

October 22, 2012

TO: School District Administrators

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

RE: October Financial Information

Annual Secretary of the Board Report (ASBR)

School Finance is working on a new version of the Annual Secretary of the Board Report (ASBR). In the September School Finance memo it indicated that it would be available to districts on November 5, 2012, this date has been changed and the updated release date is December 3, 2012. School Finance will be conducting a webinar on November 29, 2012, at 9:30 regarding the new version of the ASBR. More information regarding the new version of the ASBR and the webinar will be forthcoming.

October Foundation Payment Calculations

The October Basic Formula payment, including Classroom Trust Fund, was calculated using the best data available for each district. Each month's calculation will be made using the best 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.

Small Schools Grant

Section 163.044, RSMo, authorizes payments to small schools defined as districts with an average daily attendance (including summer school) of 350 or less. The allocation of the \$15 million appropriation requires that \$10 million be distributed to the eligible districts on an equal amount per prior year average daily attendance. The remaining \$5 million is distributed (on an equal amount per tax rate weighted average daily attendance) to the eligible districts with a current year adjusted Incidental plus Teachers Funds tax rate of \$3.43 or higher and any district which previously had a Incidental plus Teachers Fund tax rate of \$3.43 or higher but currently has a tax rate less than \$3.43 solely due to modification of such levy required under section 137.073.5(4), RSMo .

The first Small Schools Grant payment for 2012-13 was calculated in October using the best data available for each district. The October payment is 4/12ths of the annualized calculation. The remaining payments will be approximately one-twelfth of the annualized calculation. The district's calculation is available through the payment transmittal.

Attendance Reporting

For guidance regarding various attendance reporting scenarios please refer to the School Finance website at: <http://dese.mo.gov/divadm/finance/topicsandprocedures/documents/sf-AAAttendanceReporting.pdf>

Fiscal Year 2012 Audit Submissions

The following guidelines are provided for the Fiscal Year 2012 Audit Submissions:

- Audits, copies of board minutes approving the audit, and management letters should be submitted to School Finance as e-mail attachments to the address audits@dese.mo.gov. Attachments should be sent in Adobe .pdf format, version 9.0 or lower. File names should be structured in the format "County District Code Document FY 12" (ie, 001090AuditFY12 or 001090BoardMinutesFY12). In previous memos it was indicated that the

FY2012 audits would be submitted electronically through the IMACS systems; however, due to unforeseen circumstances this system will not be available for the FY2012 audits.

- The deadline for submitting audits is **December 31, 2012**. There is no longer any need to file for an extension of the audit deadline.
- Copies of board minutes and management letters may be submitted after the December 31 deadline. These documents should include all required signatures, which is a change from current practice.
- The school, not the auditor, is responsible for ensuring that the audit, board minutes, and management letter are submitted to School Finance in compliance with the provisions of the audit rule.
- To minimize the need for subsequent audit corrections, schools are strongly encouraged to complete the following checklist prior to submitting the audit:
 - The pages of the audit have been compared to the Table of Contents, and no pages are missing or out of order. Audits with missing pages may be rejected as incomplete.
 - The audit includes the auditor's signature and the date of the audit report. Audit reports that are not signed and dated may be considered a draft, not a final report. Draft reports cannot be accepted in satisfaction of the audit requirement.
 - The ending debt balances in the audit report (reported in the financial statements and/or Notes to the Financial Statements) agree to the balances reported in Part IV, Long and Short Term Debt, of the Annual Secretary of the Board Report (ASBR). Any differences should be reconciled.
 - The data reported on the Schedule of Selected Statistics agrees to the corresponding data on the ASBR and MOSIS/Core Data. If changes to the ASBR and/or MOSIS/Core Data are needed as a result of the review, please revise and resubmit corrections as soon as possible and notify your auditor of any changes.
 - The audit submission includes the district's Single Audit, if applicable. There is no provision in the rule allowing the Single Audit portion of the audit to be submitted at a later date.

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 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 171.031.7, 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 171.031.7, 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 district's 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.

Students Participating in the "School Flex Program"

Senate Bill 291 established the "School Flex Program" to create an incentive for potential dropouts to stay in school part-time and keep working toward a diploma. (See Section 160.539 of [Senate Bill 291](#).)

Students in grades 11 and 12 who have been identified by the school principal and the student's parent/guardian are eligible for this program. Participants in the Flex Program must: (1) attend school for at least two instructional hours per day within the district of residence; (2) pursue timely graduation; (3) provide evidence of enrollment and attendance at a college or technical school; or (4) provide evidence of employment that is aligned with the student's "career academic plan" (a personal plan of study developed in conjunction with the school district); (5) pursue regular requirements for a diploma; (6) maintain a 95 percent attendance rate; and (7) avoid suspension or expulsion while in the program.

School Flex participants shall be considered full-time students of the school district as long as the students are attending two instructional hours per day and enough additional hours to total a regular school day. These participants shall be counted in the school's average daily attendance for state aid purposes.

Additional information regarding the "School Flex Program" is available at:
<http://dese.mo.gov/divimprove/sia/documents/Schoolflexmemo9-30.pdf>

SCHOOL GOVERNANCE

No School Governance topics this month.

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 first 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 October 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>
October 2012	63.160027	3.232236	-1.313684

National School Bus Safety Week

National School Bus Safety Week is October 15-19, 2012. This Year's Theme is "**I See the Driver. The Driver Sees Me!**" A National School Bus Safety Week Resource Guide and Activity Booklet may be printed off the National Association of Pupil Transportation's website at http://www.napt.org/associations/3103/files/NSBSWdoc_Color.pdf.

School Bus Driver Seat Belt Use

5 CSR 30-261.010, RSMo (Requirements for the Operation of School Buses), requires school bus drivers to use their seat belt whenever the bus is in motion. Please verify compliance with this requirement within your school district.

Non-Conforming Van Use

Since July 1, 2001, any vehicle that transports 11 or more passengers including the driver that is newly purchased, leased, or contracted must be a school bus and meet all Missouri Minimum Standards for School Buses as well as all Federal Motor Vehicle Safety Standards for School Buses (with the exception of motor coaches).

This means that a school district cannot purchase, contract, or rent 12/15/17 passenger vans for the transportation of school children.

Change in Guidance for Bus Discipline for Students with Disabilities

Information regarding a change in guidance for bus discipline for students with disabilities as a result of the June 21, 2012, Office of Special Education Programs (OSEP) policy guidance letter to Sarzynski, can be found through an Administrative Memo posted at <http://dese.mo.gov/am/se/>.

Please review the memo carefully and contact the Special Education Compliance Section of the Office of Special Education at 573-751-0699 or secompliance@dese.mo.gov if you have any questions.

Deputy Commissioner's Comments

Revenue Trends YTD

	<u>YTD as of</u> <u>September FY12</u>	<u>YTD as of</u> <u>September FY13</u>	<u>Revenue</u> <u>Change</u>	<u>%</u> <u>Change</u>
Individual Income Taxes	\$1,250,000,000	\$1,290,000,000	\$40,000,000	3.20%
Sales & Use Taxes	\$467,100,000	\$471,000,000	\$3,900,000	.83%
Corporate Inc. & Franchise	\$103,500,000	\$105,000,000	\$1,500,000	1.45%
Other Collections	\$106,000,000	\$138,400,000	\$32,400,000	30.57%
Increase in Revenue YTD			\$77,800,000	4.04%
			Refund	
Refunds (YTD)	\$139,700,000	\$105,400,000	(\$34,300,000)	<u>Change</u> -24.55%
Net Revenue Status YTD	\$1,786,900,000	\$1,898,600,000	\$111,700,000	6.25%

(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	\$82,816,615	\$84,725,821	2.31%
Gaming Revenue Appropriated		\$319,696,995	
Percentage of Budget Year Reflected YTD		25.00%	
Percentage of Appropriation Realized YTD		25.90%	

The data provided above continues to reflect the slow positive trend in Missouri revenues. As has been pointed out, the revenue picture has been positively impacted to this point due to a settlement that was accrued to the Other Collections line in the budget. Those funds account for nearly one-half of the YTD revenue change. The other major contributor to the overall net revenue status is the continuing decrease in the amount of taxes being refunded.

Additionally, you will notice the Gaming revenues are in line with budget estimates. As you may recall the estimate for these funds was scaled back from last year's, the additional funds were allocated in the budget to offset that reduction. If by year's end state revenues are sufficient to fund the \$3.009 billion foundation appropriation districts should note that the amount allocated through the Classroom Trust fund will be slightly less than in FY12.

It is hard to believe that the current school year, as they always do, is passing so quickly. It is my hope that thus far you have had a successful year in the work you are doing on behalf of the young citizens of the state of Missouri. Thank you for your commitment to this very important work.



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