

School Finance

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PAYMENT CALCULATIONS

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) 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 2016-17 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 1/12th of the annualized calculation. The district's calculation is available through the payment transmittal.

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

Attendance Reporting

For guidance regarding various attendance reporting scenarios please refer to the School Finance website at <http://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures> and select Attendance Reporting from the General Guidance section.

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/divadm/finance/transfers/>. These are preliminary calculations for the 2016-17 year. Final calculations will be available June 2017.

Minimum Salary Requirements

The minimum teacher’s salary is \$25,000 and the minimum salary for a full-time teacher with a master’s degree with at least ten years public teaching experience is \$33,000.

All teachers are to receive at least their FTE proration of the applicable state minimum salary. Teachers include study hall teachers, in-school suspension teachers, and all others for whom the students’ hours are included in the average daily attendance calculation for state aid. Substitute teachers filling a regular classroom teacher’s position as the teacher-of-record for the class must be paid the minimum salary.

The penalty for noncompliance with the minimum salary requirements of Section 163.172, RSMo, is stated in Section 163.021.3, RSMo. The statutory penalty for noncompliance is a reduction of the Basic Formula to the 1993-94 amount per eligible pupil. Therefore, it is important that each district ensures compliance with the minimum salary requirements. Questions on specific situations may be directed to the School Finance staff at 573-751-0357.

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/mostatutes/stathtml/16900005901.html>. If you have questions please contact Jennifer Jordan, Financial and Administrative Services, at 573-751-0357.

Relative Caregiver

SB 532 was passed by the General Assembly in the 2014 legislative session and signed by the governor on July 9, 2014. This bill became effective on August 28, 2014 and makes changes to Sections 431.058, 431.061, and 431.062 RSMo., which has an impact on school districts and residency issues.

The main change is the creation of the role of “relative caregiver”. By signed affidavit a person, who is a relative of a child by blood, marriage, or adoption, may enroll that child in school if the child resides with the relative caregiver. The enrollment has to be in a school within the district where the relative caregiver resides. The relative caregiver can also give consent for medical treatment.

Prior to this legislation, the law, in most situations, required a student to be living in the school district with a parent or legal guardian in order to be able to enroll in school. The school district could waive this requirement for hardship or good cause. The school district is the determiner of what constitutes hardship or good cause.

This legislation adds the relative caregiver to parents and legal guardians as persons who can enroll a student in school. If you have questions regarding this topic please contact Jennifer Jordan at 573-751-0357 or at jennifer.jordan@dese.mo.gov.

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 but then released \$3 million October 5, 2016, leaving an appropriation for payment of \$86,797,713. With these reductions in the appropriation the payment was reduced by 5.1% when the transportation payment went live in October 2016 compared to the June 2016 calculation. In October school districts were reimbursed an average of 17% 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 first 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 October 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>
October 2016	69.994428	3.388393	-1.396854

MoDOT E-updates and Text Alerts

School district and school bus contractor personnel can stay up-to-date on information from MoDOT on road conditions, closures, and delays that may affect your school bus routes or activities/field trips by signing up for notifications at <https://www6.modot.mo.gov/eMoDOTWeb/jsp/signon/signon.jsp>.

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

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.

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), 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>September FY17</u>	YTD as of <u>September FY16</u>	<u>% Change</u>
Individual Income Taxes	\$1,574,265,410	\$1,504,997,784	4.60%
Sales & Use Taxes	\$536,189,924	\$523,941,190	2.34%
Corporate Inc. & Franchise	\$98,800,894	\$126,270,875	-21.75%
Other Collections	\$94,487,201	\$92,121,886	2.57%
			<u>Refund Change</u>
Refunds (YTD)	\$128,937,843	\$147,072,618	-12.33%
(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)			
Actual Net Revenue Status YTD	\$2,174,805,587	\$2,100,259,116	3.55%

School District Trust Fund (Proposition C) YTD

	<u>(Oct.) Current Year</u>	<u>(Oct.) Prior Year</u>	<u>% Change</u>
Amount Paid to Districts for Month	\$68,856,693	\$71,925,334	-4.27%
Amount Paid to Districts YTD	<u>Current Year</u> \$296,369,891	<u>Prior Year</u> \$294,645,585	0.585%
Appropriation	\$880,400,000	(Percentage of Appropriation Paid YTD 37.37%)	

- General Revenue:** The first quarter of the fiscal year (FY17) has been up and down. July was a good month; August was down; and then September saw revenue collection rise again. The end result of this up and down movement was a 3.55% increase in revenue for the first quarter ending September 30, 2016. As a result of this positive revenue growth Governor Nixon released \$6,000,000 that had been restricted for the foundation formula and \$3,000,000 that had been restricted from Transportation. While there is still a large amount of money restricted; the release of some of the withholdings was good news.
- Proposition C:** The Prop C Revenue continues to come in at a good pace. Year to date collections are running \$1.7 million ahead of last year at this time. Last year, as you will remember, was a very good year for Prop C.
- FY17 Foundation Formula Payments:** Summer School ADA has been finalized for this past summer. Summer School ADA increased by approximately 577. We are currently identifying school districts that would potentially benefit by estimating their current year regular term ADA in FY17. By November we should have a good handle as to the impact on the formula WADA of these estimating districts. The SAT for October remained at \$6,125 but we anticipate that to increase in November. As always, we want to distribute money to you using the most accurate SAT while trying to avoid a significant negative adjustment in the final month of the year.

As I write this the first quarter is ending in most of the school districts and charter schools in the state. It is truly amazing how quickly the time passes. I hope you all have had a great first quarter of school and best wishes for the rest of the year.

Roger Dorson