

FINANCE

NEWSLETTER



MAY-JUNE 2015

KENTUCKY DEPARTMENT OF EDUCATION

FY 2015 Audit Contracts

The audit contract requirements (including the audit contract) for fiscal year 2014-2015 are now available for review or download at <http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx>. **Please take a few minutes to review the requirements as several changes have been made.** A few important items to note:

- The **Audit Acceptance Statement** document has been converted to a web form that will be submitted through KDE SharePoint. If a district wishes to contract with the same auditor it has used for five consecutive fiscal years, then the district will need to provide an explanation justifying why the district continues to use the same auditor within the Audit Acceptance Statement web form.
- The district will need to certify the **Statement of Certification (SOC)** statement by selecting the SOC option during the electronic submission process of the FY 2014-2015 Audited AFR and Balance Sheet to KDE. Therefore, the paper version of the Statement of Certification form is no longer required to be submitted to KDE.
- The auditor is required to submit only one hard copy and one electronic copy of the district independent audit reports to KDE.

The following FY2015 items are due to the Kentucky Department of Education on or before Thursday, May 28:

- Audit Acceptance Statement web form datassigned contract
- latest peer review report
- letter of response and KYCPA Peer Review Committee letter (if applicable)

The State Committee for School District Audits (SCSDA) is scheduled to meet to consider approval of the audit contracts on Thursday, June 18. Factors that could affect the contract approval include the auditor's latest peer review rating and the audit contract's estimated cost. Once the audit contracts have been approved by SCSDA and the State Committee Chair has signed the contracts, the contracts will be posted to the District Financial Audit Contract Web page referenced above. KDE will inform districts when the approved contracts are posted to the Web page through the Commissioner of Education's Monday superintendent's e-mail or Fast Five on Friday e-mail.

Please remember that an audit contract is not official until all the required signatures are on the contract. Also, SCSDA annually approves audit contracts for one fiscal year only.

Please forward audit contract questions to Jaime Rice at jaime.rice@education.ky.gov or (502) 564-3846, ext. 4407.

Please forward Audit Acceptance Statement web form technical and submission issues to Patrick Galloway at patrick.galloway@education.ky.gov or (502) 564-3846, ext. 4400.

Audit FAQs and important audit information for school districts

A list of frequently asked audit questions and answers are available on the Kentucky Department of Education's (KDE) website at <http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audits.aspx>. Topics include KDE's review of AFRs and audit reports, A-133 Desk Review high-level findings, required reporting information for Kentucky Teachers' Retirement System and a variety of other topics.

The Important Audit Information for School Districts document is also located at the above website and it consists of helpful audit resources that will assist districts in selecting an auditor and preparing for the audit.

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Please forward audit questions to Jaime Rice at jaime.rice@education.ky.gov or (502) 564-3846, ext. 4407 or Beth Wheeler at beth.wheeler@education.ky.gov or (502) 564-3846, ext. 4425.

Capital Funds Requests

The fiscal year 2014-2015 Capital Funds Request (CFR) forms are due to the Kentucky Department of Education (KDE) **no later than May 30, 2015**. CFR forms and all required supporting documents must be submitted by **e-mail** to Denise Hartsfield at denise.hartsfield@education.ky.gov. Please include on the CFR form the MUNIS object expenditure code, MUNIS or itemized description, expenditure amount requested in whole dollars only, and any FY 2015 associated BG-1(s), if applicable, and required signatures. If the CFR involves major maintenance, repairs or improvements to facilities or any construction projects, a BG-1 form also must be submitted with the CFR through the new BG-1 electronic submission process at BG1ProjectApp@education.ky.gov. If the CFR includes the use of funds escrowed due to SFCC participation, approval to use those funds must be obtained from School Facilities Construction Commission (SFCC) <http://sfcc.ky.gov> and forwarded to KDE with the CFR.

Please remember that the CFRs are intended to be used by districts experiencing difficulty in meeting general operating expenses.

Upon approval of the CFR by KDE, the district **may** make transfers out of the restricted funds (310, 320 or 360, as applicable) into the appropriate fund for expenditure. Please note the district is **not required** to make those **planned** expenditures.

****All expenditures made in connection with a FY2015 CFR must be made by June 30, 2015. Any FY2015 CFR funds approved by KDE that have not been expended by June 30, 2015 will revert back to the original source. Only**

the actual expenditure amount shall be transferred and recorded as expenditure and **not** the maximum approved amount. ******

KDE needs sufficient time to process and approve all CFRs prior to the end of the fiscal year so districts can accurately report those funds on their financial statements. Please be mindful of the local board of education's board meeting dates as the districts consider submitting FY2015 CFRs and their associated BG-1s. Any CFRs submitted to KDE **without** all the required supporting documents by May 30 may prevent the CFR from being approved by June 30.

The FY2015 Capital Funds Request form, guidelines and examples are located at: <http://education.ky.gov/districts/FinRept/Pages/Capital-Funds-Request.aspx>.

FY2016 CFRs will not be accepted by KDE until after July 1, 2015.

Please forward CFR questions to the following KDE staff:

- CFR submission process – Denise Hartsfield at denise.hartsfield@education.ky.gov or (502) 564-3846, ext. 4401
- Finance review – Sarah Aitken at sarah.aitken@education.ky.gov or (502) 564-3846, ext. 4412, Renee Thomas at renee.thomas@education.ky.gov or (502) 564-3846 ext. 4454, or Carol Buell at carol.buell@education.ky.gov or (502) 564-3846 ext. 4438
- Facilities and BG-1 reviews – Greg Dunbar at greg.dunbar@education.ky.gov or (502) 564-4326, extension 4429

Finance Officer Certification Requirements

Starting July 1 any new finance officers hired in a district will need to meet the new Finance officer certification requirements set forth in [702 KAR 3:320](#). A web link will be made available soon for new finance officers to use for the application of provisional certification and the Kentucky Finance Officers Internship program. Current finance officers will also fill out the application of provisional certification and check the box for being grandfathered in. If you have any questions contact Carol Buell at carol.buell@education.ky.gov or (502) 564-3846 extension 4438, or Jana Cox at jana.cox@education.ky.gov or (502) 564-3846.

FY2015 KTRS On Behalf Payments

Due to the implementation of the Pathway System, which consists of the FY2015 Kentucky Teachers' Retirement System (KTRS) On Behalf Payments, KTRS will no longer be providing the Kentucky Department of Education (KDE) with the "KTRS Matching Calculation" spreadsheet. Districts may use the KTRS On Behalf Payment amounts within the Pathway System to record the on behalf

payments in their FY2015 Unaudited AFRs that are due to KDE on or by July 25.

KTRS will continue to provide KDE with the final FY2015 KTRS On Behalf Payments in October 2015 or sooner, which will be posted to KDE's On Behalf Payments webpage at <http://education.ky.gov/districts/FinRept/Pages/On-Behalf-Payments-Information.aspx>. Due to the timing

in which KDE receives the final KTRS On Behalf Payments and the districts' FY2015 Audit Reports and Audited AFRs being due to KDE on November 15, 2015, KDE recommends that the districts use the final KTRS On Behalf Payment amounts within the Pathway System in their FY2015 Audit Reports and Audited AFRs .

Please forward KTRS On Behalf Payments questions to the following

FY2015 KTR *continued to page 3*

KTRS representatives: Heidi Yates at Heidi.Yates@ky.gov or Mark Whelan at mark.whelan@ky.gov or (502) 848-8500.

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

FY2015 revenue/refunding bond documents reminder

This is a reminder for districts who are selling revenue or refunding bonds to please verify and work with your fiscal agents and bond attorneys to ensure that the required bond sale documents listed below are submitted for review and approval to the KDE's Division of District Support a **minimum of 10 working days prior to the scheduled bond sale date.**

1. Preliminary Official Statement - (fiscal agent)
2. Notice of Bond Sale - (bond attorney)
3. Official Terms and Conditions - (bond attorney)
4. Plan of Financing- (fiscal agent)
5. Bond Payee Disclosure Form Report (optional) - (fiscal agent)
6. For **Revenue Bonds**, in addition to the items above, please submit the **post bid documents and revised BG-1** to conform to bids to **KDE's District Facilities Branch.**

Please email items 1 through 5 to Jeffery Coulter at jeffrey.coulter@education.ky.gov, Jaime Rice at jaime.rice@education.ky.gov, Beth Wheeler at beth.wheeler@education.ky.gov, and LaTonya Bell at latonya.bell@education.ky.gov.

Please submit electronically item 6 documents and BG-1 to KDE's District Facilities Branch email account at BG1ProjectApp@education.ky.gov.

If the bond sale documents are not received by KDE's Division of District Support prior to the deadline referenced above the district's bond sale date will be subject to postponement.

Please forward Revenue Bond Sales and KISTA Educational Facilities Lease Revenue Certificates of Participation Bond Sales questions to Jeffery Coulter at jeffrey.coulter@education.ky.gov or 502-564-3846, ext. 4459.

Please forward Refunding Revenue Bond Sales and KISTA Equipment Lease Certificates of Participation Bond Sales (Bus Purchase) questions to Jaime Rice at jaime.rice@education.ky.gov or 502-564-3930, ext. 4407 or Beth Wheeler at beth.wheeler@education.ky.gov or 502-564-3930, ext. 4425.

Fidelity (Performance) Bonds

The Fidelity (Performance) Bonds information for fiscal year 2015-2016 is due to the Kentucky Department of Education (KDE) by **July 1** to be approved by the commissioner of education. The "Fidelity (Performance) Bond for Treasurer Exposure Calculation Report FY2015-2016" has been posted to the KDE website below. The window to the SEEK Application Fidelity Bond Web form will be opened on **June 1** for districts to begin submission.

Please refer to the "Bonds" Web page, "Fidelity (Performance) Bond" section for all reports and instructions: <http://education.ky.gov/districts/FinRept/Pages/Bonds.aspx>

Please forward "Fidelity (Performance) Bond" questions to Gail Cox at (502) 564-3846, ext. 4462 or gail.cox@education.ky.gov.

Bond of Depository

The Bond of Depository information for fiscal year 2015-2016 is due to the Kentucky Department of Education (KDE) by **July 1** to be approved by the commissioner of education. Each year the districts are to update their Penal Sum and Collateral Market Value by **July 1**. KDE has posted the "Bond of Depository Penal Sum Worksheet & Example" at the "Bonds" website below to assist the districts in calculating their Penal Sum. The window to the SEEK Application Depository Bond Web form will be opened **June 1** for districts to begin submission.

Please refer to the following "Bonds" Web page, "Bond of Depository" section for the "Bond of Depository Web Base Form Submission Instructions": <http://education.ky.gov/districts/FinRept/Pages/Bonds.aspx>

Please forward "Bond of Depository" questions to Gail Cox at (502) 564-3846, ext. 4462 or gail.cox@education.ky.gov.

On-Behalf Payments

The fiscal year 2015 "On-Behalf Payment Instructions" have been posted to the On-Behalf Payments website located at <http://education.ky.gov/districts/FinRept/Pages/On-Behalf-Payments-Information.aspx>. The "Health Benefits On-Behalf Payments" and "Federal Reimbursement of Health Benefits On-Behalf Payments" are posted to the website **monthly**.

The FY2015 on-behalf payments, including the health benefits, Kentucky Teachers' Retirement System (KTRS), technology, debt services, and Kentucky Inter-local School Transportation Association (KISTA) energy savings capital leases, are **required** to be recorded in the fiscal year 2015 unaudited and audited Annual Financial Reports (AFRs).

Please forward on-behalf payment questions to Gail Cox at (502) 564-3846, ext. 4462 or gail.cox@education.ky.gov.

Dates to Remember:

May 30 – FY2015 Technology Leases Over \$100,000 due to KDE

May 30 – FY2015 Capital Funds Requests due to KDE

June 1 – FY2016 Fidelity Bond Web form window application opens

June 1 – FY2016 Bonds of Depository Web form window application opens

July 1 – FY2016 Fidelity (Performance) Bonds information due to KDE

July 1 – FY2016 Bonds of Depository information due to KDE

Munis v10.5 Upgrade

As of the end of April over 60 districts have upgraded to Munis V10.5 in their Live environment and over 500 Munis clients are also on this version. If you haven't upgraded consider the following:

- Bryce Davis of Tyler at bryce.davis@tylertech.com is your contact to schedule your Test and Live upgrade
- Your IT staff will need to make network/firewall changes found in the Munis Infrastructure Migration District Operations Guide on the KDE website
 - Before upgrading Test or Live, all DIA conditions must be cleared
- Don't delay your Live upgrade. Schedule it as soon as you schedule your test upgrade
 - KDE's support of state specific reports for V10.3 will diminish after June 30th

NEW! Munis KY Employee Benefits Program

The Kentucky Department of Education (KDE) wants to remind the districts of the NEW Munis KY Employee Benefits Program that was rolled out in April 2015. This program also affects the Federal Reimbursement process. Files through March 2015 must be submitted using the old program. The KY Employee Benefits program will be used to generate federal reimbursement files beginning with the April 2015 file.

KDE has posted the instructions for the KY Employee Benefits Federal Reimbursement process to the "Federal Reimbursement of Health Benefits" webpage.

Below is a link to the archived webcast: <http://mediaportal.education.ky.gov/finance/munis/2015/04/the-munis-report-ky-employee-benefits-module-go-live-information/>

SAAR Report

The Superintendent's Annual Attendance (SAAR) Report provides a summary of each district's aggregate attendance data for the entire school year. Due to the nature of SAAR, the tool has been designed to allow very granular control of the data reported to assist in research and verification.

SAAR is the core report used to determine funding based on attendance. School superintendents in Kentucky must submit an annual report of student attendance to the Commissioner of Education by June 30 each year. The SAAR report is submitted through a KDE web page application.

For detailed information about the process, please visit the KDE web page [here](#), or contact Steve Young at 502-564-5279, ext. 4423 or steve.young@education.ky.gov.

SFCC New Website

The School Facilities Construction Commission has a new website: www.sfcc.ky.gov. The website provides an overview of how the construction and renovation of school facilities is financed statewide; procedures for issuing school bonds; and information about education technology funds.

Below is the link to the Munis Support & Guides webpage where you can find the "KY Employees Benefits Processing Guide" in the Payroll-Statewide section. The additional documents were provided at various times for the webcast. <http://education.ky.gov/districts/Pages/MUNIS-Guides.aspx>

If you have questions pertaining to the Munis KY Employee Benefits Program, please email KDEKHRISupportDesk@education.ky.gov.

If you have any questions concerning the Federal Reimbursement of Health Benefits website please contact Gail Cox at 502-564-3846 Extension # 4462 or gail.cox@education.ky.gov.

Technology Leases Over \$100,000

Districts that plan to enter into technology leases in excess of \$100,000 shall complete and submit a "Technology Lease Over \$100,000 Checklist" document and the items listed on the checklist for the lease to undergo the necessary Kentucky Department of Education (KDE) review and approval processes. KRS 65.944(1)(b) and 702 KAR 3:300 laws establish the requirements and procedures for school district leases in excess of \$100,000 to be approved by the chief state school officer. The Technology Leases Over \$100,000 Checklist document 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 communicate and provide your districts' Technology Director, Superintendent and Local Board with the procedures and requirements under KRS 65.944(1)(b) and 702 KAR 3:300 to ensure compliance on technology leases in excess of \$100,000. The completed FY2015 Technology Lease Over \$100,000 Checklist document and items listed on the checklist should be e-mailed to Sarah Aitken (sarah.aitken@education.ky.gov)

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Technology Leases *continued from page 4*

or Renee Thomas (renee.thomas@education.ky.gov) and copy Denise Hartsfield (denise.hartsfield@education.ky.gov), at the KDE, Division of District Support on or by **May 30**. This will allow enough time for KDE to process the request prior to the end of FY2015.

In addition, a district who enters into a technology lease in excess of \$100,000 without obtaining the approval of KDE will be noncompliant under KRS 65.944(1)(b) and 702 KAR 3:300; and a district's independent auditor may report any noncompliant technology leases as findings in the district's audit report.

Please forward technology lease questions to Sarah Aitken or Renee Thomas at the email address above or 502-564-3846, ext. 4412 or ext. 4454.

Tentative Budget Due

Tentative Budget is due May 30. If you have any questions please email: finance.reports@education.ky.gov. The subject line should state 'Tentative Budget', and a KDE representative will ensure that you get a response within 24 hours. You can find the submission guide and FAQ along with the STW-GL-6 at the following link: [Tentative Budget](#).

Transportation Forms Due May and June

The following Transportation Forms are due in May and June and should be submitted to KDE:

- KSD & KSB Daily Trips and Resident Trips – due May 31 (hard copy)
- The Transportation Adjustment End of Year Report and the Vocational Transportation – VT-2 Form – both due June 30 (web forms).

Report problems accessing the Web-based forms to district technology staff and make sure permissions are set up correctly.

All hard copy Transportation Reimbursement Forms are available at:

<http://education.ky.gov/districts/SEEK/Pages/SEEK-Transportation-Funding.aspx>

*Please note that Debra Vaughan will be at the KAPT

Conference in Bowling Green June 14 – 17 and the STAK Conference in Louisville, June

27-30, to help assist you with your web forms. Please bring your forms with you if you need any help.

New Bond Sales Email Accounts & Submission Process

In an effort to streamline the submission and processing of Bond Sales, the new Revenue Bond Sales and Refunding Bond Sales email accounts have been established. Effective June 1, 2015, the fiscal year 2016 Revenue Bond Sales and **KISTA Educational Facilities Lease Revenue Certificates of Participation Bond Sales documents** are to be submitted through the Revenue Bond Sales email account at revenuebondsales@education.ky.gov, and the **Refunding Revenue Bond Sales and KISTA Equipment Lease Certificates of Participation Bond Sales (Bus Purchase) documents** are to be submitted through the Refunding Bond Sales email account at refundingbondsales@education.ky.gov.

This new submission process will eliminate the need for the districts' fiscal agents, bond counsels and others to distribute the same bond sale documents to various KDE representatives and expedite the department's bond review process.

Please forward Revenue Bond Sales and KISTA Educational Facilities Lease Revenue Certificates of Participation Bond Sales questions to Jeffrey Coulter at Jeffrey.coulter@education.ky.gov or 502-564-3846, ext. 4459.

Please forward Refunding Revenue Bond Sales and KISTA Equipment Lease Certificates of Participation Bond Sales (Bus Purchase) questions to Jaime Rice at Jaime.rice@education.ky.gov or 502-564-3930, ext. 4407 or Beth Wheeler at beth.wheeler@education.ky.gov or 502-564-3930, ext. 4425.

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

FirstName.LastName@education.ky.gov

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