

October 21, 2013

**TO:** School District Administrators

**FROM:** Ron Lankford, Deputy Commissioner, Financial and Administrative Services  
Roger Dorson, Coordinator, Financial and Administrative Services

**RE:** October Financial Information

### **October Foundation Payment Calculations**

The October 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. 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; [webreplyadmsf@dese.mo.gov](mailto:webreplyadmsf@dese.mo.gov)) with questions or concerns about the district's calculations.

### **Small Schools Grant**

Section 163.044, RSMo, authorizes payments to small schools defined as districts with an average daily attendance (including summer school) of 350 or less. The allocation of the \$15 million appropriation requires that \$10 million be distributed to the eligible districts on an equal amount per prior year average daily attendance. The remaining \$5 million is distributed (on an equal amount per tax rate weighted average daily attendance) to the eligible districts with a current year adjusted Incidental plus Teachers Funds tax rate of \$3.43 or higher and any district which previously had a Incidental plus Teachers Fund tax rate of \$3.43 or higher but currently has a tax rate less than \$3.43 solely due to modification of such levy required under section 137.073.5(4), RSMo.

The first Small Schools Grant payment for 2013-14 was calculated in October using the best data available for each district. The October payment is 4/12ths of the annualized calculation. The remaining payments will be approximately one-twelfth of the annualized calculation. The district's calculation is available through the payment transmittal.

### **Attendance Reporting**

For guidance regarding various attendance reporting scenarios please refer to the School Finance website at: <http://dese.mo.gov/divadm/finance/topicsandprocedures/documents/sf-AAAttendanceReporting.pdf>.

### **Fiscal Year 2013 Audit Submissions**

The following guidelines are provided for the Fiscal Year 2013 Audit Submissions:

- Audits, copies of board minutes approving the audit, and management letters should be submitted to School Finance as e-mail attachments to [audits@dese.mo.gov](mailto:audits@dese.mo.gov). Attachments should be sent in Adobe .pdf format, version 9.0 or lower. File names should be structured in the format "County District Code Document FY 13" (ie, 001090AuditFY13 or 001090BoardMinutesFY13). In previous memos it was indicated that the FY2013 audits would be submitted electronically through the IMACS systems; however, unless otherwise instructed, please continue to use the current process.

- The deadline for submitting audits is **December 31, 2013**. There is no longer any need to file for an extension of the audit deadline.
- 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 School Finance in compliance with the provisions of the audit rule.
- 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 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.

### **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 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**

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 under the 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 under 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 under 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.

## ***SCHOOL GOVERNANCE***

### **Health Insurance Coverage for Retirees**

The Department receives questions from time to time regarding eligibility for health insurance coverage for individuals who are retiring, or who have retired, and are receiving or eligible to receive retirement benefits from a Missouri school employee retirement system. This eligibility is provided for in Section 169.590 RSMo. <http://www.moga.mo.gov/statutes/C100-199/1690000590.HTM>. If you have questions please contact Financial and Administrative Services at 573-751-0357.

## ***SCHOOL TRANSPORTATION***

### **Cell Phone and Texting Prohibited by House Bill 103 for CDL Drivers**

Effective August 28, 2013, House Bill 103 revised 304.820, RSMo, to state:

Except as otherwise provided in this section, no person shall operate a commercial motor vehicle while using a hand-held mobile telephone.

Except as otherwise provided in this section, no person shall operate a commercial motor vehicle while using a wireless communications device to send, read, or write a text message or electronic message.

The complete version of HB 103 can be viewed at <http://www.house.mo.gov/billtracking/bills131/sumpdf/HB0103T.pdf>.

### **2013-14 State Transportation Aid Calculation**

The fiscal year 2013-14 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/divadm/finance/FinancialRpt.html>.

This is the second live state transportation calculation made for the current year. The calculation is based on 2012-13 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 October 2013 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><b>Reduction</b></u> <u><b>Factor</b></u>	<u><b>A Factor</b></u>	<u><b>B Factor</b></u>
<b>October 2013</b>	<b>63.228768</b>	<b>3.238672</b>	<b>-1.249130</b>

**CDL Testing Affected By Change In State Law, Federal Regulations Took Effect August 28**

Colonel Ron Replogle, superintendent of the Missouri State Highway Patrol, would like to inform the public of a change in state law and federal motor carrier safety regulations that applies to commercial vehicle driver’s licenses. Presently drivers applying for a commercial vehicle driver’s license are required to pass a written test and then pass a skills test to obtain the appropriate class of commercial driver's license. Under current law the skills test can be taken on the same day the permit is received.

The new requirement which took effect August 28, 2013, states that commercial drivers, after passing the required written test(s), must obtain a permit, and maintain the permit for 14 calendar days before they will be allowed to take the skills test, which includes the pre-trip, basic, and road tests.

Questions regarding this new requirement may be directed to the Driver Examination Division, General Headquarters, Jefferson City, at 573-751-2341.

**School Bus Aisle Blocking**

State Board of Education Rule 5 CSR 30-261.010 requires that school bus aisles not be blocked. As your district makes field trips and activity trips this year, please ensure that all school bus drivers know and adhere to this rule. The aisles must be free of any obstruction so the bus, if needed, could be evacuated quickly without difficulties caused by the aisles being blocked by trash cans, coolers, book bags, band equipment, or other items.

**School Bus Driver Seat Belt Use**

5 CSR 30-261.010, RSMo (Requirements for the Operation of School Buses), requires school bus drivers to use their seat belt whenever the bus is in motion. Please verify compliance with this requirement within your school district.

**Non-Conforming Van Use**

Since July 1, 2001, any vehicle that transports 11 or more passengers including the driver that is newly purchased, leased, or contracted must be a school bus and meet all Missouri Minimum Standards for School Buses as well as all Federal Motor Vehicle Safety Standards for School Buses (with the exception of motor coaches).

*This means that a school district cannot purchase, contract, or rent 12/15/17 passenger vans for the transportation of school children.*

***Deputy Commissioner’s Comments***

**Revenue Trends YTD**

	<u>YTD as of September FY13</u>	<u>YTD as of September FY14</u>	<u>Revenue Change</u>	<u>% Change</u>
Individual Income Taxes	\$1,290,000,000	\$1,340,000,000	\$50,000,000	3.88%
Sales & Use Taxes	\$471,000,000	\$495,100,000	\$24,100,000	5.12%
Corporate Inc. & Franchise	\$105,000,000	\$134,900,000	\$29,900,000	28.48%
Other Collections	\$138,000,000	\$93,200,000	(\$44,800,000)	-32.46%
Increase in Revenue YTD			\$59,200,000	<b>2.95%</b>

				<u>Refund Change</u>
Refunds (YTD)	\$105,400,000	\$111,600,000	\$6,200,000	5.88%
(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)				
Actual Net Revenue Status YTD	\$1,898,600,000	\$1,951,600,000	<b>\$53,000,000</b>	<b>2.79%</b>

<b>Adjusted FY 14 Revenue:</b>	\$1,858,600,000	<b>\$93,000,000</b>	<b>5.00%</b>
This information reflects the comparison of net revenue after an adjustment due to a one-time receipt of a \$40,000,000 mortgage settlement to Missouri that was posted in July, 2012 in Other Revenue.			

**Gaming Revenue YTD**

	<u>Prior Year</u>	<u>Current Year</u>	<u>% Change</u>
Total Gaming Proceeds to Education	\$82,816,060	\$79,954,814	-3.45%
Gaming Revenue Appropriated	\$375,395,340		
Percentage of Budget Year Reflected YTD		25.00%	
Percentage of Appropriation Realized YTD ( <b>\$10 M Unclaimed Lottery Included in Calculation</b> )			
24.01%			

1. **General Revenue Trend:** The month of September showed a more positive trend in General Revenue resulting in an comparable increase of five percent (5%) over the first quarter of FY 13. Hopefully the upward trajectory will continue.
2. **Gaming Revenues:** Year-to-date revenue continues to lag behind last year by approximately \$1,000,000 per month. This trend continues to cause concern, especially since the \$65.8 appropriations increase for FY 14 was tied to this source. We will continue to monitor this as we move forward the remainder of this year.
3. **Federal Funding:** Over the past several months we all have watched the discussion in Washington over the Federal budget. While everyone must concede dealing with the deficit is a very complex situation, the uncertainty surrounding these discussions is problematic to states and local political subdivisions. A huge portion of Missouri’s budget is attributable to the Federal funding that flows through the state to all agencies including the Department of Elementary and Secondary Education. Though the major revenue source for expenditures at the local level are local and state funding, Federal funds provide the base funding source for some vital programs. The loss, or uncertainty of these funds, could lead to program interruptions. You are urged to continue to monitor the discussions and Department will do its best to keep districts informed as we move forward.

Over the history of our nation there have always been times of disagreement and challenges. Sometimes we want to look at the past as if unanimity was the mode of doing business. Quite the contrary is true. To confirm this I would like to share an article on the debate over the building of the Golden Gate Bridge that is most intriguing:

*Esthetes and environmentalists worried the bridge would mar the natural beauty of San Francisco world-famed harbor and destroy Sausalito's splendid isolation. A formidable group of civic leaders objected to the financing of the span through the proposed bond measure placed on the ballot for November 1930. They formed a Taxpayers Committee Against the Golden Gate Bonds to fight passage of the bond measure. Interestingly, its membership included City Engineer Michael O'Shaughnessy who had asked Joseph Strauss to design present a bridge design in 1921.*

*Commonwealth Club of San Francisco was urging defeat of the bond measure. Also opposing the bond measure were Pacific American Steamship Association and Ship Owners Association of the Pacific Coast who charged that the Bridge would be a hazard to navigation and would handicap to shipping industry. "The bridge clearance would prevent world's great ships from entering San Francisco harbor" they claimed. Yet, the General Steamship Corporation said ferries running across shipping lanes were a more serious navigational menace, and Dollar Steamship Lines, Inc. felt the "clearances are quite satisfactory."*

*A vicious widespread word-of-mouth campaign ensued and included slanderous statements including: An enemy fleet could demolish the bridge and bottle-up the US fleet. The bridge could not be built. It would not stand. It was vulnerable to earthquakes. The floor of the Golden Gate Strait would not support the weight of the San Francisco pier and tower. The entire project was a hoax and sham. Only fools would buy bonds of a bridge certain to fall. Taxpayers would suffer and have to continue paying to finance the fiasco.*

*<http://goldengatebridge.org/research/BondMeasure.php>*

What does the Golden Gate Bridge have to do with education might be your question? To that question I would have to respond, "There probably isn't a direct connection." There is, however, a similarity of the times and mission. The 1930s were a time of economic uncertainty and national challenges. Unanimous consent relative to its building was lacking and the debates were contentious. While some argued against it for the reasons cited above, others believed this bridge provided a pathway to greater opportunity that would serve many citizens well. In spite of the challenges of the times there were those who rallied and due to their collective efforts saw this marvelous project come to fruition nearly eighty years ago. Though there may have been vicious debate the project moved forward, even without unanimous consent, and it still continues to benefit thousands of users each day.

Best wishes and thank you for continuing to partner with us as together we work to build bridges of opportunities for the youth of our state.



Ronald Lankford

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