integrity, honesty and openness, and demand the highest standards of conduct from those working for it and with it.

Definition of Fraud and Corruption

Although there is no precise legal definition of fraud, the term is used to describe a multitude of offences, including deception, forgery, theft, misappropriation, collusion and false representation of material facts.

Corruption arises when a person receives any benefit which influences them and causes them to act differently when conducting District business.

The District's Response

Board policy requires that matters involving any financial irregularities are referred to the Superintendent for investigation. These matters are taken seriously and additional action, such as disciplinary proceedings and/or prosecution, will be taken where evidence of offences is found.

The Superintendent/designee will:

- Compile a report of findings for submission to the Board with a recommendation as to whether disciplinary action is appropriate.
- Where appropriate, coordinate with the police in order for them to consider taking criminal action.
- Advise departments on how to address procedural weaknesses identified during investigation.

The Investigation Process

The purpose of any investigation is to establish the facts in an equitable and objective manner.

The process will involve the use of authority or delegated powers to:

- screen allegations or information to gauge their credibility;
- secure all evidence;
- interview suspects;
- interview witnesses;
- take statements; and
- coordinate with departments or other agencies (including the police).

The Superintendent/designee will establish and record the basis of the concerns raised and establish what further actions are required. The Board will be informed of all reported disclosures and the actions being taken. In the case of disclosures on alleged fraud and corruption, the Chief Financial Officer will inform the District's external auditors.

Whenever possible, the individual raising the concern will be advised of the outcome of the investigation. If an individual is not satisfied with the response received and any subsequent action taken, they should put their concerns in writing to the Superintendent who will arrange any further investigation as he/she deems appropriate. The Superintendent will send a written response to the individual concerned.

Reporting Suspicions

If fraud or corruption is suspected, then the matter should be reported without delay. Employees should report suspicions to a supervisor at the outset and retain all evidence. However, if it is thought the supervisor might be involved or there may be a conflict of interest, the matter should be reported directly to a more senior administrator.

It is recognized that for some individuals, raising a concern under this procedure may be a difficult experience. All reported incidents will be investigated.

All reports will be dealt with in confidence, with staff being informed on a need to know basis only.
To ensure that this policy is adhered to, and to assure staff that the concern will be taken seriously, the District will:

- not allow the person raising the concern to be retaliated against for doing so;
- treat retaliation against whistle blowers as a serious matter leading to disciplinary action that may include dismissal;
- not attempt to conceal evidence of poor or unacceptable practice;
- take disciplinary action if an employee destroys or conceals evidence of poor or unacceptable practice or misconduct; and
- ensure confidentiality clauses in employment contracts do not restrict, forbid or penalize whistle blowing.

Overall Objectives

The District's overall objective is to identify and maintain good practices, address weaknesses in current processes and introduce improved systems for the management of those processes. The end result is that of minimizing the amount of fraud and corruption which may occur within the system and significantly reduce the opportunity for fraud or corruption to occur in the future.

FINANCIAL OPERATION **Policy 3110**
(Regulation 3110)

Financial Management
Preparation of Budget

Each year the Superintendent of Schools is required to submit to the Board of Education, for their consideration, a detailed annual budget showing estimates of income and expenditures for the ensuing fiscal year. The Board may accept, reject, modify or request revisions of the budget, but will adopt a budget by June 30, according to statutory provisions.

By law the approved estimated expenditures for each fund cannot exceed the estimated revenues to be received plus the unencumbered beginning cash balance for the fund. After the beginning of the fiscal year, the Superintendent shall review with the Board the adopted budget in relationship to the beginning cash balances for each fund.

FINANCIAL OPERATION **Policy 3111**

Financial Management
Fiscal Year

The fiscal year begins annually on the first day of July and ends on the thirtieth day of the following June.

FINANCIAL OPERATION **Policy 3112**

Financial Management
Budget Implementation and Transfer

The annual budget governs the expenditures and obligation of all funds for the District. The Superintendent/designee will establish procedures for funds management and reporting.

No funds may be spent which are not authorized by the annual budget. If an unanticipated need arises, the Board may approve the Superintendent's recommendation to (1) appropriate an amount to cover a needed expenditure from unencumbered budget surplus from the proper fund, or (2) revise the budget to transfer funds from one account to another as permitted by state statutes and DESE regulations.

The Superintendent or Finance Administrator will prepare a monthly statement to account for each month's expenditures and the total spend out to date for the fiscal year. The monthly statement will include all receipts and remaining balances for each fund account.

FINANCIAL OPERATION **Policy 3113**

Financial Management
District Fund Accounts

The District will maintain the following funds for the accounting of District moneys: teachers' fund, incidental fund, capital projects fund and debt service fund. The treasurer of the District will open and maintain an account for each fund. These funds are denoted for state reporting purposes as: General Fund, Fund 1 – comprised of the Incidental; Fund 2 – the Special Revenue Fund, comprised of the Teachers' Fund; Fund 3 – The Debt Service Fund; and Fund 4 – the Capital Projects Fund.

All sums received from the county school fund and all sums derived from taxation for teachers' wages will be credited to the teachers' fund. All tuition fees, state moneys received under §162.975 and 163.031, and all other sums received from the state except as otherwise provided in this policy will be credited to the teachers' fund and incidental funds at the discretion of the Board. The portion of state aid received by the District pursuant to §163.031, which is included in the operating levy for school purposes, will be credited to the debt service or capital projects funds. Sums received from other Districts for transportation and sums received from taxation for incidental expenses will be credited to the incidental fund. All sums received from taxation or received from any other source for the erection of buildings, building additions, remodeling, or reconstruction, furnishing, for the payment of lease purchase obligations, for purchase of real estate, for sale of real estate or personal property, from insurance, from sale of bonds other than refunding bonds will be credited to the capital projects fund.

Sums received from taxation for the retirement of bonds and the payment of interest on bonds will be credited to the debt service fund. Receipts from delinquent taxes will be credited to individual funds on the same basis as receipts from current taxes. However, where such distribution of receipts from delinquent taxes would affect the previous years' obligations, distribution to the various funds will be based on the levies for the years in which the obligations were incurred. All refunds will be credited to the fund from which the original expenditure was made. Sums donated to the District will be credited to the fund from which it can be expended to meet the purpose of the donation. Sums received from any other source will be credited to the fund designated by the Board.

FINANCIAL OPERATION — Policy 3120

Financial Management
Petty Cash

Relative to financial management the Board of Education for the Seymour R-II School District operates without a petty cash fund.

FINANCIAL OPERATION **Policy 3130**

Financial Management
State and Federal Projects

With Board of Education approval, the School District may operate various specially funded programs that must be administered in accordance with particular federal and/or state laws, regulations and other conditions for use of such funds.

The Superintendent shall be the designated District official responsible for coordinating funded projects, administering programs and ensuring that the various departments operating these programs do so within the guidelines of the particular program. The administration shall keep accurate and separate records, as required by state and federal programs, to enable the District to verify program compliance and success. The Superintendent shall keep the Board fully informed.

Staff involvement will be solicited by the administration in the planning, implementation and evaluation of programs authorized and approved within the guidelines of Title I of the Improving American Schools Act of 1994 and/or other significant legislative enactments. The vehicle for such involvement shall be determined by the administration, with the approval of the Board of Education.

FINANCIAL OPERATION **Policy 3140**

Financial Management
Banking Services

The Board of Education has the option of annually selecting District funds depositaries or the Board may enter into a contract of one to five years duration for the deposit of District funds.

When depositaries are to be selected, the District's name, the Superintendent and the Treasurer must sign the account authorization. Wire transfers of funds into District accounts must be authorized in writing by the Superintendent and Treasurer or other individual authorized by the Board. In both instances, the Superintendent may appoint a designee to sign for creation of new accounts and for wire transfers. However, such appointment must be in writing.

FINANCIAL OPERATION **Policy 3150**
(Regulation 3150)

Financial Management
Payment Procedures

All money received by the School District shall be disbursed only for the purposes for which they are levied, collected or received.

The Board will give final approval to all bills paid. Payment of bills shall be authorized by the Superintendent/designee, only after verification of delivery and satisfaction by the department or staff receiving the item(s). No payment for goods or services shall be made unless an itemized invoice showing the name of the person or firm to whom payment is due is presented. Furthermore, the invoice must have been issued in response to an approved purchase order. The

Superintendent/designee shall audit all claims, and shall submit the same to the Board of Education for approval and authorization for payment. 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 3155**
(Regulation 3155)

Financial Management

Payments from Federal Awards/Cash Management

Payments from Federal awards will minimize the time elapsing between transfer of funds from the Federal pass-through entity and the disbursement of funds by the District to vendor recipients regardless of whether the payment is made by electronic transfer, or issuance/redemption of checks, warrants or payments. The District will make timely payment to contractors consistent with the terms of each specific contact. If a Federal award allows for advance payment, those Federal funds will be deposited and maintained in insured interest-bearing accounts. Interest amounts of up to $500.00 per school year will be maintained by the District to be utilized for administrative purposes. The District's cash management of Federal funds will be consistent with requirements §200.305 of the Code of Federal Regulations.

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FINANCIAL OPERATION **Policy 3160**

Financial Management
Investments

The Board directs the Superintendent or designated Finance Administrator to invest District funds which are not immediately needed for the operation of the School District. The Superintendent/ designee shall make investments in conjunction with provisions set forth in any banking services agreement the District may have to obtain the best interest rates possible. Sound fiscal procedures shall be followed at all times. The requirements of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and all state and local laws regarding investment of public funds will govern all collateralized investments. All investment earnings shall be credited to the fund from which investments were made.

FINANCIAL OPERATION **Policy 3166**
(Regulation 3166)

Financial Management

Federal Awards – Allowable Costs

The District assumes responsibility for ensuring that Federal funds have been expended and are accounted for consistent with Federal program regulations and approved applications. Costs are generally categorized as either direct or indirect. All coding of direct and indirect costs will generally follow the Missouri School Finance Accounting Manual.

Direct Costs

Direct costs include salaries, fringe benefits, purchased services, supplies and equipment. Direct charging of administrative or clerical staff costs will be appropriate only if all of the following conditions are met:

1. Such costs are integral to a project or activity.
2. Individuals involved can be specifically identified with the project or activity.
3. Such costs are explicitly included in the budget or have the prior written approval of the Federal Award Agency.
4. The costs are not recovered as an indirect cost.
5. These conditions may be met using a job description along with time and effort documentation.

Indirect Costs

Indirect costs are those which are not readily identified with the activities funded by the Federal grant or contract, but are nevertheless incurred for the joint benefit of these activities and other activities and programs of the District. Accounting, auditing, personnel, budgeting, purchasing and operation/maintenance of plant are examples of services which typically benefit several activities and programs for which appropriate costs may be attributed to the Federal program by means of an indirect cost allocation plan. The indirect rate cost used in calculating the indirect cost depends on whether the grant is a restricted or unrestricted.

Documentation of Personnel Costs

Charges for salaries and wages will be based upon records that reflect the work performed.
Records are required for all employees, including teachers, paraprofessionals, administrators and other staff paid with Federal funds. These records will document the time and effort such individuals spend within the program. The portion of the federally paid salary will be reflective of the actual activity, not budgeted, the individuals has contributed for the specific Federal program. Time and effort reporting is required when any part of an individual's salary is charged to a Federal program or used as a match for a Federal program.

FINANCIAL OPERATION **Policy 3170**

Financial Management
Purchases By and/or Solicitation of School Staff

Conflict of Interest

The School District will not purchase supplies or materials from a staff member of the School District. Neither will the District purchase supplies, materials or services from a member of the Board of Education or from a member of his/her household, or from a firm in which he/she holds a major interest.

Endorsements

Employees of the District will not endorse products or services in such a manner that will identify the employee as an employee of the School District.

Procurement Activities

In any purchasing activities all employees shall refrain from soliciting, discourage the offer of, and decline gifts if offered by any vendor wishing to do business with, or who is doing business with the School District. Instead of making an offer of gifts, the vendor should be encouraged to discount the price of the goods to the school.

Solicitation/Distribution

The advertising of sale or distribution of any goods or service on school property, for any school activity, shall have prior approval from the building principal or Superintendent. This includes but is not limited to: school personnel, students, parents/guardians, relatives, general public and commercial businesses.

Solicitations of School Staff

Agents, solicitors, and salespersons will be denied the privilege of seeing the school staff during the school day except with permission of the administration.

FINANCIAL OPERATION **Policy 3230**

Payroll

Expenditures for Certificated Staff

In order to meet certificated salary compliance the District will limit the amount of local dollars spent out of the Teachers' Fund. The District will place at least 75% of 5311 – Basic Formula Other State monies into the Teachers' Fund, but can place up to 100% into the Teachers' Fund. The District will place at least 75% of ½ of 5113- Prop C into the Teachers' Fund, but can place up to 100% into the Teachers' Fund. The District will place other state and federal revenue directly into the Teachers' Fund, provided the District receives that revenue for the Teachers' Fund expenditures. This is to minimize the need to transfer using the Teachers' Fund Transfer. The District may also, with Board approval, only set a levy in the General Fund as opposed to separate levies in the General Fund and Teachers' Fund.

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FINANCIAL OPERATION **Policy 3310**

Revenue
Revenue from Tax Sources

Local Tax Sources

In the process of preparing the annual budget, the Superintendent or Finance Administrator shall estimate the amount of actual local tax revenue anticipated to be raised, the rate required to produce the amount, and the rate needed to support the principal and interest payment on bonded indebtedness and general financial obligations of the District. The Superintendent shall recommend the appropriate tax rate to the Board of Education for approval.

If required, the Board shall submit to the voters a proposition for increase in the tax rate beyond the current approved level if it is deemed necessary to obtain increased revenue to meet projected District expenses. State law and Article X, Section 11C of the Missouri Constitution shall govern tax election procedures.

State Tax Sources

All state funds will be accepted for the operation of the District as provided by entitlement by

law and through regulations of the Missouri State Board of Education or Missouri Department of Elementary and Secondary Education.

The Superintendent or District Finance Administrator is responsible for filing all required reports and forms to obtain state funds to which the District is entitled to receive according to developed rules and regulations.

FINANCIAL OPERATION **Policy 3320**
(Regulation 3320)

Revenue
Taxing Authority/Tax Rate Hearing

State law establishes the District's taxing authority to assess and collect *ad valorem* property taxes. Prior to setting District tax rates, the Administration shall recommend annually to the Board the rates for the teachers, incidental and capital projects funds requirements. The Board will then conduct a minimum of one public hearing on the proposed tax rates, and forward the approved rates to the county clerk on or before September 1 each year.

If required by law, the proposed tax rate shall be submitted to the voters according to election procedures established by state law and Article X, Section II(c) of the Missouri Constitution.

FINANCIAL OPERATION **Policy 3330**
(Regulation 3330)

Revenue
Bonded Indebtedness

The School Board may issue bonds for any District expenditures as prescribed in state law. Funds raised through the sale of bonds may be expended only for the purpose set forth in the election which authorized the sale.

FINANCIAL OPERATION **Policy 3331**

Revenue
Borrowed Funds

State law authorizes the Board to borrow funds in anticipation of the collection of taxes in order to insure continuity in the operations of the District. The School Board must approve in advance all applications for loan indebtedness. The amount borrowed and the repayment of notes payable shall be within guidelines as established by state law and rules and regulations of the Missouri Department of Elementary and Secondary Education.

FINANCIAL OPERATION **Policy 3340**

Revenue
Building Use

All receipts from fees for the use of school property by individuals or community groups shall be deposited in the General Revenue fund.

FINANCIAL OPERATION **Policy 3350**

Revenue
Student Fees and Fines

Fees

No fees shall be charged for enrollment, supplies, equipment or costs attributable to courses of study which are offered for credit. Students shall be required to pay for materials which are used in constructing projects or other items which are to be removed from the school and are thereby the property of the student. All projects constructed at school with materials provided by the school are the property of the District and therefore shall not be removed from school unless approved by the appropriate administrator.

Students may be charged fees or admission for participation in activities which are voluntary, such as attendance at school athletic or other co-curricular events. The fee schedule for such events shall be submitted to the Board of Education for approval annually.

Fines

Every effort shall be made to protect the financial resources of the District by collecting all payment for student fines, lost or damaged textbooks, damage or vandalism to school property. Collected fines shall be deposited in the appropriate account in order to charge replacement costs for books, materials, equipment or repaired property to the appropriate budget item.

FINANCIAL OPERATION **Policy 3360**

Revenue
Tuition

Except when waived, tuition must be paid by non-resident students of the District. The annual rate will be determined by the Board of Education for individuals who wish to attend. Permission to enroll will be granted after reasons for requesting admission have been reviewed and after it has been determined that class enrollments are not excessive.

FINANCIAL OPERATION **Policy 3165**
(Regulation 3165)

Procurement Standards – Federal Contracts

The District will comply with all applicable regulations issued by the Office of the Secretary – Education related to procurement activities in federal related contracts. These provisions include, but are not limited to, procurement, disposition of unused supplies, copyrights and debarred or suspended parties. Prior to purchases exceeding $25,000, the District will review the current "Excluded Parties List" to ensure that the successful vendor is not debarred or suspended. The District will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. Detailed requirements for compliance are incorporated into Regulation 3165.

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FINANCIAL OPERATION **Policy 3370**

Revenue
Fund Raising

It shall be the policy of the Seymour R-II Board of Education that there will be no fund-raisers without prior approval of the Board. Any fund raising activity which involves students and staff personnel of the school system shall require pre-approval of the unit principal, the superintendent, and final approval by the Board. The administration will present to the Board the type of fund-raiser, date of the fund raiser, who is coordinating and supervising the fund raiser. All approved fund raising activities and planning for fund raising shall be done after school hours unless prior permission is received from the building principal. This policy is limited to school personnel only.

FINANCIAL OPERATION **Policy 3380**

Revenue
Sale/Lease of Real Property

The Board of Education may vote to sell or lease real property, land, and/or buildings which are no longer needed by the District and which are located within the boundaries of the District. Also, the Board may vote to sell such real property located outside of the District's boundaries.

FINANCIAL OPERATION **Policy 3390**

Revenue
Sale/Lease of Personal Property

Whenever the District has personal property (i.e., desks, file cabinets, materials, equipment) which the District no longer needs, a majority of the Board may vote to sell or lease such surplus property. Surplus personal property may be sold or leased to a city, state agency, municipal corporation, or other governmental subdivision of the state which is located within the boundaries of the District for public purposes at a mutually agreed price and upon notice to the public. In the alternative, the district may sell or lease such surplus personal property to the highest bidder. Public notice of the sale or auction of surplus personal property will be published once a week for two consecutive weeks in a general circulation newspaper published within the county in which the District is located. The sale itself will occur as scheduled by the Board at least seven (7) days after the final published notice. The proceeds from the sale or lease of surplus personal property will be placed in the capital projects fund.

FINANCIAL OPERATION **Policy 3410**

Accounting and Reporting
Accounting System
The District will adhere to the accounting guidelines of the Missouri Department of Elementary and Secondary Education.

FINANCIAL OPERATION **Policy 3420**

Accounting and Reporting
Annual Report

The District annually publishes a statement of receipts, expenditures, rate of taxation, level of indebtedness. The annual report will be signed by the Board President and the Board Secretary and published on or by September 1, in a newspaper located within or generally circulated within the District.

FINANCIAL OPERATION **Policy 3425**

Accounting and Reporting

Accountability Portal

By September 1, 2019, the District will develop, maintain and make publically available, on its website, a researchable accountability portal containing an expenditure and revenue document. The document will detail actual income, expenditures and disbursements for the current calendar or fiscal year. The District's financial accounting software will detail actual year-to-date income; actual year-to-date and expenditures; and detail the year-to-date check register. The data may be in the form of a searchable Word, Excel or PDF document or provide a link to a database the District may have. Alternatively, the District may provide on its website a direct link to the Department of Elementary and Secondary Education's (DESE) website which has detailed financial and budgetary information about the District.

The District's accountability portal will contain only information that is a public record and not confidential or otherwise protected by state or federal law. The District will not post online any personal information relating to payroll including but not limited to payroll deductions, payroll contributions, or any other information that is confidential or statutorily protected. As provided elsewhere, employee contracts are public documents and are subject to Sunshine Law requests.

The financial data contained in the District's accountability portal will be updated at least quarterly. The District will archive the financial data for a minimum of ten (10) years. The archived financial data will remain accessible and searchable during this period.

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FINANCIAL OPERATION **Policy 3430**

Accounting and Reporting
Authorized Signatures

The School Board president and treasurer shall sign all checks issued by the District. According to state statutes, if approved by the Board of Education, facsimile signatures may be printed on District checks.

FINANCIAL OPERATION **Policy 3440**
(Regulation 3440)

Accounting and Reporting

Travel and Reimbursement

It is the policy of the Board 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, subsistence and related expenses incurred by employees who are in travel status on official business of the District. 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 costs will be fully reimbursed. However, such costs will be allowable only to the extent such costs do not exceed charges normally allowable by the District in its regular operations. With prior approval, commercial air travel is a covered expense, 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.

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FINANCIAL OPERATION **Policy 3450**
(Regulation 3450)

Accounting and Reporting
Sales Tax

Pursuant to Chapter 144, R.S.Mo., school districts are exempt from Missouri sales and use tax on purchases. All sellers or vendors shall be furnished a copy of the official State of Missouri Tax Exemption Letter by the Finance Office at the time a purchase order is delivered.

Administrators, teachers, or other school staff who have been authorized to make purchases for the District from local retail dealers will provide a copy of the tax-exempt letter to such dealer at time of purchase.

District representatives are prohibited from using the District tax-exempt letter for purchase of articles for personal use.

FINANCIAL OPERATION **Policy 3460**

Accounting Reporting
Student Attendance Accounting

An accurate accounting of student attendance, transportation and food service records shall be kept by the School District. The records will be in accordance with state law and appropriate regulations of the Missouri Department of Elementary and Secondary Education.

Building principals/supervisors will be responsible for maintaining student attendance accounting, and for submitting monthly reports of such records to the Superintendent, who will in turn be responsible for preparing reports to be submitted to the appropriate state offices.

FINANCIAL OPERATION **Policy 3470**
Accounting and Reporting
Average Daily Attendance – Early Childhood Program

Pupils between the ages of three and five years old who are eligible for free and reduced lunches and who attend an early childhood education program that is operated by and in the District, or by a charter school that has declared itself a local educational agency providing full-day kindergarten and that meets standards established by the State Board of Education; or that is under contract with the District or charter school that has declared itself as a local educational agency and that meets standards established by the State Board of Education will be included in the District's calculation of average daily attendance. In the event that the District contracts with an early childhood program, the District will adhere to standards set by the State Board of Education.

If a pupil who is eligible for free and reduced price lunch leaves the early childhood program during the school year, the District may fill the vacant enrollment spot with another pupil between the ages of three and five who is also eligible for free and reduced lunch without affecting the District's calculation of average daily attendance.

The total number of three- and five-year-olds included in the District's calculation of average daily attendance must not exceed eight percent (8%) of the total number of students who are eligible for free and reduced lunch between the ages of three and eighteen who are included in the District's average daily attendance.

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FINANCIAL OPERATION **Policy 3510**

Auditing
Annual Audit

The books and accounts of the District will be audited by an independent certified public accountant in conformance with the prescribed standards and legal requirements. The Superintendent shall place before the Board the matter of the retaining of a certified public accountant. The auditor shall be selected by the Board. The audit shall be presented to the Board for examination. The Superintendent will be responsible for filing copies of the audit with the proper authorities as prescribed by law.

FINANCIAL OPERATION **Policy 3520**

Auditing
Inventories

The Board shall require a physical count of all stock supply and equipment items at least once each year. The inventory total shall be recorded on the District's accounts. An inventory provides:

1. Complete local property information for ready reference.
2. Information for insurance purposes.
3. For audit needs to determine capital worth.
4. For accountability of the physical property of the District.

The building principal is responsible for the inventory. The person responsible for the room and its contents should take the inventory.

FINANCIAL OPERATION **Policy 3610**

School Activities Funds
Management

School activity funds are used to finance a program of student activities which supplement but do not take the place of the instructional programs provided by the Board of Education. Whether funds are collected from student contributions, club dues, special activities, or result from admissions to events or from other fund-raising activities, all funds will be under the jurisdiction of the Superintendent and building principals. The funds will be expended to benefit students currently enrolled in school. The management of the funds will be in accordance with good business practices, including sound budgetary and accounting procedures, and will be audited in the same manner as District funds. There shall be full disclosure of the sources and expenditures of all funds.

FINANCIAL OPERATION **Policy 3710**
Insurance
Insurance Programs

The Board of Education shall maintain adequate insurance programs to cover property, liability and personnel, within the requirements of good risk management and state law. The administration will recommend to the Board the kind and amount of property, casualty and/or liability insurance needed for the protection of the District property, employees, and Board of Education, and will administer insurance authorized by the Board, unless otherwise directed.

Every effort shall be made to obtain insurance at the most economical cost consistent with required service by obtaining quotations or by negotiations, whichever method is advantageous to the District.

The District will maintain coverage on all buildings and capital outlay contents. Coverage should be 100% without coinsurance if available.

Liability coverage should include comprehensive general liability, employee benefits liability, vehicular liability and school board legal liability. (See also Policy 3730 – Liability.)

FINANCIAL SERVICES **Policy 3730**

Insurance
Liability Insurance

The Board of Education recognizes that legal actions may be initiated from time to time against the School District as a corporate entity, against the Board of Education as a whole, against board members as individuals, or against District officers, employees or other agents. The Board also recognizes the contribution that is rendered to the students of the School District by volunteers and is mindful that legal actions may be initiated against these individuals as well.

To protect members of the Board of Education, School District officers, employees, other agents and volunteers in the performance of their duties and responsibilities, the Board will defend its Board members, officers, employees, other agents and volunteers against claims for suits arising out of the performance of their duties and responsibilities. The Board shall indemnify its Board members, officers, employees, other agents and volunteers against all financial liability or loss resulting from such claims or suits including judgments for damages, attorney's fees, fines, court costs and amounts paid in settlement of such matters and reasonable and customary ancillary costs. Ancillary costs may include, for example, travel expenses incurred by Board members or others if they must appear for a case that is being tried outside the area.

The protection provided by this policy shall apply on an *occurrence* basis, which means that an individual will be indemnified even though he/she is no longer a member of the Board of Education or employed by or otherwise associated with the District when the lawsuit is filed.

The Board of Education reserves the right, however, to deny representation and indemnification to any person covered by their Board policy in any instance in which there would be no coverage under the School District applicable liability insurance program in which the claim "results in civil judgment or criminal conviction for" an intentional tort, immoral conduct, violation of any criminal or civil statute or violation of Board policy or regulations or administrative order or directive, whether verbal or written.

As a prerequisite to the right of legal representation and indemnification, any person who is served with legal notice commencing any action or proceeding against him/her for which indemnification is sought is required to immediately notify the Superintendent of the legal action after receipt of such legal notice.

The District shall maintain a program of self-insurance and/or insurance coverage sufficient to provide the legal defense and indemnification described in this policy. However, the District's purchase of liability insurance does not waive the District's entitlement to sovereign immunity.