

**38<sup>th</sup> Annual DLA Government  
Audit Workshop**

May 23, 2012

# 2012 Legislative Session

- o HB 1234 -- the most controversial bill during session!
  - o Critical Teaching Needs Scholarship Program
    - o Begins in 2013-2014 school year for College Juniors & Seniors
    - o Scholarship amount = tuition & fess for 30 credit hours
    - o Recipient agrees to teach in critical need area in South Dakota for 5 years
  - o Math & Science Teacher Incentives
    - o Begins in 2013-2014 school year
    - o \$2,500 bonuses to middle and high school math and science teachers
    - o Teachers must receive either a distinguished or proficient evaluation rating
  - o Reward / Bonus Program – top 20%
    - o Begins in 2014-2015 school year
    - o Districts have 3 options; create local reward program, give \$5,000 bonus to top 20% or opt out
  - o Common Evaluation System
    - o Allows for development of common teacher and principal evaluation system
  - o Teacher Tenure
    - o Continuing contract eliminated in 2016
    - o No teacher who has continuing contract prior to July 1, 2016 loses it!

## 2012 Legislative Session

- HB 1195 -- allowance for districts to “charge a fee” for early childhood programs and educational programming outside the school day and/or school term
- HB 1007 -- repeal of several unnecessary statutes – including the use of Fund 27 for Impact Aid
- SB 25 – Dubbed the “anti-NCLB bill” created the State’s new system of accountability
- HB1124 – allows for districts to pay for background checks of its employees

## 2012 Funding Summary

- Increased the per student allocation for general aid.
  - FY2013 PSA = \$4,490.92 (2.3% increase)
- SB 8 adjusted the disability allocations for special education
  - Level 1 – 10.04% - \$4,525
  - Level 2 - \$11,124
  - Level 3 - \$14,788
  - Level 4 - \$13,204
  - Level 5 - \$19,993
  - Level 6 - \$7,205

## 2012 Funding Summary

- Appropriated \$8.7 M to be paid to districts outside the funding formula in FY2012 on a per student basis (paid to districts in April)
- Appropriated \$3.9 M to be paid to districts outside the funding formula in FY2013 – est. \$30 per student enrolled in Fall 2012
- Appropriated \$8.4 M to be used to pay for training of teachers and school leaders over the next 3 years

## Summary of General Funding, FY2013

o \$314,937,745	General State Aid (2.3%)
o \$45,613,203	State Aid to Special Education
o \$1,819,627	Sparsity Funding
o \$134,400	Consolidation Incentives*
o \$7,999,615	Technology in Schools

\* Consolidation incentive program was repealed and final installment of payments will be in FY2014.

## Allowance for District to Charge Fees (HB1195)

- Legislation included an emergency clause and so it was effective upon the Governor's signature.
- School districts were required by this legislation to account for the revenue and expenditures in an enterprise fund.
- School districts may NOT charge for high school extracurricular activities.
- New revenue codes have been assigned by DLA for these new enterprise activities.

## REVENUE CHART OF ACCOUNTS

### 1300 Tuition and Fees

#### 1310 School Tuition

- o P 1311 Tuition for Credit from Students, Parents or Other
- o P 1312 Tuition for Credit from Other LEAs Within the State
- o P 1313 Tuition for Credit from Other LEAs Outside the State

- o P 1314 Preschool Tuition

- o P 1316 Non-credit Tuition from Students, Parents or Other
- o P 1317 Non-credit Tuition from Other LEA's Within the State
- o P 1318 Non-credit Tuition from Other LEA's Outside the State

#### 1320 Adult Continuing Education Tuition

#### 1360 Regular Day School Transportation Fees

- o P 1361 Transportation Fees from Students, Parents or Other 19
- o P 1362 Transportation Fees from Other LEAs Within the State
- o P 1363 Transportation Fees from Other LEAs Outside the State

#### 1370 Summer School Transportation Fees

- o P 1371 Transportation Fees from Students, Parents or Other
- o P 1372 Transportation Fees from Other LEAs Within the State
- o P 1373 Transportation Fees from Other LEAs Outside the State

- o P 1380 Other Transportation Fees

.....

#### 1970 Charges for Services

- o P 1971 Insurance Premiums
- o P 1972 Medicaid Direct Services
- o P 1973 Medicaid Indirect Administrative Services
- o P 1979 Other Charges for Services

#### 1980 Day Care Services

- o P 1981 Day Care Center Services
- o P 1982 Latchkey Services

## **EXPENDITURE CHART NEW OBJECT CODE**

### 374 Interfund Tuition Payments

See Department of Legislative Audits Website for the full list of all account codes and also narrative definitions for each.

[http://legislativeaudit.sd.gov/Schools/school\\_resources\\_all.htm](http://legislativeaudit.sd.gov/Schools/school_resources_all.htm)

# Charging a Fee\*?

For-credit coursework?		Non-Credit Programs?
↓		↓
<p>If yes, the district may NOT charge a fee. It is in conflict with <u>SDCL 13-28-5</u>, "privileges of the public schools of any district shall be free to all persons ..until they complete the secondary school program or until they reach the age of 21." Even when scheduled outside regular school day or school term.</p>		<p>Is this program a SDHSAA sanctioned high school extracurricular activity?</p>
<p>Examples of for-credit coursework:</p> <ul style="list-style-type: none"> <li>- SD Virtual Classes</li> <li>- Credit Recovery Programs</li> <li>- Drivers Education (credit)</li> </ul>		↓
		<p>If yes, a fee is <u>not</u> permitted to be charged.</p>
		↓
		<p>If no, if the program is not high school extracurricular and is offered outside school day/term a fee may be charged.</p>
		<p>Examples of non-credit programs:</p> <ul style="list-style-type: none"> <li>- Drivers Education (no credit)</li> <li>- ACT Preparation Classes</li> <li>- Summer Camps</li> <li>- Summer School (remediation)</li> </ul>

\* This is informational only and is NOT legal advice. CONSULT YOUR SCHOOL LEGAL COUNSEL BEFORE YOU MAKE DECISIONS REGARDING WHETHER TO CHARGE FOR CERTAIN ACTIVITIES.

## When must a district use an enterprise fund?

- o Activity admission fees and fees collected for parking and busing may be reported in the General Fund.
- o If the district is not charging for preschool all expenditures for the program would also be general fund.
- o When charging for preschool and non-credit programs outside the regular school day/term the district is required to use an enterprise fund.

## DOE's Annual Financial Reporting

- o 2011 Legislative Session changed the reporting deadline to submit annual financial report to DOE – district must successfully submit a report by no later than August 30<sup>th</sup>.
- o New program utilized in FY2011 – districts are responsible to upload and correct some errors before they may successfully submit their data.

# DOE Annual Financial Reporting

- o Audit corrections to their beginning fund balance was a common error reported by districts.
- o Reporting beginning fund balance should match “audited” ending fund balance? Due to ARRA, DOE had audits for most districts.
  - o Example: District reported a beginning GF fund balance in FY2011 of \$636,071.01 with adjustments of (\$211,056.15) = adjusted beginning fund balance of \$425,014.86; but as per FY2010 audit ending GF fund balance was \$601,220.58???
- o School business official did not understand audit adjustments -business managers are making entries in wrong fiscal year or one district was making the entries and then reversing all of them in the new fiscal year?
- o Corrections did not balance – one side of entry only - one district’s audit entries used invalid codes – appeared to be coding used by municipalities?
- o Corrections made in wrong fiscal year

## How to check on payments received?

- o There are two sites that can provide information about the check or ACH from State of SD:

BFM Vendor Payment Site – used for ANY state payment

- o <http://bfm.sd.gov/vendor/index.asp>
- o Must know the vendor # of the district
- o Exact Amount of check or ACH payment

## INSTRUCTIONS

Enter the Vendor's **Taxpayer Identification Number (TIN)** and the dollar amount you wish to look up, then click the **Display Matching Payments** button. If a matching combination is found, status and invoice information will be displayed.

This feature is only available for payments made from the State of SD's accounts payable system. These checks are recognizable by the green shade of the warrant itself. Additionally, these checks will say "AP1" or "AP3" along the top edge.



[return to main page](#)

Vendor TIN:

(do not enter the dash)

Dollar Amount:


**Payment Information**

Payee: **MILLER SCHOOL  
DISTRICT 29-4**

Electronic Payment Number: **00001994099**

Payment Amount: **\$70,659.35**

Payment Date: **04/25/2012**

Status: **HAS CLEARED THE BANK**

Clearance Date: **04/27/2012**

**Invoice(s) Included With This Payment**

[Agency Contact Information](#) for questions about a specific invoice

Invoice Date	Invoice Number	Agency Code	Approval Number	Amount
04/23/2012	<a href="#">M1220073</a>	12 - DOE	M1085483	\$66,741.00
		SD APRIL 2012 STATE AID PAYMENT		
04/09/2012	<a href="#">2012649</a>	20 - DENR	107372	\$3,918.35
		WASTE TIRE CLEANUP		

# How to check on payments received?

If the payment is a federal payment from DOE:

o <http://doe.sd.gov/ofm/payment.asp>

Aid Description	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012	TOTAL
STATE SUB-TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
(84.010A) Title I Basic	-	-	\$2,900.00	-	\$13,083.00	-	-	-	-	\$26,694.00	\$42,677.00
(84.027A) DEA Part B - Private	-	-	\$10,202.00	-	-	-	-	-	-	-	\$10,202.00
(84.027A) IDEA Part B	-	-	-	-	-	-	\$32,521.00	-	-	\$44,905.00	\$77,426.00
(84.173A) IDEA Preschool	-	-	\$3,608.00	-	-	-	-	-	-	\$3,956.00	\$7,564.00
(84.173A) IDEA Preschool - Private	-	-	\$361.00	-	-	-	-	-	-	-	\$361.00
(84.367A) Title II Part A REAP	-	-	-	-	-	-	-	-	-	\$23,829.00	\$23,829.00
(84.391A) ARRA Spec.Ed - IDEA 611 - Pt.B	-	-	\$12,601.00	-	-	-	-	-	-	-	\$12,601.00
(xx.xxx) Child & Adult Nutrition Services	\$5,431.13	\$5,381.68	\$6,676.55	\$7,927.35	-	\$15,741.41	\$6,323.64	\$7,280.31	\$6,084.21	\$7,147.68	\$67,993.96
FEDERAL SUB-TOTAL	\$5,431.13	\$5,381.68	\$36,348.55	\$7,927.35	\$13,083.00	\$15,741.41	\$38,844.64	\$7,280.31	\$6,084.21	\$106,531.68	\$242,653.96
TOTAL	\$5,431.13	\$5,381.68	\$36,348.55	\$7,927.35	\$13,083.00	\$15,741.41	\$38,844.64	\$7,280.31	\$6,084.21	\$106,531.68	\$242,653.96

## Annual Reporting – Balance Sheet Account Changes

- o **March 2011** Moved Investment in Joint Venture account (Capital Asset account 207) to Current Asset account 195
- o **October 2011** Moved Committed for Encumbrances (account 741) to Assigned for Encumbrances (account 754)
- o **October 2011** Moved Committed for Unemployment (account 743) to Assigned for Unemployment (account 753)
- o **May 2012** Eliminated Committed and Assigned for Cash Flow accounts 742 and 751

# Annual Reporting – Revenue Account Changes

- o Changed **1310** account name to School Tuition
- o Added **1316** Non-credit Tuition from Students, Parents or Other
- o Added **1317** Non-credit Tuition from Other LEA's Within the State
- o Added **1318** Non-credit Tuition from Other LEA's Outside the State
- o Eliminated **1321, 1322, 1323** Districts Report all Adult Continuing Education Tuition to account **1320**
- o Eliminated **1330, 1331, 1332, 1333** Summer School Fees
- o Eliminated **1350** Community Activity Fees
- o Added **3122** Training and Support to Teachers and School Leaders
- o Eliminated **4157** Title V, Innovative Programs
- o Eliminated **4193** ARRA – State Clean Diesel Grant
- o Eliminated **4194** ARRA – Child Care and Development Block Grant
- o Eliminated **4198** ARRA – School Lunch Equipment
- o Eliminated **4199** ARRA – State Fiscal Stabilization Funds

## Annual Reporting – Object Changes

o April 2012 Added 374 Interfund Tuition Payments

## Repeal of Authority to Use Fund 27 – Impact Aid (HB1007)

- o It is our recommendation to close balance of Fund 27 as of 6/30/2012, however a district may choose to close on 7/1/2012
- o Districts receiving minimal Impact Aid may wish to adopt a spending policy stating that all Impact Aid was expended during that fiscal year and therefore the amount of the revenue received would be the amount reported on SEFA.
- o Districts receiving more significant amounts of Impact Aid will have carryover balances and then will need to track Impact Aid expenditures.

## General State Aid 101

- o Determine correct student count (as of last Friday of September):
  - o Average of 2 previous school years (fall 2010 & 2011)
  - o Current year fall count (fall 2012)
- o Districts should be able to “prove” or document reported number of students on this date.
- o DOE pulls student count from Infinite Campus and generates a report for each district – student lists may also be provided upon request of the district.
- o Home school ,PK and students over the age of 21 are NOT included in the count for state aid purposes.

---

Verification of 2011 State Aid Fall Enrollment

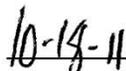
---

Avon 04-1

2011 State Aid Fall Enrollment          251.51

I certify that the above stated enrollment count is correct and authorize the  
Department of Education to use this data to calculate state aid.

  
\_\_\_\_\_  
Superintendent

  
\_\_\_\_\_  
Date

This form must be returned to the Department of Education by **Monday,**  
**October 31, 2011.**

Avon High School

School Total 84.00

Avon Elementary School

School Total 128.51

Avon Jr High School

School Total 39.00

## How does DOE verify this count?

- o DOE allows school districts time to make sure that all student enrollment data is entered and is correct.
- o DOE prepares the student count report on or about October 15<sup>th</sup> and mails a report to each district. Deadline to confirm is last working day of October.
- o If the district is unable to extract an ADM report from their student database that compares to our count – the district may request a student listing from DOE.
- o On November 1<sup>st</sup> – when all reports have been confirmed DOE runs and archives a file of ALL students in all districts.

## ARSD - State Aid Fall Enrollment

- o **24:17:03:02 – Student data submission.** The due date for submission of the fall student data through the student information system is 15 days following the last Friday of September of each school year. State aid fall enrollment count is final on the last business day of October and no additional students may be added after this date but may be removed if found to be reported in error. The December child count data is due 10 days following December 1 of each school year. If a due date falls on a weekend or state holiday, the due date is the next business day following the scheduled due date.

The final student record forms for each school year must be submitted no later than the second Friday in June of each school year.

- o **24:17:03:06. Mandatory dropping of students.** Any student who has an unexcused absence of 15 consecutive school days shall be dropped from the count of the attendance center retroactive to the last day the student attended school or had an excused absence. An excused absence includes medical illness and enrollment in a short-term group care education program for up to 90 consecutive school days.

## ARSD – State Aid Fall Enrollment

- o **24:17:03:09. Student enrollment dates.** Enrollment start date of a student is determined on the day, month, and year on which a student is admitted to a school or educational institution to include preschool. An enrollment end date is the day, month, and year of a student's last attendance in the school. The end date for graduating students shall be the last calendar day of the school unless the student graduates early, in which case the student is counted on the last required day of attendance.
- o **24:17:01:06. Reporting percent of day enrollment.** For the purposes of reporting day enrollment, a full-time student or 100 percent enrolled student is any student who is carrying a full course load. The term, full course load, means any student who is enrolled in at least five courses or is scheduled for a full school day. The term, full school day, means the amount of time in the day between the start and end of classes during an average school day. If any student is enrolled in less than five classes or does not attend school for the full school day, the student shall be reported based on the percentage of classes taken or the portion of the full school day that the student is in school.

## General State Aid 101

- o Is district eligible for small school adjustment?
  - o Yes, if student count is less than 600
  - o No, if student count is greater than 599
  - o Range for small school adjustment is \$1 to \$847.54
- o Multiply student count times per student allocation (PSA) + small school adjustment to determine school district need. PSA is adjusted annually based on CPI or 3%, whichever is less.
- o Calculate local effort:
  - o 1<sup>st</sup> half – one half of the pay 2012 valuation x applicable levies
  - o 2<sup>nd</sup> half – one half of the pay 2013 valuation x applicable levies

# General State Aid 101

- o Pay 2013 general fund levies:
  - o Agriculture - \$2.322 per thousand
  - o Owner-occupied - \$4.029 per thousand
  - o Non-Agricultural - \$8.628 per thousand
  - o History of levies - <http://doe.sd.gov/ofm/statefunding.asp> (under Documents)
- o State aid = sum of
  - o  $\frac{1}{2}$  half of district need minus 1<sup>st</sup> half local effort
  - o  $\frac{1}{2}$  half of district need minus 2<sup>nd</sup> half local effort
- o **No excess fund balance penalties!**
- o State Aid Issue Brief: [http://doe.sd.gov/ofm/documents/StateAid\\_IssueBrief.pdf](http://doe.sd.gov/ofm/documents/StateAid_IssueBrief.pdf)
- o State Aid Calculator: <http://doe.sd.gov/ofm/schoolbudget.asp> (right hand side of screen, District State Aid Calculator)
- o State aid monthly payments: <http://doe.sd.gov/ofm/statefunding.asp>
- o End of year summary of state payments: <http://doe.sd.gov/ofm/statefunding.asp>

# Special Education State Aid 101

- Similar to general aid –
  1. Determine Need (DOE mails a State Child Count to districts following the legislative session)
    - 6 Levels of disability – each with a statutorily set funding amount (tri-annually the funding per disability is reset based on actual expenditure data reported by the districts)
    - Use prior year December child count & state aid fall enrollment
  2. Subtract Local Effort
    - Calculating using a levy of \$1.20 per thousand (maximum levy permitted for SE fund is \$1.40 per thousand)
  3. Difference is state aid
- Other factors in calculating special education aid include:
  1. Effort factor – is the district levying at least \$1.20 per thousand, if not prorate state aid in like manner
  2. Excess fund balance – district allowed an ending fund balance in an amount of at least 20% of annual expenditures OR if receiving extraordinary cost funds – 5% of annual expenditures.
  3. Funding provided “in addition” from Extraordinary Cost Fund (ECF) – application must be submitted and approved.

## ECF Application Process

- o 2 application periods
  - o 1<sup>st</sup> half – due by January 10<sup>th</sup>
  - o 2<sup>nd</sup> half – due by May 15<sup>th</sup>
- o Required elements of an application
  - o Funding worksheet – determine amount of funding needed
  - o Application – narrative (Q&A), assurances
  - o Student Profiles – outlines services provided and expenditures of high cost students
  - o Certification – acknowledge 5% ending fund balance limitation

## Other State Funding

- o Sparsity Funding
  - o Districts must meet 5 eligibility criteria to receive funding
- o Consolidation Incentive – program was repealed and only a few districts are eligible for final payments. Districts reorganizing AFTER 7/2/2011 are not eligible for funding.
- o Training for Teachers and School Leaders – funds may be paid directly to teachers when attending training outside contract days; district may hire trainer and hold training as part of district professional development and/or district may be reimbursed for substitutes needed when teachers attend training during contract period.

## Use of Capital Outlay Fund

- o SDCL 13-16-6 was amended in 2009 to allow specific expenditures from the Capital Outlay Fund. This flexibility is permitted through 6/30/2014.
- o Allowance of expenditures for:
  - o Energy costs and cost of utilities
  - o Property and casualty insurance
  - o Motor fuel
  - o Any portion of a contract for student transportation
  - o Mileage reimbursement to parents
- o Amount used from CO fund may NOT exceed 45% of the tax revenues deposited in that fiscal year (see worksheet on website for specific calculations).

# Use of Capital Outlay Fund

o <http://doe.sd.gov/ofm/schoolbudget.asp> worksheet for both 2012 & 2013

ADDITIONAL CAPITAL OUTLAY FUND COST CALCULATION SDCL 13-16-6				
Please complete Section 1 first!				
SECTION 1: Complete only section 1 if your current year levy is = OR < the base year levy (FY2008)				
Current year "total tax revenue deposited" - Revenue code 1110				
Delinquent taxes - Revenue code 1120				
Percent				45%
Allowable Amount to Charge the CO Fund			\$	-
SECTION 2: Complete sections 1 & 2 if the current year levy is greater than the base year levy.				
Actual 2011-2012 School Year				
	Base Year Levies		Current Year Levies	
July 1, 2007 to Dec 31, 2007 CO Levy				
July 1, 2011 to Dec 31, 2011 CO Levy (Pay 2011)				
July 1, 2011 to Dec 31, 2011 Valuation (Pay 2011)	-		-	
Tax Revenue	\$	-	\$	-
Tax Revenue- 1/2 year		\$		\$
Jan 1, 2008 to June 30, 2008 CO Levy				
Jan 1, 2012 to June 30, 2012 CO Levy (Pay 2012)				
Jan 1, 2012 to June 30, 2012 Valuation (Pay 2012)	-		-	
Tax Revenue	\$	-	\$	-
Tax Revenue- 1/2 year		\$		\$
Allowable Fiscal Year Total Levy		\$		\$0
Percent			45%	
Allowable Portion of Total Levy		\$		-
Ratio of fiscal year total levy to amount deposited				#DIV/0!
Allowable Amount to Charge the CO Fund			#DIV/0!	

## Websites – Add to “Favorites”

- o SD Dept. of Education - <http://doe.sd.gov/>
- o School district annual report -  
<http://doe.sd.gov/ofm/schfinance.asp>
- o Maintenance of Effort for IDEA/Title I -  
<http://doe.sd.gov/ofm/maintenanceofeffort.asp>
- o State Aid - <http://doe.sd.gov/ofm/statefunding.asp>
- o Federal Grant Payments - <http://doe.sd.gov/ofm/payment.asp>
- o Email list of Finance & Management DOE staff -  
<http://doe.sd.gov/Contact/ofm.asp>
- o Information provided during 2012 Legislative Session -  
<http://doe.sd.gov/secretary/2012legislature.asp>

## Department of Education Contacts

### o Susan Woodmansey

- o Phone (605) 773-4748
- o Fax (605) 773-6139
- o [susan.woodmansey@state.sd.us](mailto:susan.woodmansey@state.sd.us)
- o 800 Governors Drive
- o Pierre, SD 57501-2294

### o Bobbi Leiferman

- o Phone (605) 773-5407
- o Fax (605) 773-6139
- o [bobbi.leiferman@state.sd.us](mailto:bobbi.leiferman@state.sd.us)
- o 800 Governors Drive
- o Pierre, SD 57501-2294