

July 24, 2012

TO: School District Administrators

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

RE: July Financial Information

### **July Payments**

#### Proposition C

The payment was based on the 2010-11 weighted average daily attendance (WADA) used in the June Proposition C payment. The August Proposition C payment may use the 2011-12 WADA.

#### Classroom Trust Fund

The payment was calculated using the 2011-12 average daily attendance data (ADA) if the ADA was greater than zero; otherwise, the 2010-11 ADA was used. Adjustments will be made in future months to reflect districts' 2011-12 data submissions.

Transportation – The payment was based on the June 2012 Transportation payment data and the FY 2013 Transportation allocation. The August payment will also use the June 2012 Transportation payment data.

### **2011-12 Audit Confirmation Report**

The 2011-12 Revenue Audit Confirmation Report provides a summary of all the payments made to the district during the 2011-12 year and is available at the web site listed below. The totals on the report should correspond to the district's records for each type of revenue received from DESE. Amounts received at times other than the regularly scheduled monthly payments (off-line payments) are not included on the audit confirmation. If an Annual Secretary of the Board Report (ASBR) revenue edit is generated and the difference is due to an "off-line" payment, describe the payment and the amount in the Remarks section of the ASBR. A Remark may also be necessary if an edit is generated because the district refunded monies to the state.

To print a copy of the Audit Confirmation Report, go to public applications on the DESE web applications website located at <https://k12apps.dese.mo.gov/webLogin/login.aspx> and follow the steps listed:

1. Select "Public Applications" on the login page
2. Select "School Finance Menu" on the page titled user applications
3. You will be directed to a District Select Page
4. Select the district for the audit confirmation you wish to retrieve and hit the select button
5. Select "Reports" on the next page
6. You will be directed to School Finance – Reports page
7. Make sure the year that is showing is the "2011-2012" year and the month is "June"
8. Select the Audit Confirmation link under the section titled Annual Financial Reports
9. Report will open in a new window

If the report does not open make sure you do not have a pop-up blocker turned on (tell the pop-up blocker to allow pop-ups on this site). Also, make sure you are using Microsoft Internet Explorer.

## Tax Rate Hearing Notice

Effective August 28, 2007, a new requirement was added to Section 67.110, RSMo, which requires each school district to include information regarding additional revenue to be received from new construction and reassessment separately and to show a percent of additional new revenue from reassessment in the tax rate hearing notice.

## Setting 2012-13 Tax Levies

The district should have received the 2012 State Auditor's Office forms for computing the 2012 tax rate ceiling for operations and the debt service maximum levy. These forms should be completed as soon as possible and forwarded through the appropriate channels. Establishing the tax rate ceiling is fundamental in determining the actual adjusted tax levy and the placement of the levy by fund. A tax rate calculator is available on the State Auditor's web page at [www.auditor.mo.gov](http://www.auditor.mo.gov).

A District Tax Reduction Worksheet (more commonly referred to as the Prop C Rollback Worksheet) is available on the web at <http://www.dese.mo.gov/divadm/finance/tools/>. For those districts completing the Prop C Rollback Worksheet, data for Line 1b (if applicable) may be found on Proposition C Compliance letters sent in May. Only districts that did not have a full waiver of Prop C in 2011-12 received a letter. A listing of districts that received Prop C letters can be found on the School Finance website by clicking on Data and Reports, clicking on Prop C and then clicking on Compliance Letters Sent. The data for Line 2a of the Prop C Rollback Worksheet and the data for Line 14 of the State Auditor's Office tax rate ceiling form can be found on the School Finance website by clicking on Data and Reports and then clicking on Estimated State Assessed Revenues used in the Tax Rate and Prop C Rollback Calculations. Districts who received voter approval for a full waiver of the Proposition C rollback do not need to complete the Prop C Rollback Worksheet.

## Estimate of Required Local Taxes Form

The **Estimate of Required Local Taxes** form is available in an Excel file version for districts to enter the appropriate information and print to send to the county(ies) in which the district is located. This Excel file is available at <http://dese.mo.gov/divadm/finance/tools/EstimateTaxes.xls> for use in filing the district's 2012 tax levies by fund with your county(ies). One form is to be sent to each county clerk in which the school district has assessed valuation. In addition to the summary information filed on the form, the unadjusted and adjusted levies by fund are reported.

The unadjusted levy for operations is defined as the tax rate ceiling for operations minus any voluntary rollback for operations. The tax rate for operations may be placed in the Incidental, Teachers and/or Capital Projects Funds at the discretion of the district. The unadjusted levy for the Debt Service Fund is defined as the State Auditor's calculated tax rate for debt service minus any voluntary rollback (the actual rate levied). The unadjusted and adjusted tax rates for the Debt Service Fund and the Capital Projects Fund are always the same because there is no rollback for Proposition C allowed in these funds.

The adjusted levy for operations is defined as the unadjusted levy for school purposes minus the Proposition C rollback in the Incidental and/or Teachers Fund, as appropriate, plus the Capital Projects Fund levy, if applicable. The total adjusted tax levy equals the adjusted levy for operations plus the adjusted levy for the Debt Service Fund. A district that does not have a Proposition C rollback (i.e., a district with a voter approved full waiver) will set the unadjusted and adjusted levies the same for each fund. Please pay particular attention to the asterisk footnotes on the form.

The information reported to the county(ies) on the **Estimate of Required Local Taxes** should be the same as that reported by the district on Screen 6 of the 2012-13 August Core Data Collection Cycle. If adjustments are made to the levies during the year, please ensure that the appropriate corrections are made with the county, State Auditor's Office and DESE on Screen 6 of Core Data. Direct questions regarding the completion of the **Estimate of Required Local Taxes** Excel file form to the School Finance Section at (573) 751-0357.

## 2011-12 Annual Secretary of the Board Report

The 2011-12 Annual Secretary of the Board Report (ASBR) program is available from the DESE Web Applications website located at <https://k12apps.dese.mo.gov/webapps/logon.asp>. Users may access the ASBR by entering an appropriate userid and password. The Web Applications website may also be accessed from the DESE and School Finance web pages by clicking on the "Web Application Login" link.

Updates, notes, or concerns relating to the ASBR or ASBR process will be listed on the School Finance WEB page at <http://dese.mo.gov/divadm/finance>, click on "ASBR".

*The 2011-12 Annual Secretary of the Board Report (ASBR) must be submitted on the WEB based format by the due date of midnight, August 15, 2012, or the September Basic Formula payment will be held until October. Continued delay in submitting the ASBR will result in a continued holding of the payment.*

Remember, simply placing ASBR data on the website does not equate to “submitting” the data to DESE. District staff must take specific actions to “submit” the 2011-12 ASBR. If the ASBR Status Page does not indicate a “submit date” in the appropriate column, the district’s ASBR has NOT been submitted.

### **HB 1543 (2010) Flexibility**

Sections 161.209 and 163.410 in House Bill 1543 (2010) grant school districts flexibility in certain expenditures during FY 2011, 2012 and 2013 if funding declines or the appropriation for transportation is less than seventy five percent. The flexibility provisions include:

- relief from MSIP resource standards
- waiver of the 1% professional development expenditure requirement
- waiver of the fund placement and expenditure requirements of Section 163.031, RSMo

### **June 2012 Cycle Attendance**

The June 2012 Cycle Attendance Report is available on the web for district review. To access this report log on to the DESE Web Applications website located at <https://k12apps.dese.mo.gov/webapps/logon.asp> and then select Data Collection. Once in the Data Collection system, change the year to 2011-12 and select the Reports option on the left hand side of the page. Select Summary Reports, and then select the desired report (for Attendance Hours Report, select the 2011-2012 year, click on Attendance Hours, and then click Get Report to view all buildings). The Attendance Hours Report shows the 2011-12 district attendance hours by grade by building and the average daily attendance for the building and the district. School Finance will contact districts when data quality concerns are noted.

### **September Membership Comparison**

September Membership reports are now available on the web. Log on to the DESE Web Applications Page located at <https://k12apps.dese.mo.gov/webapps/logon.asp> and then select Data Collection. Once in the Data Collection system, change the year to 2011-12 and select the Reports option on the left hand side of the page. Select Summary Reports. Two September Membership reports are listed for review. One report, the September Membership Comparison Report (SAR070R), compares September membership as reported by the district for the year selected and the prior year. The other report, September Membership Report (SAR080R), displays only the data for the year selected.

If there is a shift in membership numbers between the 2011 year and the 2010 year, the data indicators may have been reported incorrectly. The September 2011 membership data by county will be reported to each county to be used in various county payments to school districts during the 2012-13 year. The accuracy of the payments is dependent on the accuracy of the membership data. A January Membership report is also available.

Please review the membership data. If reporting errors are found, update the September 2011 membership via MOSIS. Remember, if a change is made to September membership, a corresponding change to enrollment may be necessary.

### **2012-2013 ACH Dates**

The 2012-2013 Automated Clearinghouse (ACH) transfer dates as provided by the DESE Accounting Section for DESE monthly payments to districts and local education agencies are:

|                    |                   |
|--------------------|-------------------|
| July 20, 2012      | January 22, 2013  |
| August 21, 2012    | February 21, 2013 |
| September 21, 2012 | March 21, 2013    |
| October 22, 2012   | April 22, 2013    |
| November 21, 2012  | May 21, 2013      |
| December 21, 2012  | June 21, 2013     |

### **Transfers – 7%, 5%, and Transportation**

The final \$162,326 or 7% x SAT x WADA transfer, the Designated Levy or 5% x SAT x WADA transfer and transportation transfer are available on the School Finance website at <http://dese.mo.gov/divadm/finance/transfers/>. These are the final calculations for the 2011-2012 year.

## ***School Governance***

### **Residency Issues**

It is approaching that time of year when students will be registering for school and the district will be dealing with residency issues. It would be advisable, especially for districts with new administrators, to review the district's residency policy and enrollment forms. Additional information on residency, such as an enrollment checklist and residency waiver, can be found on the school governance website at: <http://dese.mo.gov/divadm/govern/index.html>. If you have questions regarding residency call the School Administrative Services at (573) 751-0357.

### **Playground Safety**

The National Program for Playground Safety provides information to help insure safe playgrounds for schools across the nation. The NPPS website can be found as a link on the school governance web page under school safety or go directly to <http://www.uni.edu/playground>.

### **MSPMA Annual State Conference**

The annual state conference of the Missouri School Plant Managers Association will be held on September 30 - October 2, 2012, at the Lodge of the Four Seasons at the Lake of the Ozarks. A MSPMA membership form and registration form for the conference have been sent in a separate mailing. Please provide the conference information to the person in your district in charge of facilities. Additional information about the conference can be obtained by calling Mr. Tony Sloan, Executive Director, at (573) 443-0789. Registration and conference information is also available at <http://www.mspma.com/>.

## ***School Transportation***

### **Annual School Bus Driver Training Required**

Missouri law requires that each school bus driver receive at least 8 hours of annual training. This includes regular route drivers, sub drivers, activity and field trip drivers, and school district staff members such as coaches and teachers who drive school buses. Training records should include who attended the training, when the training was provided, and the contents of the training.

### **“Ride-Along” Programs For Bus Drivers’ and Staff’s Children**

DESE periodically reviews concerns relating to so-called “ride-along” programs that allow school bus drivers and other staff to bring their young children on school buses while driving their transportation routes, driving activity and field trips, or acting as chaperons and sponsors.

School buses are licensed pursuant to Sections 301.010 and 302.010, RSMo, solely to transport pupils to and from school or elsewhere for educational purposes. They are not licensed to carry the preschool-age children of the drivers and other staff or any children not enrolled in a school district program.

The current status of Missouri's governmental tort immunity law makes transportation services an area of critical concern for school districts. Specifically, Section 537.600.1(1), RSMo, provides that governmental tort immunity is expressly waived for:

Injuries directly resulting from the negligent acts or omissions by public employees arising out of the operation of motor vehicles or motorized vehicles within the course of their employment.

This means that public school employees may NOT have tort immunity protection when they are operating motor vehicles. Added to this is the possible distraction of drivers having one or more of their own young children to care for while supervising students on the bus. The Missouri State Highway Patrol has expressed similar safety concerns about driver distraction. DESE recommends that any ride-along program be reviewed with the district's liability insurance carrier.

## ***Deputy Commissioner's Comments***

Below is revenue data for FY12. As you can see, the revenue from the major sources grew at 1.98% compared to the prior year. With that growth and a decrease in refunds net revenue increased by 3.2% which was slightly above budget projections. While growth was limited it marks the second year of modest gains rather than significant losses as was the case in FY09 and FY10. Additional information will enable you to see the trend over the past six years. The state is still experiencing the challenges associated with a \$1.25 billion dip in revenues between FY08 and FY10. Hopefully FY13 will continue to move in a positive direction.

### **FY12 Revenue Report**

|                            | <u>YTD as of<br/>June FY11</u> | <u>YTD as of<br/>June FY12</u> | <u>Revenue<br/>Change</u> | <u>%<br/>Change</u> |
|----------------------------|--------------------------------|--------------------------------|---------------------------|---------------------|
| Individual Income Taxes    | \$5,630,000,000                | \$5,840,000,000                | \$210,000,000             | 3.73%               |
| Sales & Use Taxes          | \$1,810,000,000                | \$1,870,000,000                | \$60,000,000              | 3.31%               |
| Corporate Inc. & Franchise | \$537,300,000                  | \$502,900,000                  | (\$34,400,000)            | -6.40%              |
| Other Collections          | \$466,600,000                  | \$398,400,000                  | (\$68,200,000)            | -14.62%             |
| Increase in Revenue YTD    |                                |                                | <b>\$167,400,000</b>      | <b>01.98%</b>       |
|                            |                                |                                | <u>Refund<br/>Change</u>  |                     |
| Refunds (YTD)              | \$1,340,000,000                | \$1,280,000,000                | (\$60,000,000)            | -4.48%              |
| Net Revenue Status YTD     | \$7,103,900,000                | \$7,331,300,000                | <b>\$214,400,000</b>      | <b>3.20%</b>        |

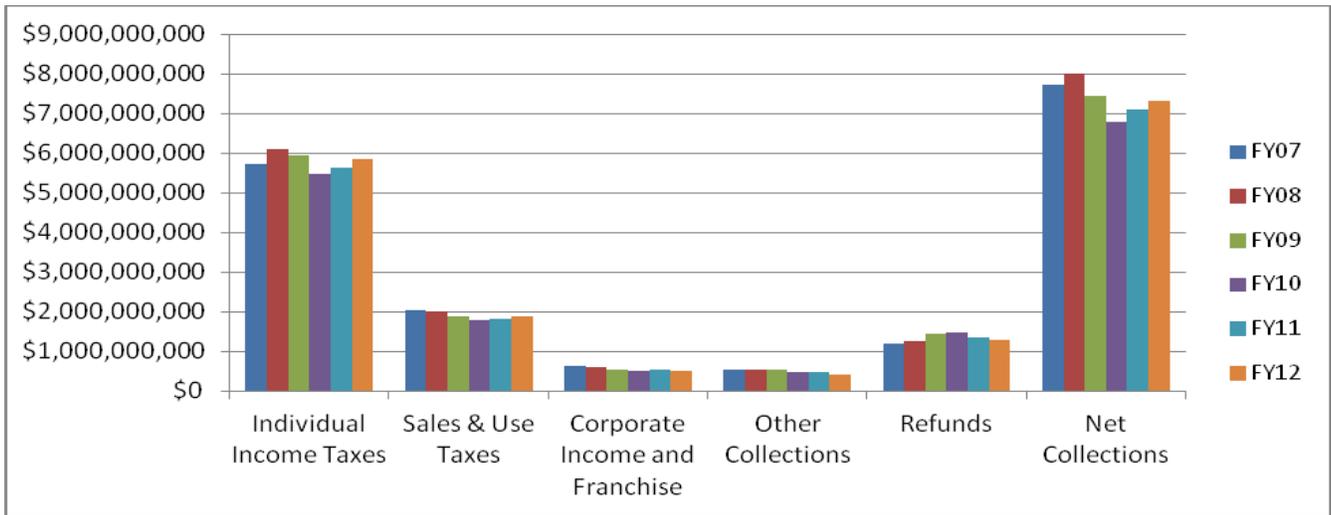
(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)

### **FY12 Gaming Revenue Report**

|  | <u>Prior Year</u> | Current Year  | % Change |
|--|-------------------|---------------|----------|
| Total Gaming Proceeds to Education       | \$341,404,093     | \$339,470,636 | -00.57   |
| Gaming Revenue Appropriated              |                   | \$354,500,000 |          |
| Percentage of Budget Year Reflected YTD  |                   | 100.00%       |          |
| Percentage of Appropriation Realized YTD |                   | 95.76%        |          |

### **Six Year State Revenue Trend**

| <b>Fiscal Year</b> | <b>Individual Income Taxes</b> | <b>Sales and Use Taxes</b> | <b>Corporate Income and Franchise Taxes</b> | <b>Other Collections</b> | <b>Refunds</b>         | <b>Net Collections</b> |
|--------------------|--------------------------------|----------------------------|---|--------------------------|------------------------|------------------------|
| <b>FY07</b>        | <b>\$5,726,545,000</b>         | <b>\$2,043,027,000</b>     | <b>\$631,737,000</b>                        | <b>\$523,852,000</b>     | <b>\$1,208,797,000</b> | <b>\$7,716,364,000</b> |
| <b>FY08</b>        | <b>\$6,110,159,000</b>         | <b>\$2,000,470,000</b>     | <b>\$613,499,000</b>                        | <b>\$538,145,000</b>     | <b>\$1,258,398,000</b> | <b>\$8,003,875,000</b> |
| <b>FY09</b>        | <b>\$5,935,195,000</b>         | <b>\$1,883,719,000</b>     | <b>\$528,280,000</b>                        | <b>\$544,480,000</b>     | <b>\$1,440,890,000</b> | <b>\$7,450,784,000</b> |
| <b>FY10</b>        | <b>\$5,483,884,000</b>         | <b>\$1,791,664,000</b>     | <b>\$502,174,000</b>                        | <b>\$465,829,000</b>     | <b>\$1,469,227,000</b> | <b>\$6,774,324,000</b> |
| <b>FY11</b>        | <b>\$5,630,000,000</b>         | <b>\$1,810,000,000</b>     | <b>\$537,300,000</b>                        | <b>\$466,600,000</b>     | <b>\$1,340,000,000</b> | <b>\$7,103,900,000</b> |
| <b>FY12</b>        | <b>\$5,840,000,000</b>         | <b>\$1,870,000,000</b>     | <b>\$502,900,000</b>                        | <b>\$398,400,000</b>     | <b>\$1,280,000,000</b> | <b>\$7,331,300,000</b> |



**July payment:** As we begin the distribution of foundation formula funds for FY13 it is the Department’s plan to distribute funds at a funding percentage of .91. We are urging districts to work hard to get their data reported as accurately as possible by the October reporting cycle. It is very important that accurate summer school numbers be provided by as soon as they are available. This will enable work to begin on prior year corrections and adjust the payment percentage accordingly. We remain optimistic that the payment percentage should be at or near .92 for FY13. Your assistance by reporting accurate data by October will be most helpful.

Hope all of you can find some time to catch your breath for a few days this month. It won’t be long before we begin the 2012-13 School Year. Thanks for all your hard work.

Best wishes

Ronald Lankford