

# School Finance

## Monthly Newsletter

### December 2014

#### Highlights for this Issue

- ◆ [December Foundation Payment Calculations](#)
- ◆ [Missouri Accountability Portal \(MAP\) – Debt Reporting](#)
- ◆ [Mid Year Fund Balance Reporting](#)
- ◆ [2015 ACH Transmittal Dates](#)
- ◆ [Changing Depository Banks](#)
- ◆ [Fiscal Year 2014 Audit Submissions via Tiered Monitoring System](#)
- ◆ [Federal Audit Report Filing Requirements](#)
- ◆ [Inclement Weather](#)
- ◆ [House Bill 1689 – Early Childhood Program](#)
- ◆ [2014-15 State Transportation Aid Calculation](#)
- ◆ [First Observer Program Returns](#)
- ◆ [Transportation Calculation Excel Spreadsheet Website Link](#)
- ◆ [Deputy Commissioner's Comments](#)

#### December Foundation Payment Calculations

The December Basic Formula payment, including Classroom Trust Fund, was calculated using the most current data available for each district. It is important that the district compare DESE's calculations with those generated by the district. Please call or email School Finance at (573) 751-0357 ([webreplyadmsf@dese.mo.gov](mailto:webreplyadmsf@dese.mo.gov)) with questions or concerns about the district's calculations.

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

HB116 was passed by the General Assembly and became law on August 28, 2013. The new legislation in 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.

The State's Accountability Portal accepts the submission of bond and debt information. A user link for this portion of the portal is available on the main page (<http://mapyourtaxes.mo.gov/MAP/PORTAL/DEFAULT.aspx>) under the "Bonds" section. 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 bonds, then selecting user login and selecting request user account. Once credentials are granted, a user may enter the site to enter or update bond or debt information.

Each district is initially required to enter all bonded indebtedness and all charter schools to enter all debt on the portal to meet the reporting requirements. Once the current debt of the school districts and charter schools has been entered the district and charter will be required to update the debt with the outstanding balance once a fiscal year. This update will correspond with the Annual Secretary of the Board Report (ASBR) deadline and should contain the outstanding balance as of June 30.

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 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.

If a school district does not have any bonded debt or a charter school does not have any debt there is no requirement for the completion of any information on the portal.

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.

## Mid-Year Fund Balance Reporting

The mid year fund balance reporting will occur as a part of the February Core Data cycle on Core Data Screen 35. Each district will be required to report the following information as of December 31, 2014:

- Incidental and Teachers Funds Unrestricted Ending Fund Balance as of December 31.
- Tax Anticipation borrowing in the Incidental or Teachers Funds between July 1 and December 31.
- Transfers from the General Fund to the Capital Projects or Debt Service Funds between July 1 and December 31.

## 2015 ACH Transmittal Dates

The Automated Clearinghouse (ACH) transfer dates through June 2015, as provided by the DESE Accounting Section for DESE monthly payments to districts and local education agencies are:

January 21, 2015  
February 20, 2015  
March 20, 2015  
April 21, 2015  
May 21, 2015  
June 22, 2015

## Changing Depository Banks

Districts changing banks or bank accounts must fill out an ACH/EFT Application form with the state of Missouri. The ACH/EFT Application form and instructions are located at <https://www.vendorservices.mo.gov/vendorservices/Portal/Default.aspx>, select Vendor Input/ACH- EFT Application on this webpage. The form must be signed by the school district, as well as the banking institution, and should be faxed directly to the Office of Administration at the number provided in the instructions on page 2. Questions may be directed to DESE's Accounting Section at 573-526-5157. Reminder: when depositories are changed, the first payment issued after the change could be in the form of a paper check.

## Fiscal Year 2014 Audit Submissions via Tiered Monitoring System

The following guidelines are provided for the Fiscal Year 2014 Audit Submissions:

- Audits, copies of board minutes approving the audit, and management letters should be submitted to DESE via the Tiered Monitoring System available via the DESE Web Application system. If you do not see Tiered Monitoring in the list of items available to you when you are logged into Web Applications please contact the district's user manager for access. The documents should be in Adobe searchable pdf format, version 9.0 or lower. The file description should be structured in the format of "County District Code Document FY14" (i.e. 001090AuditFY14 or 001090BoardMinutesFY14).
- The audit report should be uploaded as "Audit Documents (required fiscal audit)" and the board minutes and management letter would be "Audit Documents (supporting docs)" in the file upload dialog box for the 2014-2015 fiscal year. The file upload box will also require adding the contact information for the auditor before the audit report can be uploaded. (If the link for the financial audit upload is not working, click on 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, 2014**. No extension to this deadline can be granted.
- Copies of board minutes and management letters may be submitted after the December 31 deadline. These documents should include all required signatures.
- 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.
- 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.

If you have questions please contact Toni Wade, Schools Audits, at 573-751-9437.

### Federal Audit Report Filing Requirements

In addition to the state's audit requirements described in 5 CSR 30-4.020, schools must comply with the following federal audit requirements:

- Districts/charter schools that have a Single Audit are required to submit a data collection form and reporting package to the Federal Audit Clearinghouse (FAC) at the U.S. Bureau of Census within the earlier of 30 days from the receipt of the audit report or nine months after the end of the audit period (March 31 of the subsequent fiscal year). The reporting package consists of the complete audit (financial statements and auditor's reports) and, as necessary, a summary schedule of prior audit findings and a corrective action plan for current year audit findings. Reports should be submitted to the [FAC](#).
- Districts/charter schools that expend less than \$500,000 in total federal funds are not required to send a copy of the audit report to the Federal Audit Clearinghouse.
- A copy of the reporting package should also be sent to pass-through entities, including the Department, if the Schedule of Findings and Questioned Costs include audit findings or a summary schedule of prior audit findings relating to federal awards provided by the pass-through entity.
- More information regarding the federal audit report filing requirements can be located at the [FAC FAQ](#) website.

### Inclement Weather

Districts must comply with Section 163.021.1, RSMo, which requires compliance with the minimum term, including a minimum number of days and hours, to be eligible for state aid. Additionally, Section 171.033.4, RSMo, provides forgiveness for inclement weather days after a specified number of inclement weather days have been reached by a school district or charter school. Below is specific information regarding minimum day length, minimum hours of attendance, and inclement weather forgiveness day information.

#### Minimum Hours Required in a School Day

Severe weather increases the possibility of an early release from school. Section 160.041.1, RSMo, states that a minimum school day consists of at least 3 hours (except districts establishing less than a 174 day school calendar which require 4 hours) in which the pupils are under the guidance and direction of teachers in the teaching process. Districts must meet both the minimum day requirement and the minimum hour requirement as dictated by their respective calendar.

Minimum required hours of class time to count as a school day:

- 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.
- 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.

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 in the June MOSIS Enrollment and Attendance file submission for the ADA calculation for state aid purposes.

**Missed School Days**

Some school districts may have missed days this school year due to inclement weather. Per 171.033.4, RSMo:

“In the 2009-2010 school year and subsequent years, a school district may be exempt from the requirement to make up days of school lost or canceled due to inclement weather in the school district when the school district has made up the six days required under subsection 2 of this section and half of the number of additional lost or canceled days up to eight days, resulting in no more than ten total make-up days required by this section.”

“Inclement weather”, for purposes of this section, shall be defined as ice, snow, extreme cold, flooding, or a tornado, but such term shall not include excessive heat.

This rule applies to districts that plan to attend 174 days or more as well as to those districts that plan to attend less than 174 days (per Section 171.029, RSMo). Days that are missed for reasons other than inclement weather, such as illness, have to be made up and are not included in this provision of law.

Reminder: Days that are forgiven due to inclement weather will not have an adverse impact on the average daily attendance (ADA) calculation. This will create a situation which will have an effect on both components (both the total attendance hours and the hours in session) of the ADA calculation and, therefore, will not have a negative impact on the ADA.

The following two charts illustrate the make-up requirements associated with this statute.

Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10	Day 11	Day 12	Day 13	Day 14	+
M	M	M	M	M	M	M	F	M	F	M	F	M	F	F

**Key:**

- M = Day must be made up
- F = Day is forgiven

Days Missed	Days to Make Up
1 Day	1
2 Days	2
3 Days	3
4 Days	4
5 Days	5
6 Days	6
7 Days	7
8 Days	7
9 Days	8
10 Days	8
11 Days	9
12 Days	9
13 Days	10
14 Days	10
More than 14	10

The above information regarding inclement weather and a short FAQ are available at <http://dese.mo.gov/divadm/finance/topicsandprocedures/index.html>

## House Bill 1689 – Early Childhood Program

House Bill 1689, passed during the 2014 legislative session, allows for a school district that operates an early childhood education program to receive state funding through the foundation formula for students between the ages of three and five who are eligible for free and reduced lunch. This legislation will allow these students to be included in the average daily attendance calculation (ADA) of the district or LEA charter school. The total number of such pupils included in the ADA calculation cannot exceed 4% of the total number of pupils eligible for free and reduced lunch between the ages of three and eighteen who are included in the district's ADA calculation. The following schedule for implementation is included in this bill:

- This becomes applicable during the 2015-2016 school year for any district that has been declared unaccredited by the State Board of Education and remains unaccredited as of July 1, 2015.
- This becomes applicable during the 2016-2017 school year for any district that has been declared provisionally accredited by the State Board of Education after July 1, 2016.
- This becomes applicable during the 2017-2018 school year and any subsequent school year when the amount appropriated for subsections 1 and 2 of Section 163.031, RSMo (Basic Formula), is equal to or exceeds the amount necessary to fund the entitlement calculation.

## SCHOOL TRANSPORTATION

### 2014-15 State Transportation Aid Calculation

The fiscal year 2014-15 state transportation aid calculation is available through the School Finance website. Select Monthly Financial Reports. Input County-District number. The Payment Transmittal is then displayed. Click on the revenue name "Transportation" on the Payment Transmittal to access the transportation aid calculation. The link to School Finance Monthly Financial Reports is <http://dese.mo.gov/financial-admin-services/school-finance/financial-reports>.

This is the third live state transportation calculation made for the current year. The calculation is based on 2013-14 school year data submitted by the district on the state transportation aid documents included in Part IV of the Annual Secretary of the Board Report (Application for State Transportation Aid, School Bus and Facility Depreciation Schedules).

The percent of reduction to the calculated entitlement computed for the December 2014 calculation is shown below. This reduction percentage represents the amount the entitlement exceeded the appropriation and will fluctuate from month to month as revisions are made to individual school district data. The percent of reduction and the A and B factors are also reflected on each district's Summary Transportation Report.

The percentage reduction and the A and B factors are as follows:

	<u>Reduction Factor</u>	<u>A Factor</u>	<u>B Factor</u>
<b>December 2014</b>	<b>65.138466</b>	<b>3.519716</b>	<b>-1.420595</b>

### First Observer Program Returns

The TSA Office of Security Policy and Industry Engagement, Surface Division, is pleased to announce a new web-based restoration of the First Observer™ Program, a security awareness training initiative that focuses on enhancing security across all highway surface transportation modes including school transportation. After an interruption of the program, they have now re-tooled all of the critical training modules and have made them available on-line at <http://www.tsa.gov/first-observer>.

### Transportation Calculation Excel Spreadsheet Website Link

A Microsoft Office Excel spreadsheet of the transportation aid calculation is located on the school transportation website under Entitlement Calculation. Districts may download the program and enter the ridership, mileage, expenditure and revenue data and the program will calculate the district's transportation aid based on that data. The district may then save the program on its computer for future use. The proration percentage and the state constant A and B factors should always be updated with the most recent actual data and/or projected numbers, in order for the calculation to be as accurate as possible.

## Deputy Commissioner's Comments

### Revenue Trends YTD

	<u>YTD as of November FY14</u>	<u>YTD as of November FY15</u>	<u>Revenue Change</u>	<u>% Change</u>
Individual Income Taxes	\$2,190,000,000	\$2,310,000,000	\$120,000,000	5.48%
Sales & Use Taxes	\$803,200,000	\$824,300,000	\$21,200,000	2.63%
Corporate Inc. & Franchise	\$180,600,000	\$173,400,000	(\$7,200,000)	-3.99%
Other Collections	\$141,200,000	\$139,500,000	(\$1,700,000)	-1.20%
Increase in Revenue YTD			<b>\$132,200,000</b>	<b>3.99%</b>
Refunds (YTD)	\$203,800,000	\$223,200,000	\$19,400,000	9.52%
(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)				
Actual Net Revenue Status YTD	\$3,111,200,000	\$3,224,000,000	<b>\$112,800,000</b>	<b>3.63%</b>

### School District Trust Fund (Proposition C) YTD

	<u>(Dec.) Current Year</u>	<u>(Dec.) Prior Year</u>	<u>% Change</u>
Amount Paid to School Districts	\$418,387,474	\$395,383,099	5.82%
Appropriation	\$827,500,000		

### Gaming Revenue YTD

	<u>(Nov.) Current Year</u>	<u>(Nov.) Prior Year</u>	<u>% Change</u>
Total Gaming Proceeds to Education	\$106,635,302	\$108,100,955	-1.36%
Gaming Revenue Appropriated	\$353,112,706		
YTD Classroom Trust Fund Available FY15*	\$115,300,352		

\*Includes \$8,665,050 carryover from FY14 and \$13,105,978 unclaimed Lottery funds

- General Revenue:** State revenue for November continued to hold a positive pattern with net revenue up by approximately four percent (3.63%) from the prior year. While the trend remains upward it has leveled some in its rate of growth since July 1, 2014, but is still 1.2% ahead in the rate of growth at the end of November 2013. Hopefully, the reduced cost of gasoline and mild December weather we have had thus far will translate into more positive revenue growth for the current month.
- Proposition C:** Revenue from the School District Trust Fund (Proposition C) available for distribution continues to run ahead of the prior year. We again remind you that some of the positive increase is the result of FY14 revenues that could not be distributed due to appropriations capacity limits. Those carry-over funds resulted in an increase of revenue that exceeded expectations for that year. For the month of December, this year, we were able to distribute \$68,434,875 compared to \$60,544,220 last year, bringing the total distribution increase over last year at mid-year to \$23,004,375. We are pleased that this revenue source has remained positive thus far.
- Gaming Revenue:** As has been reported in previous months, gaming revenues continue to trail the prior year. All along we had anticipated that it would be unlikely to see a quick reversal of this trend, and as a result, have attempted to adjust the monthly distribution to reflect a more appropriate anticipated amount for the fiscal year.

Once again, time has moved at seemingly rocket-speed and we are now about to embark on the year 2015. Schools will be breaking for the Christmas and New Year's Holiday Season. People will be very busy getting together with their families and doing many things that are only done during this wonderful time of the year. If I had one wish that I knew would come to fruition it would be that the spirit of love and giving that is manifested during this time of the year would become the norm for the entire year.

The Holiday Season will pass all too quickly and before we know it, we will again be busy doing the more routine things we call life. It is my hope, however, that during this respite each of us will take time to enjoy the many blessings that surround us each day.

My best wishes to you and your family for a Merry Christmas and Wonderful New Year!



Ronald Lankford

## School Finance

P.O. Box 480  
205 Jefferson Street  
Jefferson City, MO 65102  
Phone # (573) 751-0357  
Fax # (573) 526-3897

<http://dese.mo.gov/divadm/finance/>



*The Department of Elementary and Secondary Education does not discriminate on the basis of race, color, religion, gender, national origin, age, or disability in its programs and activities. Inquiries related to Department programs and to the location of services, activities, and facilities that are accessible by persons with disabilities may be directed to the Jefferson State Office Building, Office of the General Counsel, Coordinator – Civil Rights Compliance (Title VI/Title IX/504/ADA/Age Act), 6<sup>th</sup> Floor, 205 Jefferson Street, P.O. Box 480, Jefferson City, MO 65102-0480; telephone number 573-526-4757 or TTY 800-735-2966; fax number 573-522-4883; email [civilrights@dese.mo.gov](mailto:civilrights@dese.mo.gov).*