

FINANCE

NEWSLETTER



SEPTEMBER-OCTOBER 2014

KENTUCKY DEPARTMENT OF EDUCATION

AFR error - transfers

Error #15 Balanced Fund Transfers - This **ERROR** test checks that Fund Transfer Revenue Objects (52XX) equals Fund Transfer Expenditure Objects 091X with Function (5200) in the Year to Date Actual. If it is not balanced then districts will not be able to submit their Audited AFR until this has been corrected.

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Audited Annual Financial Report (AFR) Submission

The fiscal year 2013-2014 **audited AFRs** are due at the Kentucky Department of Education (KDE) on or before **Nov. 15**. Please remember that the FY2014 on-behalf payments are required to be recorded in the districts' audited AFRs prior to submission to KDE. Please refer to the FY 2014 on-behalf payments information at <http://education.ky.gov/districts/FinRept/Pages/On-Behalf-Payments-Information.aspx>.

Districts will submit audited AFRs electronically through the Web-submission process. There is one change regarding the files that will be submitted. MUNIS will generate five files AFD, AFF, ASR, BS, and the BSF. Districts will only submit four of those files: AFF; ASR; BS and the BSF. The AFF file is more detailed and will take the place of the AFD file that was sent in previous years.

The test window will open Oct. 15. Please check the box if you are submitting as a "test". The submission application will be open Nov. 1-15 and will allow only one submission from each district. The link for submitting AFRs is <https://odss>.

Capital Funds Request

The FY2015 Capital Funds Request (CFR) form, instructions and guidelines are available at the following link: <http://education.ky.gov/districts/FinRept/Pages/Capital-Funds-Request.aspx>.

The CFR documents have been revised to provide additional clarification and further expedite the review/approval process. The changes are reflected in red type. Some key revisions to the CFR guidelines include:

The CFR form and supporting documents must be submitted **together** by

education.ky.gov/webforms/.

For additional help, please click the "+" beside the "Title: General Ledger- Year End" at <http://education.ky.gov/districts/Pages/MUNIS-Guides.aspx> and select *MUNIS Annual Financial Report Guide STW GL 2 or Audited_afr_download_error_correction_guide 2014*

Also, districts must submit the original signed **Statement of Certification** to KDE on or before **Nov. 15**. This statement certifies that all audit adjustments have been entered into MUNIS and the Annual Financial Report and Balance Sheet submitted to KDE are in agreement with the audit report. The Statement of Certification is inside the *Audit Contract Information for FY2013-2014* package at <http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx>

If you have any questions related to audited AFRs, please contact the Division of District Support by sending an e-mail to finance_reports@education.ky.gov. The subject line should read "Audited AFR - (insert district name)."

Federal Reimbursement of Health Benefits Timeline & District Contact

The Kentucky Department of Education's Division of District Support (DDS) would like to remind districts that the Federal Reimbursement of Health Benefits files and payments <http://education.ky.gov/districts/FinRept/Pages/Federal-Reimbursement-of-Health-Benefits.aspx> are due to the division after the districts run their end of the month payroll. The districts' files and payments will be considered late if their files and payments are not received **within 30 days after their last end of the month payroll**. At that time the DDS staff will begin communicating with the districts' Federal Reimbursement of Health Benefits contact(s) regarding the outstanding files and payments for the previous month's premiums.

District finance officers are encouraged to review and update the districts' Federal Reimbursement of Health Benefits contact(s) annually in order to ensure that the outstanding

file and payment notifications are sent to the appropriate district personnel promptly. The DDS recommends that the district has at least one contact and one backup contact listed.

The district contacts should be the person(s) who generates and uploads the Federal Reimbursement files and who initiates the Federal Reimbursement payments. The backup district contact can be the finance officer.

Please provide the following information:

- district contact's and backup contact's first and last names
- district contact's and backup contact's telephone numbers and extensions
- district contact's and backup contact's email addresses

Please email the requested information to Gail Cox at Gail.Cox@education.ky.gov.

Fidelity (Performance) Bonds & Depository Bonds

If during the fiscal year, the district needs to make changes to the Fidelity Bond and/or Depository Bond information that has already been approved by KDE the district will be required to update the end date of the current information. The beginning date on the new information should follow the end date of the current information. The district will be required to submit the current and the new information to KDE. It is the responsibility of the districts to ensure that their Fidelity Bond and Depository Bond information submitted to KDE is correct and current.

If districts have change(s) to their approved information in the SEEK application, please contact [Gail Cox](mailto:Gail.Cox@education.ky.gov) at gail.cox@education.ky.gov or 502-564-3846, ext. 4462 for the SEEK application window to be re-opened to allow the districts to make changes for approval.

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e-mail to Denise Hartsfield at denise.hartsfield@education.ky.gov in the Kentucky Department of Education's Division of District Support.

Restricted funds approved for use in the CFR process may be used for general operating expenses such as: KISIT workman's compensation expenditures **and** KISBIT property liability expenditures, which must be expended in FY2015.

A copy of the districts' detailed gross and net of federal rebate Debt Service Schedules must be submitted with the initial CFR request. The Debt Service Schedules must reflect the principal, interest, federal rebates, other debt service reimbursements and the gross and net amount for FY 2015 in separate columns on the schedule.

The debt service schedule information should be obtained directly from the district's fiscal agent.

New supporting documents may need to be submitted with the CFR to KDE based on the funding sources. For example, if the district plans to use leftover or residual funds in the Construction Fund 360, then a "Project Bud-

New Link for Federal Reimbursement of Health Benefits File Submission

The "Federal Reimbursement of Health Benefits" file submission web form location has changed. The new link to use in order to upload the districts' Federal Reimbursement files is <http://opsupport.education.ky.gov/frs/Default.aspx>. Please continue to upload the districts' Federal Reimbursement files as you have done in the past the only change is the new link.

Please refer to the following "Federal Reimbursement of Health Benefits" website that consists of the Federal Reimbursement instructions, guides and new link to the file submission web form.

<http://education.ky.gov/districts/FinRept/Pages/Federal-Reimbursement-of-Health-Benefits.aspx>

If you have questions, please contact [Gail Cox](mailto:Gail.Cox@education.ky.gov) at gail.cox@education.ky.gov or 502-564-3846, ext. 4462.

get Report" from MUNIS will be required to support the amount(s) being requested, along with a BG-5 approval or BG-4 approval.

Districts using the School Facilities Construction Commission (SFCC) escrowed funds from odd-numbered years must submit a copy of the approval from the SFCC to use such funds **with** the CFR form and any other required supporting documents.

Districts whose CFR expenditures are related to construction or renovation projects not on the district's facilities plan must submit a Project Application Form (BG-1) to the KDE's District Facilities Branch concurrently with the CFR.

Please forward CFR questions relating to the facilities review to Greg Dunbar at greg.dunbar@education.ky.gov and questions relating to the financial review to Jeffrey Coulter at jeffrey.coulter@education.ky.gov or (502) 564-3846 ext. 4459 or Jaime Rice at jaim.e.rice@education.ky.gov or (502) 564-3846 ext. 4407.

Finance Report Card Video

The Kentucky Department of Education (KDE) is adding a Finance tab to the School Report Card to improve the transparency and accessibility of the financial data already published on the KDE website. The Finance Report Card is subdivided into five categories of information: Financial Summary (which is similar to the Key Financial Indicators template available on the KDE website), Revenues and Expenditures, SEEK, Taxes, and Salaries. Since the financial data exists at the district

level only, a school-level view of this information is not available.

This information may be helpful to superintendents and finance officers in preparing reports and analysis for the local board and can be a valuable tool in budgeting and financial planning processes. In addition, a district may wish to compare data among other similarly situated districts for further analysis. The complete data sets are available in Excel format to facilitate sorting, filtering, and comparison of

the data elements. The Glossary includes descriptions and calculations of each data element.

To become more familiar with the Finance Report Card, please view this 8-minute video: <http://mediaportal.education.ky.gov/finance/2014/07/finance-report-card/>.

Questions concerning the Finance Report Card may be directed to Susan Barkley at susan.barkley@education.ky.gov or to Chay Ritter at chay.ritter@education.ky.gov

PSD/ CSD Submission Notes for Review of Superintendent Salaries Has Important Change

During the confirmation of the finance report card data some districts noted discrepancies between the superintendent salary reported (based on the PSD data submitted to KDE) and the actual salary due to miscoding by districts. To prevent future discrepancies, KDE is adjusting the PSD edit checks in place for the superintendent salary information.

A new PSD submission note, number 31, has been added to verify whether the superintendent salary reported represents multiple individuals.

For example, is the salary for an interim and a new superintendent both reported? Districts are given two options: Yes, our district is reporting multiple superintendent salaries or No, our district is not reporting multiple superintendent salaries.

PSD submission note number 33, "Verification of Superintendent's Salary", has been revised to require resubmission of the data if the superintendent salary is incorrect. KDE

combines object codes 0110, 0111, and 0112 to determine the salary amount. Districts are asked to review the salary total for those object codes to ensure it is the amount the district intended to report and select one of these options: Yes (this salary is correct) or No (this salary is incorrect and we will need to correct before submitting). The "No" response will stop the PSD submission to allow the district to correct the superintendent salary and resubmit.

Also, please ensure that the amount reported for superintendent salary on the PSD submission agrees to the amount reported via the superintendent compensation survey. If those amounts do not agree, KDE will contact the district to resolve the difference. (It is important that each part of the contract salary for base pay, extended pay and extra duty pay all be reported in the separate fields provided in the compensation survey because we will be comparing each field to PSD records.)

Publishing Requirements

The budget bill (HB 235) includes language regarding the publishing requirements for the school district annual financial statement. These provisions are valid from July 1, 2014 – June 30, 2016. Publishing options include newspaper, online, the public library, or a combination thereof. Following is the language from HB 235:

- (5) **Publishing Requirements:** Notwithstanding KRS 160.463 and 424.220, public availability of the school district's complete annual financial statement and the school report card shall be made by publishing the documents in the newspaper of the largest general circulation in the county, electronically on the Internet, or by printed copy at a prearranged site at the main branch of the public library within the school district. If publication on the Internet or by printed copy at the public library is chosen, the superintendent shall be directed to publish notification in the newspaper of the largest circulation in the county as to the location where the document can be viewed by the public. The notification shall include the address of the library or the electronic address of the Web site on the Internet where the documents can be viewed.

New Listserv for School Bookkeepers

The University of Kentucky LISTSERV has created a distribution list for Kentucky School Bookkeepers.

To participate, go to <http://www.coe.uky.edu/lists/kylists.php>, enter your name and email address and click on *Subscribe to List for "KYSCHBOOK"*. Members can email questions or comments to kyschbook@lsv.uky.edu and everyone subscribing to this list serve will receive the email.

Affordable Care Act – Update on Progress and Reporting

By Oct. 2, 2014 Kentucky school districts determined to be Applicable Large Employers (ALE) should be in the final stages of tracking and reporting hours of service for all variable hour employees in completing the first measurement period under the Affordable Care Act. The data collected during this measurement period will be used to determine the eligibility status for employees to receive offers of health insurance coverage for plan year 2015. These offers of coverage shall be provided to eligible employees during the upcoming administrative period running from Oct. 3 – Dec. 31, 2014.

Please keep in mind that the IRS is providing transition relief for 2015 for employers subject to the employer shared responsibility provision by requiring offers of coverage to at least 70% of full-time employees before the district will be subject to an assessment. That means a district will not be subject to a penalty as long as 70% of the full-time and full-time equivalent employees are offered health care coverage. For 2016 the law will revert back to the original substantial compliance provision that requires offers of coverage to 95% of eligible full-time employees before the district will be subject to an assessment.

Employer reporting for plan year 2015 will be due to the IRS by March 31, 2016, and statements to employees will be due by Jan. 31, 2016. The IRS has proposed that this data will be reported on Form 1095-C. While the IRS has not finalized all of the reporting requirements, the Office of KIDS, DEI, and KDE are continuing to work with Tyler/MUNIS to ensure that all reporting elements required by the IRS will be transmitted successfully to each district. For each district at this time, current and timely processing of terminations will be critical in order to minimize retroactive activity. Changes made to employee data after filing form 1095-C to the IRS will result in processing Corrected Form 1095-C.

More information will be provided once the IRS has finalized the reporting requirements. Please forward questions to Melissa Sullivan at melissa.sullivan@

KISTA Financed Bus Orders

The late order date for ordering School Buses is Nov. 14, 2014. In order to allow sufficient time for bond approval by the District Financial Management Branch prior to the buses being ordered KISTA financed bus orders should have a participation resolution sent to Ross Sinclair Associates (RSA) not later than Nov. 1, 2014. The point of contact at RSA is Lincoln Theinert. He can be reached at (800) 255-0795 or ltheinert@rsamuni.com.

Growth Factor Report Due to KDE

The Growth Factor Report is due to KDE ten (10) days after the last day of the second school month, but no later than Nov. 1 of each school year. This report includes the following information for the first two (2) school months:

- aggregate days' attendance and absence
- race and gender count
- nonresident/non-contract students
- overage and underage students

All information is reported by school, grade level and by transportation code.

The Growth Factor Reference document for the 2014-2015 Growth Factor Report is attached.

Please submit the Growth Factor Report via the Kentucky Department of Education Web site at <http://opsupport.education.ky.gov/attendancereports/>. You may contact Steve Young if you have questions at Steve.Young@education.ky.gov or (502) 564-5279 X 4423.

Monthly Financial Report for Local Boards

House Bill 154, passed by the 2014 General Assembly, includes a requirement that the district finance officer present a detailed monthly financial report for board approval to include the previous month's revenues and expenditures of the district and that the report be posted on the district website for a minimum of six months after its approval. Although the legislation does not specify a particular report, the Kentucky Department of Education (KDE) recommends using the MUNIS Balance Sheet and the MUNIS Monthly Financial Report (generated for all funds) to fulfill this requirement. Instructions for generating these reports are found on the KDE website at <http://education.ky.gov/districts/Pages/MUNIS-Guides.aspx>. While options exist regarding the specific columns of information that can be included on the reports, KDE recommends including (at a minimum) the optional columns of Percent Used, Last FY Actuals, and Encumbrances.

For example, at the August board meeting, the finance officer would provide the July 2014 financial information for board approval. Subsequently, the district would post the approved report on the district's website for a minimum of six months following the meeting.

Questions regarding the monthly reporting requirement can be directed to Susan Barkley, susan.barkley@education.ky.gov or (502) 564-3930, ext. 4437.

PSD/CSD Submission

The PSD/CSD Submission is due Oct. 1. The window for testing and submission will open Sept. 15. This year all notes **must** be answered. The window closes on Oct. 15. Please review the July/August Newsletter article describing the changes in the submission guide.

Technology Leases over \$100,000

702 KAR 3:300, Section 2 limits technology lease term to the five (5) year useful life of the equipment and approval of the district's technology plan. The Technology Leases Over \$100,000 Checklist is located at [http://education.ky.gov/districts/FinRept/Pages/Technology-Leases-Over-\\$100,000.aspx](http://education.ky.gov/districts/FinRept/Pages/Technology-Leases-Over-$100,000.aspx). Please submit the completed technology lease checklist along with the district's proposed technology lease agreement and other required documents by e-mail to Jeffrey Coulter (jeffrey.coulter@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 Jeffrey Coulter at the email address mentioned previously or 502-564-3846, ext. 4459.

Who Does What in the Division of District Support?

The Kentucky Department of Education's Division of District Support (DDS) personnel may be reached at the telephone and extension numbers listed in the Who Does What In DDS document at <http://education.ky.gov/districts/FinRept/Pages/Finance%20Officer%20Training,%20Insurance%20Guidelines,%20Key%20Financial%20Indicators,%20Financial%20Management%20Calendar,%20Finance%20Newsletter.aspx>. This document is updated periodically throughout the fiscal year. Please dial the 10-digit telephone number and then enter the extension as soon as the automated system answers to contact a specific staff member.

*KDE Office of Administration and Support
Associate Commissioner Hiren Desai
Division of District Support Services
Director Kay Kennedy, Assistant Director Susan Barkley*

FirstName.LastName@education.ky.gov

<i>District Funding and Reporting Chay Ritter - Manager Staff Karen Conway, Carol Buell, Sarah Aitken, Jana Cox, Renee Thomas</i>	<i>District Financial Management LaTonya Bell - Manager Staff Ken Smith, Jeffrey Coulter, Gail Cox, Debbie Landrum, Brenda Withrow, Melissa Sullivan</i>
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*District Facilities Branch
Greg Dunbar, Manager
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