

School Finance

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PAYMENT CALCULATIONS

September Foundation Payment Calculations

The September 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; finadmgo@de.se.mo.gov) with questions or concerns about the district’s calculations.

State Adequacy Target (SAT) – September Payment

The State Adequacy Target used in the September Basic Formula payment was increased to \$6,125.094844759. We will continue to evaluate data used in the Foundation Formula as well as the monies available monthly and adjust the SAT accordingly.

NEW SCHOOL FINANCE STAFF CHANGES

Taylor Richter started with School Finance in August as a School Finance Consultant. The updated contact list for staff assignments are as follows:

Name	Title
Jennifer Jordan	Coordinator, Financial and Administrative Services Contact for districts in counties 048 & Kansas City Charters
Tammy Lehmen	Director, School Finance Contact for districts in counties 055-079 & 347-347
Debra Clink	Student Transportation Manager Contact for districts in counties 080-115 & St Louis Charters
Taylor Richter	School Finance Consultant Contact for districts in counties 001-047 & 049-054

CORE DATA

September 2015 Membership Report to the Counties

Prior year September membership data (September 2015) for the 2015-16 school year are used by the county to calculate the 2016-17 distribution of Fines, Escheats, etc., as well as the apportionment of State Assessed Railroad and Utilities Revenue. A September membership report, which lists the membership data by district within the county as submitted to DESE by each district, is accessible on the School Finance website.

Two September Membership reports are available on the web to school districts. To access these reports, log on to the DESE Web Applications located at <https://k12apps.dese.mo.gov/webapps/logon.asp> and then select Data Collection. Once in the Data Collection system, change the year to 2015-16 and select the Report Menu option from the left hand navigation menu. Select Summary Reports. 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. Please review the membership data. If reporting errors are found, update the September 2015 membership through the 2016 MOSIS October Student Core file. Remember, a change made to September membership may necessitate a corresponding change to enrollment.

September 2016 Membership Count – Last Wednesday in September

The last Wednesday in September (September 28, 2016) is the membership count day and the enrollment count day. In the October Cycle MOSIS 2017 Student Core submission, individual student data are used to populate Core Data Screen 16 to provide enrollment data by male/female in the appropriate categories and report the September 2016, membership data by county. The Core Data & Missouri Student Information System Reference Manual provides the definitions for September enrollment and membership. Please certify data for the October cycle screens by October 15, 2016.

Reminders regarding reporting of enrollment and membership for students attending districts outside their district of residence:

- 1) District paid tuition – When the district of residence pays another district full tuition, the district of residence will receive the membership for the student but not the enrollment. Such students are known as Resident II students to the district of residence. The district educating the student will include the student in their MOSIS file as a non-resident with the appropriate district of residence code. This will allow the district receiving the tuition and educating the student to include the student in non-resident enrollment and will move other data, such as membership and attendance data, to the district of residence's core data files.
- 2) Parent paid tuition – When a parent pays tuition for a student to attend another district, the district of residence will not report the student in their MOSIS files and will not receive enrollment or membership. The district receiving the tuition from the parent and educating the student will include the student in their MOSIS file as a parent tuition student. This will allow the district receiving the tuition and educating the student to include the student in non-resident enrollment and move certain data to the district's core data files.
- 3) Local effort – When a district pays local effort only (as opposed to full tuition) to another district for a student attending that district, the district paying the local effort will not report the student in their MOSIS files and will not receive enrollment or membership. The district receiving the local effort payment and educating the student reports the student in their MOSIS file as a resident student. This will allow all appropriate data to flow into the district's core data files.

2016-17 Core Data Screen 6

The 2017 (2016-17 school year) tax levies and assessed valuations are reported on Screen 6 titled "District Tax Data" in the Core Data Collection System. The tax levy information entered on Screen 6 must agree with the levies on the **Estimate of Required Local Taxes** form, which is to be filed with the respective county(ies) by September 1. The assessed valuation data for 2016 entered on Screen 6 is the estimated assessed valuation received from the county in June/July for the 2016 calendar year and used in the calculation of the district's tax rate ceiling. Do not enter the December 31, 2015, assessed valuation on Screen 6 nor update the assessed valuation after the tax rate is set.

Please enter the Screen 6 data as soon as possible as this will impact the accuracy and completeness of the Missouri School Directory.

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

Students must be in attendance in an instructional capacity under the direct supervision of a certificated employee of the district to be counted for attendance purposes. A district may have policies allowing an excused absence for various purposes such as illness, religious beliefs, testing, etc.; however, there is no authority to give attendance credit for students not in attendance nor under the direct supervision of a certificated teacher.

The attendance of students taking a class in a zero hour is not included in the attendance reported for state aid since that zero hour is not part of the district’s calendar hours in session.

In addition, law does not allow for the make-up of attendance hours. A school district may require a student to make-up time for excessive absences; however, this does not allow the district to count those hours as attendance hours for the student.

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

Minimum Salary Requirements

In 2016-17 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.

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.

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 2015-16 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 2016-17 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 2017-18 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 Calendar

Section 171.031, RSMo., requires that school districts include in their annual calendar six makeup days for loss of attendance due to inclement weather. School districts are required to makeup the first six days of school lost or canceled due to inclement weather and half the number of days lost or canceled in excess of six days up to eight days, resulting in no more than ten total make-up days (Section 171.033 RSMo.). Excessive heat is excluded from the definition of inclement weather.

For additional guidance on School Calendar and Inclement Weather Requirements please refer to the School Finance website at <http://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures>.

SCHOOL TRANSPORTATION

National School Bus Safety Week

National School Bus Safety Week is October 17-21, 2016. This Year's Theme is "**Bully Free Zone!**" A National School Bus Safety Week Resource Guide and Activity Booklet may be printed off at <https://dese.mo.gov/files/sf-nsbswfinalpdf>.

Ridership Lists

On October 12, 2016 (the second Wednesday in October), the compilation of the school district's first ridership list for the year should be completed. This list should only include students' names who regularly rode the buses (at least once per week) living both one mile or more from school (eligible students for state aid) and less than one mile (ineligible students for state aid). The ridership list from the second Wednesday of October will be combined with the ridership list from the second Wednesday of February (February 8, 2017) and reported at the end of the year on the Application for State Transportation Aid (Section I Pupil Data - A thru F) of the 2016-17 Annual Secretary of the Board Report (ASBR) due August 15, 2017.

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

	<u>YTD as of</u> <u>August FY17</u>	<u>YTD as of</u> <u>August FY16</u>	<u>Revenue</u> <u>Change</u>	<u>% Change</u>
Individual Income Taxes	\$957,992,679	\$907,300,000	\$50,692,679	5.59%
Sales & Use Taxes	\$358,102,910	\$361,100,000	(\$2,997,090)	-0.83%
Corporate Inc. & Franchise	\$24,284,384	\$34,000,000	(\$9,715,616)	-28.57%
Other Collections	\$40,982,225	\$64,000,000	(\$23,017,775)	-35.97%
 Increase in Revenue YTD			 \$14,962,198	 1.10%
 Refunds (YTD)	 \$97,684,172	 \$108,200,000	 (\$10,515,828)	 -9.72%
(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)				
 Actual Net Revenue Status YTD	 \$1,283,678,026	 \$1,258,200,000	 \$25,478,026	 2.03%

School District Trust Fund (Proposition C)

Amount Paid to Districts for Month	<u>(Sept.) Current Year</u> \$59,886,954	<u>(Sept.) Prior Year</u> \$80,879,371	<u>% Change</u> -25.96%
 Amount Paid to Districts YTD	 <u>Current Year</u> \$227,513,197	 <u>Prior Year</u> \$222,720,251	 2.15%
 Appropriation	 \$880,400,000	<small>(Percentage of Appropriation Paid YTD 28.69%)</small>	

Gaming Revenue Trend

	<u>(Aug.) Current Year</u>	<u>(Aug.) Prior Year</u>	<u>% Change</u>
Total Gaming Proceeds to Education	\$49,431,602	\$51,490,856	-4.00%
Gaming Revenue Appropriated	\$343,971,832		

After a good start in July revenue has fallen off substantially. Total revenue is up 2.03% at the end of August. Proposition C is up 2.15% through September. Classroom Trust Fund is down 4.00% through August. So while revenue is up as a whole over last year, at this time, the precipitous drop in August is concerning.

By now you have heard of the Governor's restrictions in Basic Formula, Transportation, and Proposition C. The \$6 million restriction in Basic Formula will be factored in as we continue to finalize payment data, we will continue to adjust the SAT accordingly. Transportation funding was restricted \$16.5 million which drops the reimbursement rate from 35.11% to 29.01% using last year's payment data. When a live payment is made in October using prior year data the reimbursement percentage could go down even further due to anticipated increases in cost. The \$1.9 million reduction in Proposition C would reduce the estimated amount per prior year WADA by approximately \$2.00. We will continue to update you as new information becomes available.

School has been in session for over a month for most of you. I hope your school year is off to a great start. All the best to you as you progress through the 2016-17 school year.

Roger Dorson