

School Finance

Highlights for this Issue

- ◆ [November Foundation Payment Calculations](#)
- ◆ [Prior Year \(2015-16\) Adjustment](#)
- ◆ [Fiscal Year 2016 Audit Submissions via Tiered Monitoring System](#)
- ◆ [Professional Development \(1%\) Money](#)
- ◆ [September 2017 Membership](#)
- ◆ [Transfer Projections – 7%, 5% and Transportation](#)
- ◆ [Mid-Year Fund Balance Reporting](#)
- ◆ [Missouri Accountability Portal \(MAP\) – Debt Reporting](#)
- ◆ [Election Dates and Filings Information Update](#)
- ◆ [2016-17 School Transportation Appropriation](#)
- ◆ [2016-17 State Transportation Aid Calculation](#)
- ◆ [Missouri Minimum Standards for School Buses Proposed Rulemaking](#)
- ◆ [Deputy Commissioner’s Comments](#)

PAYMENT CALCULATIONS

November Foundation Payment Calculations

The November 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 (573) 751-0357, finadmgo@de-se.mo.gov, with questions or concerns about the district’s calculations.

Prior Year (2015-16) Adjustment

Each year the prior year’s Classroom Trust Fund, Basic Formula, Small Schools Grant, Prop C, and Transportation payments are recalculated to reflect the best actual data applicable for that payment year. The 2015-16 Basic Formula calculations were made using the highest of the 2015-16 estimated weighted average daily attendance (WADA), the 2014-15 actual WADA, or the 2013-14 actual WADA. Districts will receive a positive or negative recalculation based on the current data. Any adjustment to data will impact each district in the state since DESE is redistributing the 2015-16 fixed dollars. The 2015-16 year was the first calculation year where the SAT was adjusted for underfunding. The change is as follows:

June 2016 SAT	6,145.826158666
November 2016 Recalculated SAT	6,121.383388689

This change appears in line with prior recalculations where the change between the June Formula WADA and the Prior Year Correction Formula WADA has increased on average by 3,000.

Prior year correction payment amounts can be viewed by going to the payment transmittal for November 2016 and clicking on the dollar amount of the district’s Basic Formula, Classroom Trust Fund, Transportation, Small Schools Grant, Prop C, and Transportation payments. These numbers are a hyperlink to a detail page which displays the amount of payment contributed to the current year payment as well as the prior year correction amount.

AUDIT REPORTS

Fiscal Year 2016 Audit Submissions via Tiered Monitoring System

The following guidelines are provided for the Fiscal Year 2016 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 FY16" (i.e. 001090AuditFY16 or 001090BoardMinutesFY16).
- 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 2016-2017 fiscal year. The file upload box will also require adding the contact information for the auditor before the audit report can be uploaded. (As a refresher on how to upload audit documentation, use the "Documentation Upload Instructions" at <http://dese.mo.gov/financial-admin-services/school-audits>)
- The deadline for submitting audits is **December 31, 2016**.
- Copies of signed 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.
 - 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.

OTHER IMPORTANT REMINDERS AND TOPICS OF INTEREST

Professional Development (1%) Money

Section 160.530.1, RSMo, requires districts to spend one percent (1%) of the Basic Formula monies (based on Line 17B of the district's June basic formula calculation) for professional development committee expenditures. A minimum of seventy-five percent (75%) of one percent (1%) of the current year's Basic Formula current apportionment must be spent in the year received for purposes determined by the Professional Development Committee and identified in the professional development plan in relation to a school improvement plan. This is completely separate from professional development that may be required by other programs such as title or special education programs. Expenditures should be recorded to Function Code 2214. Any portion of the other twenty-five percent (25%) of the one percent (1%) not expended during the year must be shown as a part of the restricted fund balance on June 30.

Function Code 2214 may **only** be used to code those expenditures made to meet the requirement of Section 160.530, RSMo, described above. Any instructional staff professional development required by other programs or expenditures made that do not meet the requirement of Section 160.530, RSMo, should be coded to Function Code 2213. If improper coding has occurred the district should make adjusting entries and amend the Annual Secretary of the Board Report (ASBR) as necessary.

September 2017 Membership

September Membership reports are available on the web. Log on to the DESE Web Applications Page located at <https://apps.dese.mo.gov/weblogin/login.aspx> and then select Data Collection. Once in the Data Collection system, select the 2016-2017 year and select the Report Menu option from the upper-right dropdown box. Select Summary reports. Two September Membership reports are listed for review. One report, the September Membership Comparison Report (SAR070R), compares September membership as reported by the district for the year selected and the prior year. The other report, September Membership Report (SAR080R), displays only the data for the year selected.

The September 2017 membership data by county will be made available to each county to be used in various county payments to school districts during the 2017-18 year. The accuracy of the payments is dependent on the accuracy of the membership data.

Please review the membership data. If reporting errors are found, update the MOSIS October Student Core file and recertify the file. The corrected data will then flow to the Core Data Screen 16. Remember, if a change is made to September membership, a corresponding change to enrollment may be necessary.

Transfer Projections – 7%, 5% and Transportation

Projections for the \$162,326 or 7% x SAT x WADA transfer, the FY06 Designated Levy or 5% x SAT x WADA transfer, and the transportation transfer are available on the School Finance website at <http://dese.mo.gov/financial-admin-services/school-finance/data-reports>. These are preliminary calculations for the 2016-17 year. Final calculations will be available June 2017.

Mid-Year Fund Balance Reporting

The mid-year fund balance reporting will occur as a part of the February Core Data cycle as a manual entry on Core Data Screen 35. Each district will be required to report the following information as of December 31, 2016:

- 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.

Questions regarding this reporting should be directed to School Finance at (573) 751-0357.

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. 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

Election Dates and Filings Information Update

The **2017 Missouri Election Calendar** provided by the Missouri Secretary of State's Office is available at the following web address: <http://www.sos.mo.gov/elections/calendar/2017cal>. Notice that the first day for candidate filing for school board member is December 13, 2016. **The district must provide an opportunity for candidates to file at 8:00 A.M. on December 13, 2016, and until 5:00 P.M. on January 17, 2017.** If the office will be closed certain days during the holiday season, it would be helpful to publish the dates the office will be closed. Please study the calendar carefully.

SCHOOL TRANSPORTATION

2016-17 School Transportation Appropriation

House Bill 2002 included an increase to the school transportation appropriation of \$5 million from the 2015-16 appropriation of \$100,297,713 making the 2016-17 school transportation appropriation \$105,297,713; however, in July the Governor withheld \$5 million dollars of these funds and then withheld another \$16.5 million in September. Since then the Governor has released \$7.5 million, leaving an appropriation for payment of \$91,280,987. In November school districts were reimbursed an average of 18% of their allowable transportation expenses.

2016-17 State Transportation Aid Calculation

The fiscal year 2016-17 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 second live state transportation calculation made for the current year. The calculation is based on 2015-16 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 November 2016 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>
November 2016	68.370567	3.390203	-1.400568

Missouri Minimum Standards for School Buses Proposed Rulemaking

At the October 2016 State Board Meeting the State Board of Education authorized publication of a notice of proposed rulemaking to amend rule 5 CSR 30-261.025 relating to minimum requirements for school bus chassis and body in the *Missouri Register* and that the State Board finds this amendment necessary to carry out the purpose of Sections 161.092 and 304.060, RSMo. The rule is scheduled to be published in the Missouri Register and available for public comment during the month of December (<http://www.sos.mo.gov/adrules/moreg/moreg>). Anyone may file a statement in support of or in opposition to this proposed amendment with the Missouri Department of Elementary and Secondary Education, ATTN: Jennifer Jordan, Coordinator, School Financial and Administrative Services, PO Box 480, Jefferson City, MO 65102-0480. To be considered, comments must be received within thirty (30) days after publication of this notice in the **Missouri Register**. No public hearing is scheduled.

The proposed amendment will allow for safer transportation of pupils on school buses by revising the minimum requirements for school bus body and chassis. These revisions include changes to the alternators required for wheelchair or air conditioned buses and buses over 15,000 Gross Vehicle Weight Rating (GVWR), adds guidance for emergency doors that have a single piece of glazing, decreased the capacity size required for the fuel tank, added specific guidance on the size and material to be used for

the passenger handrail, changed the lettering size required for fuel type, added the language to allow for an automated transmission, added the requirement for an adjustment device for certain occupant restraint systems, and added language to allow for optional equipment and materials to be used in the manufacturing of certain parts of the school bus.

The amendments take into consideration recommendations from a statewide technical advisory committee for the Missouri Minimum Standards for School Buses and 2015 revisions by the National Congress on School Transportation to the National School Transportation Specifications and Procedures.

School Finance

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<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), 6th Floor, 205 Jefferson Street, P.O. Box 480, Jefferson City, MO 65102-0480; telephone number 573-526-4757 or TTY 800-735-2966; email civilrights@dese.mo.gov.

Deputy Commissioner's Comments

Revenue Trends YTD

	YTD as of <u>October FY17</u>	YTD as of <u>October FY16</u>	<u>% Change</u>
Individual Income Taxes	\$2,055,743,663	\$1,958,304,570	4.98%
Sales & Use Taxes	\$691,254,640	\$676,604,467	2.17%
Corporate Inc. & Franchise	\$110,271,198	\$145,683,426	-24.31%
Other Collections	\$125,512,156	\$107,985,905	16.23%
Refunds (YTD)	\$222,897,767	\$219,729,317	1.44%
(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)			
Actual Net Revenue Status YTD	\$2,759,883,889	\$2,668,849,051	3.41%

School District Trust Fund (Proposition C) YTD

	<u>(Nov.) Current Year</u>	<u>(Nov.) Prior Year</u>	<u>% Change</u>
Amount Paid to Districts for Month	\$82,970,532	\$74,924,040	10.77%
Amount Paid to Districts YTD	\$379,360,423	\$369,569,625	2.65%
Appropriation	\$880,400,000	(Percentage of Appropriation Paid YTD 43.09%)	

- General Revenue:** The funding streams that make up general revenue continued an upward trend through October. For FY17 general revenue is up overall by 3.41%. Contributing to this gain is continued growth in Individual Income taxes and Sales and Use taxes (up 4.98% and 2.17% respectively). However, Corporate Income and Franchise taxes are down 24.31%. Hopefully the overall general revenue growth will continue.
- Proposition C:** The Prop C Revenue continues to come in at a good pace. Year-to-date Prop C revenue is approximately \$10 million ahead of last year.
- FY17 Foundation Formula Payments:** The School Finance staff has identified school districts that might want to consider estimating an ADA for the current school year and has made contact with some districts regarding estimating. As we work through our discussions we are getting a clearer picture of the Formula WADA. As a result we are increasing the SAT for the November payment to \$6,134.905042648. We will continue to monitor the SAT and make adjustments if warranted.

It is hard to believe that it is past the middle of November already. Most of your schools are well into the second quarter of school; the fall sports seasons are coming to a close and Thanksgiving is about here. I want to take this opportunity to wish you all a very Happy Thanksgiving. Take time to be thankful for all the things that are truly important in your lives.

Roger Dorson