

FIRST REGULAR SESSION

# HOUSE BILL NO. 679

## 96TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES ROWLAND (Sponsor), REDMON, HAMPTON, BROWN (85),  
COOKSON, SWINGER, AULL, SHUMAKE, SCHAD AND DIECKHAUS (Co-sponsors).

1641L.011

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal section 165.011, RSMo, and to enact in lieu thereof one new section relating to school reserve funds.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Section 165.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 165.011, to read as follows:

165.011. 1. The following funds are created for the accounting of all school moneys: teachers' fund, incidental fund, capital projects fund and debt service fund. The treasurer of the school district shall open an account for each fund specified in this section, and all moneys received from the county school fund and all moneys derived from taxation for teachers' wages shall be placed to the credit of the teachers' fund. All tuition fees, state moneys received under section 163.031, and all other moneys received from the state except as herein provided shall be placed to the credit of the teachers' and incidental funds at the discretion of the district board of education, except as provided in subsection 6 of section 163.031. Money received from other districts for transportation and money derived from taxation for incidental expenses shall be credited to the incidental fund. All money derived from taxation or received from any other source for the erection of buildings or additions thereto and the remodeling or reconstruction of buildings and the furnishing thereof, for the payment of lease-purchase obligations, for the purchase of real estate, or from sale of real estate, schoolhouses or other buildings of any kind, or school furniture, from insurance, from sale of bonds other than refunding bonds shall be placed to the credit of the capital projects fund. All moneys derived from the sale or lease of sites, buildings, facilities, furnishings, and equipment by a school district as authorized under

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 section 177.088 shall be credited to the capital projects fund. Money derived from taxation for  
18 the retirement of bonds and the payment of interest thereon shall be credited to the debt service  
19 fund, which shall be maintained as a separate bank account. Receipts from delinquent taxes shall  
20 be allocated to the several funds on the same basis as receipts from current taxes, except that  
21 where the previous years' obligations of the district would be affected by such distribution, the  
22 delinquent taxes shall be distributed according to the tax levies made for the years in which the  
23 obligations were incurred. All refunds received shall be placed to the credit of the fund from  
24 which the original expenditures were made. Money donated to the school districts shall be  
25 placed to the credit of the fund where it can be expended to meet the purpose for which it was  
26 donated and accepted. Money received from any other source whatsoever shall be placed to the  
27 credit of the fund or funds designated by the board.

28         2. The school board may transfer any portion of the unrestricted balance remaining in  
29 the incidental fund to the teachers' fund. Any district that uses an incidental fund transfer to pay  
30 for more than twenty-five percent of the annual certificated compensation obligation of the  
31 district and has an incidental fund balance on June thirtieth in any year in excess of fifty percent  
32 of the combined incidental teachers' fund expenditures for the fiscal year just ended shall be  
33 required to transfer the excess from the incidental fund to the teachers' fund. If a balance remains  
34 in the debt service fund, after the total outstanding indebtedness for which the fund was levied  
35 is paid, the board may transfer the unexpended balance to the capital projects fund. If a balance  
36 remains in the bond proceeds after completion of the project for which the bonds were issued,  
37 the balance shall be transferred from the incidental or capital projects fund to the debt service  
38 fund. After making all placements of interest otherwise provided by law, a school district may  
39 transfer from the capital projects fund to the incidental fund the interest earned from  
40 undesignated balances in the capital projects fund. A school district may borrow from one of the  
41 following funds: teachers' fund, incidental fund, or capital projects fund, as necessary to meet  
42 obligations in another of those funds; provided that the full amount is repaid to the lending fund  
43 within the same fiscal year.

44         3. Tuition shall be paid from either the teachers' or incidental funds. Employee benefits  
45 for certificated staff shall be paid from the teachers' fund.

46         4. Other provisions of law to the contrary notwithstanding, the school board of a school  
47 district that meets the provisions of subsection 6 of section 163.031 may transfer from the  
48 incidental fund to the capital projects fund the sum of:

49             (1) The amount to be expended for transportation equipment that is considered an  
50 allowable cost under state board of education rules for transportation reimbursements during the  
51 current year; plus

52 (2) Any amount necessary to satisfy obligations of the capital projects fund for  
53 state-approved area vocational- technical schools; plus

54 (3) Current year obligations for lease-purchase obligations entered into prior to January  
55 1, 1997; plus

56 (4) The amount necessary to repay costs of one or more guaranteed energy savings  
57 performance contracts to renovate buildings in the school district, provided that the contract is  
58 only for energy conservation measures as defined in section 640.651 and provided that the  
59 contract specifies that no payment or total of payments shall be required from the school district  
60 until at least an equal total amount of energy and energy-related operating savings and payments  
61 from the vendor pursuant to the contract have been realized by the school district; plus

62 (5) An amount not to exceed the greater of:

63 (a) One hundred sixty-two thousand three hundred twenty- six dollars; or

64 (b) Seven percent of the state adequacy target multiplied by the district's weighted  
65 average daily attendance, provided that transfer amounts in excess of current year obligations of  
66 the capital projects fund authorized under this subdivision may be transferred only by a  
67 resolution of the school board approved by a majority of the board members in office when the  
68 resolution is voted on and identifying the specific capital projects to be funded directly by the  
69 district by the transferred funds and an estimated expenditure date.

70 5. Beginning in the 2006-07 school year, a district meeting the provisions of subsection  
71 6 of section 163.031 and not making the transfer under subdivision (5) of subsection 4 of this  
72 section, nor making payments or expenditures related to obligations made under section 177.088  
73 may transfer from the incidental fund to the debt service fund or the capital projects fund the  
74 greater of:

75 (1) The state aid received in the 2005-06 school year as a result of no more than eighteen  
76 cents of the sum of the debt service and capital projects levy used in the foundation formula and  
77 placed in the respective debt service or capital projects fund, whichever fund had the designated  
78 tax levy; or

79 (2) Five percent of the state adequacy target multiplied by the district's weighted average  
80 daily attendance.

81 6. Beginning in the 2006-07 school year, the department of elementary and secondary  
82 education shall deduct from a school district's state aid calculated pursuant to section 163.031  
83 an amount equal to the amount of any transfer of funds from the incidental fund to the capital  
84 projects fund or debt service fund performed during the previous year in violation of this section;  
85 except that the state aid shall be deducted over no more than five school years following the  
86 school year of an unlawful transfer based on a plan from the district approved by the  
87 commissioner of elementary and secondary education.

88           7. A school district may transfer unrestricted funds from the capital projects fund to the  
89 incidental fund in any year [in which that year's June thirtieth combined incidental and teachers'  
90 funds unrestricted balance compared to the combined incidental and teachers' funds expenditures  
91 would be less than ten percent without such transfer] **to avoid becoming financially stressed**  
92 **as defined in subsection 1 of section 161.520. If on June thirtieth of any fiscal year the sum**  
93 **of unrestricted balances in a school district's incidental fund and teacher's fund is less than**  
94 **twenty percent of the sum of the school district's expenditures from those funds for the**  
95 **fiscal year ending on that June thirtieth, the school district may, during the next succeeding**  
96 **fiscal year, transfer to its incidental fund an amount up to and including the amount of the**  
97 **unrestricted balance in its capital projects fund on that June thirtieth. For purposes of this**  
98 **subsection, in addition to any other restrictions that may apply to funds in the school**  
99 **district's capital projects fund, any funds that are derived from the proceeds of one or**  
100 **more general obligation bond issues shall be considered restricted funds and shall not be**  
101 **transferred to the school district's incidental fund.**