

School Finance

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PAYMENT CALCULATIONS

January Payments

Basic Formula

The payment was based on the current data available for Fiscal Years 2020-21, 2019-20, and 2018-19 weighted average daily attendance (WADA). Due to the unique circumstances surrounding the FY 2021 withholding, the proration percentage used in the January payment is lower than the expected final proration percentage for FY 2021. It is expected that each month the proration percentage will increase until becoming final in June 2021. For other important information regarding this payment please see administrative memo [FAS-20-007 – Updated Information on July Payment to Schools](#).

Classroom Trust Fund

The payment was calculated using School Year 2019-20 average daily attendance data (ADA). Cash available continues to run below appropriated levels. Predicting the exact level of total receipts for FY 2021 is not possible at this time, but current trends indicate a range of \$360 to \$380 per prior year ADA.

Proposition C

The payment was based on School Year 2019-20 weighted average daily attendance (WADA). Collections have trended positive throughout the fiscal year, with receipts through the January payment projecting to an annual amount of \$1,025 per WADA.

Transportation

The Transportation payment was based on School Year 2020 cost, miles, and ridership data. See the Transportation section of this memo for more information.

Small Schools Grant

The payment was calculated using School Year 2019-20 average daily attendance data (ADA) and tax levy data.

Estimated Regular Term Average Daily Attendance (ADA)

The calculated Threshold percentages to be used in the Weighted Average Daily Attendance (WADA) calculation for FY 2021 declined from prior years. This decline may cause districts' FY 2021 WADA to increase over prior year's calculations due to greater weighting of one or all of the weighting categories. The change in Threshold percentages are as follows:

Item	Amount
State Adequacy Target FY 2021	\$6,375
Free & Reduced Lunch Threshold	29.45%
Special Education (IEP) Threshold	12.83%
Limited English Proficiency Threshold	2.07%

Also, if your district will be claiming prekindergarten students for state aid that will make the FY 2021 year the highest of the three years, it will be necessary to estimate an ADA including those prekindergarten students in order to get paid on those students in the current year.

To help determine if it would be advantageous for your district to estimate ADA for the FY 2021 year, please see the Estimated ADA page located under School Finance in the web application system. Also, a tool has been developed to compare current year information for your district to the district's first or second preceding year WADA. This tool can be found on the School Finance website under Calculation Tools at <https://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>. There is a worksheet in the tool labeled "Instructions" that provides guidance on estimating ADA and logic related to estimated regular term ADA.

If your district determines it is appropriate to estimate an ADA for FY 2021, please email your district finance contact the following:

- The regular term ADA the district/charter wishes to estimate separated by PK and K-12.
- The enrollment used as the base for the estimate.
- The attendance percentage used to develop the estimate.
- Any other logic applied to determine the estimate provided.

Once the email is received, the information provided will be reviewed to determine if the estimate appears reasonable. If the estimate appears reasonable, then your district's school finance contact will enter the estimate on the Estimated ADA Screen. Please monitor your estimated ADA throughout the year to ensure overestimating does not occur. This estimate may be adjusted at any time during the year by emailing a revised estimate which includes the detailed information outlined above.

Revisions to the Fiscal Year 2020-21 estimated ADA may be made through **May 15, 2021**. Contact School Finance staff if you have questions about estimating ADA.

RECORDING CARES REVENUES AND EXPENDITURES

Recording CARES Expenditures

The DESE has not assigned project codes to CARES funds sent to districts or charters from sources outside of DESE. If CARES funds are received from a source other than DESE, the district or charter should record that revenue to Revenue Code 5497 – Other Federal and create their own local project code that begins with zero or nine to track those funds. Expenditures associated with these funds should be coded with the appropriate function code, the local project code and a Source Code 4.

If CARES funds were received from a source other than DESE were used as a match for a DESE grant the district or charter should still code the Revenue Code to 5497 and the expenditures with the local project code and a Source Code of 4.

Fiscal Year 2019-20 Audit Submissions Deadline Extension

The deadline for submitting audits was **December 31, 2020**, but Fiscal Year 2019-20 audit submission's deadline has been extended to **January 31, 2021**. If the district or charter has received and their board has approved the Fiscal Year 2019-20 audit, submit the finalized audit report as soon as possible.

Fiscal Year 2019-20 Audit Submissions via Tiered Monitoring System

The following guidelines are provided for the Fiscal Year 2020 Audit Submissions:

- Final board approved 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 easily identify the document, such as audit, management letter, or signed board minutes.
- 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 2020-21 fiscal year. The file upload box will also require adding the contact information for the auditor before the audit report can be uploaded. (Upload these documents using the [Global Document Repository \(Uploads\)](#) link under “Utilities” on the right side of the screen.)
- The deadline for submitting audits was **December 31, 2020**, but Fiscal Year 2019-20 audit submission’s deadline has been extended to **January 31, 2021**. If the district or charter has received and their board has approved the Fiscal Year 2019-20 audit, submit the finalized audit report as soon as possible.
- Copies of signed board minutes and management letters may be submitted after the December 31 deadline. These documents should include all required signatures, which is a change from current practice.
- 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.

Publication of the Audit

Per 165.121, RSMo, within thirty days of the receipt of the audit report the school board shall cause a summary of the report to be prepared which shall include, together with any other matter the board deems appropriate, the following:

- 1) A summary statement of fund balances and receipts and disbursements by major classifications of each fund and all funds;
- 2) A summary statement of the scope of the audit examination;
- 3) The auditor's opinion on the financial statements included in the audit report.

Immediately upon the completion of the summary, the school board shall cause it to be published once in a newspaper within the county in which all or a part of the district or charter school is located which has general circulation within the district or, if there is none, then the board shall cause the summary to be posted in at least five public places within the district. The publication shall contain information as to where the audit report is available for inspection and examination. The report shall be kept available for such purposes thereafter.

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.

ATTENDANCE HOUR REPORTING

Attendance Hour Reporting

Attendance hours are an important component of the average daily attendance (ADA) calculation. Accurate documentation must be kept to ensure that districts are properly reporting attendance data on students. To help ensure that districts/LEAs are reporting attendance correctly, an Attendance Hour Reporting document is available on the School Finance Topics and Procedures page located [here](#). Following are a few points to help clarify what can and cannot be claimed as attendance hours for State Aid:

- State law requires all school district personnel who are responsible for working with students in an instructional or supervisory capacity during the school day to have a valid Missouri teaching certificate. This applies to in-school suspension teachers as well as those supervising study hall, recess, virtual courses taken in school, or other computer-based instructional programs taken in school. A substitute certificate meets the requirement of a certificate when the employee is functioning as a substitute teacher in the absence of the teacher-of-record or is employed as the teacher-of-record.
- Attendance Recovery - Law does not allow for the make-up of attendance hours. If a student is absent those hours must be reported as absent 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.

- Poor Attendance Days - Districts are required to report all hours of student attendance and absence. There is no allowance in state statute to drop a day of school due to poor attendance and make that day up with another day. This would be considered intentional manipulation of attendance records and would result in an overstatement of attendance hours. If the district attended school the day must be reported unless it did not meet the minimum day length to count as a day of school according to state statute.
- The only attendance hours that can be claimed for state aid that does not occur under the supervision of a certified instructor is Virtual Course hours. Computer based courses are different from Virtual Courses and cannot be claimed unless under the supervision of a certified instructor.
- Any hours claimed as remedial hours must meet the definition of remedial hours as outlined in 167.640.1, RSMo, 167.340.2, RSMo, and 167.645, RSMo. See the Attendance Hour Reporting Document for more detailed information.
- If a program is 100% funded with federal funds then the hours cannot be claimed for state aid (do not report as remediation hours, attendance hours, or summer attendance hours).
- Districts/LEAs do not have the ability to claim attendance hours for students when school is not in session due to weather. Districts/LEAs do however have the ability to use up to 36 Alternative Method of Instruction (AMI) hours that would otherwise be lost due to exceptional or emergency circumstances and provide instruction per the DESE approved AMI plan. Please see School Calendar Requirement document posted under the [Finance Topics and Procedures](#) webpage for more information. Revised after 1-2021 memo published.

DATA COLLECTION

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, 2020:

- 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.

If you have any questions regarding this reporting, please contact School Finance at (573) 751-0357.

Core Data Screen 15 – Home School/Free and Reduced Lunch Data

The February Cycle MOSIS submission will populate the Home School/Free and Reduced Lunch Data, Core Data Screen 15, which is used to collect the number of students eligible for free or reduced price lunch as of the last Wednesday in January (January 27, 2021) in the category described in the Core Data Collection System Manual –State FTE Free or Reduced Lunch Eligible Students. A description follows:

State FTE Resident Free or Reduced Lunch Eligible Students

1. Report the full-time equivalency count of resident students enrolled in grades K-12 on January 27, 2021, and in attendance one of the 10 preceding school days whose eligibility for free or reduced lunch is documented (through the application process using federal eligibility guidelines or through the direct certification process). For districts that participate in the Community Eligibility Program (CEP) all of the students enrolled in the district (if CEP has been chosen district wide) or all of the students enrolled in a CEP building (if only certain buildings in the district participate) are considered eligible for free and reduced lunch.
2. Report eligible students on a full-time equivalency (FTE) basis. A student attending one-half day is counted as .5, one-fourth day as .25, etc. Kindergarten students attending less than a full day per the first grade calendar are included in the counts as a ratio of the kindergarten calendar divided by the first grade calendar. Example: If the calendar for “full day” students in a school is 1050 hours and the calendar for kindergarten students is 630, then the FTE for those kindergarten students would be 630/1050 or .60. In no case should a full-time half-day kindergarten student be reported less than .50.
3. Eligible students are counted regardless of whether or not they actually eat lunch/breakfast.
4. Nonresident students are to be counted by the district which pays the tuition for those students and are reported as “Resident II Students”.

Do not count students for whom the Department does not distribute state aid. (Students in preschool, the Parents as Teachers Program or state schools are not counted for state aid purposes.)

Core Data Screen 16 – January Membership

The February Cycle MOSIS submission will populate Core Data Screen 16 providing a membership count of resident students who were enrolled on January 27, 2021, and were in attendance one of the previous ten school days. The February Cycle is due to DESE by February 15, 2021.

OTHER IMPORTANT REMINDERS AND TOPICS OF INTEREST

Inclement Weather Requirements for FY 2021

Districts and charter schools must comply with Section 163.021.1, RSMo, which requires compliance with the minimum term, which is a minimum of 1,044 hours, to be eligible for state aid. Additionally, Section 171.033.2(2), RSMo, provides forgiveness for inclement weather days after a specified number of inclement weather hours have been reached by a school district or charter school. Following is specific information regarding inclement weather forgiveness.

Inclement Weather Make-up Hours

Some school districts and charter schools may miss hours during the school year due to inclement weather. Per 171.033.3(2), RSMo:

“In school year 2019-20 and subsequent years, a school district may be exempt from the requirement to make up school lost or cancelled due to inclement weather in the school district when the school district has made up the thirty-six hours required under subsection 2 of this section and half the number of additional lost or cancelled hours up to forty-eight, resulting in no more than sixty total make-up hours required by this section.”

“Inclement weather”, for purposes of this section, shall be defined as ice, snow, extreme cold, excessive heat, flooding, or a tornado.

There is no authority to pivot to distanced instruction per the districts AMI-X plan as that is only allowed for a COVID related reason. But per 171.033.5, RSMo., starting in 2020-21 an approved alternative method of instruction can be used for any hours of school lost or cancelled due to exceptional or emergency circumstances during a school year which shall include, but not be limited to, inclement weather, a utility outage, or an outbreak of a contagious disease. The alternative method of instruction, provided for in a DESE approved AMI plan, can be used for up to a maximum of **36 hours** during the school year pursuant to 171.033.5, **however, since these are considered hours of instruction they will not count towards the first 36 required make-up hours.**

Hours 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 unless provided under an approved alternative method mentioned above (limited to 36 hours).

Hours 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 charts and scenarios illustrate the make-up requirements associated with this statute.

School district or charter school plans 1,080 hours (1,044 plus 36 hours). Thirty-six weather make-up hours must be shown as planned weather make-up hours. School was dismissed for five full inclement weather days resulting in a loss of 32.5 hours. The school district or charter school does not have to make-up the hours missed for inclement weather since they were included in the original planned calendar and the calendar would remain greater than the 1,044 hour requirement.

1. School district or charter school plans 1,080 hours (1,044 plus 36 hours). Thirty-six weather make-up hours must be shown as planned weather make-up hours. School was dismissed for seven full inclement weather days resulting in a loss of 46 hours. The school district or charter school would be forgiven a total of five weather hours ($46-36=10$ $10/2=5$) and be required to make-up five hours missed for inclement weather to meet the 1,039 (1,044-5) hour calendar requirement.

2. School district or charter school plans 1,104 hours (1,044 plus 60 hours) 36 weather make-up hours must be shown as planned weather make-up hours. School was dismissed for 10 full inclement weather days resulting in a loss of 65 hours. School district or charter school does not have to make-up any weather days missed weather since the maximum required make-up hours were included in the original planned calendar. The district or charter school would be forgiven the 14.5 additional hours lost due to weather allowing the calendar to be no less than 1,029.50 hours at the end of the school year.

3. School district or charter school plans 1,104 hours (1,044 plus 60 hours) 36 weather make-up hours must be shown as planned weather make-up hours. School was dismissed for 13 full inclement weather days resulting in a loss of 90 hours. School district or charter school does not have to make-up any weather days missed weather since the maximum required make-up hours were included in the original planned calendar. The district or charter school would be forgiven the 27 additional hours lost due to weather allowing the calendar to be no less than 1,017 hours at the end of the school year.

An Excel spreadsheet tool has been created to assist with determining the number of weather hours required to be made up. This can be found on the School Finance website under [Calculation Tools](#).

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>.

STUDENT TRANSPORTATION

2020-21 State Transportation Aid Calculation

The Fiscal Year 2020-21 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 fourth live state transportation calculation made for the current year. The calculation is based on 2019-20 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 January 2021 calculation follows. 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>
January 2021	69.351936%	4.950630	-1.374242

School Bus Purchases

Missouri Statute 304.060, RSMo, requires school districts to comply with State Board of Education regulations that set school bus safety standards (this statute carries a “guilty of misconduct” violation for any school employee who does not comply with this requirement). School districts and their school bus contractors are required by State Board of Education Regulation 5 CSR 30-261.025 to operate only school buses that meet Missouri Minimum Standards for School Buses. In addition, school bus manufacturers are also charged in the Minimum Standards with certifying that their product meets the Minimum Standards for School Buses.

Please make sure that all school bus purchases, *including used school buses*, specify that the school bus meets Missouri Minimum Standards for the year in which the bus was manufactured. Several states do not have the same specifications that Missouri does including the fire block seat upholstery, the second stop arm, and the lower side skirts.

Ridership List

The second ridership list for the current school year must be finalized on the second Wednesday of February (February 10, 2021). This list should be a compilation of the students' names that regularly ride the bus from the beginning of the second semester to the February count day and should identify which students are eligible for state transportation aid (those living one mile or more from school) and those ineligible for state transportation aid (those living less than one mile from school).

The ridership list should not be a listing of all students who are eligible or ineligible to ride the buses nor should it be a listing of only those students riding on the count day, but should be a listing of students regularly riding the buses. A student should ride the bus a minimum of once a week to be considered a regular rider.

School Finance

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