

Requirements for Maintenance of Effort (MOE) Calculation

To calculate the required amounts that represent MOE by a school district, the source data must originate from the school district's Annual Audit Reports. MOE calculations for two consecutive years are required as a condition to demonstrate that effort has been maintained for no less than 90% of the second preceding year's MOE amount. Annual Audit Report information from the preceding fiscal year and the second preceding fiscal year must be used as the basis for calculation of the two required amounts. Refer to federal Guidance for Title I Fiscal Issues to determine the preceding and second preceding years.

For the year considered, the first step is to *determine the actual, TOTAL LEA expenditures from the Audit Report (per the audited Location Reconciliation Schedule). Using this total, the second step is to exclude certain revenue and expenditures. These have specific topics with Function and Object numbers that provide the data amounts as follows:

Subtract:

<u>Federal Expenditures</u>	Schedule of Expenditures of Federal Awards (SEFA)
<u>Capital Outlay</u>	(All expenditures reported under Function 253 and all expenditures reported under Objects 500-599 for Instructional Functions 110-190, and Support Functions 210-252, 254-271)
<u>Debt Service</u>	(All expenditures reported under Function 500)
<u>Community Services</u>	(All expenditures reported under Functions 310-399)
<u>Pupil Activity</u>	(All expenditures reported under Function 272 and 273)
<u>Intergovernmental</u>	(All expenditures reported under Functions 411-417)

The third step is to divide the result of step two by the school district's 135-Day ADM for that same school year. This sum is the per pupil MOE amount.

The fourth step is to compare the per pupil MOE amount from the preceding to the second preceding year to demonstrate that no less than 90% of the MOE effort of the second preceding year has been maintained.

*Optional: A school district may use the aggregate expenditures of State and local funds to illustrate MOE. The aggregate expenditures for the preceding fiscal year must not be less than 90% of the aggregate expenditures for the second preceding fiscal year.

Directions for Electronic Worksheet Calculation of Maintenance of Effort (MOE)

The Excel worksheet is provided electronically for convenience of calculation. Determine the preceding and second preceding years (see federal Guidance). A worksheet must be done for each, using source data from the LEA Audit Report and the 135 ADM for each year. Enter amounts of Audit Report data for **Steps 1,2,3**, into the appropriate cell on the Excel worksheet. The calculation for **Steps 1,2,3**, will be performed automatically. **Step 4** requires data to be transferred from a prior worksheet to the cell in Step 4 for electronic determination of effort. **Paper copy of source data and worksheets must be maintained for Title I monitoring purposes.** Instructions are as follows:

Step 1:

Input the audit report **Total** LEA expenditures per the audited Location Reconciliation Schedule. This **Total** includes total expenditures as stated on the Statement of Revenues, Expenditures, and Changes in Fund Balances: Governmental Funds, **plus** the total expenditures amount from the Food Service Fund (See Schedule) and the Pupil Activity Fund (See Schedule).

Step 2:

List page number beside each data source or attach copy of dated report from accounting software using appropriate Function and Object numbers. Input amounts for the following items, which are **excluded** from the **Total** in **Step 1**:

Federal Expenditures – Use total from the Schedule of Expenditure of Federal Awards (SEFA).

Capital Outlay – A report from accounting software must reflect appropriate Functions and Objects. Retain copy for MOE file.

Debt Service – Use appropriate Statement or Schedule data.

Community Service – Use total from Statement of Revenues, Expenditures, and Changes in Fund Balances: Governmental Funds.

Pupil Activity Fund – Use Schedule, Functions 272, 273 only.

Intergovernmental – Use total from Statement of Revenues, Expenditures, and Changes in Fund Balances: Governmental Funds.

Step 3:

Input the 135 ADM data for this Audit Year from the district's official report to the Department of Education. The per pupil MOE will be calculated electronically.

Step 4:

Input the per pupil MOE calculated for the year now considered the second preceding year relative to the preceding year just calculated. The MOE determination is now completed automatically by formula statement.