

SECOND REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]

# SENATE BILL NO. 907

97TH GENERAL ASSEMBLY

2014

6161S.01T

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## AN ACT

To repeal section 165.011, RSMo, and to enact in lieu thereof one new section relating to safety-related capital projects for schools.

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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Section A. Section 165.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 165.011, to read as follows: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 section 177.088 shall be credited to the capital projects fund. Money derived from taxation for the retirement of bonds and the payment of interest thereon shall be credited to the debt service fund, which shall be

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

23 maintained as a separate bank account. Receipts from delinquent taxes shall be  
24 allocated to the several funds on the same basis as receipts from current taxes,  
25 except that where the previous years' obligations of the district would be affected  
26 by such distribution, the delinquent taxes shall be distributed according to the  
27 tax levies made for the years in which the obligations were incurred. All refunds  
28 received shall be placed to the credit of the fund from which the original  
29 expenditures were made. Money donated to the school districts shall be placed  
30 to the credit of the fund where it can be expended to meet the purpose for which  
31 it was donated and accepted. Money received from any other source whatsoever  
32 shall be placed to the credit of the fund or funds designated by the board.

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

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

55           4. Other provisions of law to the contrary notwithstanding, the school  
56 board of a school district that meets the provisions of subsection 6 of section  
57 163.031 may transfer from the incidental fund to the capital projects fund the  
58 sum of:

59           (1) The amount to be expended for transportation equipment that is

60 considered an allowable cost under state board of education rules for  
61 transportation reimbursements during the current year; plus

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

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

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

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

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

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

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

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

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

93 **6. A district with territory in a county of the first classification**  
94 **with more than one hundred fifteen thousand but fewer than one**  
95 **hundred fifty thousand inhabitants that maintains the district office in**  
96 **a home rule city with more than thirteen thousand five hundred but**

97 fewer than fifteen thousand inhabitants shall be permitted a one-time  
98 transfer during school year 2014-15 of unrestricted funds from the  
99 incidental fund to the capital projects fund in an amount that leaves  
100 the incidental fund at a balance no lower than twenty percent for the  
101 purpose of constructing capital projects to improve student safety.

102 7. Beginning in the 2006-07 school year, the department of elementary  
103 and secondary education shall deduct from a school district's state aid calculated  
104 pursuant to section 163.031 an amount equal to the amount of any transfer of  
105 funds from the incidental fund to the capital projects fund or debt service fund  
106 performed during the previous year in violation of this section; except that the  
107 state aid shall be deducted over no more than five school years following the  
108 school year of an unlawful transfer based on a plan from the district approved by  
109 the commissioner of elementary and secondary education.

110 [7.] 8. A school district may transfer unrestricted funds from the capital  
111 projects fund to the incidental fund in any year to avoid becoming financially  
112 stressed as defined in subsection 1 of section 161.520. If on June thirtieth of any  
113 fiscal year the sum of unrestricted balances in a school district's incidental fund  
114 and teacher's fund is less than twenty percent of the sum of the school district's  
115 expenditures from those funds for the fiscal year ending on that June thirtieth,  
116 the school district may, during the next succeeding fiscal year, transfer to its  
117 incidental fund an amount up to and including the amount of the unrestricted  
118 balance in its capital projects fund on that June thirtieth. For purposes of this  
119 subsection, in addition to any other restrictions that may apply to funds in the  
120 school district's capital projects fund, any funds that are derived from the  
121 proceeds of one or more general obligation bond issues shall be considered  
122 restricted funds and shall not be transferred to the school district's incidental  
123 fund.

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