DISTRICT FUNDING AND REPORTING BRANCH
DISTRICT FINANCIAL MANAGEMENT BRANCH

FINANCE NEWSLETTER

JULY-AUGUST 2015

KENTUCKY DEPARTMENT OF EDUCATION

Chart of Accounts and ORGs Update for July 1, 2015

KDE is implementing revisions to the Chart of Accounts (COA) and ORGs effective July 1, 2015. All web documents will be updated July 1, 2015. Descriptions have changed for some segments which will require a review to determine if your district is using that segment correctly. ORGs will need to be reviewed and manually changed.

Districts may begin using the segment changes in their Annual Financial Report (AFR) reporting for 2015-16 and the Working Budget reporting for 2015-16.

In reviewing the changes below, please use these identifiers:

-Segment name and/or description Changes in reporting (DC)

-Delete (D) -Add (A)

Chart of Accounts Revisions

Funds

6X Fiduciary Funds—Agency Funds (DC) (New funds to record student activity funds)

7XXX Fiduciary Funds—Pension, Investment, and Private-Purpose Trust (DC) (No longer use for student activity funds)

Functions

2160 Special Education Related Services change to Occupational Therapy Related Services (DC)

2161 Occupational Therapy (D)

2162 Physical Therapy (D) Change to 2180 (A) see below

2170 Visually Handicapped Services change to Visually Impaired/Vision Services (DC)

2180 Physical Therapy (A)

2521 Bids and Specifications (D)

2562 Internal Information (D)

2651 Vehicle Operations/Non-Student Bus Operations (D)

2690 Maintenance Scheduling (DC)

Program Codes

106 Traditional Programs (D)

940 Other Cocurricular and Extracurricular (A)

Objects

0160 Licensed (DC)

0170 Para-Professional (DC)

0210 Group Insurance (D) (must use detail)

0220 Employer Social Security (D) (must use detail)

0230 Employee Retirement Contribution (D) (must use detail)

0290 Other – Employee Benefits (D) (must use detail)

0555 Project Specifications Printing (D)

0561 Tuition Kentucky LEA now Tuition to Other School District Within the State (DC)

0562 Tuition Out-of-State LEA now Tuition to Other School District Outside the State (DC)

0581 Travel In-District now Travel Mileage (DC)

0582 Travel Out0of-District (D)

0584 Travel Out-of-State (D)

0650 Supplies Technology Related (DC)

0750 Intangible Assets (A)

0760 Infrastructure (A)

0833 Bond Issuance and Other Debt-Related Costs (DC)

0899 Other Miscellaneous Expenditures (DC)

Revenues

1750 Donations now Revenue from Enterprise Activities (DC) (Donations should be recorded in 1920 Contributions and Donations From Private Sources)

1970 Services Provided for Other Funds now Revenues from Other Departments in the Agency (DC)

3700 State Grants Through Intermediate Sources (A)

5244 NCLB Transfer to Title V –Delete

Balance Sheet

6122 Taxes Receivable Delinquent now Allowance for Uncollectible Taxes (Credit) (DC)

6194 Bond Premium Discount now Premium and Discount on Issuance of Bonds (DC)

7432 Construction Contracts – Retained Percentage now Construction Contracts Payable—Retainage (DC)

7481 Unearned Revenues now Advances from Grantors (DC)

8711 Capital Assets, Net of Related Debt now Net Investment in Capital Assets (DC)

8712 Unrestricted Net Assets now Unrestricted Net Position (DC)

8739 Restricted Net Assets now

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Restricted Net Position (DC)

Below are some necessary ORG changes due to functions changing. Please correct your ORGs accordingly.

ORGS Expenditure

ORG	Key Code	Fund	Standard 30 Character Description	Unit	Function	Program	INSTR Level
####049	049	#	Occupational Therapy	###	2160	229	##
####051	051	#	Occupational Therapy Services Admin	###	2160	200	##
###1949	949	1	Occupational Therapy	###	2160	209	##
####872	872	#	Physical Therapy Admin	###	2180	200	##
###1970	970	1	Physical Therapy	###	2160	209	##
####048	048	#	Visually impaired/Vision Services	###	2170	216	##
####050	050	#	Physical Therapy	###	2180	229	##

Balance Sheet

ORGs for these two for Balance Sheet have had a description change that will change the reporting of school activity funds.

6X Fiduciary Funds –Agency Funds These funds account for funds that are held in a custodial capacity by the school district for individuals, private organizations, or other governments. Agency funds may include those used to account for student activity funds. This fund may also be used to account for funds passed through the district acting as fiscal agent for an entity.

7001-7999 Fiduciary Funds—Pension, Investment, and Private-Purpose Trust Funds These funds account for assets held by a school district in a trustee capacity for others—e.g., members and beneficiaries of pension plans and other postemployment benefit (OPEB) plans, external investment pools, or private-purpose trust arrangements—and that therefore cannot be used to support the school district's own programs. Trust funds are generally accounted for using the economic resources measurement focus and the accrual basis of accounting (except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment health care plans; refer to GASB Statements 26, 27, 43, 45, 67, and 68 for guidance on the recognition of these liabilities).

						Fiduciary Funds Agency
6X	000	0000	000	00	6X	Balance Sheet Fiscal Agent Fund
6X	001	0000	000	00	6X0	Revenue Fiscal Agent Fund
						Fiduciary PPP Trust Fund (7XXX)
7XXX	000	0000	000	00	7X	Balance Sheet Trust and Agency Fund
7XXX	001	0000	000	00	7X0	Revenue Trust and Agency Fund

Changes to Professional (PSD) and Classified (CSD) Staff Data coming in September

There are several changes that were made to the PSD and CSD data submission for fiscal year 2015-16. The data submitted must be as of Sept. 15 for all employees that were hired through that date. Errors and Notes will now be listed by indicative number. The indicative number is the last four digits of an employee's SSN. With this in place the errors will be listed by employee and should be easier to fix all errors and notes for that person. Also, KDE will be checking salary tables to make sure everyone gave a 2 percent raise.

New this year:

PSD error numbers 4.40; 4.50; 13.00 and 14 are being changed to only check for errors for records that are tied to object code 0110 and 0111 for the grade and step reviews. It was brought to our attention that historically some districts have separate salary tables tied to extra duty (object 0112) that contain alpha characters, so it was changed to allow districts to continue using those salary tables for extra duty pay.

CSD #45 "Alert district of the number of Highly Qualified Paraeducators /Paraprofessionals being reported per NCLB" is a note and **has been removed**.

PSD/CSD #48 "Invalid fund number compared to Chart of Accounts" has been changed. The allowable funds beginning with 2015-16 data collection are funds 1, 2x, 360, 5x and 6x.

FY 2015 Financial Audit Contract Information

On June 18, 2015, the State Committee for School District Audits (SCSDA) approved the majority of the FY 2014-2015 audit contracts. The remaining audit contracts will be approved when all components of the contracts have been received. We plan to post the approved and signed audit contracts at http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx during the first week of July 2015. Please continue to check the website for additional approved audit contracts.

Due Date	Responsible Party	Required Information
July 25	District	Initial Annual Financial Report (AFR) and Balance Sheet (electronic reports) to KDE
October 1	Auditor	Audit Extension Request to KDE
November 15	Auditor	Audit Reports: • 1 signed paper copy to school district • 1 signed paper copies & 1 electronic copy to KDE • 1 signed paper copy to Single Audit Clearinghouse
November 15	District	Second AFR and Balance Sheet and Statement of Certification submitted electronically to KDE. Copy of Second AFR and Balance Sheet to Auditor.

For more information contact Jaime.Rice@education.ky.gov , (502)564-3846 x 4407 or Beth.Wheeler@education.ky.gov , (502)564-3846 x4425.

Indirect Cost Rates approved at the June Kentucky Board of Education (KBE) meeting

The FY16 indirect cost rates for all districts have been approved. All rates are posted to the KDE website: http://education.ky.gov/districts/FinRept/Pages/Fund%20Balances,%20Revenues%20and%20Expenditures,%20Chart%20of%20Accounts,%20Indirect%20Cost%20Rates%20and%20Key%20Financial%20Indicators.aspx. All districts completed the rate setting process by verifying the data through the SEEK Web submission form. Please keep in mind this will be an annual process usually occurring in March of each year. Resources regarding indirect costs can be found at: Indirect Cost Guidelines. Questions regarding indirect costs can be directed to Karen Conway karen.conway@education.ky.gov or (502) 564-3846 extension 4435.

Materials from Financial Reporting and Auditing Workshops posted on KDE website

Approximately 160 district finance staff and auditors attended the Financial Reporting and Auditing Workshops held at various locations across the state during the first half of June. KDE thanks all those who attended and thanks the presenters who volunteered their time to share their expertise during the workshops. All the materials presented at the workshops are now available on the KDE website on the District Financial Audits page at http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audits.aspx. If you have suggestions for future training events, please forward your comments to Steve Lyles at Steve.Lyles@education.ky.gov, LaTonya Bell at Latonya.Bell@education.ky.gov, or Chay Ritter at Chay.Ritter@education.ky.gov.

Business Continuity or Disaster Recovery?

We've heard these terms used interchangeably over the past several years when it comes to ensuring Munis is available to users. Do they mean the same thing? Yes, and both refer to ensuring you can continue your business operations in the event of a disruption in Falmouth, Maine,where your production environment is hosted.

Your purchase of the Munis Cloud solution includes a business continuity plan. The plan includes a set of servers in a secure facility in Dallas, Texas, that has not lost power in the last 25 years! Every evening your data and programs are sent to the Dallas data center and sit in wait in the event a disaster is declared.

An important part of any business continuity plan is testing it. It's important to ensure all components to access and run Munis are in place between the Dallas data center and the workstation on your desk. You may be thinking, "Hasn't Tyler tested this solution?", and the answer is "YES!" However, we cannot conduct this test from your workstation in your district.

In the fall of this year all Cloud districts will have the opportunity to perform a test connection to the Dallas data center. This is a first step to verifying the business continuity plan and as Tyler continues to expand the capabilities of the Dallas data center future tests will occur.

On-Behalf Payments

In FY2015, the Division of District Support will be providing a document entitled "On-Behalf Payments Summary Report FY2014-2015" that will be a summary of the districts' combined on-behalf payments paid by the Kentucky Department of Education (KDE), Kentucky Teachers' Retirement System (KTRS), and School Facilities Construction Commission (SFCC). The report will consist of payroll related on-behalf payment totals such as health benefits, federal reimbursement and KTRS; and technology, debt service, Kentucky Interlocal School Transportation Association (KISTA) on-behalf payment totals. The on-behalf payment totals will be recorded in one report as recommended by several districts. The report will be posted at http://education.ky.gov/districts/FinRept/Pages/On-Behalf-Payments-Information.aspx during the first week of July 2015; and it will be updated as information becomes available.

The On-behalf Payments webpage consists of six different categories along with the On-Behalf Payments Summary Report, On-Behalf Payment Instructions, contact information for each category, and other helpful tools and information. Below is a breakdown of the different categories available on this webpage:

- **Debt Service On-behalf Payments** – consist of the debt service payments paid by the SFCC. These totals are posted annually.
- **Federal Reimbursement of Health Benefits On-behalf Payments** – amounts for July 2014-May 2015 are available. June 2015 amounts will be mid-July 2015. These totals are posted monthly.
- **Health Benefits On-behalf Payments** – amounts for July 2014-June 2015 are available. These totals are posted monthly.
- **Kentucky Teachers' Retirement System On-behalf Payments** – Due to the implementation of the Pathway System, KTRS will no longer be providing the "KTRS Matching Calculation" spreadsheet. The final KTRS amounts are projected to be available to KDE in October 2015. Therefore, KDE strongly encourage districts to obtain the final KTRS amounts from the Pathway System.
- **KISTA Energy Savings Capital Leases On-behalf Payments** – consists of the KISTA energy savings capital leases payments paid by SFCC. These totals are posted annually.
- **Technology On-behalf Payments** – the July 2014-March 2015 technology payments are available. April 2015-June 2015 amounts will be available in the mid-July 2015. These totals are posted quarterly.

Please forward questions about individual category on-behalf payment spreadsheets to the contact for that category located on the On-Behalf Payments webpage.

Please forward questions about the On-Behalf Payment webpage to Gail Cox at gail.cox@education.ky.gov or (502) 564-3846, ext. 4462.

SEEK Transportation Funding Forms

Transportation funding forms are completed by school districts each year and transmitted to KDE to assist with transportation funding. The following are now web-based forms and must be completed by all districts online:

Transportation Growth Factor Adjustment Form
Transportation Adjustment EOY
Transportation Mileage Form (Formerly Bus Use Report)
Reimbursement Application for Transporting Pupils to Kentucky Vocational Schools (formerly VT-2) Revised 4/20/12

The SEEK Transportation Funding Forms for KSB/KSD are not Web Forms at this time. You will continue to print the form(s) and fax to KDE at 502-564-6771 Attn: Debra Vaughan

Kentucky Schools for the Blind and Deaf - Resident Trips
Kentucky Schools for the Blind and Deaf - Daily Trips

For more information contact:
Debra Vaughan
500 Mero St. 15th Floor CPT
Frankfort, KY 40601
Phone: 502-564-3846 x4450
debra.vaughan@education.ky.gov

Technology Leases Over $100,000 - FY2016 Changes

The Technology Leases Over $100,000 Checklist has been revised for FY2016 to include a finance officer approval letter/email confirming the funding source(s) and available funds along with some Technology Plan information. The checklist is located at: http://education.ky.gov/districts/FinRept/Pages/Technology-Leases-Over-$100,000.aspx.

Technology Leases *continued to page 5*

Technology Leases *continued from page 4*

Please submit the completed technology lease checklist along with the district's proposed technology lease agreement and other required documents by e-mail to Sarah Aitken (sarah.aitkin@education.ky.gov), Renee Thomas (renee.thomas@education.ky.gov) and copy Denise Hartsfield (denise.hartsfield@education.ky.gov) at the Kentucky Department of Education, Division of District Support.

Please forward technology lease questions to Sarah and Renee at the email addresses mentioned previously or (502)564-3846, extension 4412 (Sarah) and 4454 (Renee).

Unaudited AFR and Balance Sheet Submission Changes for 2015

The Unaudited AFR and Balance Sheet Guide Submission Error/Note Guide for 2015 will be updated on the web by July 1, 2015, and posted to the following page:

http://education.ky.gov/districts/Pages/MUNIS-Guides.aspx

New Errors and Notes:

Unaudited AFR Error #24.00 – This error now includes 0838 as an object code to be used only with Function 5100.

Notes – AFR -17 h "You are not using the correct expenditure object code for the project ENE. The correct codes are 0838 and 0839. Expenditure object code 0838 is for KISTA principal and 0839 is for KISTA interest.

Questions and concerns regarding the unaudited AFR and balance sheet submission process can be directed to: Carol Buell, carol.buell@education.ky.gov or Karen Conway, karen.conway@education.ky.gov and both can be contacted at (502)564-3846.

A New view of the Chart of Accounts

The Kentucky Department of Education (KDE) is making changes to the following webpage:

Chart of Accounts (scroll down to the section on this webpage to locate this section)

We added a document called Chart of Accounts revisions effective 7-1-15. We removed the Current Chart of Accounts effective 7-1-13 and the KDE Chart of Account Segment Descriptions. These two are being replaced by a PDF document that will have both the codes and the Chart of Account Segment Descriptions combined. We have also updated the Current Org Codes effective 7-1-15 and the Current Org List Quick Reference Guide Effective 7-1-15.

We are also working on producing an interactive document that could not be completed until the current document was updated for all of the description changes and updates. Look for it in the upcoming year. If you have any questions or comments please contact Karen Conway at karen.conway@education.ky.gov or (502)564-3846 extension 4435.

Job Class Codes for Family Resource Center Personnel

It has come to KDE's attention that some school districts are not using the MUNIS job class codes specified for FRYSC personnel. **ALL** Family Resource Center personnel must be placed in the correct job class codes in MUNIS. If the codes in MUNIS are incorrect, this creates an issue with state and federal reporting. Please correct your job class codes prior to submission of the PSD and CSD reports in September 2015. Job Class Code 7493 – Certified FYRSC Director/Coordinator I has been changed to read:

Education and Experience:

High school graduate, G.E.D., Associates degree or equivalent supplemented by three years of related work experience. Additional education will substitute for the required experience on a year-to-year basis.

Finance Officer Job Class Code Clarification

As of July 1, 2015, there shall be only one finance officer per district. The job class codes available are one of the following four:

0040 Director of Finance & Business
7166 Treasurer
7184 Director of Finance III
7185 Director of Finance II
7186 Director of Finance I (non-degree, grandfathered only)

Due to changes in 702 KAR 3:320 which are effective July 1, 2015, 7186 will not be available to use for Finance Officers hired after June 30, 2015.

KDE Office of Administration and Support
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Division of District Support Services
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