

FINANCE

NEWSLETTER



MAY-JUNE 2016

This Issue

Affordable Care Act.....	1
SAAR Report.....	1
On-Behalf Payments.....	1
FY 2016 Audit Contracts.....	2
Audit FAQs and important audit information for school districts.....	2
Transportation - Third Party Examiner Reimbursement Changes.....	2
Capital Funds Requests.....	3
Technology Leases Over \$100,000.....	3
Tentative Budget Due.....	3
Superintendents Compensation Survey.....	4
Staff Directory.....	4

On-Behalf Payments

The FY2016 “On Behalf Payment Instructions” have been posted to the KDE “[On Behalf Payments](#)” website. The “Health Benefits On Behalf Payments” and “Federal Reimbursement of Health Benefits On Behalf Payments” are posted to this website monthly.

The FY2016 On Behalf Payments, including the Health Benefits, Kentucky Teachers’ Retirement System (KTRS), Technology, Debt Service, and Kentucky Inter-local School Transportation Association (KISTA) Energy Savings Capital Leases, are required to be recorded in the FY2016 unaudited and audited Annual Financial Reports (AFRs).

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

Affordable Care Act

KDE’s Work Group produced the Affordable Care Act – Implementation Guide for Kentucky School Districts in May 2014, posted on the KDE Web page at [Health and Life Insurance Benefits and Flexible Spending Accounts](#). Also posted on the page are resources from Kentucky Employee Health Plan (KEHP) and an Excel file that can be used to assist in tracking hours worked for variable hour employees for purposes of complying with the ACA.

In May 2016, revisions to the guide will be posted to the KDE Web page referenced above, outlining 2016 changes to the act. The filing deadline dates have been extended as noted below:

2015 Reporting	Old Deadline	New Deadline
Deadline to Distribute Forms to Employees and Covered Individuals	Feb. 1, 2016	March 31, 2016
Deadline to File with the IRS (paper)	Feb. 29, 2016	May 31, 2016
Deadline to File with the IRS (electronic)	March 31, 2016	June 30, 2016

For answers to frequently asked questions regarding reporting requirements, please visit [Reporting FAQs](#) and [IRS ACA Employers Reporting Q&As](#). For 2016 updated reporting deadlines and questions, please visit [November 2 2015 KDE Messages](#) and [KDE Munis Support & Guides](#).

Please forward “Affordable Care Act (ACA)” questions to Jackie Chism at (502) 564-3846, ext. 4445 or Jackie.chism@education.ky.gov.

SAAR Report

The Superintendent’s Annual Attendance (SAAR) Report provides a summary of each district’s aggregate attendance data for the entire school year. The SAAR Report is used to calculate the school district’s enrollment, membership, average daily membership (AMD), percent of attendance, home and hospital ADA, and adjusted average daily attendance (AADA). This information is also used for research and verification of data for each district within the state of Kentucky.

SAAR is a core report used to determine funding which is based on attendance. School superintendents in Ken-

tucky must submit an annual report of student attendance to the Commissioner of Education on or before June 30 of each year. It is strongly encouraged districts submit and verify their report prior to the due date. This will allow KDE Division of Support time to assist districts through the submission process when needed. The SAAR report is submitted through the KDE web page application.

For detailed information about the process, please visit the KDE web page [Here](#), or contact Ronda Devine at (502)564-5279, Extension 4444 or ronda.devine@education.ky.gov.

FY2016 Audit Contracts

The audit contract requirements and documents for FY2015-2016 are now available for review or download on the KDE [Financial Audit Contract Information](#) website. 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 is a web form and should be submitted through the KDE SharePoint web form process. This process also includes the justification section for using the same auditor/audit form for five consecutive years. The Audit Acceptance Statement Submission Process instructions are located on the [Financial Audit Contract Information](#) website
- **The Statement of Certification (SOC) must be certified and submitted** by selecting the SOC option during the electronic submission of the FY2015-2016 Audited AFR and Balance Sheet

through the KDE SEEK District Data Submission program.

- The auditor is required to submit only one hard copy and one electronic copy of the districts independent audit report to KDE.

The following FY2016 items are due to the Kentucky Department of Education (KDE) on or before May 28, 2016:

- Audit Acceptance Statement web form
- Dated and signed contract in blue ink
- Latest peer review report
- And if applicable, the letter of response and KyCPA Peer Review Committee letter

The State Committee for School District Audits (SCSDA) is scheduled to meet to consider approval of the audit contracts on Thursday, June 16. 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 [Financial Audit Contract Information](#) website. KDE will inform districts when the approved contracts are posted to the website through the Commissioner of Education's Monday superintendent's 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 Jackie Chism at jackie.chism@education.ky.gov or (502) 564-3846, ext. 4445 or Gail Cox at gail.cox@education.ky.gov or (502) 564-3846, ext. 4462.

Please forward Audit Acceptance Statement web form technical 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 KDE [District Financial Audits](#) website. 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.

Please forward audit questions to Jackie Chism at jackie.chism@education.ky.gov or (502) 564-3846, ext. 4445 or Gail Cox at gail.cox@education.ky.gov or (502) 564-3846, ext. 4462

Transportation - Third Party Examiner Reimbursement Changes

There are new instructions for Commercial Driver's License (CDL) reimbursement requests. As of July 1, 2016, KDE will be moving to quarterly payments and standardized forms. Any district that has third party examiners, and is requesting reimbursement, will need to use the new

forms and instructions. Old forms will not be accepted, and the district will need to resubmit. The instructions can be found at <http://education.ky.gov/districts/trans/Pages/Reporting.aspx>. If you have any questions, please contact Debra Vaughan at debra.vaughan@education.ky.gov.



Continues on Page 3

Capital Funds Requests

The fiscal year 2015-2016 Capital Funds Request (CFR) forms are due to the Kentucky Department of Education (KDE) no later than [May 30, 2016](#).

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 2016 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.

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) 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 FY2016

CFR must be made by June 30, 2016. Any FY2016 CFR funds approved by KDE that have not been expended by June 30, 2016 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 FY2016 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 FY2016 Capital Funds Request form, guidelines and examples are located at <http://education.ky.gov/districts/FinRept/Pages/Capital-Funds-Request.aspx>.

Please forward Capital Funds Request questions to: Carol Buell at carol.buell@education.ky.gov or (502) 564-3846 extension 4438; Krystal Downey at krystal.downey@education.ky.gov or (502) 564-3846 extension 4425; or Denise Hartsfield at denise.hartsfield@education.ky.gov or (502) 564-3846, extension 4401. Please forward facilities and BG-1 questions to Greg Dunbar at greg.dunbar@education.ky.gov or (502) 564-4326, extension 4429.

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 undergo the necessary Kentucky Department of Education (KDE) review and approval processes. KRS 65.944(1)(b) and 702 KAR 3:300 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 district's 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 FY 2016 Technology Lease Over \$100,000 Checklist document and items listed on the checklist should be e-mailed to Carol Buell (carol.buell@education.ky.gov) and copy Denise Hartsfield (denise.hartsfield@education.ky.gov), at the KDE, Division of District Support on or by May 30, 2016.

This will allow enough time for KDE to process the request prior to the end of FY2016.

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.

Tentative Budget Due

The Tentative Budget submission 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](#). Submit the form at <https://opsupport.education.ky.gov/webforms/Login.aspx>.



Continues on Page 4

Superintendents Compensation Survey

Just a reminder that the Superintendents Compensation Survey window opens July 1, 2016 and closes August 31, 2016. We have now tied the Superintendents Compensation to the PSD/CSD submissions. Districts will not be able to submit their PSD/CSD until after the Superintendents Compensation Survey is filled out. The link to the Superintendents Compensation Survey is <https://opsupport.education.ky.gov/webforms/Login.aspx>.

The information on the Superintendents Compensation Survey is located at: <http://education.ky.gov/districts/FinRept/Pages/School%20District%20Personnel%20Information.aspx>

Please contact Carol Buell at carol.buell@education.ky.gov or at (502) 564-3846 extension 4438 with any questions.

*KDE Office of Administration and Support
Associate Commissioner Robin Kinney
Division of District Support Services
Director Donna Duncan, Assistant Director Steve Lyles*

*District Facilities Branch
Greg Dunbar, Manager
Anne-Saint Aignan, James Bauman,
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*District Funding and Reporting
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