

November 21, 2012

TO: School District Administrators

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

RE: November Financial Information

Annual Secretary of the Board Report (ASBR)

School Finance is releasing a new version of the Annual Secretary of the Board Report (ASBR). The new version is scheduled to be available to the public on December 3, 2012.

School Finance will be conducting a webinar on November 29, 2012, at 9:30 regarding the new version of the ASBR. Access to the webinar can be found at <http://dese.mo.gov/webinar/Webinar11-29-12-DFAS.htm>. A recorded version of the webinar will be available within a few days of the actual webinar.

November Foundation Payment Calculations

The November 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 data reported by the district to DESE. It is important that the district compare DESE's calculations with those generated by the district. Please call or email School Finance (573) 751-0357; webreplyadmsf@dese.mo.gov with questions or concerns about the district's calculations.

September 2012 Membership

September Membership reports are 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, select the 2012-2013 year and select the Report Menu option from the upper-right dropdown box. 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.

The September 2012 membership data by county will be reported to each county to be used in various county payments to school districts during the 2013-2014 year. The accuracy of the payments is dependent on the accuracy of the membership data.

Please review the membership data. If reporting errors are found, update the MOSIS October Student Core file and recertify the file. The corrected data will then flow to the WEB Core Data Screen 16. Remember, if a change is made to September membership, a corresponding change to enrollment may be necessary.

Transfer Projections – 7%, 5% and Transportation

Projections for the \$162,326 or 7% x SAT x WADA transfer, the FY06 Designated Levy or 5% x SAT x WADA transfer and the transportation transfer are available on the School Finance website at <http://dese.mo.gov/divadm/finance/transfers/>. These are preliminary calculations for the 2012-2013 year. Final calculations will be available June 2013.

Financially Stressed Charter Schools

The data on the 2011-2012 Annual Secretary of the Board Report (ASBR), as of October 1, 2012, indicated the following charter schools were financially stressed pursuant to the criteria in Section 160.417, RSMo:

048-921 Pathway Academy
115-915 Carondelet Leadership Academy
115-918 Grand Center Arts Academy
115-920 South City Preparatory Academy
115-921 Jamaa Learning Center

Mid-Year Fund Balance Reporting

The mid-year fund balance reporting will occur as a part of the February Core Data cycle as a manual entry 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.

Questions regarding this reporting should be directed to School Finance at (573) 751-0357.

Lease Purchases with a Third Party Not for Profit Corporation

We have recently received several inquiries regarding accounting for lease purchase transactions entered into with a third party corporation, pursuant to Section 177.088 RSMo. Guidance on this topic may be found under Topics and Procedures on the School Finance website at <http://www.dese.mo.gov/divadm/finance/topicsandprocedures/documents/sf-MLeasePurchase.pdf>.

In part, the guidance states,

”When a district enters into a lease purchase with a third party not-for-profit corporation to acquire a new building, the third party corporation will actually build and own the building for the term of the lease purchase agreement. All construction expenditures will be made by the third party not-for-profit organization. The school district **will not pay any construction costs**. However, the local board of education may review and approve all appropriate construction invoices/bills prior to the third party paying such invoices/bills. This reduces the possibility of doubling or inflating expenditures for the school district. **Construction expenditures will not be reflected in the school district’s accounting records.**“

This guidance is consistent with the requirements of Section 177.088, RSMo. Missouri law does not authorize any alternative methods of accounting for these types of transactions.

SCHOOL GOVERNANCE

Election Dates and Filings Information Update

The **2013 Missouri Election Calendar** provided by the Missouri Secretary of State’s Office is available at the following web address: <http://www.sos.mo.gov/elections/calendar/2013cal.asp>. Notice that the first day for candidate filing for school board member is December 11, 2012. **The district must provide an opportunity for**

candidates to file at 8:00 A.M. on December 11, 2012, and until 5:00 P.M. on January 15, 2013. If the office will be closed certain days during the holiday season, it would be helpful to publish the dates the office will be closed. Please study the calendar carefully.

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 second 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 November 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>
November 2012	63.107646	3.229451	-1.314745

EPA Announces School Bus Replacement Rebate Program

EPA's National Clean Diesel Campaign (NCDC) began accepting applications for a new rebate program on **November 13, 2012**. An important change in the Diesel Emissions Reduction Act (DERA) reauthorization was to allow EPA to award rebates. This first year of rebates will be a pilot program focusing on the replacement of older school buses in both public and private fleets. The total funding for this opportunity will be approximately \$2 million. To learn more about the rebate program, applicant eligibility and selection process, please visit www.epa.gov/cleandiesel/dera-rebate.htm.

NHTSA School Bus Recalls

NHTSA representative Ric Willard with the Office of Defects Investigation recently shared the following concern with NASDPTS. Please make sure that you are checking for any recalls on your school buses by going to the NHTSA website at <http://www-odi.nhtsa.dot.gov/defects/>.

A look back at six years' worth of mature school bus related recalls finds that only 65% of the buses involved have been remedied; that's more than 3% behind all other vehicles and 5% behind passenger cars over the same time period. Looking back over 10 years, nearly 1/2 million recalled school buses are currently being operated in this country with known and unfixed safety issues.

The Department of Elementary and Secondary Education does not discriminate on the basis of race, color, religion, gender, national origin, age, or disability in its programs and activities. Inquiries related to Department programs and to the location of services, activities, and facilities that are accessible by persons with disabilities may be directed to the Jefferson State Office Building, Office of the General Counsel, Coordinator – Civil Rights Compliance (Title VI/Title IX/504/ADA/Age Act), 6th Floor, 205 Jefferson Street, P.O. Box 480, Jefferson City, MO 65102-0480; telephone number 573-526-4757 or TTY 800-735-2966; fax number 573-522-4883; email civilrights@dese.mo.gov.

Deputy Commissioner's Comments**Revenue Trends YTD**

<u>YTD as of October FY12</u>	<u>YTD as of October FY13</u>	<u>Revenue Change</u>	<u>% Change</u>	
Individual Income Taxes	\$1,630,000,000	\$1,680,000,000	\$50,000,000	3.07%
Sales & Use Taxes	\$601,300,000	\$617,500,000	\$16,200,000	2.69%
Corporate Inc. & Franchise	\$127,700,000	\$129,900,000	\$2,200,000	1.72%
Other Collections	\$123,300,000	\$165,700,000	\$42,400,000	34.39%
Increase in Revenue YTD			\$110,800,000	4.46%
			Refund	
			<u>Change</u>	
Refunds (YTD)	\$224,400,000	\$168,100,000	(\$56,300,000)	-25.09%
Net Revenue Status YTD	\$2,257,900,000	\$2,425,600,000	\$167,700,000	7.43%
(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	\$114,756,240	\$112,427,972	(2.03%)
Gaming Revenue Appropriated		\$319,696,995	
Percentage of Budget Year Reflected YTD		33.33%	
Percentage of Appropriation Realized YTD		35.17%	

As of October 30, 2012, we have concluded one-third of FY 13. The positive impact relative to revenue largely remains due to a settlement that accrued to the Other Collections line in the budget. Those funds contribute significantly to the YTD revenue change as does the continuing decrease in the amount of taxes being refunded. The good news is that the revenues continue to move in a positive direction which gives us hope that Missouri's economy will continue to gain traction in the months ahead.

Each year our nation continues its tradition of the annual observance of Thanksgiving. It is my hope that as Americans we all take a few minutes to reflect upon the historical significance of this National Holiday. The annual tradition began in the midst of the Civil War in 1863 when President [Abraham Lincoln](#) proclaimed a national day of "Thanksgiving and Praise to our beneficent Father who dwelleth in the Heavens," to be celebrated on Thursday, November 26. During a time of major turmoil a United States President sought to bring a divided nation together by remembering a small group of Pilgrims who in 1621, one year after losing half of their fellow travelers who shared a common dream one year earlier, stopped to give Thanks for their first harvest. History reminds us that those who prevail during the most difficult times are also those who hold firms to their hopes and dreams for the future.

In spite of the difficulties and challenges we have faced in the past, as well as those we continue to deal with in the present, we should remain proud of the work we do to continue to provide opportunities for the young citizens of our state and our nation.

Best wishes



Ronald Lankford