



Claire McCaskill

Missouri State Auditor

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October 2005

Marshfield R-I School District

Year Ended June 30, 2004



Office Of  
Missouri State Auditor  
Claire McCaskill

October 2005

**The following problems were discovered as a result of an audit conducted by our office of the Marshfield R-I School District.**

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The Marshfield R-I school district does not have formal written bidding policies and procedures for non-capital expenditures. Some items were not bid or adequate bid documentation was not retained for purchases made during the year ended June 30, 2004, including: \$66,811 for cleaning supplies; \$39,297 for computer supplies and \$39,057 for office supplies. District employees indicated that in some instances bids were solicited through telephone quotes or other direct contacts with vendors, but documentation was not always retained. Other instances of documentation on bidding or price comparisons not being retained include: \$303,000 for food for school lunches; and \$186,400 for materials, excavation work and land for a building trades' class project.

During the year ended June 30, 2004, the district spent almost \$1 million on contracted transportation costs. The school district did not solicit bids for these transportation services and the district does not have an adequate system to control and monitor fuel purchased for the buses. Fuel is ordered by the contractor and stored in fuel tanks located on the contractor's property. The district is responsible for paying for the fuel but does not require the contractor to provide fuel usage logs to document the amount of fuel used.

The district has used the services of the same architectural firm for several years without any documentation of the consideration of other firms. Additionally, the district does not have a written policy for the selection and procurement of companies or individuals for some professional services, including physical and occupational therapy services, and education training services.

The district paid contractors approximately \$214,000 to roof a portion of two elementary buildings and did not require the contractors to provide supporting documentation of wages paid to ensure compliance with prevailing wage laws. In addition, the district did not always prepare IRS 1099-MISC forms as required and vendor invoices or other supporting documentation were not obtained or retained for some expenditures.

The school district refinanced \$9.7 million in general obligation bonds in March 2004. The district sold these bonds through a negotiated instead of a competitive sale. Historically, negotiated bond sales result in increased interest costs.

(over)

YELLOW SHEET

Controls over petty cash, change funds, and student activity fees need improvement. Our review noted that district offices hold numerous cash funds without adequate records to account for the funds on hand. During February 2005 we counted funds on hand at all district locations which included 36 separate cash funds totaling approximately \$15,200. Improvements such as limiting access to funds, depositing receipts timely, and discontinuing the practice of cashing personal checks from district receipts are recommended.

District accounting procedures need improvement. District offices processed approximately \$430,000 in student lunch collections between July 2004 and May 2005, however collections are not always reconciled to amounts posted to the districts computer system. Also, vending machine commissions are not monitored and the district does not have adequate procedures to follow up on old outstanding checks or non-sufficient funds checks.

It is questionable if some board members complied with the district's conflict of interest and financial disclosure policy. The district paid approximately \$2,000 in 2004 and \$1,600 in 2003 for bus driver physicals from a local physician who is a School Board member. Additionally, the district paid approximately \$147,500 to a business owned by a board member's son for computers during the year ended June 30, 2002. Price quotes were obtained for the computer equipment by the Director of Technology; however, documentation for the selection of this vendor was not documented in the board minutes.

The audit report also includes some other matters related to expenditures and contracts, administrator contracts, board meeting minutes, district procedures and non-resident tuition, foundation monitoring, and asset records and procedures upon which the school district should consider and take appropriate corrective action.

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MARSHFIELD R-I SCHOOL DISTRICT

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STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Board of Education  
Marshfield R-I School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Marshfield R-I School District. The school district engaged Davis, Lynn, & Moots, PC., Certified Public Accountants (CPAs), to audit the school district's financial statements for the year ended June 30, 2004. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the school district included, but was not necessarily limited to, the year ended June 30, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the school district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the school district's management and was not subjected to the procedures applied in the audit of the school district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Marshfield R-I School District.



Claire McCaskill  
State Auditor

June 7, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



MARSHFIELD R-I SCHOOL DISTRICT  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

1.

**Bidding**

The district does not have formal written bidding policies and procedures for non-capital expenditures. As a result, the decision of whether to solicit bids for a particular purchase is made on an item by item basis. Although the school district did solicit bids for many purchases, some items were not bid or adequate bid documentation was not retained for the following purchases made during the year ended June 30, 2004:

Cleaning supplies	\$ 66,811
Computer supplies	39,297
Office supplies	39,057
School supplies	18,990
Art supplies	8,827
Activity Insurance	5,280

The amounts listed above represent payments made to a single vendor. While district employees indicated that in some instances bids were solicited through telephone quotes or other direct contacts with vendors, documentation showing vendors contacted, prices quoted, and reasons for selecting the successful vendor was not always retained.

In addition, the district has spent more than \$303,000 for food for school lunches without bidding. The Director of Food Service indicated that prices were routinely compared and one vendor was primarily used based on a prime vending contract; however, the documentation of price comparisons was not retained and the contract could not be located.

Also, the district has spent approximately \$186,400 to build a home as part of the building trades' class, including \$168,650 for building materials and excavation work, and \$17,750 for land. The Building Trades Instructor indicated that prices are compared among vendors; however documentation of bidding was not retained.

Further, the district spent approximately \$1.4 million on health insurance during the year ended June 30, 2005. A written proposal was obtained from one broker; however, proposals were not solicited from other brokers. The district has used the same broker since 2001. District employees indicated insurance rates were discussed with the broker before obtaining insurance.

Formal bidding procedures for major purchases would provide a framework for economical management of the district resources and help assure the district that it receives fair value by contracting with the lowest and best bidder. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the district's

business. Not only can bids be obtained by telephone quotation, but bids can also be obtained by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based upon the dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and the reasons for selecting the winning bid. Further, Section 67.150, RSMo, requires competitive bidding at least every three years for medical insurance.

**WE RECOMMEND** the School Board establish formal bidding policies with provisions for documentation of the justification for selecting and rejecting bids.

**AIUDITEE'S RESPONSE**

*The School Board provided the following response:*

*Our staff does get comparative pricing when purchasing items and they choose the best value. Although formal documentation was not always kept, we will consider a better form of documenting when purchasing. Formal bidding is not required for most purchases and is not always a cost saver.*

*The Director of Food Service is diligent in getting the most for district funds. She will document pricing in the future.*

*State statute requires districts to bid group health insurance policies every three years. The district uses the services of a broker who represents the district, not the insurance carriers, in bidding out the policy every year with multiple companies bidding. We are comfortable, as is our attorney, that we are more than meeting the statute's requirements and have historically been provided with health insurance benefits and premiums that have been better than those received in most school districts in southwest Missouri.*

**2.**

**Transportation Costs**

The school district has contracted with the same transportation company since 1998 to provide bus transportation for its students. During the year ended June 30, 2004, the district spent almost \$1 million on contracted transportation costs. Payments totaling approximately \$843,500 were made to the transportation company, approximately \$101,000 was paid for fuel and approximately \$5,000 was paid for tires on the transportation company's behalf. The contractor served 32 routes traveling approximately 1,963 miles per day, and provided additional transportation for other district activities such as sporting events and field trips. The school district did not solicit bids for these transportation services.

The district does not have an adequate system to control and monitor fuel purchased for the buses. Fuel is ordered by the contractor and stored in fuel tanks located on the contractor's property. The district is responsible for paying for the fuel but does not

require the contractor to provide fuel usage logs to document the amount of fuel used. Additionally, the district does not seek bids for fuel costs.

The district pays the tire supplier directly for tires purchased and used by the transportation company. While the amount paid for tires is deducted monthly from the amount owed to the transportation company, this arrangement is not specified in the contract.

Competitive bidding provides a framework for economical management of the school district's resources and helps assure the district that it receives fair value by contracting with the lowest and best bidder. While district employees indicated they routinely check fuel prices, documentation showing vendors contacted, prices quoted, and reasons for selecting the successful vendor was not always retained. Without detailed fuel logs, the district has no means to ensure fuel costs are proper and reasonable. Written contracts which clearly define all contractual terms are necessary to ensure all parties are aware of their duties, responsibilities, and benefits and to prevent misunderstandings.

**WE RECOMMEND** the School Board regularly solicit competitive bids for the transportation contract and fuel, and require detailed fuel logs from the contractor and reconcile the amount of fuel used to the amount of fuel purchased. Fuel costs should also be periodically reviewed for reasonableness. Further, clarify the contract with the transportation company to ensure all contractual terms are properly administered.

### **AIUDITEE'S RESPONSE**

*The School Board provided the following response:*

*In 1998, the last time the District bid this out, the next lowest bidder was over \$80,000 higher. However, our contractor has not taken advantage of that fact and has just in the last two years received payment in the amount equaling the 1998 bid for next lowest bidder. In fact, the other bidder's quote required specified yearly increases that, if we had contracted with them, would now make their bid for 05-06 around \$187,000 more than our current contractor's bid. We will consider bidding out transportation again for 2006-07.*

*Although the pumps are locked and only accessed by the owners of the bus company, the District will explore options for tracking of fuel usage and for more formal bidding of fuel.*

*The District will specify the purchase of tires in future transportation contracts.*

<b>3. Professional Services</b>
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The district has not solicited proposals for various professional services and does not have a written policy for the selection and procurement of companies or individuals for some professional services.

- A. The district has used the services of the same architectural firm for several years without any documentation of the consideration of other firms. Payments to this firm totaled approximately \$57,000 during the year ended June 30, 2005. This firm also worked on several capital improvement projects for the district in previous years, including construction of the High School and Shook Elementary. District personnel indicated that they use this firm because of past performance and a good working relationship.

District policy states that when hiring an architect the school can rely on past performance to promote continuity, efficiency and quality but does not require the consideration of more than one architect. The district should consider revisions to their policy to require the consideration of more than one architectural firm when selecting a firm. The firms should be evaluated based on specific criteria, including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located.

- B. The district hires individuals and companies to perform various professional services; however, it does not have formal written policies and procedures for the procurement and selection of companies or individuals for professional services. Our review noted requests for proposals were not solicited for various professional services including \$27,940 paid for physical therapy services, \$24,420 paid for occupational therapy services, and \$12,913 paid for education training services.

Procurement and selection processes are necessary to ensure the district is receiving the best services and rates. The process should include soliciting proposals and evaluating these proposals for technical experience, capacity and capability of performing the work, past record of performance, and the firm's proximity to and familiarity with the school district.

**WE RECOMMEND** the School Board:

- A. Consider revising district policy to require the solicitation of proposals for architectural services from more than one firm.
- B. Adopt a policy addressing the procurement and selection of all professional services, and periodically solicit proposals for the selection of these service providers. All documentation regarding proposals solicited should be retained.

**AIUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. *District Policy 7120 and Regulation 7120 outline those procedures and we are in compliance with state statute and policy. We will continue to monitor the costs and performance of our current architect and compare to other architects and their projects*

*as we have in the past. Utilizing the services of an architect familiar with the district and the facilities has many advantages and we are confident has saved time and money.*

- B. *The Special Services Director researches these providers and obtains pricing. There are a very limited number of providers for the area and in some instances they are the sole provider. Historically, all districts in the area have paid the same hourly rate to these providers. Our goal is to provide the most effective services for our students.*

<b>4. Expenditures and Contracts</b>
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Controls and procedures over district expenditures are in need of improvement. The district did not require contractors to provide supporting documentation of wages paid to ensure compliance with prevailing wage laws, did not prepare IRS 1099-MISC forms for some vendors and processed some payments without vendor invoices or other supporting documentation. In addition, the district did not solicit bids for vending services.

- A. The district hired contractors to roof a portion of two elementary buildings and did not require contractors to provide supporting documentation of wages paid to ensure compliance with prevailing wage laws. Contractors were paid approximately \$129,000 for roofing at Hubble Elementary and \$85,000 for roofing of Webster Elementary. While one contractor signed a certificate indicating that prevailing wages were paid, no payroll records were reviewed for either contractor.

Section 290.250, RSMo, requires the prevailing wage to be paid to all workers employed by or on behalf of any public body, who performs construction work projects other than routine maintenance. Without detailed supporting documentation, the district cannot ensure compliance with state law.

- B. The district did not always prepare IRS 1099-MISC forms as required. Some companies performed services for the district and were paid in excess of \$600 during the year; but 1099-MISC forms were not filed for these companies. Examples include brick work (\$9,500), heating and air installation (\$7,250) and program evaluation (\$2,000).

Additionally, one instance was noted where a local company gave the district \$1,000 to be paid to an employee named Teacher of the Year; however, the additional compensation paid to the employee was not reported on Forms W-2 or Forms 1099-MISC, and payroll deductions were not withheld from the payments.

The Internal Revenue Code (IRC) requires payments totaling \$600 or more in a year to non-employees and businesses which are not corporations be reported on Forms 1099-MISC. The IRC generally indicates individuals treated as employees should have all compensation reported on Forms W-2.

- C. Vendor invoices or other supporting documentation were not obtained or retained for some expenditures. Examples include payments for a motivational speaker (\$2,800), a behavioral therapist (\$608), and a Christmas luncheon (\$605). While the behavioral therapist generally would provide a detailed invoice including date of service, hours worked, and students served, this information was not available for this expenditure. Also, without adequate documentation for the Christmas luncheon it is unclear the number of meals served and the cost of meals provided to ensure it was a prudent use of district funds. In addition, employee mileage expense reports did not always contain sufficient information such as the destination and purpose of the trip.

All disbursements should be supported by paid receipts or vendor invoices to ensure the obligations were actually incurred and the disbursements represent appropriate uses of public funds. Further, without a detailed employee mileage expense report, the district cannot adequately review and ensure the propriety of payments made for travel expenses.

- D. Receipt of goods or services is not always indicated on invoices prior to payment. For example, receipt of goods and services was not documented on invoices for computer equipment, cleaning supplies, and food for student lunches. Normal district procedures require employees to initial vendor invoices to indicate that goods were received. To ensure that goods and services have been properly received by the district, all invoices and other supporting documentation should be properly initialed or signed by a district employee indicating receipt of goods or services.
- E. The district did not solicit bids before entering into a five-year contract with a local vendor to provide and service soda vending machines in 2001. The terms of the contract were renegotiated from an existing contract, and required the vendor to pay the district \$100,000 in advance commissions at the beginning of the contract, \$80,000 in sponsorship fees of which \$20,000 was to be used toward the cost of scoreboards, and pay monthly commissions based on the volume of sales. The district is paid approximately \$14,000 annually in commissions and as of June 30, 2004 has sold over 330,000 cans and bottles of soda product since the contract inception. The contract provides the vending company with the exclusive rights to distribute their products on the district campus which would require the district and all school booster clubs to distribute this vendor's product.

Soliciting proposals and entering into a truly competitive bidding process provides the district with a range of possible choices, and a means to select the vendor best suited to provide the service required. Because the vending contract was not bid, district officials have no assurance that the current agreement offers the most benefits to the district. Furthermore, district officials should reconsider long-term agreements that obligate the district to a single vendor.

**WE RECOMMEND** the School Board:

- A. Ensure adequate supporting documentation is submitted to substantiate prevailing wage is paid on all construction projects as required by law.
- B. Ensure IRS 1099-MISC forms are prepared and submitted as required and ensure all employee compensation is properly reported to the IRS.
- C. Retain supporting documentation, including invoices, for all disbursements and require detailed travel expense reports be submitted and retained.
- D. Ensure the receipt of goods or services is indicated on invoices prior to being approved for payment.
- E. Solicit bids for district vending services, and reevaluate the practice of entering into long-term contracts.

### **AIUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. *The District has maintained these records for building projects. However, the architect overseeing the smaller projects maintained this documentation. In the future, the district will require contractors to provide this documentation for our records.*
- B. *There were three businesses that were not incorporated. Any businesses that could be in question in the future will be required to provide documentation including a breakdown of labor and supplies and receive the Form 1099 if appropriate. The employee referred to did not receive compensation from the District. They provided documentation for reimbursement for a computer to be used at home for school use, as a result of a monetary award from the business choosing them as Teacher of the Year. Permission was granted by the Principal because of his knowledge of the school use of the computer.*
- C. *The accounting staff does a fantastic job of maintaining accurate records. Out of several hundred invoices examined, one invoice from 2003 was missing. In two instances, checks for the vendor were provided to an administrator from the signed and approved purchase order request in which a specific amount for the service had been confirmed (one for an assembly speaker; one for a staff Christmas dinner). No formal invoice was ever received from the vendor but it was very evident the services had been provided.*
- D. *The bookkeeper does call and check when there are no initials approving an invoice. She will document those calls in the future.*
- E. *In this instance, it was definitely to the District's advantage to renegotiate an existing contract for two more years. The extra two years provided the District with \$80,000 just for signing the contract extension and also provided the district with \$100,000 in*

*advanced commissions. Without a multi-year commitment, this would not have been possible.*

<b>5. Administrator Contracts</b>
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Timesheets are not prepared by the Assistant Superintendent to support additional compensation received for grant administrative duties, and his contract did not clearly define all fringe benefits paid by the district. In addition, the district has entered into a multi-year employment contract with the Superintendent.

- A. The Assistant Superintendent receives a stipend to serve as project director for the Twenty-First Century Community Learning Center grant received by the district. He was paid \$6,000 in addition to his normal salary between February and June 2004, and will receive \$12,000 in fiscal year 2005 for work related to the grant. While additional compensation in the form of stipends was also provided to teachers and other administrators for grant related work outside of their regular contract, all employees except the Assistant Superintendent submit timesheets documenting the amount of additional time worked. The school board approved the additional pay for additional time worked related to the grant; however, without timesheets it is unclear how the duties of project director are outside the Assistant Superintendent's regular district duties.
- B. The Assistant Superintendent is paid an additional \$125 monthly in lieu of district provided health insurance. A clause providing for this fringe benefit has been omitted from the Assistant Superintendent's contracts since the year ending June 30, 2001. While the amount paid is less than the cost of employee provided health insurance paid for other employees, written contracts which clearly define all contractual terms are necessary to ensure all parties are aware of their duties, responsibilities, and benefits and to prevent misunderstandings.
- C. In 2005, the district entered into a two-year employment contract with the Superintendent that contains provisions for annual raises, if any, to be determined by the Board. Since 2000 the board has utilized a one year contract. Problems can arise from the use of multi-year contracts. Should the board wish to terminate an individual who has an extended term contract, buyout terms can prove costly. As a result, the Board needs to reevaluate its practices regarding multi-year contracts.

**WE RECOMMEND** the School Board:

- A. Require timesheets from all employees to document the work performed for the grant.
- B. Clarify the Assistant Superintendent's contract to ensure all benefits are properly administered.



- C. Reevaluate the practice of entering into multi-year contracts.

**AIUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. *The Assistant Superintendent wrote the 21<sup>st</sup> Century Grant for the District that provides over \$777,000 to support an after-school program for students needing extra help over five years. As for maintaining timesheets, the Board of Education and the following State personnel who direct the program have determined that timesheets are not necessary for administrative duties of the project coordinator: Jay Acock, Director of Community Education, Department of Elementary and Secondary Education (DESE); Cindy Waibel, Supervisor of the 21<sup>st</sup> Century Learning Community Grants, DESE; Kaye Bertels, Supervisor of Federal Programs, DESE; and Tom Quinn, Supervisor of School Governance, DESE. This is a salaried position and an on-call position and does not require a daily logging of hours.*
- B. *By accepting as part of his contract a fixed amount, tax-sheltered annuity in lieu of the health insurance benefit, the Assistant Superintendent has saved the District over \$4,900 in premiums over the past six years. This benefit was inadvertently left off of the contract by the typist after the first year, but has been maintained and is currently part of the contract.*
- C. *The Superintendent is doing an exceptional job and the Board felt confident in offering a contract to him for two years. Three-year contracts are more the norm for superintendents in the state. Very few Boards of Education opt to offer their superintendent only a 1-year contract.*

<b>6. Bond Refinancing</b>
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The school district refinanced \$9.7 million in general obligation bonds in March 2004. The district sold these bonds through a negotiated instead of a competitive sale. In addition, the School Board did not select the bond underwriter competitively, but used an underwriter they were familiar with. The School Board relied upon the advice of the bond underwriter instead of seeking open bids assuring the most competitive rate of return for the taxpayers.

Historically, negotiated bond sales result in increased interest costs. The additional interest cost could have been used to fund additional school purposes. As a result of the negotiated sale, taxpayers may have more debt to pay for less services.

While Missouri law does not require competitive bond sales or competition in selecting bond advisors, the historically lower interest costs on competitive sales suggest such sales to be in the best interest of the school district.

**WE RECOMMEND** the School Board pursue fair and open competition in any future bond sales.

**AIUDITEE'S RESPONSE**

*The School Board provided the following response:*

*Upon the advice and excellent timing of our Bond Underwriter, the District saved over \$1,000,000 by approving a refunding. Because of their complexity, it is rare for refundings to be publicly bid. When looking at other issues in the market at the time the District refunding took place, we achieved lower interest rates than those researched that were publicly bid. Because competitive bidding takes weeks, it is also more difficult to sell the bonds quickly when the market timing is best. The district has also been able to reap benefits from other financial advice provided by the underwriter at no cost to the district. The underwriter was chosen competitively for the earlier, initial issuance of the bonds.*

<b>7. Petty Cash, Change Funds and Student Activity Fees</b>
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Controls over petty cash, change funds, and student activity fees need improvement. In addition to the central office, the district maintains offices at the high school, junior high school, and three elementary schools (Shook, Webster, and Hubble). These district offices act as a collection point for various student fees and maintain petty cash funds.

A. Our review noted that district offices hold numerous cash funds without adequate records to account for the funds on hand. During February 2005 we counted all funds on hand at all district locations which included 36 separate cash funds totaling approximately \$15,200. During these cash counts and our review of controls over these funds we noted the following concerns:

- Adequate controls have not been established over receipts collected by district offices. For example, the High School secretary does not issue receipt slips for all money received, and does not reconcile receipt slips issued to amounts deposited. We noted two checks totaling \$7,128 were received at the high school district office for the sale of used textbooks. Receipt slips were not issued for these checks, and one check totaling \$7,000 was omitted from the deposit slip in error. The district did not identify the error until notification was received by the bank indicating that the deposit amount had been increased by \$7,000.
- During our cash counts, the district office at Webster Elementary had yearbook fees totaling \$6,403 on hand including \$877 in cash and \$5,526 in checks. The checks were made payable to the yearbook vendor; however, many of the checks appear to have been held over one month. Because a log of yearbook fees collected was not maintained at the district office, it was

unclear how long these monies had been on hand, or if all monies were properly accounted for.

- A number of people have access to the student council activity fees collected at the Junior High jeopardizing the integrity of the fund. Additionally, the fund is used to cash personal checks for faculty members. Personal checks should not be cashed with official district receipts. A total of \$102 was counted in this fund on February 17, 2005.
- Hubble elementary and Shook Elementary held cash donations totaling \$165 and \$58, respectively, from local churches. According to district employees, these monies are used to offset delinquent lunch account balances; however, records were not maintained to adequately account for the use of these funds and the district's central office does not monitor these funds. Similar types of cash funds were held by other schools in the district.
- Some district offices issue rediform receipt slips for monies received. The receipt slips are not specifically printed for the district and some receipt books do not contain pre-numbered receipt slips. In addition, copies of voided receipt slips were not always properly voided or maintained.
- Webster Elementary indicated their petty cash fund was not maintained at a constant amount since telephone reimbursements from teachers were commingled. The building had \$208 in their petty cash fund during our cash count on February 23, 2005; however, the building was only authorized to have \$100 in petty cash.
- The district does not have procedures to dispose of unclaimed monies. For example, students are often given a cash refund of their lunch monies upon withdrawal from the district. During our cash counts on February 16, 2005, two refunds totaling \$39 were on hand at Shook Elementary, with one of the refunds held since October 2004. In another example, we noted \$115 had been seized from a student as stolen property and the money remained on hand at the High School. It was unclear how long this money had been held.

To properly account for all receipts and ensure they are properly deposited, official prenumbered receipt slips should be issued or a log of all fees collected should be maintained, and reconciled to monies deposited. All copies of voided receipt slips should be properly defaced and maintained. Deposits should be made intact daily or when accumulated receipts exceed \$100, and access to all funds should be limited. In addition, the district should discontinue cashing personal checks. Petty cash and other cash funds should be maintained at a constant amount, and accounted for separately. Periodically, the petty cash and other cash funds should be counted and reconciled to the authorized balance by an independent person to ensure the funds are being accounted for properly, to detect

any errors, and to help prevent these monies from being misused. Further, any unclaimed monies should be disposed of in accordance with state law.

- B. Commission checks from the district's snack machine vendor are not always properly recorded and monitored. This weakness allowed one commission check totaling \$48 to be substituted into a deposit of student lunch monies at Shook Elementary and cash receipts totaling the same amount were withheld from the deposit. District employees indicated the cash was likely used for student or teacher appreciation items; however, documentation of the expenditures was not retained.

While snack commissions total only approximately \$1,200 annually, the district should initiate procedures to monitor commissions received to ensure all receipts are properly deposited into the district's bank account and recorded. Allowing the practice of checks to be substituted for cash increases the risk of loss or misuse of funds.

**WE RECOMMEND** the School Board:

- A. Establish written procedures governing the accounting for various funds maintained by district offices. The district should maintain a listing of each fund and the authorized balance of each fund, and establish procedures for adding funds or changing fund amounts. In addition, ensure access to the funds is limited and the funds are periodically counted and reconciled to the authorized balance by an independent person. Deposit all monies intact daily or when accumulated receipts exceed \$100, and ensure official prenumbered receipt slips are issued for all monies received or a log of fees is maintained. Petty cash funds should be maintained at a constant amount and accounted for separately. Further, discontinue the practice of cashing personal checks from district receipts and dispose of unclaimed monies in accordance with state law.
- B. Establish controls to adequately monitor the collection of commissions to ensure all commission checks are properly received and accounted for by the district. The practice of substituting commission checks for cash should be discontinued.

**AIUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. *For convenience, these small cash funds were maintained in the vault with no apparent problems. The district will review procedures for better accountability.*
- B. *All commission checks will be routed to Central Office with no checks substituted for cash.*

**8.****Accounting Procedures**

District accounting procedures need improvement. Student lunch collections are not always reconciled to amounts posted to the districts computer system, and the district does not have adequate procedures to follow up on old outstanding checks or non-sufficient funds checks.

A. Controls over student lunch collections need improvement. District offices processed approximately \$430,000 in receipts between July 2004 and May 2005. Employees from each district office enter student lunch collections received into individual students accounts contained in the district's Student Information System (SIS) and then deposit monies received. A copy of the deposit ticket is transmitted to the central office for recording in the district's general ledger which is maintained on a computerized reporting system separate from the SIS. Daily collections reports are generated from the SIS; however, these reports are not always reconciled to deposits and the reports are not transmitted to the central office. Our review noted that the amount of receipts on the daily collection reports generated from the SIS did not always agree to the amount deposited. Examples include:

- Daily collection reports for October 25, 2004 from the High School totaled \$1,670, deposits for this day totaled \$1,612, resulting in \$58 that was unaccounted for.
- Daily collection reports for October 12, 2004 from Hubble Elementary totaled \$593, deposits for this time period totaled \$1,383, resulting in an overage of \$790.
- Daily collection reports for November 5, 2004 from Hubble Elementary totaled \$373, deposits for this day totaled \$199, resulting in \$174 that was unaccounted for.

Further, student lunch collections are not always deposited on a timely basis. For example, the last day of classes for the fiscal year 2005 were held on May 17, 2005 and the last deposit made by Hubble Elementary for lunch collections totaling \$1,525 was made on May 25, 2005. It is not clear why these funds were held for eight days after school ended before being deposited.

To ensure proper accountability over student lunch collections and reduce the potential for loss, theft, or misuse of funds, monies received should be reconciled to daily collection reports. Any differences should be investigated and resolved. Deposits should be made daily or when accumulated receipts exceed \$100.

- B. There is no documentation to indicate that anyone compares the number of high school parking permits sold by the security office to the amount of revenue recorded in the district's general ledger to ensure all monies were properly accounted for. Further, monies received from parking permits are not held in a secure location prior to being deposited. Annually, the district collects approximately \$3,300 from parking permits. School officials indicated during May 2005 approximately \$25 was reported stolen from the security office where permits are sold.

The district should initiate procedures to compare the number of parking permits sold to monies recorded in the district's accounting records to ensure all receipts are properly deposited into the district's bank account and recorded.

- C. The district does not follow up on outstanding checks. Checks totaling \$13,791 were over a year old and still outstanding at December 31, 2004, on the school district's bank reconciliation. These old outstanding checks create additional and unnecessary recordkeeping responsibilities. The district should adopt procedures to routinely follow up on old outstanding checks and reissue them if the payees can be located. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- D. The district has not established adequate policies and procedures for the collection of non-sufficient fund (NSF) checks. During the month of December 2004, the district received 15 NSF checks totaling approximately \$465. District employees had not followed-up on several of these NSF checks as of January 26, 2005. While the district indicated a log of NSF checks is maintained to track NSF checks, the log for 2004 could not be located.

The district should prepare written guidelines for the collection of NSF checks. These guidelines should include timely notification and follow-up procedures.

**WE RECOMMEND** the School Board:

- A. Deposit all receipts intact daily or when accumulated receipts exceed \$100. District offices should reconcile daily collections reports to the amount deposited and promptly investigate any differences. In addition, the district's central office should implement procedures to periodically review records maintained at each of the district offices.
- B. Initiate procedures to compare the number of parking permits sold to monies recorded in the district's accounting records and require all monies be maintained in a secure location.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

- D. Establish formal procedures for the collection of NSF checks. These guidelines should include timely notification and follow-up procedures.

**AIUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. *Although no losses or thefts were noted and in fact, final reconciliation showed the lunch account deposits slightly more than the reporting system projected in receipts, practices and procedures will be reviewed and standardized.*
- B. *The high school will compare the number of parking permits sold to monies received each day, and maintain monies under \$100 in the high school office vault.*
- C. *Outstanding checks will be handled according to recommendations of the Missouri State Treasurer's Office.*
- D. *NSF checks will continue to be maintained on a log and procedures will be developed for more timely notification and follow-up procedures.*

<b>9. Board Meetings, Minutes and Conflict of Interest</b>
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Minutes of board meetings need improvement and, the district has not appointed a custodian of records. Further, it is questionable if some board members complied with the district's conflict of interest and financial disclosure policy.

- A. The Board of Education held several closed meetings during 2003 and 2004. Our review of the closed meeting minutes identified that the open meeting minutes did not always document that closed meetings were held, the related vote to close the meeting, and the specific reasons for closing the meeting. Further, in one instance the board discussed issues other than the specific reason for going into a closed session. For example, personnel was listed as the reason for a closed session in the regular board minutes; however, personnel, litigation and bid specifications were discussed.

Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

- B. The district has not appointed a custodian of records. Section 610.023, RSMo, indicates that each public governmental body is to appoint a custodian who is to be responsible for the maintenance of that body's records. Further, district policy

requires the district to appoint a custodian of records to maintain and assure access to public records.

To ensure compliance with state law and district policy, the district should appoint a custodian of records to maintain public records.

- C. It is questionable if some board members complied with the district's conflict of interest and financial disclosure policy. Board policy provides for board members to make a good faith effort to avoid a conflict of interest, and if a situation arises which involves the potential for a conflict of interest, the board member will declare his interest and refrain from debating or voting upon the transaction in question.
- The district paid approximately \$2,000 in 2004 and \$1,600 in 2003 for bus driver physicals (includes contracted and district employed bus drivers) from a local physician who is a School Board member. The district's regulation prohibits board members from performing any service for the district for consideration.
  - The district paid approximately \$147,500 to a business owned by a board member's son for computers during the year ended June 30, 2002. Price quotes were obtained for the computer equipment by the Director of Technology; however, documentation for the selection of this vendor was not documented in the board minutes. District officials purchased other equipment to furnish the new high school facility during this time and stated that the selection of vendors was not always documented in the minutes; however, given the potential conflict the selection of this vendor should have gone before the board.
  - Three board members refrained from voting on accounts payable items in April 2005 because of a conflict of interest; however, it was unclear from the minutes that the board members had declared their interest as required by board policy.

Officers and agents of a school district serve in a fiduciary capacity. Personal interests in business matters of the school district create the appearance of conflicts of interest and a lack of independence that could harm public confidence in the board and reduce their effectiveness. The district should strictly enforce their policy on conflicts of interest and financial disclosure.



**WE RECOMMEND** the School Board:

- A. Ensure open minutes state the specific reasons for going into a closed session and limit closed meetings to only those purposes specifically allowed by state law.
- B. Appoint a custodian of records to maintain public records.
- C. Strictly enforce the district's conflict of interest regulation and financial disclosure policy by adequately documenting reasons for board member abstentions.

**AIUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. *While the motion to proceed to closed session is always held in open session, a clerical error mistakenly placed this motion in the closed session minutes.*

*There were only two announcements made at the end of one meeting during closed session. There was no discussion involved. They were merely announcements made by the superintendent at the end of the meeting. The two announcements as quoted from the June 28, 2004 minutes were: "Mr. Wutke announced that the inspection of the track will be July 12, 2004, at 8:00 a.m." and, "Mr. Wutke announced that he is seeking bids for the demolition of the old junior high cafeteria and FACS building." We do not consider these announcements as discussion of litigation and bid specifications.*

- B. *Although it was understood that the Board Secretary was the custodian of records, the Board has now officially made the appointment.*

- C. *When the Board changed policy services in 1999, this new regulation, which was a change from the previous regulation and practice, was not communicated to the Board. The regulation has since been changed to the always-intended practice of allowing the performing of services for consideration as allowed by law. Most of the driver physicals performed were for the bus contracting company, and were mistakenly billed directly to the District instead of to the company for later reimbursement.*

*The administration sought bids for computer equipment and accepted the lowest bidder out of six. The fact that the bidder was a relative of a Board member did not factor into the decision.*

*The Board secretary placed the business name next to the abstention in the minutes. We felt no further clarification was needed.*

District policies and procedures need improvement to ensure all district offices operate consistently. In addition, procedures to monitor non-resident tuition could be improved.

A. District officials have not established comprehensive policies or procedures to ensure all district offices operate consistently. As a result, some policies and practices among the various district offices are inconsistent. Examples include:

- Policies for providing teacher appreciation gifts, employee dinners, and flowers for employees and their families on various occasions are not consistent in district offices. Some offices take up a collection for such purchases while other offices use district funds. Such expenditures of district funds may not be a necessary or prudent use of funds.
- Food service employees at some school buildings take inventory at month end of food items on hand while others do not take inventory counts. Maintaining inventory records and taking inventory counts help ensure accountability over such assets.
- Reports submitted to the state to report discipline information are prepared differently by district offices. Errors were noted in reporting in-school suspension occurrences to the state.
- Some offices have written procedures to control the use of the Wal-Mart account cards maintained in each district office while others do not. Detailed written policies and procedures are necessary to provide guidance to employees on the proper use of account cards.

To ensure procedures over various district activities are consistent the district should consider developing district-wide policies. Further, formal policies related to the purchase of flower and gifts are necessary to ensure public funds are expended in a necessary and prudent manner.

B. Procedures to monitor and collect non-resident tuition could be improved. The district allows non-resident students to make partial payments on tuition but does not have a written policy for payment and collection of non-resident tuition. The district does not maintain a listing of tuition payments due from students and does not always take appropriate action when payments are past due. Further, signed payment agreements with the guardians of non-resident students are not required. Based on district records, tuition receivables for the school year ended June 30, 2004 totaled approximately \$47,600 of which \$33,000 was still due in December 2004. While letters have been sent to the individuals who owe money and a court judgment was obtained for approximately \$21,800 of the amount, little follow up action had been taken to pursue collection of the remaining receivables.

A written policy would help clarify tuition payment procedures and provide guidance on maintaining adequate records. Accounts receivable records are necessary to effectively monitor and collect monies owed to the district. Without active and timely pursuit of tuition payments, revenues to the district could be lost. Payment agreements signed by the guardian of the non-resident student formalizes the liability to the district and could aid in the collection of the amounts owed. Proper and timely follow up for amounts due to the district helps to maximize revenue along with providing equitable treatment for those citizens who are paying tuition when due.

- C. District policy and state law allows residency enrollment requirements to be waived for some students. The board approves or denies residency waivers during the closed session portion of their monthly meetings; however, our review noted the discussion and reasons related to approving or disapproving student waivers was not documented.

To document compliance with district policy and state law and ensure consistent treatment of individuals receiving residency waivers, the district should document the reasons for approving or disapproving waivers in the board minutes.

**WE RECOMMEND** the School Board:

- A. Develop formal district-wide policies to ensure consistent operations in district offices.
- B. Prepare a written policy on payment and collection of non-resident tuition. In addition, maintain adequate accounts receivable records including signed payment agreements and a control ledger. Also, develop procedures to pursue collection of tuition owed the district.
- C. Clearly document the reasons for approving or denying residency waivers in the board minutes.

**AIUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. *The Board of Education and Administration ensure that funds are spent in a prudent manner. Policies will be reviewed as necessary to make practices more consistent from building to building as deemed appropriate.*
- B. *Procedures for tuition paying students were changed before the start of the 2005-06 school year. Parents or guardians must now pay up front, if they want their child to attend on a tuition basis. This has taken care of all problems relating to future tuition students who request attendance on a tuition basis. However, almost \$27,000 of the*

*unpaid tuition the district is attempting to collect was from families who had claimed to live in the district but had not. This led to the attempt to collect tuition after the fact, and did not involve any foreknowledge or agreement. Follow-up on past due accounts has been ongoing, with additional possible litigation for fraud pending.*

- C. *Hardship waivers are a judgment call by the Board. Each case is different and the hardships involved are maintained on the forms parents have turned in for consideration.*

**11.**

**Foundation**

A not-for-profit corporation, the Marshfield Public School Foundation (the Foundation), was established in 1994 to provide financial support and assistance for the activities, programs and mission of the Marshfield Public School District and its patrons. The Foundation is administered by four officers and a committee of four members. The President of the Board of Education and the Superintendent serve as ex-officio members. The Foundation receives donations from individuals and organizations for the benefit of the school district, and at December 31, 2004 had net assets totaling approximately \$587,000. Donations received by the Foundation are classified as either unrestricted, restricted, or endowment funds. Unrestricted funds are expendable for any purpose deemed appropriate by the Foundation. Restricted funds are restricted by the donor, grantor, or other outside party for a particular purpose. Endowment funds are subject to the restrictions of gift instruments with the principal and/or income used as specified by the donor.

- A. The Foundation received a donation of 15,000 shares of Wal-Mart Stock in 2001 to be used by the district for the completion of the interior of the Carl and Glessie Young Community Auditorium at the High School. The Foundation subsequently sold 10,000 shares of the stock to assist the school in completion of the interior of the auditorium. Currently, the Foundation is holding 5,000 shares of stock for the district. Although the Superintendent indicated he attends Foundation board meetings, there is no documentation the board performs any monitoring of the Foundation's financial activities, such as reviewing the Foundation's board minutes or financial statements. The district should monitor financial activities of the Foundation to ensure restricted funds are used appropriately and district assets are adequately protected.
- B. The district entered into a ten-year lease agreement in 2004 with the Foundation for use of the gymnasium and other rooms which were part of the former Junior High Building. The leased premises are to be used for the operation of an activity center which generated over \$116,000 in revenues during the year ended December 31, 2004. The lease agreement requires the Foundation to maintain \$100,000 property damage liability insurance; however, the Foundation only maintains \$50,000 of this type of insurance coverage. To adequately safeguard district assets and prevent loss of district monies, the board should ensure adequate insurance coverage is maintained by the Foundation.

**WE RECOMMEND** the School Board:

- A. More clearly document monitoring activities of the Foundation's assets to ensure district assets are protected.
- B. Develop procedures to ensure the Foundation complies with all terms of the lease agreement and that district assets are adequately insured to protect against potential losses, damage, or liability.

**AIUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. *The Superintendent is the contact for the sale of the Wal-Mart stock, which was donated by Carl and Glessie Young. He has control over its sale price and use as directed by the Board. The Marshfield Schools Foundation actually spent more on the interior of the auditorium than was received from the stock sales, as they attained additional donations to help with the funding.*
- B. *As was documented in April of 2005, the Foundation raised the liability insurance to \$100,000 as soon as it was brought to their attention.*

**12.**

**Asset Records and Procedures**

Controls over district assets need improvement. The school district has not established a permanent detailed record of the property owned by the district and does not use prenumbered inventory tags to identify fixed asset items as district property. Further, the district did not always properly account for donated assets on a timely basis.

- A. The school district has not established a permanent detailed record of the property owned by the district. The district requires teachers to prepare an annual inventory list of their classrooms; however, there is no permanent property record to compare this to, and a supervisory review of changes in inventory from year to year is not performed. As a result, without these records, the district does not have a reliable record of property owned. Adequate property records are necessary to secure better internal control over property, provide a basis for determining proper insurance coverage, and provide assurance to the public that assets purchased with school monies are being utilized by the school district.
- B. The district has not tagged or otherwise identified all property items as belonging to the district. Prenumbered tags or other similar devices, when affixed to property items, allow for identification of the property in the records and limit the potential for personal use of school district assets.

- C. The district did not properly account for donated assets on a timely basis. For example, assets valued at over \$8,000 were donated to the district in June 2003 from a local company. Most of the assets were inventoried in August 2004; however, the gift was not acknowledged in the board minutes until March 2005. A dollar value for the donated items used by the Junior High has not been assigned by the district. Further, there is no documentation that cash gifts totaling approximately \$30,000 in 2004 and 2003 from the Marshfield Public School Foundation were acknowledged in the board minutes. District policy requires all gifts over \$250 be acknowledged by the board. This is generally performed during open board meetings and in the board minutes. Proper and timely accounting for donated assets is necessary to secure better internal control over property and provide assurance to the public that donated assets are being utilized by the school district.

**WE RECOMMEND** the School Board:

- A. Require general fixed asset records be maintained on a current basis.
- B. Ensure prenumbered inventory tags that label each item as “Property of Marshfield R-I School District” are attached to all property and equipment.
- C. Develop procedures to ensure donated assets are properly accounted for by the district.

**AIUDITEE'S RESPONSE**

*The School Board provided the following responses:*

*A&B. The District prepares its financial statements as recommended by the independent auditor and DESE.*

*The district will review procedures for identification of equipment and the inventory process.*

- C. The District instituted the policy of accepting gifts as a courtesy and a means of publicly thanking entities for their donations. The Foundation asked not to be acknowledged for certain gifts as the donor wished to remain anonymous. As some teachers were unaware of the gift policy, it will be reviewed with all staff.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

MARSHFIELD R-I SCHOOL DISTRICT  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The Marshfield School District is located approximately 25 miles east of Springfield off of Interstate 44 on Highway 38. It covers approximately 245 square miles within Dallas and Webster Counties.

The district operates a senior high school (grades 9-12), a junior high school (grades 6-8), and three elementary schools (grades K-5). In addition, the district operates an alternative school (grades 9-12) and an early childhood special education program (ages 3-4). Enrollment was approximately 2,985 for the 2003-2004 school year. The district employed approximately 332 full and part-time employees, including 12 administrators, 211 teachers, and 109 support staff.

The Marshfield School District has been classified under the Missouri School Improvement Program as "Accredited" by the Missouri Department of Elementary and Secondary Education.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve 3-year terms without compensation. Members of the board during the year ended June 30, 2004, were:

School Board	Dates of Service During the Year Ended June 30, 2004
Jo Walker, President (1)	July 2003-June 2004
Patrick Blinzler, Vice President (1) (2)	July 2003-June 2004
Jim Baldwin, Member (2)	July 2003-June 2004
Michele Day, Member (1)	July 2003-June 2004
James Greer, Member (2)	July 2003-June 2004
Dr. Dennis Robinson, Member	July 2003-June 2004
Curt Weaver, Member	April 2004-June 2004
Dr. William Bartow, Member	July 2003-April 2004

(1) In April 2005, Patrick Blinzler replaced Jo Walker as President, and Michele L. Day replaced Patrick Blinzler as Vice President.

(2) In April 2005, Patrick Blinzler was re-elected to the board, and Hoover Case and Steve Rasnick were elected to the board, replacing Jim Baldwin and James Greer.



The district's other principal officials during the year ended June 30, 2004, are identified below. The compensation of these officials is established by the school board.

Other Principal Officials	Dates of Service During the Year Ended June 30, 2004	Compensation Paid for the Year Ended June 30, 2004
Dr. Michael Wutke, Superintendent (3)	July 2003-June 2004	\$ 97,261
Dr. Jim Rich, Assistant Superintendent (4)	July 2003-June 2004	80,653
Jan Hibbs, High School Principal	July 2003-June 2004	76,365
Alan Thomas, Junior High Principal	July 2003-June 2004	69,686
Richard Guyer, Elementary Principal	July 2003-June 2004	63,389
Valerie Willis, Elementary Principal	July 2003-June 2004	64,561
Dr. Anita Lael, Elementary Principal (6)	July 2003-June 2004	62,237
Randall Luebbert, High School Assistant Principal	July 2003-June 2004	64,215
Jack Randolph, High School Assistant Principal (5)	July 2003-June 2004	60,712
Douglas Summers, Junior High School Assistant Principal	July 2003-June 2004	58,751
Robert Currier, Elementary Assistant Principal (6)	July 2003-June 2004	53,380
Cheryl Wrinkle, Director of Special Services	July 2003-June 2004	61,602

- (3) In addition to this base salary, the Superintendent's contract provided for the district to pay insurance premiums for his family totaling \$5,736, and individual term life insurance totaling \$227 for the superintendent. The district provides health insurance and disability insurance to all employees and paid \$2,904 and \$506, respectively, for the Superintendent's benefits. In addition, the district pays employees for a portion of their unused sick leave and the Superintendent was paid \$203 for this benefit. His total compensation for fiscal year 2004 was \$106,837.
- (4) The Assistant Superintendent was paid an additional \$1,500 a year for an annuity benefit in lieu of health insurance and \$6,000 for grant administration duties performed between February and June 2004. His total compensation for fiscal year 2004 was \$88,153.
- (5) The Assistant High School Principal was paid an additional \$6,183 a year for football coaching duties. His total compensation for fiscal year 2004 was \$66,895.
- (6) In July 2005, Robert Currier replaced Dr. Anita Lael and Kim Harmon was hired as the Elementary Assistant Principal.

Assessed valuations and tax rates for 2004 and 2003 were as follows:

	<u>2004</u>	<u>2003</u>
Assessed valuation	\$ <u>123,513,799</u>	<u>117,310,995</u>
Tax rates:		
Incidental	\$ 2.70	2.65
Debt service	.40	.40

On March 31, 2004, the district issued \$9,720,000 in crossover general obligation refunding bonds due in varying annual installments through March 1, 2020. Interest ranges from 3.90 percent to 5.25 percent. These bonds were issued to refund the 1999 series general obligation bonds and refund the 2000 series general obligation bonds. Proceeds from the bond sale were used to purchase government securities to be used to pay interest on the new bonds until the crossover dates.