SCHOOL FINANCE TOPICS

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September 26, 2013
Topics

- ASBR
- Financial Stress
- WADA Calculation
  - Estimated ADA
  - Regular Term ADA
  - Remedial ADA
  - Summer School ADA
- Formula Calculation
- HB116
- Administrative Rule
What is the ASBR?

- Year end financial summary of the district, required by statute (Section 162.821, RSMo).
- Financial tool to be used by district staff and board of education.
- Provides information that is used by DESE, MSTA, MNEA, MSBA, MoASBO, federal government, etc.
- Provides financial information to the public.
Public View of the ASBR

- Public view of the ASBR is available for the 2000-2001 ASBR and beyond at: [http://k12apps.dese.mo.gov/webapps/logon.asp](http://k12apps.dese.mo.gov/webapps/logon.asp)

- To access in public view select the “Public Applications” button on the log in page.

- The public cannot view an ASBR until DESE has issued a balance letter.

- The public can only view the last submitted and approved ASBR.

- The public can view the special reports.

- The public does not have access to submission, FTP or run edits.
ASBR Deadline

- Must be **submitted** by midnight, August 15
- Statutory deadline
- School Finance has been reviewing the ASBR’s and edit or balance letters have been issued to many schools
Accounting Manual

- Can be located on the School Finance website at: http://dese.mo.gov/divadm/finance/acct_manual/

- The Accounting Manual contains all information regarding the revenue and expenditure codes that must be used for the completion of the ASBR
School Finance Related
Fund Balance Situations

- Based on ASBR data submitted, a school will be designated “financially stressed” if:
  - The unrestricted ending fund balance in the IF/TF is 3% or less
  - It has a negative fund balance in the IF/TF
  - The Unrestricted Ending Fund Balance Percentage is available on the Summary Page of the ASBR
Unrestricted Ending Fund Balance Percentage

Ending Fund Balance in the Incidental Fund and Teachers Fund \textit{minus} Restricted Fund Balance \textit{divided by} Expenditures in the Incidental Fund and Teachers Fund.

\begin{align*}
\$460,162.86 - \$96,973.44 &= \$363,189.42 \\
\$1,126,839.14 + \$1,403,637.17 &= \$2,530,476.31 \\
\$363,189.42 \div \$2,530,476.31 &= 14.35\%
\end{align*}
Financially Stressed Schools

- Required to complete educational plan and budget.
- Budget is in the same format as the ASBR and the education plan is in Part IV of the Budget.
WADA Calculation

- Regular Term Average Daily Attendance
- Summer School Average Daily Attendance

Weighting Components
2012-2013 and 2013-2014
- Free and reduced price lunch > 38.8% of ADA weighted at .25
- Special education students > 13.2% of ADA weighted at .75
- Limited English Proficient students > 1.8% of ADA weighted at .60
Estimated Regular Term ADA

- Charter Schools are paid on the current year estimated regular term ADA
- Review the estimated ADA throughout the school year
- Estimated ADA must be e-mailed to the schools finance consultant to enter on Core Data Screen 2
- The estimated ADA can be modified at any time during the school year
- Final date to provide an update is May 15th
Reminders when Estimating ADA

- Do not estimate the enrollment number for the school
- Take into consideration the attendance percentage for the school when estimating
- Be careful not to over estimate
The regular term ADA is calculated by dividing the total attendance hours for the school year by the total hours in session for the school year.

Classroom Trust Fund and Prop C payments are based on prior year ADA and WADA.
Remedial ADA

- Certain remediation hours can be included in the ADA
- Specific criteria are outlined on the School Finance website
- The ADA for remedial hours meeting these criteria would be calculated by dividing the total attendance hours by the hours in session for the school year
Summer School ADA

- Summer School ADA is calculated by dividing the total summer school attendance hours by 1,044.
## 2013-2014 WADA Calculation

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Estimated ADA</td>
<td>947.0000</td>
</tr>
<tr>
<td>2013 Summer School ADA</td>
<td>43.3535</td>
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<tr>
<td>Total ADA</td>
<td>990.3535</td>
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<tr>
<td>Description</td>
<td>Value</td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Total ADA</td>
<td>990.3535</td>
</tr>
<tr>
<td>Free &amp; Reduced Lunch Count</td>
<td>757.0000</td>
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<tr>
<td>Threshold %</td>
<td>38.80%</td>
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<tr>
<td>Total ADA times threshold %</td>
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<tr>
<td>FRL in excess of threshold %</td>
<td>372.7428</td>
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<tr>
<td>Excess weighted at .25</td>
<td>93.1857</td>
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<tr>
<td>Description</td>
<td>Value</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Total ADA</td>
<td>990.3535</td>
</tr>
<tr>
<td>Special Education (IEP) Count</td>
<td>42.0000</td>
</tr>
<tr>
<td>Threshold %</td>
<td>13.2%</td>
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<tr>
<td>Total ADA times threshold</td>
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<tr>
<td>FRL in excess of threshold %</td>
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<tr>
<td>Excess weighted at .75</td>
<td>0.0000</td>
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</table>
## 2013-2014 WADA Calculation

### Limited English Proficiency (LEP) Weighting

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total ADA</td>
<td>90.3535</td>
</tr>
<tr>
<td>Special Education (IEP) Count</td>
<td>0.0000</td>
</tr>
<tr>
<td>Threshold %</td>
<td>1.8%</td>
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<td>Total ADA times threshold %</td>
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<tr>
<td>FRL in excess of threshold %</td>
<td>0.0000</td>
</tr>
<tr>
<td>Excess weighted at .60</td>
<td>0.0000</td>
</tr>
</tbody>
</table>
## 2013-2014 WADA Calculation

1. Estimated ADA  
   - 947.0000

2. Summer School ADA  
   - 43.3535

3. Total ADA (Line 1 + 2)  
   - 990.3535

4. FRL weighting  
   - 93.1857

5. IEP weighting  
   - 0.0000

6. LEP weighting  
   - 0.0000

7. Total WADA (Line 3 + 4 + 5 + 6)  
   - 1,083.5392
Basic Formula Calculation

Weighted Average Daily Attendance
x State Adequacy Target
x Dollar Value Modifier
- Local Effort
= State Funding

- WADA is total of school district & charter schools
Basic Formula Calculation

Amount per WADA includes:

- Basic Formula Amount
- Local Effort Amount
- Local Tax Amount (amount > $3.43)
Basic Formula Payment

Estimated WADA
x Amount per WADA
- Charter school sponsor withholding
= Net to Charter
x total amount due at this time in the year
  (Ex: March payment is 9/12\textsuperscript{th} of annual amount)
- Amount paid during the previous months
= Payment amount due for month
Prior Year Correction

- The 2012-2013 Basic Formula Apportionment will be recalculated at least twice during the 2013-2014 school year.
- November or December will most likely be the first time the recalculation is completed and will reflect the largest correction.
- A second prior year correction will likely be done in May.
Prior Year Correction

- There are two items which are updated when the prior year recalculation is completed.
  - Change the estimated ADA that was used in the 2012-2013 payment to the actual 2012-2013 ADA.
  - Change the adjustment percentage for line 17.

- Calculation sheets are not currently available for the prior year corrections.
Prior Year Correction

- 2012-13 Basic Formula
  - June 2013 Calculation $1,036,437
  - December 2013 Recalculation $1,068,273
  - Difference/Correction $ 31,836

Note: A district may receive a negative correction even though the district’s data did not change due to the adjustment percentage changing.

- A 6% interest penalty applies to the district’s overpayment if the June calculation was greater than 5% of what the district should have received for 2012-2013.
Basic Formula Calculation

- More detailed information regarding the Basic Formula calculation is available through the transmittal pages located by accessing web applications at https://k12apps.dese.mo.gov/webLogin/login.aspx and select the “View Public Applications” button.

- Once in web applications select School Finance on the User Applications menu and then select Payment Transmittal on the School Finance Applications webpage.

- From the Monthly Payment Transmittal webpage you can select the hyperlink “Basic Formula – State Monies” to see the payment calculation.

- When reviewing the payment calculation there is additional detail available by clicking on the hyperlinks available throughout the calculation.
Reminders

- Review the estimated regular term ADA provided on Screen 2
- Any updated estimated ADA should be e-mailed to the school’s finance consultant
- Summer School should already be entered for the school. Please ensure this has been done.
- E-mails regarding June Cycle Business Rule Violations were sent in July. Please ensure these rules have been reviewed and corrections have been made.
Section 37.850.2 RSMo. .....And all debt incurred by any public charter school.
Section 37.850.6 RSMo. Every school and public charter school shall supply all information described in subsection 2 of this section to the department of elementary and secondary education within seven days of issuing such, or incurring such debt.
Section 37.850.6 RSMo. ......For all such bonds issued or debt incurred prior to the effective date of this act, every school district and public charter school shall have ninety days to supply such information to the department of elementary and secondary education.
HB116

- This debt information will be reported on an enterable web form developed by the State Office of Administration
The Office of Administration will provide DESE with a link and this will be forwarded to charter schools.
Administrative Rule

- Administrative Rule 5 CSR 20-100.260
- Standard 5.
The charter sponsor shall implement steps to closely monitor the following.
A charter school identified as financially stressed shall develop a budget and education plan as outlined in section 160.417.3, RSMo.
Charter schools that have been notified that expenditures for the preceding year exceed receipts, must take action to examine whether this has occurred due to recurring costs.
Reviews financial audits of schools, conducted by a qualified independent auditor as stated in section 160.405.4(4), RSMo.
Ensures that adequate financial controls are in place to assure that revenue received for the operation of the charter school are expended for expenses related to the operation of the charter school.
Board review and approval of monthly check register.
Bank account where state funds are deposited must be established and under the control of the charter board.
Closely monitors fiscal management of federal grant programs by charter schools.
Administrative Rule

- Monitors to insure that charter schools have a procurement process in place.
Monitors that the Annual Secretary of the Board Report (ASBR) and annual audit are submitted to the Department in the time frame outlined by Missouri statutes and that these documents are not compiled by the same auditing service.
Monitors to see that the annual audit summary is published as outlined in section 165.121.5, RSMo.
Monitors to see that charter schools utilize the coding procedures prescribed in the Missouri Accounting Manual.