



Claire McCaskill

Missouri State Auditor

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July 2006

Wheaton R-III School District

Year Ended June 30, 2005



Office Of  
Missouri State Auditor  
Claire McCaskill

July 2006

**We identified the following concerns with the Wheaton R-III School District.**

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During two of the last four fiscal years ended June 30, 2004, the district has spent more than it received, resulting in a decline of the district's ending fund balance. In addition, the board approved carrying the July and August payrolls into the next year during the years ending June 30, 2004 and 2003 contrary to the district's handling of payroll in prior and current years and misrepresented the district's financial condition on the Annual Secretary to the Board Report, to DESE, and to the public. Losses incurred by the district's self-insurance fund and the need for the district to subsidize it limited the district's ability to fund school programs. The district has demonstrated a better job of utilizing the budget document as a tool to monitor and control the district finances during the 2004-2005 and 2005-2006 school years.

Additional compensation totaling \$31,400 was paid to 38 employees' for attending meetings and workshops, and for after school tutoring during the 2004-2005 school year. The district failed to enter into extra duty contracts or require the employees to document their time spent at these functions, and the additional compensation was not included on the employees' W-2 form nor subjected to payroll tax withholdings. In addition, the district paid monies to former employees for work on a grant, but had no extra duty contracts. Also, a former superintendent resigned in January 2003 and was paid \$34,000 in severance pay; however, the superintendent's contract did not provide for severance pay and there was no documentation that the board obtained a legal opinion to support their decision.

The district refinanced \$420,000 in general obligation bonds through a negotiated instead of a competitive sale, and selected a bond underwriter and financial advisor to act in a dual capacity. Also, the district's current bidding procedures could be made more effective by adopting a more comprehensive policy.

The school board reviews and approves a listing of expenditures each month; however, the listing does not include payroll expenditures or other expenditures paid prior to each board meeting. Some expenditures we reviewed were not approved by the board. The district's policy provides for the superintendent to review and authorize all invoices prior to payment; however, the current and former superintendents' reviews were not always documented.

The school district has numerous credit cards. Purchases on these cards totaled approximately \$61,800 during the 2004-2005 school year. The school district has not adopted formal policies and procedures for the use of these credit cards. Adequate supporting documentation was not maintained for \$7,050 of the credit card purchases

YELLOW SHEET

reviewed. Credit card purchases are not always reviewed and approved by the superintendent or school board. The superintendent's secretary determined the amount to be paid each month by compiling credit card slips submitted by the individual card holders. In addition, the school district carried balances on several of its credit card accounts throughout the 2004-2005 school year, and often incurred late fees or finance charges. Finally, the district incurred expenditures totaling approximately \$524 for shopping gift cards, restaurant gift cards, a bike, a boom box/cd player, and a luncheon. District officials indicated that some of these items were given away as attendance awards; however, documentation of the awards was not retained.

Accounting controls over student meal collections, vocational agriculture receipts, and vending monies need improvement. The elementary and high school offices processed approximately \$31,388 in meal receipts during the 2005-2005 school year, and the district's accounting records indicated revenues of \$28,794 were collected by the vocational agriculture (VoAg) teacher during the 2004-2005 school year.

Various board members apparently violated the district's conflicts of interest policy. For example, a school board member approved payments totaling \$1,387 to his wife's flower shop, another school board member approved \$1,275 in additional compensation to his wife, another board member approved selling a district vehicle to his father, and another board member and the board president approved payments to themselves to serve as score keepers at ballgames.

The district has employed a librarian during the 2005-2006 and 2004-2005 school years and two teachers during the 2005-2006 school year that were not certified or appropriately certified by DESE.

Also included in the report are recommendations related to timesheets and payroll functions, written contracts, expenditures, meeting minutes and appointment policies, accounting controls, budgets, and general fixed assets.

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WHEATON R-III SCHOOL DISTRICT

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## STATE AUDITOR'S REPORT



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

To the Board of Education  
Wheaton R-III School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Wheaton R-III School District. The school board had engaged Davis, Lynn, and Moots, P.C., Certified Public Accountants (CPA), to audit the district's financial statements for the year ended June 30, 2005. 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, 2005. 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 Wheaton R-III School District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

April 13, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Jay Ross
Audit Staff:	Diane Smiley

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



WHEATON R-III SCHOOL DISTRICT  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Financial Condition</b>
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During two of the last four fiscal years ended June 30, 2004, the district has spent more than it received, resulting in a decline of the district's ending fund balance during the years ending June 30, 2003, and 2002 as shown below:

		Year Ended June 30,			
		2004	2003	2002	2001
Ending Fund Balance	\$	134,550	91,524	210,665	264,879
Ending Fund Balance as a	Percentage				
of Expenditures		4.74%	3.29%	7.55%	24.36%

In addition, the board approved carrying the July and August payrolls into the next year during the years ending June 30, 2004 and 2003 to avoid the district being declared financially stressed by the Department of Elementary and Secondary Education (DESE). Those payrolls totaled to \$227,916 and \$239,563, respectively. This procedure was contrary to the district's handling of payroll in prior and current years and misrepresented the district's financial condition on the Annual Secretary to the Board Report (ASBR) to DESE and to the public. The ending fund balances and the ending fund balance as a percentage of expenditures for the years ended June 30, 2004 and 2003 would have been (\$93,366) and (\$148,039) and (3.29%) and (5.31%), respectively had the district reported these payroll expenditures appropriately. Further, had the district reported these expenditures properly, the district would have met DESE's criteria for being declared a financially stressed district. The district's independent auditor also reported this issue to the board during the audit years ending June 30, 2004 and 2003.

The following areas contributed to the overall financial decline during the 2001-2002 and 2002-2003 school years:

In July 2001, the school board approved a self-funded health insurance plan, where the school district was responsible for paying claims up to the stop loss (individual deductible) amount. The school district also purchased reinsurance to obtain reimbursement for claims over the stop loss amount; however, the district paid several large claims in excess of the stop loss amount that ranged from approximately \$39,000 to \$98,000 over a period of time without obtaining reimbursement from the reinsurance carrier.

In March 2002, the reinsurance carrier that paid claims over the stop loss amounts filed for liquidation. As a result of the district's poor monitoring of reimbursements due from the reinsurance carrier and the subsequent liquidation of the reinsurance company, the district was unable to re-coup any of the claims paid over the stop loss amount. After the

loss of the reinsurance company, the school district contracted with another reinsurance carrier. The stop loss amount from July 2001 until June 2002 was \$20,000 and then increased to \$25,000.

The self-insurance fund expenditures exceeded the revenues in the three years the district was self funded. The district subsidized the self-insurance fund by transferring operating funds during the years ended 2003 and 2002 as noted below:

Self-Insurance Fund	Year Ended June 30,		
	2004	2003	2002
Receipts			
Charges for services	\$ 5,734	241,604	174,992
Interest	1	34	160
Transfer in	0	284,762	126,418
Total Receipts	<u>5,735</u>	<u>526,400</u>	<u>301,570</u>
Expenditures			
Insurance claims	25,747	410,066	240,114
Administrative fees and premiums	0	105,059	52,719
Total Expenditures	<u>25,747</u>	<u>515,125</u>	<u>292,833</u>
Receipts Over (Under) Expenditures	<u>(20,012)</u>	<u>11,275</u>	<u>8,737</u>
Beginning Cash, July 1	<u>20,012</u>	<u>8,737</u>	<u>0</u>
Ending Cash, June 30	<u>0</u>	<u>20,012</u>	<u>8,737</u>

In addition, the district's independent auditor recommended in a letter of findings to the board dated October 1, 2002 to evaluate the self insurance plan and either discontinue it or collect the funds necessary from participants in order to break even. Further, the district's independent auditor reported the district failed to adequately monitor the reimbursements of claims over the stop loss amounts from the reinsurance carrier, and a lack of adequate accounting records and bank reconciliations for the self insurance fund during audits of the school district for the years ended June 30, 2003 and 2002. The lack of accounting records hindered the district's ability to adequately monitor the reinsurance carrier.

Losses incurred due to the self insurance fund limited the district's ability to continue to fund school programs, and as a result, the district made cuts to various school programs during the 2003-2004 school year in an effort to recover from losses incurred from the self insurance plan.

Finally, the district is only provisionally accredited by Department of Elementary and Secondary Education (DESE). A provisionally accredited district has not met enough of the Missouri School Improvement Program (MSIP) standards and indicators to be accredited.

The district has demonstrated a better job utilizing the budget document as a tool to monitor and control the district finances during the 2004-2005 and 2005-2006 school years. In addition, the district approved an increase in the tax levy in August 2005. The

district's revenues, expenditures, and ending fund balances for the year ended June 30, 2005 were \$3,003,175, \$2,730,608, and \$407,117, respectively. For fiscal year 2006, the district's October 2005 budget amendment had budgeted revenues of \$3,412,365 and expenditures of \$2,949,859 with a projected fund balance of \$869,623 at June 30, 2006.

**WE RECOMMEND** the School Board continue to monitor the district's financial position in a timely manner, and make any necessary adjustments to ensure compliance with the district's financial constraints. In addition, accurate annual budgets should continue to be prepared that accurately reflect the district's anticipated activity, and continue to work with DESE to ensure it becomes accredited.

### **AUDITEE'S RESPONSE**

*The School Board provided the following response:*

*The school board is monitoring the district's financial condition by a) receiving monthly reports – cash balances, budget to actual account ledger, student activities ledger, and state revenues report; b) communicating with the superintendent regarding financial matters and the budget; and c) planning for the future by looking at future needs. The school board will continue to work with the administration to provide the best education possible to the students with the funds available.*

*DESE recently released information related to 4th cycle MSIP. When 4<sup>th</sup> cycle MSIP standards were applied to the district's 2005 Annual Performance Report (APR), the result was a full waiver for the district's 4th cycle review. The district's change in accreditation will come after the 2006 APR is released in the fall. To be fully accredited, the district must meet at least 8 of the 13 standards. Using the 2005 APR data, the district met 11 of 13 standards. The district continues to make every effort to meet all 13 of the standards.*

## **2. Additional Compensation, Employment Contracts, and Payroll Procedures**

Additional compensation paid to employees totaling \$31,400 was not reported to the IRS as taxable compensation and taxes were not withheld. In addition, the district failed to enter into extra duty contracts or require the employees to document their time spent for this additional compensation. A former superintendent resigned in January 2003; however, payments totaling \$34,000 were subsequently paid to him during the year ending June 30, 2003 for the remainder of his contract. Additional controls over payroll need improvement, including preparation of timesheets by administrative employees, time sheets signed by the employee or the employee's supervisor, and payroll duties being adequately segregated.

- A. Additional compensation totaling \$31,400 was paid to 38 employees for attending meetings and workshops, and for after school tutoring during the 2004-2005 school year. The additional compensation was not included on the employee's W-2 form nor subjected to payroll tax withholdings.

In addition, the district indicated attendance at these meetings and workshops were extra duties; however, the district failed to enter into extra duty contracts or require the employees to document their time spent at these meetings and workshops. Employees were paid \$100 for each meeting, \$25 to \$150 for each workshop, and \$17.50 per hour for tutoring. Additional compensation paid to individual employees ranged from \$90 to \$2,708.

The district also paid \$6,500 and \$4,900 in May 2005 and March 2003, respectively, to the former superintendent for work performed relating to a grant the district received. In addition, the district paid \$2,500 in May 2005 to the former principal for work performed relating to this grant. Although these monies were reported on the superintendent's and principal's W-2 forms, extra duty contracts were not entered into, and it is unclear how the work performed was not within the normal job duties outlined in their employment contracts.

Any additional compensation received by employees of the district should be reported on the employee's W-2 form. In addition, extra duty contracts or documentation of time spent should be prepared and reviewed to support any additional compensation.

- B. A former superintendent resigned in January 2003; however, district payments totaling \$34,000 were subsequently paid to him during the year ending June 30, 2003 for the remainder of his contract. While the district had no documentation in board minutes for making these additional payments, district officials have subsequently indicated the payments represented severance pay. The superintendent's contract did not provide for severance pay upon resignation, and there was no documentation that the board obtained a legal opinion to support their decision that the payments were a necessary use of district funds.
- C. The superintendent, district secretary, and high school and elementary school secretaries do not prepare timesheets. In addition, time sheets are prepared and maintained for hourly employees of the district; however, the time sheets are not signed by the employee or the employee's supervisor. The district secretary does track any leave earned, taken, and balances for all district employees based upon leave request forms prepared by each employee.

Timesheets are necessary to document hours actually worked, substantiate payroll expenditures, and provide the board with a method to monitor hours worked. In addition, timesheets should be signed by the employee and the employee's supervisor to indicate their agreement to the actual time reported each month.

- D. Duties are not adequately segregated to provide the necessary internal controls over the payroll function. The district secretary handles all payroll duties including preparation, record keeping, disbursing payroll checks, distributing employee W-2s, and maintaining the personnel files.

In addition, the school board does not review or approve any payroll reports prepared by the district secretary. The current superintendent indicated he reviews payroll reports, but does not document his review.

A proper segregation of duties provides a means of establishing control over assets, thus minimizing the risk of loss, theft, or misuse of funds. If segregation of duties is not possible, the comparison of the payroll disbursements to the payroll register and employees time sheets by an independent individual would provide another supervisory review to minimize the risk of loss, theft or misuse of funds. The district's lack of adequate review procedures over payroll allows the potential for errors and misstatements which may not be detected.

**WE RECOMMEND** the School Board:

- A. Ensure any additional compensation paid to employees is processed through the payroll system, and employee's W-2 forms are amended. In addition, the board should ensure extra duty contracts or documentation of time spent is prepared and reviewed to support any additional compensation paid to district employees.
- B. Consider the necessity of including severance payments in future employment contracts, and ensure all payments are a necessary use of district funds.
- C. Ensure administrative employees prepare timesheets, and all timesheets have been signed by both the employee and the employee's supervisor.
- D. Adequately segregate the payroll function of recording, calculating and dispersing payroll. At a minimum, there should be a documented supervisory review of the reconciliation between time sheets and payroll records.

**AUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. *Procedures are presently in place to ensure all employee payments representing compensation in the normal course of business are recorded as W-2 wages. The district will collect contracts and/or documentation of attendance as appropriate to allow for an appropriate review prior to authorizing additional compensation.*
- B. *The district will consider the necessity of this provision.*
- C. *All classified employees will prepare signed timesheets in the 06-07 school year that are reviewed and signed by their supervisor.*
- D. *Presently, the superintendent approves all payrolls either by review of the payroll register for those on a contracted amount, or by review of the timesheets for those*

*receiving non-contracted pay (part-time employees, extra trips, tutoring, etc.). Documentation will be retained to demonstrate this review.*

<b>3. Bond Refinancing and Bidding Procedures</b>
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The district refinanced \$420,000 in general obligation bonds through a negotiated instead of a competitive sale, and selected a bond underwriter and financial advisor to act in a dual capacity. In addition, the district's current bidding procedures could be made more effective by adopting a more comprehensive policy. Also, the district has contracted for audit services with their current independent auditor for ten years without conducting a selection process, and the district has not solicited proposals or entered into a written agreement for attorney services.

- A. The school district refinanced \$420,000 in general obligation bonds in June 2004. The district sold these bonds through a negotiated instead of a competitive sale. In addition, the School Board selected a bond underwriter and financial advisor to act in a dual capacity. Having an underwriter serve in the dual capacity of financial advisor and underwriter for a bond issue may create a conflict of interest. Additionally, the lack of independent financial advice could result in the School Board not always being adequately informed of bond issuance options, or being able to adequately evaluate bond proposals. Further, 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 cost. 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.

- B. The district's bidding policy and state law only requires competitive bidding for construction of facilities that are projected to exceed \$12,500. The district's current bidding procedures could be made more effective by adopting a more comprehensive policy. The following are examples of purchases for which the district did not follow a bid process or did not retain adequate bid documentation:

Item	Cost
Computers	\$ 15,658
Books (2004-2005 school year)	13,347
Computer consulting services (2004-2005 school year)	12,326
Storage building for preschool	5,293
Floor buffer	3,829

Competitive bidding helps ensure the school district receives fair value by contracting with the lowest and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the district's business.

A more comprehensive policy would require bidding and would identify specific bidding procedures that are required for all types of expenditures. Bids could be handled by telephone quotation, sealed bids, or advertised sealed bids. Different approaches may be appropriate depending on the dollar amount of the purchase. Written documentation of bids also provides evidence that the board has complied with its procurement policy. Bid documentation should include a list of vendors contacted, a copy of the bid specifications, copies of all bids received, justification for awarding the bid, and documentation of discussion with vendors. If sole source procurement is necessary, the district should retain documentation of these circumstances.

- C. The district has contracted for audit services with their current independent auditor for ten years without conducting a selection process. The district paid \$6,000 for audit services for the 2005-2006 school year.

Selection processes are necessary to ensure the district is receiving the best services and rates. The process should include advertising and 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. Information concerning the selection process should be documented and retained.

- D. The district does not have a contract with its attorney outlining the types of services that are to be provided and at what cost. In addition, the district has not periodically solicited proposals for these services. The district paid its attorney \$7,859 during the 2004-2005 school year.

Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. In addition, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing. Also, the board should periodically solicit proposals for legal services to ensure they are receiving the best services and rates.

**WE RECOMMEND** the School Board:

- A. Pursue open competition in any future bond sales.
- B. Adopt a more comprehensive bid policy which requires bidding and establishes bidding guidelines for other types of expenditures. Such bid policies should include criteria on how bids are to be solicited and when formal advertising should be used. Documentation of bids received and the bid process should be retained. If sole source procurement is necessary, the district should retain documentation of these circumstances.

- C. Periodically solicit proposals for audit services.
- D. Periodically solicit and document proposals for legal services, and enter into written contracts with the firm which provides legal services detailing the duties to be performed and the costs associated with the service.

### **AUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. *The district will take this into consideration in any future bond sales.*
- B. *The district is following legal bidding requirements and will review the bidding policies of the district to determine if changes are necessary.*

*C&D. The district is in compliance with state law, but will consider these recommendations.*

<b>4.</b>	<b>Expenditures</b>
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The district's procedures for reviewing and approving invoices for payment are in need of improvement. In addition, adequate documentation was not retained by the senior class sponsor for senior class monies, the board president's signature is applied electronically to checks by either the board secretary or the superintendent, some employees that handle district monies are not bonded, and the district expended funds which did not appear to be a necessary or prudent use of public funds. Also, the district did not always enter into written contracts defining services to be provided and benefits to be received, and procedures are not in place to ensure Forms 1099 are always filed with the IRS. Further, controls over fuel, and mileage reimbursements need improvement.

- A. The school board reviews and approves a listing of expenditures each month; however, the listing is not complete. It does not include payroll expenditures or other expenditures paid prior to each board meeting. As a result, 14 of 56 expenditures which we reviewed were not approved by the board. In addition, the board does not review invoices and/or supporting documentation unless a specific expenditure is questioned.

While the district's policy provides for the superintendent to review and authorize all invoices prior to payment, the current and former superintendents' reviews were not always documented. For example, 33 of the 56 expenditures we selected for review were not approved by the superintendent.

The district also does not perform a reconciliation of the listing of bills reviewed by the school board, the approved invoices, and the actual checks written.



Good business practice requires all disbursements to be closely scrutinized by the board or someone independent of the disbursement process and properly authorized. Failure to properly review all invoices and other supporting documentation, and to document authorization, increases the possibility of inappropriate disbursements occurring. To adequately document the board's review and approval of all disbursements; a complete and detailed listing of bills should be prepared and signed or initialed by the board to denote their approval, and retained with the official minutes. In addition, the superintendent should document his review of each invoice, and an independent reconciliation of the approved listing of bills; invoices; and actual checks written should be performed.

- B. Adequate documentation was not retained by the senior class sponsor for senior class monies. The district issued a check on May 3, 2005 to the senior class sponsor totaling \$1,255. The senior class sponsor indicated the check was cashed and distributed evenly among senior class members and chaperones to be spent on the senior class trip; however, no documentation of how much was given to each student or chaperone was retained. To ensure funds were handled properly, documentation of how student and chaperone funds were distributed should be retained.

- C. Invoices are typically not marked paid or otherwise cancelled. In addition, receipt of goods or services is rarely indicated on the invoice prior to the expenditure being approved for payment. For example, receipt of goods or services was not indicated for 36 of 50 expenditures we selected for review.

Canceling invoices and all other supporting documentation reduces the possibility of duplicate payments, and documentation of the receipt of goods or services is necessary to ensure the district actually received the items or services being paid.

- D. All checks require two signatures, the board president and the secretary of the board. Currently, the board president's signature is applied electronically; however, both the superintendent and secretary to the board have access to the electronic signature. Also, the board president is not bonded.

Given the lack of the expenditure review process noted in Part A., and to decrease the potential for unauthorized disbursement by check and to adequately safeguard assets, access to the electronic signature should be limited, and the board president should review all checks in which his electronic signature is applied. In addition, the board president should be adequately bonded.

- E. During December 2005 and 2004, the School Board authorized expenditures totaling approximately \$1,360 for hams that were given to the employees as Christmas gifts. In addition, during the period July 2004 through February 2006, the district incurred expenditures totaling \$964 for flowers for funerals.

These expenditures do not appear to be a prudent use of school districts funds. The School Board should ensure school district funds are spent only on items which are necessary and beneficial to the school district. Further, the district's residents have placed a fiduciary trust in their public officials to spend tax revenues in a necessary and prudent manner. Additional expenditures which did not appear to be a prudent or necessary use of district funds were noted during our review of credit cards as noted in finding number 5.

- F. The district did not always enter into written contracts defining services to be provided and benefits to be received. For example, the district paid a company \$12,326 and \$18,446 during the 2004-2005 and 2003-2004 school years, respectively for computer technical services. The district did not enter into a written agreement for these services. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount compensation should be paid. In addition, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.
- G. The district has no procedures in place to ensure Forms 1099 are always filed when required. As a result, the district did not file 1099s for grant services provided by four individuals, \$1,400 each for three individuals and \$700 for the other.

Section 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non-employees (other than corporations) be reported to the federal government on Forms 1099.

- H. Mileage and fuel usage logs are not reconciled to fuel purchases. Fuel for the district's seven buses is purchased at a local station. Established procedures required bus drivers to complete mileage and fuel usage logs for each bus indicating how much fuel was pumped. As of March 2006, the district has spent approximately \$13,538 for fuel during the 2005-2006 school year and spent \$15,171 for fuel during the 2004-2005 school year. To ensure the reasonableness of fuel expenditures, the district should reconcile mileage and fuel usage logs to fuel purchased. Failure to account for fuel purchases could result in loss, theft, and misuse.

**WE RECOMMEND** the School Board:

- A. Ensure detailed and complete listings of bills are prepared, that the board's approval is reflected on the listing, and that the listing is retained. In addition, either the board should review the invoices or assign someone independent of the check preparation and signing process to perform and document this review. Approved listings of bills should also be compared to checks written.

- B. Ensure documentation is retained for all monies distributed to students and chaperones. A listing of monies distributed should be initialed by the student or chaperone receiving the funds.
- C. Ensure all invoices are properly canceled, by marking the invoice 'Paid,' to reduce the possibility of duplicate payments. Also, require all invoices to be initialed or signed by a district employee to indicate acceptance of the goods or services.
- D. Limit access to the electronic signature, and the board president should review all checks to which his electronic signature is applied. In addition, obtain adequate bond coverage for all district employees with access to monies.
- E. Ensure expenditures are a necessary and prudent use of school district funds.
- F. Enter into written agreements with all parties that clearly detail the services to be performed and the compensation to be paid or benefits received.
- G. Ensure Forms 1099 are prepared and submitted to the IRS as required.
- H. Ensure a documented periodic reconciliation of fuel purchased to amounts used is performed, and investigate any significant discrepancies.

### **AUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. *The board presently approves all bills. In the future, the board minutes will identify, by number, the bills approved, and the board president will initial the listing of bills approved. The superintendent presently documents review of all invoices prior to payment. The board will review these policies to ensure good accounting practices.*
- B. *The district will consider a policy to address this concern.*
- C. *The district presently makes every effort to attach the purchase order, packing slip and approved invoice to the check stub showing the payee, date and amount of the check. We will consider the necessity of also marking each invoice with "paid".*
- D. *The ability to use the electronic signature is limited by passwords, knowledge of the accounting program, and access to the computer and checks. The board will consider policies to address the board president's approval of all electronically signed checks.*
- E. *The district does not expend funds for anything that is not considered necessary and prudent use of school district funds.*
- F. *The district will use written contracts and use due diligence before entering into any written agreement.*

- G. *Presently, procedures are in place to ensure that accurate 1099s are prepared and submitted to the IRS at the end of the year.*
- H. *The district will review the current procedures for monitoring fuel purchases and reconciling miles driven to fuel used.*

<b>5. Credit Cards</b>
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Controls over district credit cards need improvement. The school district has sixteen discount store credit cards, two bank credit cards, an office supply card, and a craft store credit card. Credit card purchases on these cards totaled approximately \$61,800 during the school 2004-2005 school year.

- Adequate supporting documentation was not maintained for \$7,050 of the credit card purchases reviewed. On several charges including hotels, meals, books, and computer supplies, documentation was not adequate or retained. In addition, individual credit card slips are not reconciled to the credit card statement each month.
- Credit card purchases are not always reviewed and approved by the superintendent or school board. We reviewed eight monthly credit card statements that had purchases totaling \$16,468 that were not approved by the superintendent. In addition, the board does not review the monthly credit card statements or the itemized invoices. The superintendent's secretary determined the amount to be paid to the credit card company each month by compiling credit card slips submitted by the individual card holders and prepared the check for the board president's signature.
- The school district carried balances on several of its credit card accounts throughout the 2004-2005 school year, and often incurred late fees or finance charges. In addition, many of these credit card accounts maintained large credit limits. For example, one of the bank credit card accounts reported the following credit limit and activity during the 2004-2005 school year:

<b>Mastercard-\$10,000 credit limit</b>					
<b>Date of Monthly Statement</b>	<b>Beginning Balance</b>	<b>Purchases</b>	<b>Finance Charges/ Late Fees</b>	<b>Payments and Credits</b>	<b>Ending Balance</b>
July 15, 2004	\$ 7,941	1,119	45	6,818	2,287
August 16, 2004	2,287	4,308	41	1,403	5,233
September 15, 2004	5,233	4,450	64	2,609	7,138
October 16, 2004	7,138	741	55	4,690	3,244
November 16, 2004	3,244	3,443	60	2,301	4,341
December 16, 2004	4,341	2,680	0	4,453	2,568
January 16, 2005	2,568	1,225	0	2,583	1,210
February 16, 2005	1,210	875	0	1,217	868
March 16, 2005	868	544	0	840	582
April 16, 2005	582	1,223	1	627	1,179
May 16, 2005	1,179	4,748	33	794	5,168
June 14, 2005	5,168	4,481	77	4,134	5,592

- The district paid an annual fee of \$210 for seven membership cards (\$30 each) to a local wholesale vendor.
- The district incurred expenditures totaling approximately \$524 for shopping gift cards, restaurant gift cards, a bike, a boom box/cd player, and a luncheon which may not appear to be a prudent or necessary use of district funds. District officials indicated that some of these items were given away as attendance awards; however, documentation of the awards was not retained.
- The school district has not adopted formal policies and procedures for the use of these credit cards.

Given the lack of controls over these credit cards, the school board and superintendent should closely evaluate the need for each credit card and any membership costs associated with those cards. In addition, complete and detailed written credit card policies and procedures are necessary to provide guidance to employees, and help ensure credit cards are used only for school district business. The school district should develop policies which require all credit slips be submitted prior to payment of credit card invoices and compared to the credit card statements and require purchases to be approved by someone other than the cardholder. In addition, given the district's improved financial condition these balances should be paid off, and credit card payments should be made in a timely manner. Also, credit limits should be reviewed for reasonableness.

**WE RECOMMEND** the School Board evaluate the need for each credit card and cancel any cards which are determined unnecessary. Formal policies and procedures should be adopted for credit card use, including policies which require all credit slips be submitted prior to payment of credit card invoices and require purchases to be approved by someone other than the cardholder. In addition, credit cards payments should be made in a timely manner and credit limits should be reviewed for reasonableness.

### **AUDITEE'S RESPONSE**

*The School Board provided the following response:*

*Credit card usage is presently being monitored more closely, receipt slips are being reviewed prior to payment and payments are being made in a timely manner. The Board and administration will review policy as it relates to: a) who has access to cards, b) who approves the purchases; and c) what the credit limit should be.*

<b>6. District Policies and Procedures</b>
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Various board members apparently violated the district's conflicts of interest policy. In addition, the district employed a librarian and two teachers that were not certified or appropriately certified by DESE. The librarian is also receiving a salary that requires a degree according to the salary schedule which she has not obtained. Also, some students are attending the Wheaton R-III school district that live outside the school district's boundaries and are not paying non-resident tuition.

- A. Various board members apparently violated the district's conflicts of interest policy. While board members generally attempted to avoid conflict situations, there were a few instances where more effort should have been taken. For example, from June 2003 to February 2006, a school board member approved payments totaling \$1,387 to his wife's flower shop. Another school board member approved \$1,125 in additional salary compensation to his wife, another board member approved selling a district vehicle to his father, and another board member and the board president approved a detailed listing of bills which included payments to themselves to serve as score keepers at ballgames. One board member apparently resigned from the board during the 2005-2006 school year due to conflict concerns.

District policy states that the board will not employ one of its members. In addition, the district's conflict of interest 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 action regarding the transaction in question.

- B. The district has employed a librarian during the 2005-2006 and 2004-2005 school years and two teachers during the 2005-2006 school year that were not certified or

appropriately certified by DESE. In addition, the librarian is receiving a salary according to the district's salary schedule which requires a Bachelors of Science degree with four years of service within the district. The librarian is only certified by DESE to teach as a substitute and does not have a Bachelor of Science degree. The other two teachers are either applying for a certificate to teach in Missouri or are in the process of taking the test to obtain the needed teaching certificate. The Board is responsible for establishing salary schedules, terms of employment, and other personnel policies district wide.

To ensure students are receiving quality instruction and the district becomes accredited, the district should ensure employees are appropriately certified by DESE. In addition, to ensure employees are treated fairly and equitably, employees should be paid in accordance with district salary schedules established by the board (and the related requirements). If necessary, the board should document any decisions to deviate from the district's salary schedule in its minutes.

- C. Some students are attending the Wheaton R-III school district that live outside the school district's boundaries and are not paying non-resident tuition. The superintendent indicated he was unaware these students were not residents of the district, and as a result, the School Board had not followed district procedures regarding non-resident tuition. The superintendent indicated that they utilize a map and student records to determine residency, and if necessary, will call the County Assessor's office to verify a student's district residency. However, there was no documentation that the County Assessor was contacted by the school district or provided any documentation to prove/disprove residency in those identified above.

To document compliance with district policy and state law and to ensure consistent treatment of individuals regarding residency, the district should review student records and contact the County Assessor's office for residency requirements, and follow its procedures for non-resident tuition.

**WE RECOMMEND** the School Board:

- A. Strictly enforce the district's conflict of interest policy.
- B. Ensure employees are certified by DESE and are paid in accordance with the district's salary schedule. If deviations from the schedule are necessary, document the board's decisions in its minutes.
- C. Review student records and contact the County Assessor's office for residency requirements and follow district policies regarding non-resident tuition.

## **AUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. Board members share a heightened awareness of nepotism and conflict of interest in light of recent events. Efforts are being made by all parties to eliminate any further problems.*
- B. Certification requirements were met during the 05-06 school year by all staff. The staff member in question was taken off of the salary schedule for the 06-07 school year.*
- C. Ongoing efforts are being made with local government agencies to address residency issues with present students. Building administrators will continue to be diligent about documenting student residency when enrolling new students.*

<b>7. School Board Minutes and Appointment Policies</b>
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The school board frequently held closed meetings during the 2004-2005 school year, but did not maintain minutes to document matters discussed in closed meetings. In addition, the district's school board failed to follow its own policy and state laws for filling board vacancies.

- A. The school board frequently held closed meetings during the 2004-2005 school year, but did not maintain minutes to document matters discussed in closed meetings. Section 610.020, RSMo requires closed meeting minutes to document and record official board decision and actions affecting the school district and to ensure compliance with the Sunshine Law. In addition, Section 610.021, requires certain matters discussed in closed session to be made public upon final disposition. Further, the Sunshine Law requires certain decisions made during closed meetings/sessions related to legal, real estate, and personnel actions to be made public within specified timeframes. As a result of the school board not maintaining closed meeting minutes, it is not known whether the final disposition of the board's decisions is made public.
- B. The district's school board failed to follow its own policy and state law for filling board vacancies. For example, a board member resigned and a new member was subsequently appointed in December 2005. The board minutes indicated paper ballots were used to vote for the board vacancy appointment. The school board's unexpired term fulfillment/vacancy policy states the board will (1) announce and make public notification in a local newspaper of any school board vacancies, (2) interview perspective candidates in open session, and (3) approve any candidate by vote in open session. In addition, Section 610.015, RSMo states, "all votes shall be recorded, and if a roll call is taken, as to attribute each "yea" and "nay" vote, or abstinence if not voting, to the name of the individual member of the public governmental body. Any votes taken during a closed meeting shall be taken by roll call."



The board should follow its own policy and state laws to ensure board member appointments to vacant positions are handled fairly and to ensure the best candidate is appointed.

**WE RECOMMEND** the School Board:

- A. Ensure minutes are prepared for all closed meetings, and the final disposition of applicable matters discussed at closed meetings is made public.
- B. Review and follow its policy and state laws for filling board vacancies.

**AUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. *Minutes for all closed sessions will be prepared in compliance with state statute and legal advice. All closed session action will be made public per state statute.*
- B. *The board will review board policy prior to filling the next board vacancy and document all steps taken.*

<b>8. Accounting Controls and Budgets</b>
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Accounting procedures and controls over various district receipts and controls over change funds and the petty cash fund need to be improved. Disbursements were made in excess of approved budgets during the year ended June 30, 2005.

- A. Controls over student meal collections need improvement. The elementary and high school offices processed approximately \$31,388 in receipts during the 2004-2005 school year. Our review noted the following concerns:
  - 1. A daily collection log is not maintained by the high school secretary to account for meals purchased by students. The high school secretary collects meal monies from high school students and issues the student a card with the number of lunches and breakfasts purchased for the week. The student then uses the card to obtain meals in the cafeteria. The high school meal monies are transmitted by the high school secretary to the superintendent's secretary for deposit; however, documentation of the number of meals sold and from whom the monies were collected was not provided to the superintendent's office.
  - 2. A consistent form of recording student meal collections is not used by the elementary teachers, and a daily collection log is not maintained by the elementary secretary. Each elementary teacher collects meal monies from students and transmits those monies to the elementary secretary, who then

transmits those monies to the superintendent's secretary for deposit. Some teachers document the amount of meal monies collected by students on attendance sheets, and others do not. However, documentation of the number of meals sold and from whom the monies were collected was not provided to the superintendent's office.

3. Student meal collections are not always deposited intact on a timely basis. Checks dated between January 10 and January 20, 2006 and totaling \$303 were not deposited until January 24, 2006, and a \$40 personal check from the high school secretary was cashed from meal receipts.
4. Checks and money orders are not always restrictively endorsed upon receipt by the high school and elementary school secretaries. The endorsement is not applied until the superintendent's secretary prepares the deposit.
5. As a result of the lack of collection records maintained by the high school and elementary offices noted above in parts 1. and 2., the district does not have an adequate system to track meal accounts receivables or payables. A reconciliation of meals served to meals purchased, charged, and any meal monies on hand is not performed. The high school secretary maintains a running list of students that have charged meals on a sheet of notebook paper; however, the list only documents the student's name and the dollar amount owed.

To ensure proper accountability over student meal collections and reduce the potential for loss, theft, or misuse of funds, meal monies received should be recorded on a daily collection log and reconciled to monies received and deposited. Any differences should be investigated and resolved. Deposits should be made intact when accumulated receipts exceed \$100, and personal checks should not be cashed with receipts. In addition, checks and money orders should be restrictively endorsed immediately upon receipt. Further, an adequate system for tracking meals purchased, charged, served, and any meal monies on hand should be established.

- B. Controls over vocational agriculture (VoAg) and Future Farmers of America (FFA) receipts need improvement. District's accounting records indicated revenues of \$28,794 were collected by the VoAg teacher during the 2004-2005 school year.

A receipt ledger or other record of various fundraisers, shop projects, and FFA membership dues, jackets, etc. collected during the school year is not maintained by the VoAg teacher and reconciled to amounts transmitted to the superintendent's secretary. Fundraisers include: horse pulls, poinsettia and fruit sales, and the operation of a greenhouse. Shop projects are sold to area farmers, and farm equipment repair service fees are also collected. These monies are

collected by the VoAg teacher and remitted to the superintendent's secretary for deposit into the FFA activity fund.

As a result of the lack of accountability over these monies, there is no assurance that all the monies collected were properly accounted for. Receipt ledgers of monies collected should be maintained by the VoAg teacher and reconciled to amounts transmitted by the superintendent's secretary. In addition, the district should implement additional policies and procedures to better account for monies received from these various activities.

- C. Vending monies are not deposited intact, and a number of people have access to these monies and vending items. The district operates four soda and one snack vending machines throughout the high school and elementary school buildings. During a cash count conducted on January 24, 2006 vending machine monies collected from one soda machine in the elementary office totaled to \$717; however, only \$600 was subsequently deposited on January 25, 2006. The district was not able to provide adequate documentation to account for the remaining \$117.

In addition, class sponsors, students, and the elementary school secretary are responsible for replenishing soda and snacks and collecting the monies from the machines on a periodic basis. The monies collected from the machines are deposited into the senior, athletic, and the elementary activity funds by the superintendent's secretary. To properly account for all receipts, deposits should be made intact, and access to these monies and vending items should be limited.

- D. Adequate documentation was not retained of concession and gate fee monies collected at sporting events. During a cash count conducted on January 24, 2006 in the high school office, concession and gate fee monies totaled to \$1,214. Gate and concession receipt sheets from the previous few nights totaled \$735; however, the gate receipt from January 20, 2006 was not completed, which should have been used for reconciling. In addition, a \$20 personal check of a student's parent was cashed from concession and gate fee receipts.

To properly account for all receipts and ensure they are properly deposited, concession and gate fee receipts should be retained and reconciled with monies remitted to the high school secretary. In addition, personal checks should not be cashed from district receipts.

- E. Change funds ranging in amounts from \$60 to \$120 are maintained in the elementary and high school offices for various activities such as concessions, gate fees, lunch monies, and student fees. Our review of these change funds disclosed the following concerns:
  - 1. The district does not have a listing of approved change funds and a written policy regarding these change funds. Written policies should be established outlining the procedures for maintaining, using, and

accounting for change funds. The district should also maintain a listing of all authorized change funds and amounts as well as procedures for adding funds or changing fund amounts.

2. The elementary and high school change funds used for lunch monies and student activity fees were not maintained at a constant amount.

Change funds should be maintained at a constant amount. Periodically, the 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.

- F. The superintendent's secretary maintains a petty cash fund for small purchases but the fund is not maintained on an imprest basis. In addition, a petty cash fund ledger is not maintained showing receipts, disbursements and balances or proper documentation to support the receipts and disbursements of the petty cash fund. The petty cash fund was last replenished with \$200 in March 2003. During a cash count conducted on February 7, 2006, the petty cash fund contained \$22 on hand with and supporting documentation for \$57 of expenditures. The district has indicated they are in the process of spending the remaining funds and plan to discontinue its use.

If the district decides that a petty cash fund is necessary in the future, the district should maintain the petty cash fund on an imprest basis, meaning the fund should be maintained at a constant predetermined balance, and the cash on hand plus the total of all paid invoices should always equal the predetermined balance. The fund should only be reimbursed by district checks equal to the amount of the paid invoices and other district receipts should not be added to the fund. In addition, maintain a petty cash ledger documenting receipts, disbursements, and the balance of the petty cash fund and retain documentation to support disbursements of the fund.

- G. Disbursements were made in excess of approved budgets in the General Fund by \$13,590 and the Debt Service Fund by \$2,573 during the year ended June 30, 2005. If the school district has valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved. In addition, Section 67.040, RSMo, allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. Section 67.080, RSMo, provides that no expenditure of public monies shall be made unless it is authorized in the budget. The board should refrain from approving expenditures in excess of the budgeted amounts, and if necessary, adopt budget amendments in accordance with state law. A similar comment was also reported in the district's independent audit report.

**WE RECOMMEND** the School Board:

- A. Ensure daily collection logs of meal receipts are prepared and reconciled to monies received and deposited. Meal receipts should be deposited intact daily or when accumulated receipts exceed \$100, personal checks should not be cashed with district receipts, and checks and money orders should be restrictively endorsed immediately upon receipt. In addition, an adequate system for tracking meals purchased, charged, served, and any meal monies on hand should be established.
- B. Ensure receipt ledgers are maintained by the VoAg teacher and reconciled to amounts transmitted to the superintendent's secretary. In addition, the district should implement additional policies and procedures to better account for monies received from these various activities.
- C. Ensure vending monies are deposited intact and access to these monies and vending items is limited.
- D. Retain documentation of concession and gate fee receipts and reconcile receipts to monies deposited. In addition, personal checks should not be cashed from district receipts.
- E. Establish written procedures governing the accounting for change funds. Also, the district should maintain a listing of each change fund and the authorized balance of each fund, and establish procedures for adding funds or changing fund amounts. In addition, ensure the funds are periodically counted and reconciled to the authorized balance by an independent person.
- F. Maintain the petty cash fund on an imprest basis and retain adequate documentation for all petty cash disbursements. The district should also ensure a petty cash ledger is maintained.
- G. Ensure expenditures do not exceed budgets and if budget amendments are necessary they are made according to state statute.

**AUDITEE'S RESPONSE**

*The School Board provided the following responses:*

- A. *In preparation for the 06-07 school year, all meal payment and recording procedures will be reviewed. The district is implementing an automated meal tracking program that is part of student records. This implementation will allow for a streamlining of meal money collections and provide greater controls over collection/endorsement, recording and depositing of the money. Efforts will be made to eliminate personal check cashing.*
- B. *District administration plans to review the accounting policies related to VoAg and student activities.*

- C-E. *Vending machine, concession, gate, and change fund accounting policies will be reviewed and modified as necessary to maintain appropriate control of the funds.*
- F. *A petty cash fund is no longer maintained.*
- G. *In the future, budgets will be amended according to state statute to ensure compliance.*

<b>9. General Fixed Assets</b>
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A permanent detailed record of the property owned by the district has not been properly maintained. Physical inventories of assets have not been performed for several years, and past inventory records have not been updated. During the 2005-2006 school year an inventory listing of computer equipment was prepared. In addition, the district does not tag or otherwise identify fixed assets as property of the district. Also, the district has not recorded buildings on its property records.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Additions should be reconciled to purchases annually. Complete and accurate property records are necessary to secure better internal control over district 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. Physical inventories are necessary to ensure the property records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Pre-numbered tags, when affixed to property items, allow for identification of property in the records and may deter the potential for personal use of district assets.

**WE RECOMMEND** the School Board establish property records for all fixed assets. Additions to the property records should be reconciled to purchases annually, and pre-numbered inventory tags that label each item as "Property of Wheaton R-III School District" should be attached to all fixed assets. The district's buildings should be added to the district's property listing.

**AUDITEE'S RESPONSE**

*The School Board provided the following response:*

*During the 05-06 school year an inventorying system of tagging and recording all electronic equipment began. Presently, all technology equipment is inventoried. Future efforts will include reconciling class inventories and inventorying all district fixed assets. The district's buildings are reported on our insurance report each year.*

HISTORY, ORGANIZATION AND  
STATISTICAL INFORMATION

WHEATON R-III SCHOOL DISTRICT  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The Wheaton R-III School District is located approximately 62 miles southwest of Springfield in Wheaton, Missouri on Highway W. The school district lies within Barry, Newton, and McDonald Counties.

The district operates a senior high school (grades 9-12), a middle school (grades 7-8), and an elementary school (grades K-6). Enrollment was approximately 446 (K-12) for the 2004-2005 school year. The district employed approximately 70 full- and part-time employees, including 3 administrators, 25 teachers, and 42 support staff.

The Wheaton R-III School District has been classified under the Missouri School Improvement Program as "Provisionally Accredited" by the Missouri Department of Elementary and Secondary Education. A provisionally accredited district has not met enough of the MSIP standards and indicators to be accredited.

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, 2005, were:

School Board	Dates of Service During the Year Ended June 30, 2005
Lindy Lombard, President (1)	July-June
Larry Butler, Vice President (2)	July-June
Lowell McInturff, Member	July-June
Doug Goostree, Member (3)	July -June
Bobby Brown, Member	April-June
Jason Johnson	July -March
Larry Prewitt, Member	April-June
Jeff Musick	July -March
Robert Pointer, Member	April-June
Ronnie Senseney	July -March

(1) Ronnie Senseney was elected in April 2006.

(2) Bobby Banks was elected in April 2006.

(3) Replaced by Ronnie Senseney in December 2005 and was reelected in April 2006.

The district's other principal officials during the year ended June 30, 2005, 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, 2005	Compensation Paid for the Year Ended June 30, 2005
Cindy Brandt, Superintendent (1)	July-June	\$ 66,500
Mark Summers, High School Principal (2)	July-June	47,000
Teresa Abramovitz, Elementary School Principal (3)	July-June	48,500

- (1) Jim Cummins became the Superintendent in July 2005 with a salary of \$65,000. His salary will increase to \$71,500 in July 2006.
- (2) Lance Massey became the High School Principal in July 2005 with a salary of \$48,500. His salary will increase to \$53,350 in July 2006.
- (3) Eileen Ford became the Elementary School Principal in July 2005 with a salary of \$48,500. Her salary will increase to \$53,350 in July 2006.

Assessed valuations and tax rates for 2005 and 2004 were as follows:

	2005	2004
Assessed valuation	\$ <u>15,332,627</u>	\$ <u>14,184,262</u>
Tax rates:		
General Fund	\$ 3.4300	\$ 2.7500
Debt Service Fund	0.0000	0.5300
Total	3.4300	3.2800

The district issued \$360,000 in general obligation bonds for expansion of the high school during fiscal year 1999 due in varying annual installments through 2006. Interest ranges from 3.5 percent to 4.00 percent, and the bonds payable balance at June 30, 2005 was \$10,000. The district also issued another \$420,000 in general obligation bonds during fiscal year 2004 due in varying annual installments through 2014. Interest ranges from 2.7 percent to 4.3 percent.