

## **School Finance Hot Topics 7.13.16**

### **Upcoming Events**

- The Annual Certified List of Personnel Training is being held on August 3, 2016 at the Bridgeport Conference Center. The registration link is as follows:  
<http://wvde.state.wv.us/forms/2016/finance/08-certified-list/>
- The Office of School Finance (OSF) is considering holding a New Treasurer's Workshop given the extremely high turnover across the state the past few years. While nothing has been finalized at this time, if held, the training would most likely be during the second half of September. Official notification will be sent by email once we have determined if this training will be a possibility. Please email suggested training topics to Amy Willard, Executive Director of School Finance, at [awillard@k12.wv.us](mailto:awillard@k12.wv.us).

### **Upcoming Deadlines**

- Medicaid Quarterly Cost Report for April-June 2016 is due August 14, 2016.
- Unaudited Financial Statements are due September 28, 2016.

### **Notary Public Surety Bond**

At Spring ASBO, OSF reported that there was now a process in place for BRIM to provide the required surety bond coverage for Government Notary Publics. Unfortunately, that information turned out to be false. The BRIM surety bond coverage only applies to STATE employees, and county board of education employees are considered LOCAL government employees. As such, the required surety bond coverage must be obtained from a different source. We apologize for any confusion on this issue.

### **ASBO International Daily Email Updates**

Currently, the daily ASBO International email updates are being forwarded to the CSBO listserv. Former Chief Operations Officer Joseph Panetta had requested that practice be continued by the OSF. However, OSF has received several comments about the emails not being helpful and instead being a nuisance. In order to determine whether the continued forwarding of the emails is truly desired by the majority of participants of the listserv, OSF will develop and send out a Google survey to determine whether there is interest to continue this practice. Please be on the lookout for this survey after the completion of the "A Tale of Two Budgets" Conference.

## **Step 7b State Superintendent Interpretation**

On May 12, 2016, State Superintendent Michael Martirano issued a Superintendent's Interpretation regarding the use of Step 7b funding for the employment of technology personnel. The interpretation allows Step 7b funds to be utilized for the employment of technology personnel so long as the county board's Strategic Technology Learning Plan includes a request to utilize the funds for that purpose along with a justification for why the funds are needed for that purpose. A copy of the interpretation is attached.

## **Teacher in Residence Agreement**

The Office of Educator Effectiveness and Licensure has been working with the various institutions of higher education regarding the standard Teacher in Residence agreement. The Office of School Finance has consulted with that office on needed changes to the financial components of the agreement. A copy of the most recent draft is attached.

## **PEIA**

Because of the uncertainty regarding whether the State's final FY17 budget would ultimately include the necessary increased employer funding necessary to raise premiums, the PEIA Finance Board voted on March 30, 2016 to approve a plan for FY17 that left premium rates steady and instead made significant benefit reductions. PEIA proceeded with FY17 open enrollment under the plan approved by the PEIA Finance Board on that date and the Shopper's Guides mailed to all participating employees included the same premium rates as FY16.

However, the Legislature passed Senate Bill 1013, the budget bill, on June 14, 2016 and the bill was signed by the Governor on June 17, 2016. In the final budget signed into law, the Legislature appropriated approximately \$43 million additional dollars for employer PEIA premiums. This allowed PEIA to increase premium rates for FY17 combined with minor benefit reductions instead of continuing with the drastic benefit reductions previously approved. The timing of the finalization of the State's budget for FY17 did not give PEIA much time to make the necessary changes prior to the beginning of FY17 on July 1, 2016.

For budgeting purposes, WVDE had required county boards of education to include the premium increases in their proposed 2016-17 budgets since we believed that was the most likely scenario based on comments made to the media by the Governor and members of the Legislature. Draft increased premium rates were provided to the county boards of education on April 1, 2016 for budgeting purposes and the final rates were provided to the county boards of education on June 15, 2016.

PEIA opted to hold a second open enrollment from July 1, 2016 to July 15, 2016 to allow participants to make changes in their coverage selections for FY17. Any changes made by participants will be retroactive to July 1, 2016. All open enrollment changes are manual only – they cannot be made electronically.

Unfortunately, due to the late timing, approximately 22 county boards of education had already withheld the employee premiums for July and August 2016 at the lower rate amounts. The difference between the rates withheld and the new higher premium rates will be collected from employees once school starts, with some county boards reporting as late as October before both months will be reconciled.

The OSF contacted Jason Haught from PEIA regarding this issue and he indicated that PEIA is willing to work with county boards of education who are in this situation and accept partial payment for the employee premiums until the rate differences can be withheld from employee payroll checks this fall. It is our understanding that no termination notifications would be generated to county board of education employees by the PEIA system since partial payment will be made on the PEIA invoice.

From a financial statement perspective, county boards of education generally record the July and August premium amounts as liabilities as of June 30<sup>th</sup>. Technically, the full amount of the PEIA invoice for those months at the higher premium rates should be recorded as the liability amount. However, the county would have a receivable due from employees who owe the county the difference in the premium rates for July and August. It is recommended that county boards of education consider discussing the materiality of these receivables with their auditors prior to making any journal entries. In addition, it will be very important to maintain detailed records to support the amounts being recorded since this is not part of the normal PEIA process that is handled within WVEIS. Such documentation will be needed by your auditors when reviewing the manual journal entries as part of the annual financial statement audit.

## **Chart of Account Changes – FY 17**

It is anticipated that there will be very few changes to the LEA Chart of Accounts for FY17. The anticipated release date for an updated Chart of Accounts document is August 31, 2016. Every attempt will be made to release the document that summarizes the changes as quickly as possible.

## **ZOOM Monthly Financial Reporting Update**

OSF regrettably has not had time to work on the lingering minor issues with the monthly financial reports in ZOOM. The goal will be to have those reports working by no later than August 31, 2016. Guidance will be issued as quickly as possible regarding the best way to enter your beginning balances for FY17. One of the unresolved issues is how to reflect the beginning balances on the report, so some counties may need to change how they enter those balances in order for the report to work properly for their county.

May 12, 2016

Ms. MaryJane Pope-Albin  
Superintendent  
Wirt County Schools  
PO Box 189  
Elizabeth, West Virginia 26143

Dear Superintendent Pope-Albin:

I am in receipt of your request for a Superintendent's Interpretation regarding West Virginia Code 18-9A-10, foundation allowance to improve instructional programs. Specifically, you ask:

Is it acceptable for a county board to utilize Step 7b funds for the employment of computer technician personnel?

W. Va. Code §18-9A-10 states, in part, that:

"(2) For the purposes of improving instructional technology, an amount equal to twenty percent of the increase in the local share amount for the next school year above any required allocation pursuant to section six-b of this article shall be added to the amount of the appropriation for this purpose for the immediately preceding school year. The sum of these amounts shall be distributed to the counties as follows:

- (A) Thirty thousand dollars shall be allocated to each county; and
- (B) Distribution to the counties of the remainder of these funds shall be made proportional to the average of each county's average daily attendance for the preceding year and the county's second month net enrollment.

Effective July 1, 2014, moneys allocated by provision of this subdivision shall be used to improve instructional technology programs according to the county strategic improvement plans."

Furthermore, since it is essential for instructional technology programs to be utilized effectively, internet access must be fully functional and readily available when needed by the various classroom teachers, it is essential that county boards employ a sufficient number of qualified personnel to maintain the network systems within a school and ensure the proper connectivity of all the various devices that students may use.

Therefore, in my opinion, county boards may use Step 7b allocation for the employment of technology systems specialists as long as the request to employ such personnel is included and justification is provided in the county board's Strategic Technology Learning Plan specified by W. Va. Code §18-2E-7.

I trust this provides the guidance requested.

Hoping that I have been of service, I am

Sincerely,



Michael J. Martirano, Ed.D.  
State Superintendent of Schools

## Teacher-in Residence (TIR) Partnership Agreement Budget Template

### Budget-Funding Schedule that aligns with the requirements of West Virginia Board of Education (WVBE) Policy 5100 and state aid funding requirements

- The budget designated for the position for which the teacher-in-residence is being placed shall be used only for program support and to pay the teacher-in-residence a stipend that is no less than 65% of all state aid funding designation.
- The remaining state aid funds will be split between the institution of higher education (IHE) and the school district in accordance with the calculations below to support supervision, mentoring and professional development for the teacher-in-residence.

**\*\*The following components are provided as one way that the proposal could provide a clear picture of the disbursement of the TIR monies. *This is just an example financial page format.* The first table reveals the of state aid funding allotted for the position. The TIR Placement Budget is the delineation of those monies.**

### FY16 Basic State Aid Components (Monies Allocated for the Position) (Percentages included that might assist with completing the TIR Placement Budget Table)

- |    |  |          |
|----|--|----------|
| A. | Allowance for Professional Educators (State Minimum Salary, 3 <sup>rd</sup> Class, Zero Years of Experience)** | \$ _____ |
| B. | Allowance for Fixed Charges-8.60%*** (Percentage from Public School Support Program (PSSP) Calculations)       | _____ %  |
| C. | Allowance for Other Current Expense-10% (Percentage from PSSP Calculations)                                    | _____ %  |
| D. | Allowance for Professional Personnel Substitute Costs -2.5% (Percentage from PSSP Calculations)                | _____ %  |
| E. | Allowance for Faculty Senate   |          |
| F. | Total of A B, C, D and E   |          |

**\*\*State minimum salary may change if raises are granted by Legislature**

**\*\*\* Step 3 percentage changes annually.**

### TIR Placement Budget

- |    |   |          |
|----|---|----------|
| A. | Proration percentage based on # of days of TIR Placement (# of days divided by 200)               | _____ %  |
| B. | Prorated FY16 State Aid Amount (A x Total FY16 Basic State Aid for 200-day Contract—line F above) | \$ _____ |
| C. | Minimum Amount to be Paid (Stipend) to the TIR (65% of B)   | \$ _____ |
| D. | Remaining Balance to be Used to Operate TIR Program (B minus C)                                   | \$ _____ |

### Other School District TIR Expenses (Examples: not all will be applicable)

- |    |  |          |
|----|--|----------|
| 1. | Estimated Cost to Pay for Supporting/Mentoring the TIR | \$ _____ |
| 2. | Estimated Travel Costs for TIR (if applicable)         | \$ _____ |

## Teacher-in Residence (TIR) Partnership Agreement Budget Template

3. Faculty Senate Allocation	\$ _____
4. Projected Substitute Costs	\$ _____
E. Total Estimated Costs to the School District (*Add Costs) <i>(May not exceed 50% of item D above)</i>	\$ _____
Balance Remaining for the Institution of Higher Education (D minus E)	\$ _____

DRAFT

## Amy Willard

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**From:** Amy Willard  
**Sent:** Monday, July 11, 2016 10:26 AM  
**To:** K12-CFO@listserv.wvnet.edu  
**Subject:** FW: ACA 1094/1095

Please see the email below from Randall Kirk, Executive Director of the Office of Data Management & Analysis regarding the ACA submission delays.

### Amy Willard, CPA, MPA

Executive Director  
WVDE Office of School Finance



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CSBOs,

Regrettably, we were unsuccessful in submitting the 1094/1095 ACA data to the Internal Revenue Service (IRS) on behalf of districts by the June 30, 2016 deadline. Difficulties were encountered by a contracted developer in formatting requirements established for submission. We will submit this data within the required format to IRS by July 22, 2016. Any communications that are received regarding 1094/1095 ACA delayed reporting, if received from the IRS, should be directed to Randall Kirk at the Office of Data Management & Analysis at [rnkirk@k12.wv.us](mailto:rnkirk@k12.wv.us).

The IRS website says the following regarding the assessment of penalties for late submissions, so we are extremely hopeful that no penalties will be assessed.

The IRS is aware that some filers are still in the process of completing their 2015 tax year filings. As is the case for other information returns, penalties may be associated with the submission of the ACA information returns for failure to timely file required returns. As the IRS has publicly stated in various forums in recent months, filers of Forms 1094-B, 1095-B, 1094-C and 1095-C that miss the June 30, 2016, due date will not generally be assessed late filing penalties under section 6721 if the reporting entity has made legitimate efforts to register with the AIR system and to file its information returns, and it continues to make such efforts and completes the process as soon as possible. In addition, consistent with existing information reporting rules, filers that are assessed penalties may still meet the criteria for a reasonable cause waiver from the penalties.

Sincerely,

Randall Kirk  
Executive Director  
Office of Data Management & Analysis

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