



STATE AID UNIT, ROOM 507 WEST, EDUCATION BUILDING  
Tel. (518) 474-2977  
Fax. (518) 474-3547  
Web. <https://stateaid.nysed.gov>

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**TO:** Superintendents of Public School Districts  
State Aid Designees

**FROM:** Andrea Hyary, Bureau Chief  
Bureau of State Aided Programs

**RE:** Verification of Information Used To Calculate Building Aid On "Retro" Projects

Based on legislation enacted in 2001 and 2002, the State Education Department has created assumed amortization schedules for borrowings associated with “retro” projects approved prior to 12/1/01, and for which the first borrowing occurred before 12/1/01. The outstanding principal as of 7/1/02 on retro project borrowings is amortized according to these schedules, and beginning with the 2002-03 aid year, Building Aid payments are based on assumed debt service expense calculated by these assumed amortization schedules.

The intent of this legislation was that the data generating aid for retro projects become “static,” an unchanging data set, except for:

- a) new borrowings on additional project costs,
- b) the amortization of aidable costs of refinancing undertaken before the end of the 2004-05 school year, and
- c) changes due to final cost reports submission.

Toward this end, we are requesting that school districts verify the information used to calculate the assumed aidable debt service expense for retro borrowings. The information on file with SED can be viewed at <http://stateaid.nysed.gov>.

- Type in your district name in the box on the left labeled “Available Now: 2002-03 Output Reports.”
- When you get to your district’s data page, scroll down until you see a bullet labeled “2002-03 Aidable Debt Service for projects with debt still outstanding as of 7/1/02.”
- Clicking on this will take you to the bond level information you need to verify.

Explanations of the new building aid laws and calculations can be found on the State Aid web site in documents listed when you click on the Building Aid tab at the top of the home page.

Corrections to data relevant to borrowings associated with retro projects should be sent to the State Aid Unit, attn: Building Aid Unit staff. Requests for changes should be received by the State Aid Office by July 15, 2003. SED will not accept changes to source data affecting aid on retro borrowings after that date, except for the conditions listed above.

Below is a recommended list of data items to check for each issue with outstanding principal as of 7/1/02:

1. Check your copy of the SA-132 (amortization schedule) to make sure that:
  - . The bond sold date on your schedule matches the item labeled "*date of original issuance*" on the SED web report. (NOTE: If multiple bonds were issued on the same day, SED adds one day to the date of original issuance to have a unique date for each issue.)
  - . The amount of the issue matches the item labeled "*amount issued*" on the SED web report
  - . The "*Principal outstanding as of July 2002*" matches the principal outstanding as of July 2002 determined from the original amortization schedule.
  - . The *list of projects* associated with the issue on the SED web report is complete and correct based on a comparison to the retro projects listed on the face of the SA-132. (Retro projects are those that had Commissioner's approval prior to 12/1/01, and for which the first borrowing (BAN or bond) also occurred prior to 12/1/01)
2. Review the authorized borrowing history for the issue to verify the item labeled "*Original Term of Bond*" on the SED web report. The item on the SED web report should reflect the sum of the original bond term plus the number of years since the 1<sup>st</sup> BAN was issued prior to bonding.
3. Review the authorized borrowing history to verify the item on the SED web report labeled "*Period prior to 1 July 2002.*" This item should be verified by checking the number of years between the first borrowing associated with the list of projects under the issue (starting with any BANS that may have been issued prior to bonding) , and 7/1/02.

Please note that all issues (bonds and BANS) associated with the same list of retro projects should have the same "period prior to 7/1/02." Several examples of how to calculate the period prior to July 1, 2002 appear on the last page of this document.

4. On the SED web report project listing, check to make sure that at least one of the columns labeled "*New Constr. Cost,*" "*Additions Cost*" or "*Alt./Reconstr Cost*" contains a number. If they are all blank, the "Max Project Life" column will automatically be assigned a default value which will determine the calculation of the "Sel. Remaining Term for Amortization."
5. On the SED web report, the "Weighted Useful Life," "Blended Maximum Useful Life," "Selected Maximum Useful Life" and the "Sel. Remaining Term for Amortization" are all programmed calculations using the source data referred to in this memo. The Building

Aid tab on the State Aid home page contains a link labeled "Explanation of 2002-03 aidable debt service for projects with debt outstanding as of July 2, 2002" which explains these calculations in detail. No district verification is necessary for calculated items.

6. The "*Sel. Remaining Term for Amortization*" is calculated by SED in half year increments by subtracting the "Period Prior to 1 July 2002" from the "Selected Maximum Useful Life" associated with the bond issue.
  - a) If your district has refinanced a bond issue through the Dormitory Authority (DASNY), the half year increment has been truncated from the "Sel Remaining Term for Amortization." This is because DASNY does not refinance bond issues for half year increments. SED will restore the deleted half year to the "Sel. Remaining Term for Amortization" upon request.
  - b) If your district had to refinance in full year increments, and a half year increment has been truncated from the "Sel Remaining Term for Amortization," SED will restore the deleted half year to the "Sel. Remaining Term for Amortization" upon request.
  - c) If the "Sel Remaining Term for Amortization" for an issue has changed by more than a half year since the district refinanced, SED will, upon request, change the remaining term to what the SED web report displayed at the time of the refinancing.

You will be informed if additional documentation is required in order to change the remaining term for amortization.

7. If you have refinanced through DASNY, check that the "*Assumed Interest Rate*" on the SED web report is not displaying the statewide average interest rate of 4.5%. It should display the interest rate calculated by DASNY.
8. If you have refinanced the issue, the SED web report contains an additional set of data below the amortization information. For the items in the section labeled "*Additional Costs Attributable to refinancing*," check that items that reference items on the SA132-A match the data on the SA132-A form you submitted to SED.

Please note that all requests for changes must be submitted in writing via mail, fax or email. Fiscal advisors may submit requests for change on behalf of client districts if documentation requested by SED staff is provided. Districts should be carbon copied on requests submitted by fiscal advisors. SED will notify both the fiscal advisor and the district of data changes made by SED.

Thank you for your cooperation in this matter.

**CALCULATION OF "PERIOD PRIOR TO JULY 1, 2002"**

1. Count the number of whole years between the date of the first borrowing (BAN or bond) and 7/1/02.
2. Count the number of months after the whole years until 7/1/02.

Then,

if there are less than 4 months till 7/1/02, use the number of whole years as the period prior to July 1, 2002;

if there are between 4 and 8 months until 7/1/02, add .5 years to the number of whole years to determine the period prior to July 1, 2002;

if there are between 9 and 12 months until 7/1/02, add 1.0 year to the number of whole years to determine the period prior to July 1, 2002

**EXAMPLE 1.**

Bond Sold Date: 10/2/92

BAN with the same project list dated: 6/4/91

6/4/91 through 6/4/02 = 11 years

1 month until 7/1/02

1 month < 4 months: use the whole number of years as the period prior to 7/1/02

Period prior to 7/1/02 = 11 years

**EXAMPLE 2.**

Bond Sold Date: 10/2/92

BAN with the same project list dated: 2/2/91

2/2/91 through 2/2/02 = 11 years

5 months until 7/1/02

5 months is between 4 and 8 months: add .5 years to the number of whole years to determine the period prior to 7/1/02

Period prior to 7/1/02 = 11.5 years

**EXAMPLE 3.**

Bond Sold Date: 9/16/90 (No prior BAN)

9/16/90 through 9/16/01 = 11 years

9.5 months until 7/1/02

9.5 months is between 9 and 12 months: add one year to the number of whole years to determine the period prior to 7/1/02

Period prior to 7/1/02 = 12 years