
SOUTH DAKOTA ASSOCIATION OF SCHOOL
BUSINESS OFFICIALS
56TH ANNUAL FALL CONFERENCE



south dakota
DEPARTMENT OF EDUCATION
Learning. Leadership. Service.

ANNUAL FINANCIAL REPORT SUMMARY – FY2022

- Receivables – revenue recognition:
 - Booking receivables to recognize the revenue related to federal expenditures incurred in FY2022
 - Properly clearing receivable in the following fiscal year when payment is received (cash receipt to 140-Due from Govt when received)
 - Do not put off filing claims for federal reimbursement until the end of the fiscal year.
- Computer Hardware/Software Expenditures:
 - Technology purchased for student and teachers are instructional expenditures
 - Student/teacher computer hardware/software needs to be coded to the appropriate instructional expenditure function (1111/1121/1131)
 - These expenditures should not be coded to 2227
- Tracking Federal Grant Expenditures and following your approved budget.
 - Federal Requirement in the Uniform Grant Guidance requires that each grant is tracked separately.
 - All ESSER grants as well as Title II & IV-REAP, IDEA 611, IDEA 619, SRSA, Johnson O'Malley, etc.
 - Utilize addition coding in your software, other than the Fund/Function/Object

ANNUAL REPORT DATA COLLECTION CLOSEOUT & TIMELINE

- Finish the final review of all fiscal data – In Process
- Final Monthly Cash Balance data review – In Process
 - Official notification by October 7th
- Final teacher compensation data review – In Process
 - Official notification by October 7th
- Annual Report Verification Forms
 - Anticipated collection of these forms beginning on October 5, 2022

FY2023 STATE AID ACCOUNTABILITIES

■ Teacher Compensation Accountability

- FY2022 Average Teacher Compensation must meet or exceed the Average Teacher Compensation reported in FY2017
- Official notification to each district is required by **October 7th, 2022**
- Current statutory accountability in effect through FY2024

■ Monthly Cash Balance Accountability

- No statutory sunset on cash balance accountability
- 2/17/2021 SFAB waiver approved by JCA waived the penalties for 2 years
 - Waiver applies to state aid payments calculated in FY2022 & FY2023 (annual report cash balances information from FY2021 & FY2022)
- Cash balance information will be reported to the board and posted on our website
- Currently no exclusions for federal COVID funds in the calculation
- School Finance Accountability Board Action – Excess General Fund Cash Balance waiver extended 1 additional year
 - SFAB would like to hear from districts regarding the issues that are impacting districts that are in excess

FALL 2022 STATE AID FALL ENROLLMENT (SAFE COUNT)

- Fall count of students used to determine FY2023 general state aid
 - Count is taken as of a single day
 - Count is reported as an ADM, which allows students enrolled less than full time to be included for the partial enrollment
- Official Count Date – September 30, 2022 (last Friday in September)
- Students NOT included in this SAFE count:
 - Students over the age of 21
 - PK or EC students
 - Home School / Alternative Instruction students
 - Students at the School for Visually Impaired or Human Services Center
- Common errors to SAFE count:
 - Transposing resident/service district in Infinite Campus student database
 - Percent of day enrollment for KG students (roll forward error from a PK program)
 - Students tuitioned OUT of district (listed individually at the top of each district SAFE report) – CRITICAL that these placements are reviewed
- Student lists are available upon request

FALL 2022 STATE AID FALL ENROLLMENT (SAFE COUNT)

- Districts have until mid October to ensure all students served in their district are correctly reported
 - Students are rolled forward at the beginning of the school year if marked as “continuing” at the end of last school year
 - Overlap Reports and reviewing/resolving overlaps in student reporting (overlap reports are mailed to districts weekly)
 - Students with unexcused absences greater than 10 days must end the enrollment as of the last day of attendance
 - Students tuitioned out of district must be listed by name and placement at the top of each enrollment report. If a student is missing, it is the district’s responsibility to work with the serving entity to get the student properly reported as a resident of your district.
- Reports will be mailed out to district superintendents – **October 17th, 2022**
- SAFE Count Verifications must be signed and returned with the final student count on or before **October 31st**
 - No students may be added to a district count after October 31st
- Retain a copy of the final student count verification in your office to provide to your auditor.

FY2023 STATE AID PAYMENT SCHEDULE

■ General State Aid:

- July – Total district need was determined using estimated student counts
- July –October monthly state aid payments are based on the estimates
- November and December monthly payments are adjusted for ACTUAL SAFE student count
- January – June monthly payments are again adjusted for NEW local effort calculation based on final Pay 2023 levies/valuation
 - Sparsity Allocation – paid in January to eligible districts
 - Gaming Revenue Adjustment – payment adjusted based on gaming revenues (approximately March)

■ Special Education State Aid:

- Prior to July 1, 2022 – Total district need is determined based on December 2021 federal child count
 - Prior year child count and student counts determine special education state aid
- July – September monthly payments are generally based on excess fund balance from the prior year
 - Excess fund balance calculation is updated with available annual report information each month to limit overpayments
- October – December monthly payments are adjusted for actual excess fund balance information
- January – June payments are also adjusted for NEW local effort based on final Pay 2023 levy/valuation

CAPITAL OUTLAY FLEXIBILITIES

- Districts are allowed the flexibility to transfer from Fund 21 to Fund 10 an amount not to exceed 45% of actual property tax revenue (revenue account (1110 + 1120) deposited during the current fiscal year. (SDCL 13-16-6)
 - **NOTE: Actual revenue not based on budgeted revenue/tax request**
- 3-year statutory flexibility for districts that are subject to the \$3,400 per student limitation to transfer the same total dollar amount that was transferred in FY2020. (SDCL 13-16-7.4)
 - FY2023 is the final year of this allowance
 - FY2024 – all districts will be limited to 45% of actual property tax revenue deposited as outlined in SDCL 13-16-6
- Districts may not expend from the capital outlay fund for utility costs, fuel, property insurance
- Districts which contract for student transportation may expend up to 15% of the contracted amount from the capital outlay fund

FOOD SERVICE PROGRAM UPDATES

- Net Cash Resources flexibility
 - A school district food service fund must not exceed more than three months "net cash resources" to maintain non-profitability
 - $\text{Prior School Year Total Operating Expenses} \div \text{Number of Months of Operation} \times 3 = \text{Allowable Net Cash Resources (NCR)}$
 - Net cash resources is all funds that are available or have accrued to the school Food Service Fund at any given time, less current accounts payable.
 - Under temporary flexibility for FY2022 only, school districts will be allowed up to 5 months net cash resources in fund 51
 - The SASF Office will complete the net cash resource calculation for each district based on the fund 51 annual report data and will provide the information to the CANS program staff
 - The CANS program staff will work with districts on approving a 2-year spend down plan to meet compliance with the NCR requirement for those districts that exceed the 5-month limitation

FOOD SERVICE PROGRAM UPDATES

- Supply Chain Assistance Funding Updates
- 1st round payment was distributed in April 2022
 - Funds were receipted to the Food Service fund Unearned Revenue account (51 475)
 - Districts are required to track the expenditure of these funds separately on allowable food purchases (using a separate tracking code)
 - After funds are expended on allowable purchases, the revenue is recognized, and the unearned revenue account reduced
 - Debit 51 475
 - Credit 51 4810
- 2nd round of funding will be distributed in January or February 2023. The same requirements apply regarding use of funds and tracking

INDIRECT COSTS ON FEDERAL PROGRAMS

- Indirect costs are defined as costs that are incurred for the benefit of more than one cost objective, but are not readily assignable to any program
 - Typically covers costs which serve a common or joint purpose, such as fiscal services
- Reimbursement applies to federal grant programs
- South Dakota is required to obtain approval from USDOE to issue indirect cost rates to school districts and cooperatives on the methodology for setting rates
 - Recently received approval to issue rates for fiscal years 2023-2025

INDIRECT COSTS ON FEDERAL PROGRAMS

- Rates are calculated based on the annual financial report information
 - Restricted Rate – typically applies to grants with a supplement not supplant requirement
 - Unrestricted Rate – grants where supplement/supplant does not apply
- The rates that South Dakota issues to school districts/cooperatives are considered a rolling average predetermined discounted rate
 - Annual rate is calculated based on the annual financial report data submission
 - Rates are calculated based on specific expenditure functions identified as indirect, direct or excluded
 - $\text{Indirect costs} \div \text{Direct Costs} = \text{Rate}$
 - Most recent 5-year period of rates is averaged
 - 5-year average is then discounted to 95%
 - Rates are issued on an annual basis using the most recent 5-year period

INDIRECT COSTS ON FEDERAL PROGRAMS

- Future Rate calculation changes
 - Restricted Rate
 - Reclassification of certain expenditure functions
 - Head of Component Units (based on school district size) – impacts the 2520 fiscal services function
 - Support Services Central (function 2600) – reclassification of specific functions to the restricted category
 - Exclusion of sub-awards/sub-contracts in excess of \$25,000 from the base in the rate calculation
 - Unrestricted Rate Calculation
 - Same adjustments listed above
 - Space allocation study to allocate the Operation and Maintenance of Plant expenditures between the indirect and direct cost pool
- Full implementation in each of these areas must be in place before our next US DOE proposal is submitted for FY2026 rates

EVERY STUDENT SUCCEEDS ACT (ESSA) REPORTING

- Every Student Succeeds Act (ESSA) requires reporting of per student current expenditures at each school broken down by federal and state/local sources of revenues.
 - This excludes any capitalized expenditures, debt service expenditures and facility acquisition and construction expenditures.
- FY2020 and FY2021 education spending data is included on the publicly posted report card.
 - <https://sdschools.sd.gov/#/home>
- There are 3 ways the data is displayed on the report card
 - School Report Card (based on schools listed in the SD Educational Directory)
 - District Report Card
 - State Report Card
- Expenditures are reported on a per student basis
 - Reported based on All funds combined
 - Federal funds only (additional ESSER funding could impact this calculation)
 - State and Local funds only

EVERY STUDENT SUCCEEDS ACT (ESSA) REPORTING

- This data is collected from each district during November & December annually with the basis of the reporting coming from the finalized annual reports.
- Our office will provide a template to assist with the breakdown of these expenditures.
- In addition to excluding capital expenditures, our state also excludes preschool, adult programs and community service activities.
- Summary information calculated on the excel template are reported in the annual financial report under the ESSA Survey menu (due January 1, 2023)
- ESSA fiscal information will be provided to the Report Card office for public display in January

NEW DOE COMMUNICATIONS PROCESS

- The department is in the process of streamlining all communication out to school district groups.
 - Reduces duplicate and unnecessary emails to school district personnel
 - Ensures that we have a uniform message and branding to identify authentic DOE communication
- All emails to business managers will come from our communication officer – Ruth Raveling
 - Payment notices
 - Dollars & Sense monthly calls
 - State Aid and School Finance Office notifications

QUESTIONS & CONTACT INFORMATION

Office of State Aid and School Finance (SASF)

Bobbi Leiferman

Bobbi.Leiferman@state.sd.us

605-773-5407

Krislyn Norgaard

Krislyn.Norgaard@state.sd.us

605-773-4748