**Guidance for Reporting Revenues and Expenditures for School Construction**

Chapter 208 of the Acts of 2004 transferred the State School Building Assistance Program from the Department of Elementary and Secondary Education to a newly created Massachusetts School Building Authority (MSBA). A new state funding mechanism has been established that has significantly changed the disbursement of state school construction funds.

Prior to FY06, the Department of Elementary and Secondary Education would determine the payment schedule and therefore would populate the End of Year Financial Report (EOY) with the amount of state school construction aid distributed to cities, towns and regional school districts in each fiscal year. Cities, towns and regional school districts would then report their annual expenditures for school construction/renovation projects on each year’s EOY Report.

Since the Department of Elementary and Secondary Education no longer calculates and disburses these funds, **all districts** will be required to report **both the revenue and expenditures** for school construction projects on the annual EOY report.

**Revenues: Include all state revenues received and earned in FY12**

*Report all state revenues received/earned from the MSBA under the following categories in B. Revenue from State Aid – Mass School Building Authority – Construction Aid – Line 130*

- **Contract Assistance:** Annual payments made by the state to support a district’s long term borrowing for a school construction project.
- **Other:** This category includes:
  - **Progress Payments:** Periodic payments made by MSBA over the course of a fiscal year directly related to expenditures made by a city, town or regional school district in the same fiscal year.
  - **Lump Sum Payments:** MSBA payments made to support expenditures on a school construction project made by a city, town or regional school district in previous fiscal years.

**Expenditures:**

Expenditures supported through the state’s school construction grant program are capital in nature. These expenditures can be funded from various sources.

- **Long Term Borrowing:** Annual expenditures made in FY12 by a city, town or regional school district against a long term bond will continue to be reported in the 8000 series along with interest payment against those bonds.
- **Expenditures from local appropriation:** Expenditures made in FY12 from school committee budgets or from city, town or regional school district appropriation must be reported in the appropriate category of the 7000 series
- **Pay Down of Short Term BANS**: Local funds used to pay down BANS in FY12 must be reported in the appropriate category of the 7000 series.
- **Direct Payment to vendors**: Local funds used to directly pay vendors on behalf of a school construction project must be reported in the appropriate category of the 7000 series.

- **Expenditures from MSBA state revenue**: Expenditures made in FY12 from revenue received from MSBA must be reported in the appropriate category of the 7000 series.
  - **Pay Down of Short Term BANS**: MSBA funds used to pay down BANS in FY12 must be reported in the appropriate category of the 7000 series.
  - **Direct Payment to vendors**: MSBA funds used to directly pay vendors in FY12 on behalf of a school construction project must be reported in the appropriate category of the 7000 series.
- **Interest**: Interest incurred for short-term borrowing will continue to be reported in 5450.

**Examples:**

A. The city, town or regional school district bonded the total cost of an approved project over a 20-year period. *Report annual expenditures for principal and interest in the 8000 series.*

B. The city, town or regional school district bonds a portion of the total project cost over a 20-year period. The balance of the project cost was supported through annual city, town or regional school district appropriations. *Report annual principal and interest payments on the loan in the 8000 series. Report expenditures made in FY12 from city, town or regional school district appropriations to pay any part of the project cost in the appropriate category of the 7000 series.*

C. The city, town or regional school district issued BANS over the last four fiscal years to support the total cost of an approved school construction project. The city, town or regional school district received a lump sum payment from MSBA in FY12 and used these funds to pay down the BANS. *Report the expenditure to pay down the BAN in the 7000 series.*

D. The city, town or regional school district expends funds from local appropriation in FY12 for a school construction project. State construction aid received from MSBA was used to support the balance of the expenditure. *Report the total (from state and local sources) expenditure in the appropriate category of the 7000 series.*