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PRESENTS

LESSON PLAN

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BRINGING A UNIQUE UNDERSTANDING OF KEY ISSUES FACING PUBLIC SCHOOL DISTRICTS

FROM THE EDITOR - KEN CERINI, CPA, CFP, DABFA

Welcome to the most recent issue of the Lesson Plan, our newsletter designed to provide education and insight into what's happening in the public school district arena. With a client list that includes nearly a third of the districts on Long Island, providing internal audit and claims audit services, we feel it's important to regularly educate the sector on issues that they are grappling with. In this issue, we have included articles on: new session days, the school calendar, attendance reporting rules required for state aide; Provision 2, the benefits of providing breakfast to students; and W-9 and 1099 reporting practices. As an added bonus, as this is apple season, and education and apples seem to go hand-in-hand, we have thrown in an apple pie recipe, because my mom always says "the quickest way to a client's heart is through their belly" (sorry, she's 81 so I take whatever pearls from her I can get).

In addition to apples, fall means trips upstate to see the fall foliage (and 4+ hour drives back), and it also means school is in session for students all across the New York metropolitan area. Unfortunately, this is not necessarily the case for many students in Florida, Texas, Puerto Rico, the U.S. Virgin Islands, and several other countries in the Caribbean where the lives of many students were turned upside down by the numerous hurricanes that impacted those areas. In mid-October, NYSED issued a memorandum about accepting students who were displaced due to these storms. Schools are required to immediately enroll displaced students even if they cannot produce records normally required in the registration process. This includes documentation to support residency and immunization records. Under the McKinney-Vento Act, students in temporary housing can enroll immediately in a school in the district where they are temporarily living even if they do not have the documents normally needed or missed enrollment deadlines. In addition, these displaced children are eligible for free school meals, Title I services, and services to support students with disabilities and English language learners. The memo references guidance on how best to support these students academically, and to assist their transition to a new environment, many who may not have school and/or medical records. In addition, it discusses the potential for increased over-enrollment in special education classes if needed to accommodate these children. The guidance provided by the State will enable schools to ensure displaced students are back on track as quickly as possible.

Remember, we are here for you. If there is anything you need, or any questions you have, don't hesitate to call us, e-mail us, visit us, or just send us pies (we love pies).

Thanks,



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ATTENDANCE REPORTING FOR STATE AID

The State released a memorandum in April 2017 that provided guidance and clarification regarding session days, the school calendar, and reporting of attendance data for State aid purposes. The memorandum contained information regarding the requirement that school districts be in session for all students for not less than 180 days, including clarification regarding what can and cannot be included as a session day. A session day is defined as eligible for State aid when the day on which the schools of any district are in session includes not less than 5 hours per day and a minimum of 25 hours per week for elementary students (grades K-6), and 5.5 hours per day and a minimum of 27.5 hours per week for secondary students (grades 7-12).

Daily session hours include; time spent by students in actual instructional or supervised study activities, exclusive of time allowed for lunch/recess, and hourly units of time spent by all teachers and other instructional staff within a grade level or school building attending staff development activities relating to the implementation of new high learning standards and assessments as authorized by section 3604(8) of the Education Law.

There are different types of days that can be included in the 180-day requirement; these include days on which attendance is taken, days on which Regents examinations, State Assessments or local examinations are given, and days on which superintendent's conference days are held. Session days held in July or August (except superintendent's conference days scheduled during the last two weeks of August) will not count toward the 180-day requirement.

A district may include up to 4 superintendent's conference days per school year in the 180-day requirement when at least two of those conference days' staff development activities relate to the implementation of high learning standards and assessments are provided. The State also dictates that superintendent's conference days may include general staff orientation, curriculum development,

and in-service education or parent-teacher conferences. Currently, section 3604(8) of the Education Law states that such days may be used in hourly units totaling no more than 5 hours for each conference day.

School district officials may schedule as many as 4 shortened instruction days each semester for parent-teacher or staff conferences for part of the day provided that during the week in which the shortened instruction days occur, the minimum number of weekly hours of instruction are still provided. Therefore, normally, districts that provide more than the minimum hours of instruction per week can conduct shortened instruction days that counts toward the required 180 days. However, for districts that do not provide more than the minimum hours per week, district officials may combine a shortened instruction day with one or more hours of a superintendent's conference day to satisfy the minimum daily requirements. Holding multiple shortened instruction days in one week could result in a district failing to meet the required minimum hours of instructions per week.

There are also certain instances where it may be necessary for a school district to conduct shortened sessions for a brief period in order to cope with an emergency situation. These types of instances can occur at a district in one or more grade levels or school buildings as a result of an emergency situation such as destruction of a building. This type of shortened instruction day must be requested in writing by the district and approved by the Commissioner.

Additionally, the requirements set for the length of a school day do not apply should a school close early or open late due to extraordinary conditions (e.g. winter weather, natural disasters, utility failures, etc.). However, there are extraordinary conditions which may require a district to lose a whole day of session. In such circumstances, the Commissioner is authorized to excuse up to five days for extraordinary situations so long as those days could not have been made up by using all scheduled vacation days.

Lastly, Regents days, including rating days, count toward fulfilling the 180 required days of instruction, and attendance need not be taken on such days. The State stipulates that session days should not be scheduled after the June Regents examination period. The State also stipulates that for students in grades 5-12 taking local final examinations during the Regents examination period in January or June in a block-time format similar to the format for Regents examinations, attendance need not be taken and the minimum school day length requirement may be waived on such days. Furthermore, such days will count toward the 180 required days of instruction.

Lesson take-away: Start planning for the 2018-2019 school calendar as soon as possible. Make sure to consider scheduled holidays, and factor in any potential school closures and half days to ensure compliance with the State guidelines that determine eligibility for State aid.

NICHOLLE MEZIER, CPA, MBA & **CHRIS MAHER**
SENIOR ACCOUNTANT & STAFF ACCOUNTANT

PROVISION 2: THE BENEFITS OF BREAKFAST

Looking for ways to beef up your bottom line, engage students, and/or help the community? The US Department of Agriculture established a program that can do just that. In 1980, Provision 2 was developed to increase the participation of students in the **Federal School Breakfast Program (SBP)** in order to sustain an increase in revenue flow. Provision 2 is an option available to any district that participates in the SBP and/or the **National School Lunch Program (NSLP)**.

The program runs for 4 consecutive years and allows participating schools to provide an additional meal for their students at no cost to the student. Now, I bet you're wondering how exactly the district's benefits come into play. Let's take a closer look. **First**, as we discussed in our [Spring 2017 issue of the Lesson Plan](#), feeding your students' bellies in turn feeds their minds. The **National Education Association (NEA)** has published facts about child nutrition, and the negative impact missed meals and hunger have on a child's development and achievement. In addition, many studies have indicated that eating breakfast at school helps children perform better academically, improve attendance, and exhibit fewer behavioral and psychological problems. **Second**, this program comes at no cost to students during the first four years of the program regardless of their eligibility and households are relieved of the annual application material burden for 3 of the 4 years. **Lastly**, and most importantly, this program allows participating schools to reduce administrative costs by alleviating the application burdens to once every 4 years, and simplifying meal counting and claiming procedures.

Let's get into the requirements.

- ▶ Must have approval from the administering State agency before beginning Provision 2.
- ▶ Must serve NSLP and/or SBP meals to all participating children at no charge for up to 4 consecutive years.
- ▶ Traditional procedures for applications and eligibility must occur during the base year.
 - ▷ Distribute free and reduced price meal applications.
 - ▷ Make eligibility determinations for participating children.

▷ Notify households of their children's eligibility status and advise them that they must contact the school when their circumstances change as required by regulations.

▷ Take daily meal counts by type – **Free/Reduced/Paid** - at the point of service, or approved alternate and report counts for claiming meal reimbursement.

▶ Notify the media and distribute a letter to parents/guardians about the Provision 2 program at the beginning of the school year, unless the school is approved for delayed implementation.

▷ May use the non-pricing public release, which indicates that the school will not be charging any child, regardless of eligibility category, for meals.

▷ Should modify the letter to parents/guardians, to request that households eligible for free and reduced price meals complete the application so that the school can obtain proper reimbursement in order to continue providing meals to all children at no charge.

▶ May only implement Provision 2 in the breakfast program **or** the lunch program; must continue to obtain new applications each year and to take categorical counts for the program **not** operating under Provision 2.

▶ Amend the free and reduced price policy statement for Provision 2 and submit to the State agency for approval since regulations require such action when a significant change in free and reduced price policy occurs.

▷ Amendments must identify the school(s) that will implement Provision 2 and accurately reflect the meal counting and claiming procedures that will be used in that school(s).

▶ During **non-base** years:

▷ Must continue to notify the public, but may use a simplified public release.

▷ Do **not** distribute applications, conduct direct certification, or make eligibility determinations.

Now, how exactly does this program operate?

For 4 years, participating students will eat a meal for free and the participating school(s) will receive Federal reimbursement for the students that qualify for free

or reduced meals. However, the district will bear the responsibility for those students not eligible for free or reduced meals. The district portion is to be paid through the general fund or any fund except the cafeteria fund or Federal fund. Again, we see the eyebrows raise. *What happened to the district's benefit?* Remember, Provision 2 reduces the application and eligibility burden to once every 4 years. In other words, the district should see a reduction in administrative costs since the participating school doesn't have to make any new eligibility determinations during years 2, 3, and 4 of the cycle, and rather than counting meals by type, the school only needs to count the **total** number of **reimbursable** meals served each day. Reimbursement from the Federal Government during these years is determined by applying the percentages of free, reduced price, and paid meals served during the base year to the total meal count taken for the claiming period in subsequent years. Meals will still be reimbursed at the free, reduced price, and paid rates.

In addition, the implementation of Provision 2 has the potential to increase revenues while also reducing the administrative work load. Increasing participation throughout the district, regardless of a student's economic standing, can prove to be beneficial when taken into consideration economies of scale; the more participation, the more of a reduction the school will see in the cost per meal. Hence, implementing strategies to increase students' participation in the breakfast program will have a positive correlation in their revenues. A district participating in Provision 2 is no longer reliant on receipt of payments from households who would normally be paying the reduced price and full price for meals and is instead responsible for the difference between Federal reimbursement and meal costs. Therefore, the district must decide whether the administrative costs savings associated with the reduction of application, meal counting, and claiming procedure burdens under Provision 2, offset the costs of providing meals to all children at no charge. Provision 2 does not require a minimum percentage of the children enrolled be eligible for free or reduced price meals. However, Provision 2 may be a good alternative for schools with a high percentage of children eligible for free and reduced price meals.

At the end of the four year period, Provision 2 can be extended for an additional 4 years if the district's poverty level has decreased negligibly or remained the same. However, if the District experiences an increase in its poverty level at any point during the 4 year period, they should reestablish the base year's claiming percentages. If the poverty level increases there will most likely be an increase in free or reduced school meal eligible students, bearing less of a burden on the district. Also, the district is at no obligation to continue operating under Provision 2 and may go back to standard procedures at any time.

Reporting Data in Non-base Years: A Step-by-Step

Federal regulations require that enrollment and eligibility numbers related to such programs be gathered and reported on the October Claim for Reimbursement at least once a year. This regulation still applies for districts participating in Provision 2. However, since eligibility determinations were not made during the non-base years, adjustments need to be made to the base year numbers of students eligible based on the percentage increase/decrease in enrollment. As an example, in the base year, a school has the following enrollment and eligibility data reported in the October Claim for Reimbursement:

Enrollment:	100
Eligible Free:	70
Eligible Reduced Price:	20
Eligible Reduced Paid:	10

Now, let's say that during the first non-base year, enrollment increases to 110 students. This would indicate a 10% increase in enrollment and since no eligibility determinations are made in base years, adjustments need to be made to the base year eligibility numbers (*use standard rounding procedures for calculations*). Meaning the October Claim for Reimbursement numbers would look as follows:

Enrollment:	110
Eligible Free: 70 free from base year x .10 = 7 7 + 70 = 77 free for non-base year October report	77
Eligible Reduced Price: 20 reduced price from base year x .10 = 2 2 + 20 = 22 reduced price for non-base year October report	22
Eligible Reduced Price: Remainder	11

So, it all comes down to *"Is it worth it?"* And, well, this is where a district needs to evaluate its student population and the trends of its community to determine whether a program like Provision 2 has the potential to be beneficial. If your district fits the description, it may be time to sit down and consider whether the benefits of this program outweigh its costs.

NICHOLLE MEZIER, CPA, MBA
SENIOR ACCOUNTANT



W9 AND 1099 REPORTING: BEST PRACTICES

The fall is a wonderful time of year: cooler temperatures, leaves on trees turn beautiful colors, apples are in season (*which means apple pies in my house*), lots of festivities and holidays to celebrate, and students return to school (*well maybe not so wonderful for the student*). The fall also means a new business year for schools. With that, new vendor relationships are created, and existing vendor relationships renewed. Start this school year off by making sure you have obtained and are maintaining the most current vendor information.

Not to rush things, but the filing deadline for the 1099 tax form is only a few months away. Any vendor who performed work for your school district throughout the calendar and has been paid \$600 or more for the year, requires a Form 1099 to be filed. Basically, individuals, sole-proprietors, partnerships and **limited liability companies (LLC)** need to have a 1099 form sent to the IRS. If an organization is incorporated or if you paid them less than \$600 for the year, then a 1099 form does not need to be filed.

When is the filing deadline? The IRS changed the filing date for forms 1099-MISC reporting non-employee compensation in box 7 to the last day of January. This is the deadline regardless if you file electronically or on paper. For reporting 2017 payments, the due date for filing Form 1099-MISC is January 31, 2018.

Sometimes you can know which vendor will truly not need a 1099 filed for, but far too often we hear about unforeseen costs that were not predicted. For this reason, it is strongly recommended that you obtain a Form W9 for every vendor you work with. The form requests all the information you need for the 1099 reporting – the company’s legal business name, address, type of organization, and tax ID. **But don’t stop there.** We often hear from clients who refuse to complete the form, or don’t put the correct information on the form. If you don’t have the information to file the 1099, you can face penalties and fines from the IRS. Each 1099 is matched to the vendor’s tax ID/social security number so the IRS can easily determine if you failed to report. And now the IRS has six years to audit, not three, and the penalties for late filing have doubled.

It is the school’s responsibility to obtain the W9, make sure the information on the W9 form is correct, and timely file the 1099 forms. You need to determine if you need to withhold taxes from the vendor payment, and to do this, you need to make sure you have time to do so. Even if you have been dealing with the same vendor for many years, best practice is to get an updated W9 form just to make sure you have the correct information needed to file.

So start this process as early as you can so you can have a smoother 1099 reporting season, and enjoy that apple pie.

SHARI DIAMOND, CIA
DIRECTOR, INTERNAL AUDIT

APPLE CRUMB PIES MAKES 2 PIES

FIRST

1. Go apple picking. You should be making these in late September or early October. Best apples to use are mixture of Golden Delicious, Gala, Empire, Fuji. Use good eating apples, sweet, not sour or starchy. You will want to use about 4 very large apples to 6 small apples to a pie. Be careful not to use overripe apples as you will get a soggy pie.
2. Get a really big bowl for your peeled apples. Put in some water and a little lemon juice.
3. Unfortunately, the best way to peel an apple is by hand. Thicker apple slices just taste better. To peel, use potato peeler, then cut in half and use melon baller to take out core. Cut each half into about 4-6 slices depending upon size of apple. As you put peeled apples into bowl, make sure they are coated with some of the lemon water so that they do not turn brown. This makes a nicer looking pie.

NEXT

1. Pre-heat oven to 400 degrees.
2. Use 2 ready to bake, regular frozen pie crusts.
3. Let pie crusts thaw so you can poke some holes in crust with a fork.
4. Pre-bake crusts for 4-8 minutes until crusts just brown.
5. Remove cooked crusts from oven and let cool.
6. Make crumbs for **each** pie - **For 1 pie:** In a large bowl, mix together with your hands, 3/4 cups of flour, 1/2 cup sugar, 1/3 cup of butter and form into small crumbs. I usually make one giant crumb and then break it apart to the size crumbs I want.
7. Strain water out of bowl with peeled apples. Try to get out all of the water since the peeled apples will continue to release juice throughout the baking process and you don’t want a soggy pie.
8. Add 1 cup sugar and 2 tsp cinnamon to peeled apples in bowl and stir with large spoon to coat apples evenly.
9. Arrange half of the apple mixture in each crust. It is OK to pile the apples above the crust as the apples will fall a bit as they cook.
10. Arrange/balance half of crumbs on each pie, making sure to cover filling completely without pressing down on crumbs too much. Don’t worry, you’ll get better at this with practice.

FINISH

1. Bake in oven for 10 minutes at 400 degrees, then reduce oven temperature to 350 degrees and cook for about 35 minutes more until crumb top is golden brown. Remove from oven and let cool a bit on wire rack so you don’t burn your mouth on the hot filling.
2. Optionally, serve with fresh whipped cream or vanilla ice-cream.



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The Book Fairies asks schools to host a one week book drive where students and staff donate their unwanted books ranging in age from birth through adult. The books are redistributed to underprivileged children and adults across metropolitan New York. Since 2012, over 850,000 books have been donated to more than 500 high need schools and nonprofit organizations.

Schools who are in need of books:

High need schools and nonprofit organizations can receive free high interest new and gently used books from The Book Fairies. To qualify, the school or org. must have 50% or more students receiving free/reduced lunch or \$44,863 annual income for a family of four and be located on Long Island or New York City.

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