

December 21, 2012

TO: School District Administrators

FROM: Ron Lankford, Deputy Commissioner, Financial and Administrative Services
Roger Dorson, Coordinator, Financial and Administrative Services

RE: December 2012 Financial/Governance/Transportation Information

December Foundation Payment Calculations

The December Basic Formula payment, including Classroom Trust Fund, was calculated using the most current data available for each district. Each month's calculation will be made using the most current data available reported by the district to DESE. It is important that the district compare DESE's calculations with those generated by the district.

The funding percentage as of the December payment is based on the most current data available and will no longer be held to a fixed percentage until the final reconciliation in June as has been the case the last two years. This will result in a monthly change in the percentage here forward. The funding percentage as of the December payment is 0.92647394. You are urged to monitor the percentage ratio each month for the remainder of the school year.

Please call or email School Finance (573) 751-0357 (finadmgo@de-se.mo.gov) with questions or concerns about the district's calculations.

Mid Year Fund Balance Reporting

The mid year fund balance reporting will occur as a part of the February Core Data cycle on Core Data Screen 35. Each district will be required to report the following information as of December 31, 2012:

- Incidental and Teachers Funds Unrestricted Ending Fund Balance as of December 31.
- Tax Anticipation borrowing in the Incidental or Teachers Funds between July 1 and December 31.
- Transfers from the General Fund to the Capital Projects or Debt Service Funds between July 1 and December 31.

Central Contractor Registration (CCR)

Central Contractor Registration (CCR) numbers must be renewed on an annual basis. Please visit <http://1.usa.gov/TOXNCf> to complete this renewal.

Please check the CCR expiration date indicated on August cycle core data screen 2. Upon renewal of the CCR please input the new expiration date on Core Data Screen 2, you must be in the August cycle to make this adjustment.

2013 ACH Transmittal Dates

The Automated Clearinghouse (ACH) transfer dates through June, 2013, as provided by the DESE Accounting Section for DESE monthly payments to districts and local education agencies are:

January 22, 2013
February 21, 2013
March 21, 2013
April 22, 2013
May 21, 2013
June 21, 2013

Changing Depository Banks

Districts changing banks or bank accounts must fill out an ACH/EFT Application form with the state of Missouri. The ACH/EFT Application form and instructions are located at <https://www.vendorservices.mo.gov/vendorservices/Portal/Default.aspx>, select Vendor Input/ACH- EFT Application on this webpage. The form must be signed by the school district, as well as the banking institution, and should be faxed directly to the Office of Administration at the number provided in the instructions on page 2. Questions may be directed to DESE's Accounting Section at 573-526-5157, Fax 573-526-2809. Reminder: when depositories are changed, the first payment issued after the change could be in the form of a paper check.

Federal Audit Report Filing Requirements

In addition to the state's audit requirements described in 5 CSR 30-4.020, schools must comply with the following federal audit requirements:

- Districts/charter schools that spend more than \$500,000 in federal funds (in total, not per program) are required to submit a data collection form and reporting package to the Federal Audit Clearinghouse at the U. S. Bureau of Census within the earlier of 30 days from the receipt of the audit report or nine months after the end of the audit period (March 31, 2013). The reporting package consists of the complete audit (financial statements and auditor's reports) and, as necessary, a summary schedule of prior audit findings and a corrective action plan for current year audit findings. Reports should be submitted to <http://harvester.census.gov/fac/collect/ddeindex.html>.
- Districts/charter schools that expend less than \$500,000 in total federal funds are not required to send a copy of the audit report to the Federal Audit Clearinghouse.
- A copy of the reporting package should also be sent to pass-through entities, including DESE, if the Schedule of Findings and Questioned Costs includes audit findings or a summary schedule of prior audit findings relating to federal awards provided by the pass-through entity.

School Calendar Requirements

Missouri statute directs that *each school board shall prepare annually a calendar for the school term* per Section 171.031.1, RSMo. Due to the fact that a number of school districts that have moved, or in the future may consider moving, to a school year of less than one-hundred and seventy-four (174) days, it has been determined that additional guidance should be provided to give greater clarity on what needs to be considered when setting such calendars.

School Calendar Options as Provided in Statute

School districts may operate under one of three possible calendar scenarios described below:

1. A traditional calendar may be adopted which requires the school board to provide a minimum term of at least 174 days and 1,044 hours of instruction, 171.031.1, RSMo.
 - a. Minimum required hours in a school day of 3 hours per Section 160.041.1, RSMo.
 - b. Maximum possible hours in a school day of 7 hours per Section 171.031.7, RSMo.
2. A calendar of less than 174 days may be adopted by the school board that provides a minimum of at least 1,044 hours of instruction, 171.029.1 RSMo.
 - a. Minimum required hours in a school day of 4 hours per Section 160.041.1, RSMo.
 - b. Maximum possible hours in a school day of 8 hours per Section 171.037.7, RSMo.
3. A calendar of 142 days (four days per week) may be adopted by the school board that provides a minimum of at least 1,044 hours of instruction, 171.031.1, RSMo.
 - a. Minimum required hours in a school day of 4 hours per Section 160.041.1, RSMo.
 - b. Maximum possible hours in a school day of 8 hours per Section 171.037.7, RSMo.

Points of Clarification

1. Districts must establish which type of calendar they will be operating under as well as the number of days they plan to

attend school prior to the opening of a new school year. In order to assure that the district has complied with this statute, the planned calendar will be reported to the Department on Core Data Screen 10 by August 15 of each year. Once the type of calendar has been established by the district the number of days of planned attendance cannot be amended or changed after the August 15 reporting date.

2. Districts that operate under the traditional calendar (174 days or more) may not attend fewer than 174 days or 1,044 hours except as forgiven by weather as established in Section 160.041, RSMo.
3. Districts that operate under a calendar of less than 174 days, and with a minimum of 1,044 hours, must attend the number of planned attendance days as certified to the Department on Core Data Screen 10 by August 15 of each year, except as forgiven by weather as established in Sections 171.033 and 160.041, RSMo.
4. Districts that operate under a calendar of 142 days, and with a minimum of 1,044 hours, must attend the number of planned attendance days as certified to the Department on Core Data Screen 10 by August 15 of each year, except as forgiven by weather as established in Sections 171.033 and 160.041, RSMo.
5. Section 163.021.1, RSMo, requires compliance with the minimum term for eligibility for state aid. A school day ending before the minimum required hours of class time does not count toward the day requirement and the hours do not count toward the 1,044 hour requirement. Since the day is not a legal school day, the hours and day do not count for state aid purposes. Such hours are not reported as a part of the school districts calendar and the attendance hours are not reported for the ADA calculation for state aid purposes.
 - a. Minimum required hours of class time to count as a school day:
 - i. School districts that provide a minimum term of at least 174 days and 1,044 hours of instruction must have at least three hours of class time to count day as an attendance day for calendar purposes.
 - ii. School districts that provide a minimum term of less than 174 days, and with a minimum of 1,044 hours, must have at least four hours of class time to count day as an attendance day for calendar purposes.

SCHOOL GOVERNANCE

School Life Safety Survey from the State Fire Marshall's Office

The Missouri Division of Fire Safety has developed a self assessment survey for school districts. This survey provides an excellent safety tool. To learn more about this you can contact the Missouri Division of Fire Safety, Inspections Unit:

Missouri Division of Fire Safety, Inspections Unit
P.O. Box 844
Jefferson City, Mo. 65102
573-751-2930
firesafety@dfs.dps.mo.gov

SCHOOL TRANSPORTATION

2012-13 State Transportation Aid Calculation

The fiscal year 2012-13 state transportation aid calculation is available through the School Finance website. Select Monthly Financial Reports. Input County-District number. The Payment Transmittal is then displayed. Click on the revenue name "Transportation" on the Payment Transmittal to access the transportation aid calculation. The link to School Finance Monthly Financial Reports is <http://dese.mo.gov/divadm/finance/FinancialRpt.html>.

This is the third live state transportation calculation made for the current year. The calculation is based on 2011-12 school year data submitted by the district on the state transportation aid documents included in Part IV of the Annual Secretary of the Board Report (Application for State Transportation Aid, School Bus and Facility Depreciation Schedules).

The percent of reduction to the calculated entitlement computed for the December 2012 calculation is shown below. This reduction percentage represents the amount the entitlement exceeded the appropriation and will fluctuate from month to month as revisions are made to individual school district data. The percent of reduction and the A and B factors are also reflected on each district's Summary Transportation Report.

The percentage reduction and the A and B factors are as follows:

	<u>Reduction Factor</u>	<u>A Factor</u>	<u>B Factor</u>
December 2012	63.144830	3.233527	-1.318758

Transportation Calculation Excel Spreadsheet Website Link

A Microsoft Office Excel spreadsheet of the transportation aid calculation is located on the school transportation website under Entitlement Calculation. Districts may download the program and enter the ridership, mileage, expenditure and revenue data and the program will calculate the district's transportation aid based on that data. The district may then save the program on its computer for future use. The proration percentage and the state constant A and B factors should always be updated with the most recent actual data and/or projected numbers, in order for the calculation to be as accurate as possible.

Deputy Commissioner's Comments

Revenue Trends YTD

	<u>YTD as of November FY12</u>	<u>YTD as of November FY13</u>	<u>Revenue Change</u>	<u>% Change</u>
Individual Income Taxes	\$2,060,000,000	\$2,130,000,000	\$70,000,000	3.40%
Sales & Use Taxes	\$776,200,000	\$780,800,000	\$4,600,000	0.59%
Corporate Inc. & Franchise	\$148,000,000	\$136,900,000	(\$11,100,000)	-7.50%
Other Collections	\$138,400,000	\$202,300,000	\$63,900,000	46.17%
Increase in Revenue YTD			\$127,400,000	4.08%
			<u>Refund Change</u>	
Refunds (YTD)	\$281,500,000	\$210,600,000	(\$70,900,000)	-25.19%
Net Revenue Status YTD	\$2,841,900,000	\$3,039,400,000	\$197,500,000	6.95%
	(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)			

Gaming Revenue YTD

	<u>Prior Year</u>	<u>Current Year</u>	<u>% Change</u>
Total Gaming Proceeds to Education	\$139,589,413	\$135,566,335	(2.88%)
Gaming Revenue Appropriated		\$319,696,995	
Percentage of Budget Year Reflected YTD		41.67%	
Percentage of Appropriation Realized YTD		42.40%	

By the time this memo is posted many districts will have closed for the Christmas Holiday break. It reminds us again of how quickly the years roll by. Seems it was only a short while ago we were planning for the opening of the new school year and now we are about to close another calendar year.

While everyone would have liked to have seen that there had by now been a robust positive change in the rate of revenue generated to fund state programs, that scenario cannot be reported. As you review the numbers above you will see the continued trend of the past couple of years that reflects growth, but at a very slow rate. The good news is that as we move to the mid-point of the year state revenue appears on track with the estimates in those sources listed above. The uncertain news centers upon dependence on the Lottery revenue and what will happen with budget reconciliation discussions in Washington. Hopefully, we will know more on the Federal situation prior to the upcoming break.

One thing I have learned in life is that some things are just beyond my control and as the result uncertainty is an ever present fact of life. I do know that there are some things I am able to influence by how I think and react to the situations around me. This reality was brought home in recent weeks when a former student suffered a life changing accident when he fell while placing decorations on his family's home preparing for this Christmas Season. Each day I now follow his progress on Facebook as he learns to deal with his new life circumstances at Craig Hospital, an acute care rehabilitation hospital in Colorado. To see his look of determination and the loving smile of his devoted wife as she encourages him toward the highest level of recovery possible has been an inspiration me and so many others. They have again reminded me that it is not the challenge, but rather how we deal with the challenge that defines us as a person.

I have no regrets that forty years ago I chose to spend my life in the field of education. Because of what we do we have the opportunity to positively affect the future of tomorrow's adult citizens. Though the challenges may seem daunting at times, we must maintain the resolve to overcome with the circumstances that may surface along the way. Best wishes and my best to you and your families as you enjoy time together in these final days of December and prepare to greet a new year.

Best Wishes



Ronald Lankford

The staff in School Administrative Services wishes you a safe and happy holiday season.

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