



**52ND SOUTH DAKOTA
ASSOCIATION OF SCHOOL
BUSINESS OFFICIALS FALL
CONFERENCE**

September 26, 2018

Presenters:
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Leiferman – Dept. of Education

FY2019 STATE AID REMINDERS

- **General State Aid Levies – Pay 2019**
 - Agriculture \$1.512 per \$1,000 of valuation
 - Owner Occupied \$3.383 per \$1,000 of valuation
 - Non-Ag \$7.001 per \$1,000 of valuation

- **FY2019 Gen State Aid Per Student Equivalent** **\$5,563.52**
- **Special Education Levies – Pay 2019**
 - Local Effort, Funding Formula \$1.367 per \$1,000 of valuation
 - Maximum Levy (requirement for ECF districts) \$1.567 per \$1,000 of valuation

- **ECF Funding Available for FY2019 - \$4,066,348**

- **One-Time Payment – Paid in July, 2018** **\$5,418,546** approx. \$40 per Fall 2017 student.

FY2018 STATE AID REMINDERS

Monthly state aid payments:

- One-time (0.7%) payment based on student count paid to all districts in July, 2018
- For general state aid July through October – based on estimated student count
- For November & December – adjusted based on **ACTUAL** fall count
- For districts with **PRTF programs** – **October payment** may include additional tuition payment for non-IEP students served in PRTF facilities.
- For districts eligible for **Sparsity funding** – payment included in January state aid.
- For January through June – **adjusted for NEW local effort calculations based on pay 2019 levies and valuation.**
- All payments posted monthly to DOE state aid website:
<http://www.doe.sd.gov/ofm/statefunding.aspx>
- All districts should check state aid and district need calculations for both general state aid, special education state aid and sparsity on the above website.

FALL 2018 STATE AID FALL ENROLLMENT

Fall 2018 student count used for FY2019 general state aid calculations

Count date is **Friday, September 28th**

Students NOT included in Fall count:

- Students over the age of 21 (born before 7/01/1997)
- PK or EC students (Jr. KG students are included in the state aid fall enrollment)
- Home School students
- Students at School for Visually Impaired or HSC

Most common errors to SAFE count:

- Transposing resident/serving district in Campus for open enrolled students
- Percent of day enrollment for KG student (roll forward from PK last year)
- Students tuitioned OUT of the district (at the top of the report each student is listed – by name and placement – **check that list!**)

STATE AID FALL ENROLLMENT – REPORTING TIMELINE

Districts have until **early October** to make sure all students served in the district are correctly reported in Infinite Campus.

- Students were rolled forward, if ending last school year and marked as “continuing”.
- Update % of day enrollment for PK or EC students; remove or add alternative instruction (home school) students as necessary.
- Review overlap reports and correct as needed.
- Students with unexcused absences greater than 10 days must have an end date entered into Campus which reflects their LAST day of attendance.
- Students tuitioned out of the district must be listed – by name – at the top of this report. If not listed, contact the serving school and work with them to properly report this students as a resident of your school district.

Week of October 15th – State Aid Fall Enrollment Reports are mailed to all districts.

On or before October 31st – Signed verification form and Estimate of Fall 2019 student count forms must be returned to DOE.

RECAP OF ANNUAL REPORT ISSUES

Debt Service Payments / Coding

- Term Bonds are not recorded as Principal Payments - Record the transfer to the Bond Redemption fund
- Outstanding Balances not updated in Fund 00
- Refinanced Debt should not be coded as a principal payment of the entire amount (use 8120-Payment to Refunded Debt Escrow Agent)

Food Service Equipment Purchases

- Equipment purchased directly from Fund 51 is NOT recorded as an expenditure in the Food Service fund.
- Equipment purchased from COF and contributed to the Food Service Capital Assets listing is recorded as contributed capital. (account 5170)
- Entries for change in inventory, prepaid meals, and depreciation should not be coded directly to net position.

RECAP OF ANNUAL REPORT ISSUES...

ASBSD Health Assessment payments to be coded across all functions using object 290 per the Dept of Legislative Audit guidance.

All governmental funds – audit corrections made in current fiscal year.

- Clear out receivables/payables
- Effect of encoding adjusting entries in the current year
 - Inaccurate revenues recorded – greater than or less than actual for current year
 - Negative expenditure amounts that could impact calculations for state aid, maintenance of effort etc.
 - Fiscal Year information in SUI will not match the audited amounts reported.

OTHER ANNUAL REPORT CODING ISSUES

Special Education Coding:

- Coding Out of District Placements
 - Tuition for Day Program Placements code to 1223 with a Tuition Object
 - Tuition for Residential Placements code to 1224 with a Tuition Object
 - SE Transportation (special routes, contracted busing or mileage paid to parents) code by the specific disability under the 2730s
 - Residential Costs (typically paid to SD Dept of Human Services) code by specific disability under the 2750s using the 391-Residential Services object
 - One on one paraprofessionals are instructional and belong in 1221 or 1222
 - 1221 – Mild to Moderate Disabilities - Instructional Services used for children receiving SE instruction for less than 50% of day
 - 1222 – Severe Disabilities - Instructional Services used for children receiving SE instruction for more than 50% of day

Textbooks, Instructional Software, Instructional workbooks should all be coded to an instructional function (1000)

REMEMBER FOR FY2019....

Capital Outlay Flexibilities:

- Districts are allowed to **TRANSFER** from fund 21 to fund 10, an amount not to exceed 45% of property tax revenues received (sum of 1110 and 1120). Transfer only an amount needed – be aware of what the district’s monthly cash balance may be – do NOT let a transfer from Capital Outlay create an excess cash balance.

Tracking Federal Grant Expenditures:

- **ALL restricted federal grant expenditures** must be tracked – in all funds! Coding expenditures to functions 1273 or 2128 is NOT sufficient. Also reported expenditures should MATCH your claims!
- ESSA reporting will be MUCH easier if you are tracking restricted federal fund expenditures. A bit of extra work when coding your expenditures as entering data into SUI will make ESSA reporting so easy!

Accurate coding of revenues and expenditures:

- Cut down time and COST of an audit
- Fewer or maybe NO questions about annual report (wouldn’t it be great NOT to talk with either Bobbi or Susan next summer after submitting your annual report!!!) 😊
- Ensures data is consistent with financial reporting of other school districts.

TEACHER COMPENSATION UPDATE

There is no accountability determination based on FY2018 data for teacher compensation. The next accountability determination will be at the end of FY2019 – comparing the average teacher compensation of FY2019 to FY2017.

Results (average) of reported teacher compensation (FY2018) will be posted to web site – for informational purposes only.

Most common adjustments made by districts to teacher salaries for teacher compensation reporting:

- Teacher was not reported in PRF.
- Teacher's salary reported in PRF included extra-duty or extended contract pay.
- Teacher's salary was not increased in PRF due to "lane change".
- Teacher's salary was not split correctly if both a teacher and administrator or teacher/librarian or teacher/guidance counselor.

2018 TEACHER COMPENSATION CORRECTIONS

Approximately 1/3 of all districts recently received a letter from our office asking the business manager to review the data to ensure it has been reported correctly.

Districts were provided a report that may include:

- A list of teachers with a reported **salary that is lower than expected** (if employed part time the full time equivalency salary was calculated for comparison purposes). Teacher salary was less than \$30,000.
- A list of teachers for whom the **salary reported was much higher than expected** (again if employed less than full time the full time equivalency salary was calculated). Teacher salary was greater than \$75,000.
- A list of teacher for whom the **benefit costs, as a % of the salary reported, seems very high (greater than 50%)**.
- A list of teachers for whom the **benefit costs, as a % of the salary reported, seems very low** (almost all employees should have not less than 13% of salary benefit costs).

The mailing was put in the mail on Friday, September 14th – if you didn't receive anything from DOE – there are no questions for your district based on the above criteria.

Districts receiving this mailing are asked to review, update as needed and return to our office by October 5th. ALL districts should review and make sure the numbers reported are correct.


EXCESS CASH BALANCE PENALTIES

- **Week of October 1st** – Based on PRELIMINARY DATA districts that have an excess will be notified. DOE website will have the waiver form posted with past 2 years of actual student counts, estimated Fall 2018 student count and preliminary financial data.
- **By October 19th** – Waiver worksheet updated with final financial data.
- **By November 1st** - Waiver worksheet updated with verified 2018 student count. Official notification emailed to any district with a calculated excess cash balance.
- **By November 7th** – District must remit to DOE their waiver form to be considered by SFAB (School Finance and Accountability Board).
- **November 15th p.m.** – SFAB will meet to review any submitted waivers.
- **November 26th** – SFAB meeting to approve the report prepared for Joint Appropriations Committee outlining the recommendations of the SFAB.
- **Early December** – Joint Appropriations Committee meets to review recommendations of SFAB and take final action on any waivers.
- **Final 6 months of fiscal year** -- state aid payments will be reduced to recover any penalty amount approved by Joint Appropriations Committee

EXCESS MONTHLY CASH WAIVER PROCESS

Request for Waiver - Cash Balance Penalty

SDCL 13-13-73.5

School District:	<input type="text" value="██████████"/>	Penalty Fiscal Year:	<input type="text" value="2019"/>
	Click in cell C4, then click on 		
Lowest Monthly Cash Balance, General Fund (FY2018)		\$6,675,028	
Total General Fund Expenditures (FY2018)		\$28,635,947	
Cash Balance %		23.3%	
State Aid Fall Enrollment, Fall 2016		4,550.58	25%
State Aid Fall Enrollment, Fall 2017		4,519.12	25%
State Aid Fall Enrollment, Fall 2018		4,525.00	25%
Allowable Cash Balance Percentage		25.0%	
Amount Exceeding Allowable Percentage		\$0	
Total Amount of Waiver Request		\$0	
Amended Cash Balance %		23.3%	
State Aid Adjustment (FY2019)		\$0	
Please explain the reason(s) for this request:			

The School Finance & Accountability Board may consider a waiver due to special circumstances such as:

- 1) Revenue needed in following year(s) due to a natural disaster; or
- 2) Funding needed to expand educational programs; or
- 3) Impact of reorganization; or

Contact Person:	<input type="text"/>	Date:	<input type="text"/>
Title:	<input type="text"/>		

EXCESS CASH BALANCE WAIVER INFO

The School Finance & Accountability Board may consider a waiver due to special circumstances such as:

- 1) Revenue needed in following year(s) due to a natural disaster; or
- 2) Funding needed to expand educational programs; or
- 3) Impact of reorganization; or
- 4) Any unforeseen or extenuating circumstance explained on this request.

SDCL13-13-73.5. Reduction of state aid by subtracting allowable general fund cash balance from lowest general fund monthly cash balance. Beginning on July 1, 2018, a school district's state aid for general education as calculated pursuant to § 13-13-73 shall be reduced by subtracting the allowable general fund cash balance from the lowest general fund monthly cash balance. If the result is less than zero, the reduction equals zero.

A school district created or reorganized after July 1, 2016, is exempt from the reduction provided by this section for a period of three years immediately following its creation.

UPDATE ON FISCAL REPORTING REQUIREMENT FOR ESSA

Over the summer Bobbi and I met with several area business manager groups to explain how our office has planned to prepare to meet the new fiscal ESSA requirements and the timeline proposed to report this data.

TIMELINE:

- FY2017-2018 Several districts have **volunteered** to try our new reporting template and provide feedback. Template workbook is very similar to one used to report Special Education Excess Costs. To assist districts in this data reporting requirement a new exportable report is available from the annual report program. The new report provides the district with an identifier to determine if a school or district expenditures.
- FY2018-2019 **ALL districts** will be asked to remit a completed report (on excel template workbook provided by DOE) to further test the process. Results will be provided to all districts to review.
- FY2019-2020 **ALL district must complete** and remit the excel template of information on all schools listed in the DOE directory. Upon completion this data will be entered into a template in the annual report program and then provided to accreditation office for inclusion on the district/school report cards.

Information from DOE regarding ESSA – see <https://doe.sd.gov/ofm/schfinance.aspx>

WHY IS TRACKING FEDERAL EXPENDITURES IMPORTANT?

- #1. Federal financial reports from DOE to USDOE require us to identify how much of the overall expenditures for Title I program were paid with federal Title I grant allocations.
- #2. It is a [federal grant compliance requirement](#) – DOE grants management staff will require documentation that supports this compliance requirement.
- #3. **ESSA - Every Student Succeeds Act**
 - Starting 2018-2019 districts need to be able to report federal expenditure cost per student.
 - This responsibility will fall on “you” as the business manager of your school district to report expenditures for each attendance center the amount of expenditures paid with federal funds and the amount of expenditures paid with state/local revenues. Tracking your federal expenditures will make this reporting much easier for you and provide the documentation to support your report.

BEST PRACTICES FOR FEDERAL GRANT TRACKING

SUI provides 3 additional expenditure coding fields:

- Operational Unit
- Sub-Object
- Facility

Each federal grant should have a unique assigned tracking code (could be op unit and/or subobject)

- Title I Basic Grant 10, 1273, 158, 111, 001, 001
- Title I Focused & Priority 10, 1273, 158, 111, 002, 007
- Title II, Part A (REAP) 10, 1273, 159, 112, 000, 001
- Title IV, Part A 10, 1273, 153, 411, 000, 002
- IDEA, 611 22, 1221, 175, 111, 101, 002
- IDEA, 611 Private School 22, 1221, 175, 111, 102, 003
- IDEA 619 22, 1226, 186, 111, 105, 003

School # 01 = High School
School #02 = Middle School
School #03 = Elementary

Facility Code would also be used to track funds by school (attendance center) and ideally using the assigned state school code

<http://www.doe.sd.gov/ofm/edudir.aspx>

USE CODING TO IDENTIFY BOTH FEDERAL REVENUE AND EXPENDITURES

		4150 Restricted Grants from Federal Government through the State			\$74,799.47
		4151 Other Grants Federal Government Through the State			\$5,302.47
			109		\$5,302.47
		4158 Title I Grants - ALL PROGRAMS (84.010)			\$61,173.00
			158		\$61,173.00
		4159 Title II, Part A - Improving Teacher Quality (84.367)			\$8,324.00
			001		\$8,324.00



EXTRAORDINARY COST FUND – SUMMER STUDY UPDATE

Review of proposed bill drafts discussed by the committee at their September 11, 2018 meeting.

Draft A: Establish ECF Oversight Board:

<https://sdlegislature.gov/docs/interim/2018/documents/DECF09112018-A.pdf>

- Add a legislator to the oversight board and put in statute and out of rule
- Passed and moved forward

Draft B: Revise timing of the recalculations of the allocations for the disability levels in the state aid to SPED formula

<https://sdlegislature.gov/docs/interim/2018/documents/DECF09112018-B.pdf>

- Passed and moved forward

Draft C: Adjust for inflation the amount of the special education appropriation that may be set aside for extraordinary expenses:

<https://sdlegislature.gov/docs/interim/2018/documents/DECF09112018-C.pdf>

- Passed and moved forward

EXTRAORDINARY COST FUND – SUMMER STUDY UPDATE CONT.

Draft D: Revise the recalculation of the allocations for the disability levels in the state aid to special education formula and provide inflationary increase:

<https://sdlegislature.gov/docs/interim/2018/documents/DECF09112018-C.pdf>

- Failed

Draft E: Add SPED fund balance

<https://sdlegislature.gov/docs/interim/2018/documents/DECF09112018-E.pdf>

- No action taken

Draft F: Child County & sparsity

<https://sdlegislature.gov/docs/interim/2018/documents/DECF09112018-F.pdf>

- Failed

Draft G: Task Force

<https://sdlegislature.gov/docs/interim/2018/documents/DECF09112018-G.pdf>

- Amended to add a school board member and passed forward

Draft H: Concurrent Resolution

<https://sdlegislature.gov/docs/interim/2018/documents/DECF09112018-H.pdf>

- Passed and moved forward