

# School Finance

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## PAYMENT CALCULATIONS

### August Payments

#### Basic Formula -

The August Basic Formula payment, including Classroom Trust Fund, was calculated using the best data available for each district. Each month’s calculation will be made using the best available data reported by the district to DESE.

One common data quality issue affecting a district’s calculation is the lack of the 2015 summer school attendance data provided through the MOSIS August submission; therefore, the payment weighted average daily attendance for the district may not include a summer school component. The weighted average daily attendance value used in the formula calculation will change in some future month once the summer school attendance data have been submitted to DESE. *Districts should submit the 2015 summer school attendance data as soon as possible.*

## AUDIT REPORTS

### Fiscal Year 2015 Audit Submissions via Tiered Monitoring System

The following guidelines are provided for the Fiscal Year 2015 Audit Submissions:

- Audits, copies of signed board minutes approving the audit, and management letters should be submitted to DESE via the Tiered Monitoring System. The documents should be in Adobe searchable pdf format, version 11.0 or lower. The file description should be structured in the format “County District Code Document FY15” (i.e. 001090AuditFY15 or 001090BoardMinutesFY15).
- The audit report should be uploaded as “Audit Documents (required fiscal audit)” and the board minutes, management letter and any corrective action plans would be “Audit Documents (supporting docs)” in the file upload dialog box for the 2015-2016 fiscal year. The file upload box will also require adding the contact information for the auditor before the audit report can be uploaded. (Use the [global document repository \(uploads\)](#) link under “Utilities” on the right side of the screen to upload the documents.)

- The deadline for submitting audits is **December 31, 2015**. There is no longer any need to file for an extension of the audit deadline.
- Copies of signed board minutes and management letters may be submitted after the December 31 deadline. These documents should include all required signatures, which is a change from current practice.
- The school, not the auditor, is responsible for ensuring that the audit, board minutes, and management letter are submitted to DESE in compliance with the provisions of the audit rule. With the change of audit submission via the Tiered Monitoring System, the auditor should not have access to this system and therefore not be able to upload the audit documents.
- To minimize the need for subsequent audit corrections, schools are strongly encouraged to complete the following checklist prior to submitting the audit:
  - The pages of the audit have been compared to the Table of Contents, and no pages are missing or out of order. Audits with missing pages may be rejected as incomplete.
  - The audit includes the auditor's signature and the date of the audit report. Audit reports that are not signed and dated may be considered a draft, not a final report. Draft reports cannot be accepted in satisfaction of the audit requirement.
  - The ending debt balances in the audit report (reported in the financial statements and/or Notes to the Financial Statements) agree to the balances reported in Part IV, Long and Short Term Debt, of the Annual Secretary of the Board Report (ASBR). Any differences should be reconciled.
  - The audit includes the updated version of the Schedule of Selected Statistics, which can be found at <http://dese.mo.gov/financial-admin-services/school-audits>.
  - The data reported on the Schedule of Selected Statistics agrees to the corresponding data on the ASBR and MOSIS/Core Data. If changes to the ASBR and/or MOSIS/Core Data are needed as a result of the review, please revise and resubmit corrections as soon as possible and notify your auditor of any changes.
  - Submit/upload corrective action plans for federal and state findings in a separate document from the audit report.
  - The audit submission includes the district's Single Audit, if applicable. There is no provision in the rule allowing the Single Audit portion of the audit to be submitted at a later date.

## CORE DATA

### 2015-16 Contact Information on Core Data Screen 3 and Screen 4

Please ensure that the district has updated the contact information on Core Data Screen 3 and Screen 4 with the most current contact information. These screens provide contact information to employees of DESE and it is important that this information is kept current throughout the school year.

### 2015-16 Core Data Screen 6

The 2016 (2015-16 school year) tax levies and assessed valuations are reported on Screen 6 titled "District Tax Data" of the Core Data Collection System. The tax levy information entered on Screen 6 must agree with the levies on the **Estimate of Required Local Taxes** form, which is to be filed with the respective county (ies) by September 1. The assessed valuation data for 2015 entered on Screen 6 is the estimated assessed valuation received from the county in June/July for the 2015 calendar year and used in the calculation of the district's tax rate ceiling. Do not enter the December 31, 2014, assessed valuation on Screen 6 and do not update the assessed valuation once the tax rate has been set.

August cycle data should have been entered by August 15, 2015, or as soon thereafter as possible, as this will impact the accuracy and completeness of the Missouri School Directory.

## OTHER IMPORTANT REMINDERS AND TOPICS OF INTEREST

### Attendance Reporting

For guidance regarding various attendance reporting scenarios please refer to the School Finance website at <http://dese.mo.gov/sites/default/files/sf-AAttendanceReporting.pdf>.

## Estimated Regular Term Average Daily Attendance (ADA)

The estimated regular term ADA for 2015-16 may be provided to your School Finance consultant to be entered on the August Core Data WEB Screen 2 in the Estimated ADA field. The district would report an estimated regular term ADA for the **2015-2016** year *only if the district's 2015-16 regular term ADA is expected to be greater than both the 2013-14 and 2014-15 regular term ADA figures* and the district wants to be paid in 2015-16 on the 2015-16 estimated number. Regular term average daily attendance includes qualified remediation attendance outside the regular school day. Refer to the Finance website at <http://dese.mo.gov/sites/default/files/sf-AAttendanceReporting.pdf> for the description of qualified remediation attendance.

The local education agency (LEA) charter schools must provide an estimated regular term ADA to their School Finance consultant for 2015-16. Payment is made to charter schools on current year attendance.

A worksheet to assist districts when estimating their ADA is available at <http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>.

Revisions to the 2015-16 estimated ADA may be made through **May 15, 2016**. Contact School Finance staff if you have questions about estimating ADA.

## School Calendar Requirements

Missouri statute directs that *each school board shall prepare annually a calendar for the school term* per Section 171.031.1, RSMo. Due to the fact that a number of school districts that have moved, or in the future may consider moving, to a school year of less than one-hundred and seventy-four (174) days, it has been determined that additional guidance should be provided to give greater clarity on what needs to be considered when setting such calendars.

### School Calendar Options as Provided in Statute

In order to be eligible to receive state aid for its education program a school district must adopt a calendar that meets minimum standards that provide at least 1,044 hours of instruction. School districts may operate under one of three possible calendar scenarios described below:

1. A traditional calendar may be adopted which requires the school board to provide a minimum term of at least 174 days and 1,044 hours of instruction, 171.031.1, RSMo.
  - a. Minimum required hours in a school day of 3 hours per Section 160.041.1, RSMo.
  - b. Maximum possible hours in a school day of 7 hours per Section 171.031.7, RSMo.
2. A calendar of less than 174 days may be adopted by the school board that provides a minimum of at least 1,044 hours of instruction, 171.029.1 RSMo.
  - a. Minimum required hours in a school day of 4 hours per Section 160.041.1, RSMo.
  - b. Maximum possible hours in a school day of 8 hours per Section 171.031.7, RSMo.
3. A calendar of 142 days (four days per week) may be adopted by the school board that provides a minimum of at least 1,044 hours of instruction, 171.031.1, RSMo.
  - a. Minimum required hours in a school day of 4 hours per Section 160.041.1, RSMo.
  - b. Maximum possible hours in a school day of 8 hours per Section 171.031.7, RSMo.

### Points of Clarification

1. Districts must establish which type of calendar they will be operating under as well as the number of days they plan to attend school prior to the opening of a new school year. In order to assure that the district has complied with this statute, the planned calendar will be reported to the Department on Core Data Screen 10 by August 15 of each year. Once the type of calendar has been established by the district the number of days of planned attendance cannot be amended or changed after the August 15 reporting date.
2. Districts that operate with a traditional calendar (174 days or more) may not attend fewer than 174 days or 1,044 hours except as forgiven by weather as established in Section 160.041, RSMo.
3. Districts that operate with a calendar of less than 174 days, and with a minimum of 1,044 hours, must attend the number of planned attendance days as certified to the Department on Core Data Screen 10 by August 15 of each year, except as forgiven by weather as established in Sections 171.033 and 160.041, RSMo.

4. Districts that operate with a calendar of 142 days, and with a minimum of 1,044 hours, must attend the number of planned attendance days as certified to the Department on Core Data Screen 10 by August 15 of each year, except as forgiven by weather as established in Sections 171.033 and 160.041, RSMo.
5. Section 163.021.1, RSMo, requires compliance with the minimum term for eligibility for state aid. A school day ending before the minimum required hours of class time does not count toward the day requirement and the hours do not count toward the 1,044 hour requirement. Since the day is not a legal school day, the hours and day do not count for state aid purposes. Such hours are not reported as a part of the school district's calendar and the attendance hours are not reported for the ADA calculation for state aid purposes.
  - a. Minimum required hours of class time to count as a school day:
    - i. School districts that provide a minimum term of at least 174 days and 1,044 hours of instruction must have at least three hours of class time to count day as an attendance day for calendar purposes.
    - ii. School districts that provide a minimum term of less than 174 days, and with a minimum of 1,044 hours, must have at least four hours of class time to count day as an attendance day for calendar purposes.

### Missouri Accountability Portal (MAP) – Debt Reporting

Section 37.850, RSMo, requires school districts to report all bonded indebtedness and requires charter schools to report all debt. This information shall be supplied to Office of Administration (OA) for display on the State's Accountability Portal.

If a school district issues new bonds or a charter school enters into debt obligations the new debts are required to be entered onto the portal within seven days of issuing a bond or incurring an obligation or debt per section 37.850, RSMo.

A user link for the portal is available on the main page <http://mapyourtaxes.mo.gov/MAP/Bonds/HomePage.aspx>. In order to submit information, an entity will need to visit the portal website and obtain a secure user name and password. The user name and password can be created by selecting "create account" on the right hand side of the screen. Once credentials are granted, a user may enter the site to enter or update bond or debt information.

Most of the required fields on the reporting tool are self explanatory; however, there have been questions regarding a couple of the fields. The description of the revenue stream is generally something such as revenue generated from a levy that was established, Classroom Trust Fund revenue, or local revenue. This list is not an all inclusive list but provides a general idea as to what would seem to be an appropriate response. The description of the project would be a description as to what the project was, for example, a building project.

If you have questions regarding accessing the portal website, please contact OA at (573) 751-2971 or [MAPBonds@oa.mo.gov](mailto:MAPBonds@oa.mo.gov). For questions regarding what debt should be entered on the portal please do not hesitate to contact School Finance at 573-751-0357.

## SCHOOL GOVERNANCE

### Nonresident Students

The School Administrative Services section has received a number of calls regarding the admission of nonresident students. Please note the following:

- In most cases, if a school district enrolls a nonresident student the district must charge tuition and this student cannot be counted for state aid purposes. There are very few exceptions to this.
- Homeless children are resident students.
- A child of a parent employed by the school district as a teacher or regular employee and agriculture exemptions are situations where a nonresident student may be enrolled and counted for state aid purposes.

It is the time of year when students are registering for school and the district is dealing with residency issues. It would be advisable, especially for districts with new administrators, to review the district's residency policy and enrollment forms. Additional information on residency, such as an enrollment checklist and residency waiver, can be found at the School Governance website at <http://dese.mo.gov/financial-admin-services/school-governance>.

Please contact Roger Dorson, Coordinator – School Administrative Services, at (573) 751-0357 if you have any questions relating to residency or other questions relating to the operation of your school district.

### Use of Birth Certificates for Enrollment Purposes

The Department of Health and Human Services - Bureau of Vital Records receives a large number of requests for birth certificates from parents attempting to enroll their child in a Missouri public school. According to the Bureau, these parents are being told they cannot enroll their child in a school district without a birth certificate containing the father's name and information on the certificate. The Bureau has questioned the Department about the use of birth certificates for this purpose.

Neither the Missouri Constitution, the Public School Laws of Missouri, nor Department rules require public school districts to request a birth certificate for enrollment purposes. In fact, school districts requiring this information before allowing a student to enroll may, in effect, be denying the student access to a public education for which s/he is otherwise legally qualified to receive. While a district may request a birth certificate at the time of enrollment, documents other than a birth certificate can be used to verify the age of a student. Finally, the U.S. Department of Education's Office for Civil Rights has, in the past, cautioned school districts about relying solely on birth certificates when other documents, such as parent affidavits or hospital records, are equally suitable as reliable sources of information.

In sum, the fact that a parent cannot provide a birth certificate with or without the father's name on it should not—by itself—prevent a child from enrolling in a public school.

### MSPMA Annual State Conference

The annual state conference of the Missouri School Plant Managers Association will be held on September 27-29, 2015, at the Lodge of the Four Seasons at the Lake of the Ozarks. A MSPMA membership form and registration form for the conference have been sent in a separate mailing. Please provide the conference information to the person in your district in charge of facilities. Additional information about the conference can be obtained by calling Mr. Tony Sloan, Executive Director, at (573) 443-0789. Registration and conference information is also available at <http://www.mspma.com/annual-conference.html>.

## SCHOOL TRANSPORTATION

### National School Bus Safety Week

National School Bus Safety Week is October 19-23, 2015. This Year's Theme is "Be Smart – Be Seen, I Wait in a Safe Place". A National School Bus Safety Week Resource Guide and Activity Booklet may be printed off the National Association of Pupil Transportation's website at [http://naptonline.org/files/NSBSWdoc\\_Co.pdf](http://naptonline.org/files/NSBSWdoc_Co.pdf). School Bus Safety Week posters can be obtained from the National Assn. of Pupil Transportation at (800) 989-NAPT.

### School Bus Driving Record Checks

Driving records can be obtained for \$5.88 (plus \$2.00 at the fee offices). A verbal driver's status check can be obtained by calling DOR, General Issuance (573) 751-2730 (ext. 2) or by calling an automated line at (573) 751-2730 (ext. 1).

It is recommended that the driving record or S endorsement status be checked *at least every 6 months*. School bus drivers are notified by letter when any S endorsement status change occurs. Driving record checks are also run when the applicant is applying for an S endorsement.

### Exempt Railroad Crossings

A current listing of the exempt railroad crossings in Missouri can be found on the Missouri Operation Lifesaver website at [http://www.showmeol.org/safety/exempt\\_crossings.pdf](http://www.showmeol.org/safety/exempt_crossings.pdf). Please make sure that school buses traveling in these areas with exempt crossings are aware of this information.

## Deputy Commissioner's Comments

### Revenue Trends YTD

	<u>YTD as of July FY15</u>	<u>YTD as of July FY16</u>	<u>Revenue Change</u>	<u>% Change</u>
Individual Income Taxes	\$373,400,000	\$392,300,000	\$18,900,000	5.06%
Sales & Use Taxes	\$150,900,000	\$148,200,000	(\$2,700,000)	-1.79%
Corporate Inc. & Franchise	\$17,200,000	\$20,600,000	\$3,400,000	19.77%
Other Collections	\$20,400,000	\$15,300,000	(\$5,100,000)	-25.00%
Increase in Revenue YTD			<b>\$14,500,000</b>	<b>2.58%</b>
Refunds (YTD)	\$49,000,000	\$69,600,000	\$20,600,000	42.04%
	(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)			
Actual Net Revenue Status YTD	\$512,900,000	\$506,800,000	(\$6,100,000)	<b>-1.19%</b>

### School District Trust Fund (Proposition C)

	<u>(Aug) Prior Year</u>	<u>(Aug) Current Year</u>	<u>% Change</u>
Amount Paid to Districts for Month	\$66,873,573	\$71,573,436	7.03%
Amount Paid to Districts YTD	<u>Prior Year</u> \$149,005,816	<u>Current Year</u> \$141,840,879	-4.80%
Appropriation	\$848,739,000	(Percentage of Appropriation Paid YTD 17.88%)	

### Gaming Revenue Trend

	<u>(July) Prior Year</u>	<u>(July) Current Year</u>	<u>% Change</u>
Total Gaming Proceeds to Education	\$28,956,318	\$26,518,481	-8.42%
Gaming Revenue Appropriated	\$343,456,910		

FY16 Classroom Trust Fund Distribution Paid YTD Through Current Mont's Payment: \*\$54,393,942 (15.84% of Appropriation)  
 \*(Includes \$0.00 unclaimed Lottery funds, \$13,466,456 carryover Gaming funds.)

- General Revenue:** After a very strong June and closure of the prior fiscal year, July began with what is hoped to be an anomaly rather than a trendsetter. There was a positive increase in individual income and corporate taxes but a lag in sales and other taxes. Exacerbating the month's revenue trend was the significantly higher expenditures for tax refunds than last year. Hopefully, as often is the case, July was a month of fiscal anomalies that have now been dealt with and we will continue to see a revenue trend that was reflected in individual income taxes which is the major revenue source for the state.
- Proposition C:** You will note that Prop C distributions this July fell behind last year's level. We must remember that the past two years reflect a very robust increase in this revenue area. Hopefully, consumer economic activity will remain positive due to the mild weather during the upcoming busy fall season and favorable gasoline prices that give our citizens more disposable income that is often used for other purchases.
- FY16 Foundation Formula Payments:** Due to districts getting data entered the August payment was made based upon more accurate information than July. We continue to assume a SAT of \$6,110 and as per statute, there is no longer a percentage adjustment. **In order to help achieve the greatest accuracy for all district's payments, we urge that data be entered as soon as is possible**, doing so will enable the Department Finance Staff to calculate payments that more accurately reflect the district's entitlement for the year.

As I make my weekly drives to and from Jefferson City to southwest Missouri, I must say the view has been much different than three years ago. We were then in the midst of the worst draught in years which was well-evidenced by the scorched fields, trees shedding their leaves early to stay alive, and emergency action by our state to provide extra funding to farmers to drill wells to provide water livestock. What a difference this summer has been due to the abundance of rainfall we have received. My scenery this summer has been exactly the opposite of that of 2012. This year I have seen lush fields and forests, abundant crops and hay, and well-manicured green yards throughout the state.

If the beauty of this summer is any predictor of what is ahead, I am encouraged to begin this new year with great optimism. It is my hope that all Missouri's school-age students will flourish throughout the 2015-16 school year.

My best to you all.



Ronald Lankford

## **School Finance**

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