

School Finance

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PAYMENT CALCULATIONS

December Foundation Payment Calculations

The December 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 at (573) 751-0357 (finadm.gov@dese.mo.gov) with questions or concerns about the district’s calculations.

January 2017 – June 2017 ACH Transmittal Dates

The Automated Clearinghouse (ACH) transfer dates through June 2017 as provided by the DESE Accounting Section for DESE monthly payments to districts and local education agencies are:

| ACH Date |
|-------------------|
| January 20, 2017 |
| February 21, 2017 |
| March 21, 2017 |
| April 21, 2017 |
| May 22, 2017 |
| June 21, 2017 |

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.

Federal Audit Report Filing Requirements

In addition to the state’s audit requirements described in 5 CSR 30-4.020, schools must comply with the following federal audit requirements:

- Districts/charter schools that have a Single Audit are required to submit a data collection form and reporting package to the Federal Audit Clearinghouse (FAC) at the U.S. Bureau of Census within the earlier of 30 days from the receipt of the audit report or nine months after the end of the audit period (March 31 of the subsequent fiscal year). The reporting package consists of the complete audit (financial statements and auditor’s reports) and, as necessary, a summary schedule of prior audit findings and a corrective action plan for current year audit findings. Reports should be submitted to the [FAC](#).
- Districts/charter schools that expend less than \$750,000 in total federal funds are not required to send a copy of the audit report to the Federal Audit Clearinghouse.
- A copy of the reporting package should also be sent to pass-through entities, including the Department, if the Schedule of Findings and Questioned Costs includes audit findings or a summary schedule of prior audit findings relating to federal awards provided by the pass-through entity.
- More information regarding the federal audit report filing requirements can be located at the [FAC FAQ](#) website.

OTHER IMPORTANT REMINDERS AND TOPICS OF INTEREST

Inclement Weather

Districts must comply with Section 163.021.1, RSMo, which requires compliance with the minimum term, including a minimum number of days and hours, to be eligible for state aid. Additionally, Section 171.033.4, RSMo, provides forgiveness for inclement weather days after a specified number of inclement weather days have been reached by a school district or charter school. Below is specific information regarding minimum day length, minimum hours of attendance, and inclement weather forgiveness day information.

Minimum Hours Required in a School Day

Severe weather increases the possibility of an early release from school. Section 160.041.1, RSMo, states that a minimum school day consists of at least 3 hours (except districts establishing less than a 174 day school calendar which require 4 hours) in which the pupils are under the guidance and direction of teachers in the teaching process. Districts must meet both the minimum day requirement and the minimum hour requirement as dictated by their respective calendar.

Minimum required hours of class time to count as a school day:

- 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 the day as an attendance day for calendar purposes.
- 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 the day as an attendance day for calendar purposes.

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 the 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 in the June MOSIS Enrollment and Attendance file submission for the ADA calculation for state aid purposes.

Missed School Days

Some school districts may have missed days this school year due to inclement weather. Per 171.033.4, RSMo:

“In the 2009-2010 school year and subsequent years, a school district may be exempt from the requirement to make up days of school lost or canceled due to inclement weather in the school district when the school district has made up the six days required under subsection 2 of this section and half of the number of additional lost or canceled days up to eight days, resulting in no more than ten total make-up days required by this section.”

“Inclement weather”, for purposes of this section, shall be defined as ice, snow, extreme cold, flooding, or a tornado, but such term shall not include excessive heat.

This rule applies to districts that plan to attend 174 days or more as well as to those districts that plan to attend less than 174 days (per Section 171.029, RSMo). Days that are missed for reasons other than inclement weather, such as illness, have to be made up and are not included in this provision of law.

Reminder: Days that are forgiven due to inclement weather will not have an adverse impact on the average daily attendance (ADA) calculation. This will create a situation which will have an effect on both components (both the total attendance hours and the hours in session) of the ADA calculation and, therefore, will not have a negative impact on the ADA.

The following two charts illustrate the make-up requirements associated with this statute.

| Day 1 | Day 2 | Day 3 | Day 4 | Day 5 | Day 6 | Day 7 | Day 8 | Day 9 | Day 10 | Day 11 | Day 12 | Day 13 | Day 14 | + |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|---|
| M | M | M | M | M | M | M | F | M | F | M | F | M | F | F |

Key:

M = Day must be made up

F = Day is forgiven

| Days Missed | Days to Make Up |
|--------------|-----------------|
| 1 Day | 1 |
| 2 Days | 2 |
| 3 Days | 3 |
| 4 Days | 4 |
| 5 Days | 5 |
| 6 Days | 6 |
| 7 Days | 7 |
| 8 Days | 7 |
| 9 Days | 8 |
| 10 Days | 8 |
| 11 Days | 9 |
| 12 Days | 9 |
| 13 Days | 10 |
| 14 Days | 10 |
| More than 14 | 10 |

The above information regarding inclement weather and a short FAQ are available at <https://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures>

Mid Year Fund Balance Reporting

The mid year fund balance reporting will occur as a part of the February Core Data cycle on Core Data Screen 35. Each district will be required to report the following information as of December 31, 2016:

- 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.

Changing Depository Banks

Districts changing banks or bank accounts must fill out an ACH/EFT Application form with the state of Missouri. The ACH/EFT Application form and instructions are located at <https://www.vendorservices.mo.gov/vendorservices/Portal/Default.aspx>, select Vendor Input/ACH- EFT Application on this webpage. The form must be signed by the school district, as well as the banking institution, and should be faxed directly to the Office of Administration at the number provided in the instructions on page 2. Questions may be directed to DESE's Accounting Section at 573-526-5157. Reminder: when depositories are changed, the first payment issued after the change could be in the form of a paper check.

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 2015-2016 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 2016-2017 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 2017-2018 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.

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 TRANSPORTATION

2016-17 School 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 third 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 December 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> |
|---------------|-------------------------|-----------------|-----------------|
| December 2016 | 68.024048 | 3.390510 | -1.399079 |

Missouri Minimum Standards for School Buses Proposed Rulemaking

At the October 2016 State Board Meeting the State Board of Education authorized publication of a notice of proposed rulemaking to amend rule 5 CSR 30-261.025 relating to minimum requirements for school bus chassis and body in the *Missouri Register* and that the State Board finds this amendment necessary to carry out the purpose of Sections 161.092 and 304.060, RSMo. The rule is scheduled to be published in the Missouri Register and available for public comment during the month of December (<http://www.sos.mo.gov/adrules/moreg/moreg>). Anyone may file a statement in support of or in opposition to this proposed amendment with the Missouri Department of Elementary and Secondary Education, ATTN: Jennifer Jordan, Coordinator, School Financial and Administrative Services, PO Box 480, Jefferson City, MO 65102-0480. To be considered, comments must be received within thirty (30) days after publication of this notice in the **Missouri Register**. No public hearing is scheduled.

The proposed amendment will allow for safer transportation of pupils on school buses by revising the minimum requirements for school bus body and chassis. These revisions include changes to the alternators required for wheelchair or air conditioned buses and buses over 15,000 Gross Vehicle Weight Rating (GVWR), adds guidance for emergency doors that have a single piece of glazing, decreased the capacity size required for the fuel tank, added specific guidance on the size and material to be used for the passenger handrail, changed the lettering size required for fuel type, added the language to allow for an automated transmission, added the requirement for an adjustment device for certain occupant restraint systems, and added language to allow for optional equipment and materials to be used in the manufacturing of certain parts of the school bus.

The amendments take into consideration recommendations from a statewide technical advisory committee for the Missouri Minimum Standards for School Buses and 2015 revisions by the National Congress on School Transportation to the National School Transportation Specifications and Procedures.

Transportation Calculation Excel Spreadsheet Website Link

A Microsoft Office Excel spreadsheet of the transportation aid calculation is located on the school transportation website under Transportation Aid Calculator. Districts may download the program and enter the ridership, mileage, expenditure and revenue data and the program will calculate the district's transportation aid based on that data. The district may then save the program on its computer for future use. The proration percentage and the state constant A and B factors should always be updated with the most recent actual data and/or projected numbers, in order for the calculation to be as accurate as possible.

School Finance

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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

| | <u>YTD as of November FY17</u> | <u>YTD as of November FY16</u> | <u>% Change</u> |
|--|------------------------------------|------------------------------------|-----------------|
| Individual Income Taxes | \$2,592,524,868 | \$2,489,163,879 | 4.15% |
| Sales & Use Taxes | \$882,484,093 | \$847,022,898 | 4.19% |
| Corporate Inc. & Franchise | \$118,184,130 | \$163,194,443 | -27.58% |
| Other Collections | \$148,705,037 | \$135,044,381 | 10.12% |
| Refunds (YTD) | | | |
| | \$294,820,698 | \$275,167,003 | 7.14% |
| (A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.) | | | |
| Actual Net Revenue Status YTD | \$3,447,077,430 | \$3,359,258,598 | 2.61% |

School District Trust Fund (Proposition C) YTD

| | <u>(Dec.) Current Year</u> | <u>(Dec.) Prior Year</u> | <u>% Change</u> |
|------------------------------------|----------------------------|---|-----------------|
| Amount Paid to Districts for Month | \$68,243,209 | \$64,937,571 | 5.09% |
| Amount Paid to Districts YTD | \$447,603,631 | \$434,507,196 | 3.01% |
| Appropriation | \$880,400,000 | (Percentage of Appropriation Paid YTD 50.84%) | |

Gaming Revenue Trend

| | <u>(Nov.) Current Year</u> | <u>(Nov.) Prior Year</u> | <u>% Change</u> |
|------------------------------------|----------------------------|--------------------------|-----------------|
| Total Gaming Proceeds to Education | \$128,524,692 | \$128,523,901 | 0% |
| Gaming Revenue Appropriated | \$343,971,832 | | |

1. **General Revenue:** Five months into FY17 general revenue continues to come in at a greater amount than last year. The overall growth at the end of November was 2.61%. General Revenue only grew by 0.9% in FY16. The growth, while positive, is still less than needed for funding the budget without restrictions. We will continue to monitor on a monthly basis.
2. **Proposition C Revenue:** Prop C revenue continues to come in at a much higher rate than last year. We are not yet at the halfway point and almost 51% of the appropriation has been distributed. We are over 5% ahead of FY16.
3. **Gaming Revenue:** Revenue from gaming is coming in at almost the exact same amount as last year. Keep in mind that last year gaming fell \$14 million short of the appropriation.

By the time this memo is posted most of you will be starting Christmas break. That also means that most of you are finished with the first semester of school. One half of the school year gone, that is truly amazing. I hope that all of you have an opportunity to be with family and friends over the holidays and you are able to get some much needed rest as you prepare for the new year and the challenges a new year brings. Best wishes for a great start to the new year.

Roger Dorson