

School Finance

Highlights for this Issue

- ◆ [November Foundation Payment Calculations](#)
- ◆ [State Adequacy Target \(SAT\) – November Payment](#)
- ◆ [Prior Year \(2017-18\) Adjustment](#)
- ◆ [Estimated Regular Term Average Daily Attendance \(ADA\)](#)
- ◆ [Calendar Changes Starting July 1, 2019](#)
- ◆ [New Reporting Requirements Starting July 1, 2019](#)
- ◆ [PDC Expenditure Requirements Modification Starting August 28, 2018](#)
- ◆ [Annual Secretary of the Board Report \(ASBR\)](#)
- ◆ [Fiscal Year 2018 Audit Submissions via Tiered Monitoring System](#)
- ◆ [Publication of the Audit](#)
- ◆ [September 2019 Membership](#)
- ◆ [Transfer Projections – 7%, 5% and Transportation](#)
- ◆ [Mid-Year Fund Balance Reporting](#)
- ◆ [Missouri Accountability Portal \(MAP\) – Debt Reporting](#)
- ◆ [Election Dates and Filings Information Update](#)
- ◆ [2018-19 State Transportation Aid Calculation](#)

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@deese.mo.gov, with questions or concerns about the district’s calculations.

State Adequacy Target (SAT) – November Payment

The State Adequacy Target used in the November Basic Formula payment was increased to \$6,261. We will continue to evaluate data used in the Foundation Formula as well as the monies available monthly and adjust the SAT accordingly.

Prior Year (2017-18) 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 2017-18 Basic Formula calculations were made using the highest of the 2017-18 estimated weighted average daily attendance (WADA), the 2016-17 actual WADA, or the 2015-16 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 2017-18 fixed dollars. The Formula WADA increased from the June payment by 2,982.8180. The change is as follows:

June 2018 SAT	6,241.000000000
November 2018 Recalculated SAT	6,217.940047911

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 2018 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.

Estimated Regular Term Average Daily Attendance (ADA)

The calculated Threshold percentages to be used in the Weighted Average Daily Attendance (WADA) calculation for FY19 and FY20 declined from prior years. This decline may cause districts' FY19 WADA to increase over prior year's calculations due to greater weighting of one or all of the weighting categories. The change in Threshold percentages are as follows:

Year	Free & Reduced Lunch (FRL)	Special Education (IEP)	Limited English Proficiency (LEP)
FY 2017 & FY 2018	36.12%	12.16%	1.94%
FY 2019 & FY 2020	31.42%	12.06%	2.50%

Also, if your district will be claiming prekindergarten students for state aid it will be necessary to estimate an ADA including those prekindergarten students in order to get paid on those students this year.

To help determine if it would be advantageous for your district to estimate ADA for the FY19 year please see the Estimated ADA page located under School Finance in the web application system. Also, a tool has been developed to compare current year information for your district to the district's first or second preceding year WADA. This tool can be found on the School Finance website under Calculation Tools at <https://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>. There is a sheet in the tool labeled "Instructions" that provides instructions on estimating ADA and logic-related to estimated regular term ADA.

If your district determines it is appropriate to estimate an ADA for FY19 please email your district's finance contact the following:

- The regular term ADA you wish to estimate separated by PK and then K-12.
- The enrollment used as the base on your estimate.
- The attendance percentage used to develop the estimate.
- Any other logic applied to determine the estimate provided.

Once the email is received the information provided will be reviewed to determine if the estimate appears reasonable. If the estimate appears reasonable then your district's school finance contact will enter the estimate on the Estimated ADA Screen. Please monitor your estimated ADA throughout the year to ensure overestimating does not occur. This estimate may be adjusted at any time during the year by sending a revised estimate which includes the detailed information outlined above.

Revisions to the 2018-19 estimated ADA may be made through **May 15, 2019**. Contact School Finance staff if you have questions about estimating ADA.

NEW LEGISLATION

Calendar Changes Starting July 1, 2019

HB 1606 modified 171.031.1, RSMo starting July 1, 2019. The school term in school year 2019-20 and subsequent years shall consist of one thousand forty-four hours of actual pupil attendance shall be required with no minimum number of school days required, and "school day" shall mean any day in which, for any amount of time, pupils are under the guidance and direction of teachers in the teaching process. For kindergarten and prekindergarten grade levels the board shall provide a minimum of five hundred twenty-two hours of actual pupil attendance in a term, there is no minimum number of school days required.

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 and such plan must include a minimum of 36 weather make-up hours for possible loss of attendance due to inclement weather. Beginning in school year 2019-20 and subsequent years, no minimum number of school days shall be required, and "school day" shall mean any day in which, for any amount of time, pupils are under the guidance and direction of teachers in the teaching process per Section 160.041, RSMo.

In school year 2019-20 and subsequent years, a school district may be exempt from the requirement to make up school lost or cancelled due to inclement weather in the school district when the school district has made up the thirty-six hours required under subsection 2 of this section and half the number of additional lost or cancelled hours up to forty-eight, resulting in no more than sixty total make-up hours required by this section.

To help in understanding the change a document has been posted to the School Finance website under Finance Topics and Procedures. The document can be located at <https://dese.mo.gov/sites/default/files/sf-ESchoolCalendarRequirements-July-1-2019.pdf>.

New Reporting Requirements Starting July 1, 2019

HB 1606 created a new reporting requirement under 160.066, RSMo, that all public school districts and charter school must follow.

Districts and charter schools must post a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursements for the current calendar or fiscal year on the district or school website or other form of social media.

- This information could be provided by posting a year-to-date general ledger and monthly bills.
- The site shall contain only information that is a public record or that is not confidential or otherwise protected from public disclosure under state or federal law.
- The public school district or charter school shall, to the extent practicable, update the financial data contained on the site no less frequently than every quarter and provide the data in a structured format. The public school district or charter school shall archive the financial data, which shall remain accessible and searchable, for a minimum of ten years.
- Nothing in this section shall direct or require a school district or charter school to post online any personal information relating to payroll including, but not limited to, payroll deductions, payroll contributions, or any other information that is confidential or otherwise protected from public disclosure under state or federal law.

PDC Expenditure Requirements Modification Starting August 28, 2018

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.

Starting August 28, 2018, HB 1606 modified 160.530.1, RSMo, to allow "that in any fiscal year ending with fiscal year 2024 in which the amount appropriated and expended to the public schools under section 163.161 for the transportation of pupils is less than twenty-five percent of the allowable costs of providing pupil transportation under said section, a school district may, by majority vote of its board, allocate an amount less than one percent of the moneys received pursuant to section 163.031, exclusive of categorical add-ons, to the professional development committee of the district but in no instance shall the district allocate less than one-half of one percent of the moneys received pursuant to section 163.031, exclusive of categorical add-ons, to the professional development committee of the district."

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.

ANNUAL SECRETARY OF THE BOARD REPORT

Annual Secretary of the Board Report (ASBR)

School Finance has made modifications to the Annual Secretary of the Board Report (ASBR) for the 2018-2019 school year due to the new reporting requirements mandated by the new ESSA requirement to report current operating expenditures at a building level. Vendors have been notified of the new format of the file upload to be used on all future ASBRs and that information can be found on the School Finance website at <https://dese.mo.gov/financial-admin-services/school-finance/annual-secretary-board-report-asbr>. We encourage each district to contact their vendor to find out the status of the change of the ASBR export file to this new format. ASBR information for next year and sample upload file and a Manual Template can be found on the School Finance Website under Annual Secretary of the Board Report (ASBR) <https://dese.mo.gov/financial-admin-services/school-finance/annual-secretary-board-report-asbr>.

School Finance would like to open the 2018-2019 ASBR to allow districts and charter schools access to see the changes made to the ASBR and upload files to determine if the district or charter school is coding revenues and expenditures correctly as soon as all 2017-2018 ASBRs are balanced. Please make sure your district responds to any outstanding edit letters as soon as possible.

Information regarding the changes to the Accounting Code Structure can be found on the School Finance Accounting Manual webpage at <https://dese.mo.gov/financial-admin-services/school-finance/accounting-manual>. School Finance in conjunction with School Improvement are working to finalize further guidance to districts and charter schools regarding these new requirements. Districts and charter schools are encouraged to start analyzing your financial books and plan for the upcoming changes.

AUDIT REPORTS

Fiscal Year 2018 Audit Submissions via Tiered Monitoring System

The following guidelines are provided for the Fiscal Year 2018 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 easily identify the document, such as audit, management letter, or signed board minutes.
- 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 2017-18 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, 2018**.
- 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.

Publication of the Audit

Per 165.121, RSMo, within thirty days of the receipt of the audit report the school board shall cause a summary of the report to be prepared which shall include, together with any other matter the board deems appropriate, the following:

- 1) A summary statement of fund balances and receipts and disbursements by major classifications of each fund and all funds;
- 2) A summary statement of the scope of the audit examination;
- 3) The auditor's opinion on the financial statements included in the audit report.

Immediately upon the completion of the summary, the school board shall cause it to be published once in a newspaper within the county in which all or a part of the district is located which has general circulation within the district or, if there is none, then the board shall cause the summary to be posted in at least five public places within the district. The publication shall contain information as to where the audit report is available for inspection and examination. The report shall be kept available for such purposes thereafter.

OTHER IMPORTANT REMINDERS AND TOPICS OF INTEREST

September 2019 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 2018-2019 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 2019 membership data by county will be made available to each county to be used in various county payments to school districts during the 2019-20 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 2018-19 year. Final calculations will be available June 2019.

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, 2018:

- 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 **2019 Missouri Election Calendar** provided by the Missouri Secretary of State’s Office is available at the following web address <https://www.sos.mo.gov/elections/calendar/2019cal>. Notice that the first day for candidate filing for school board member is December 11, 2018. **The district must provide an opportunity for candidates to file at 8:00 A.M. on December 11, 2018, and until 5:00 P.M. on January 15, 2019.** 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.

STUDENT TRANSPORTATION

2018-19 State Transportation Aid Calculation

The fiscal year 2018-19 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 2017-18 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 2018 calculation follows. 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 2018	66.668566%	3.535077	-1.360605

School Finance

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