**Finance Newsletter November/December 2023**

**Transportation Growth Factor**

The Transportation Growth Factor Adjustment form for fiscal year 2023-2024, is due to the Kentucky Department of Education (KDE) **November 1.** The data will be submitted via the web submission process and the application will only be open for a limited time starting October 1, allowing one submission form per district.

This form is specifically for students who live in your district but attend a different district that collects the ADA. Your district incurs transportation costs but is not able to use T-codes to report their attendance since they attend a different district who collects the ADA.  This form enables you to recoup some of those transportation costs for the students. If this does not apply to your district, we ask you to check the box stating you do not have any data to report. All districts must either check a box they do not have any data to report or enter the data it needs to report. **Note-** this Transportation Growth Factor Adjustment Form is separate from the Transportation Growth Factor submitted in Infinite Campus.  
  
The Transportation Growth Factor Adjustment form can be accessed at the following link:  
<https://applications.education.ky.gov/login>  
  
Please forward any questions regarding the form and its submission to the email box for Transportation Reports at [kdetransreports@education.ky.gov](mailto:kdetransreports@education.ky.gov).

**Growth Factor Basics**

The Growth Factor is due to KDE ten days after the last day of the second month, **but not later than November 1st of each school year.** This report is mandatory for each district to complete and helps identify districts with growth to determine additional funding.

The Growth Factor from 2022-2023 school year did not generate funding and will serve as a baseline to resume funding this school year (2023-2024).

For questions, please contactLaura Lomanat [laura.loman@education.ky.gov](mailto:laura.loman@education.ky.gov).

**2023 Kentucky Diesel Emissions Reduction Act (DERA) State Grant Program**

The Division for Air Quality is accepting proposals for funding through the 2023 Kentucky Diesel Emissions Reduction Act (DERA) State Grant Program (formerly the Clean Diesel Grant Program). Successful applicants will be reimbursed up to 25% of the total cost of the purchase of a new replacement school bus. A financial match from the school district is required for all projects. A single proposal may target multiple diesel school buses in a district's fleet manufactured in 2009 or earlier. The replacement buses must be 2021 or newer model year diesel, or alternative fuel buses. Buses being replaced must be scrapped or rendered permanently disabled within ninety days of being replaced, and no later than September 16, 2024.​

The proposal package must include the following materials:​

[2023-2024 Workplan Narrative](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Feec.ky.gov%2F_layouts%2Fdownload.aspx%3FSourceUrl%3Dhttps%3A%2F%2Feec.ky.gov%2FEnvironmental-Protection%2FAir%2FDocuments%2F2023-2024%2520Work%2520Plan%2520Narrative%2520Template.doc&data=05%7C01%7Cjackie.chism%40education.ky.gov%7C4f5e279d3ab74243ff9508dbca60b46b%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638326288935071707%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=3VECAqPkVYxbk0%2FtdxZKmB59PrnnynrfH0AFZofb7Oo%3D&reserved=0)

[2023-2024 Fleet Description Worksheet](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Feec.ky.gov%2F_layouts%2Fdownload.aspx%3FSourceUrl%3Dhttps%3A%2F%2Feec.ky.gov%2FEnvironmental-Protection%2FAir%2FDocuments%2F2023-2024%2520Fleet%2520Description%2520Worksheet.xls&data=05%7C01%7Cjackie.chism%40education.ky.gov%7C4f5e279d3ab74243ff9508dbca60b46b%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638326288935228316%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=co0hEbUwzzVKlrpaZlqTCecI5F0%2F9fR%2FvwoGdkIitm4%3D&reserved=0)

[Eligibility Statement](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Feec.ky.gov%2F_layouts%2Fdownload.aspx%3FSourceUrl%3Dhttps%3A%2F%2Feec.ky.gov%2FEnvironmental-Protection%2FAir%2FDocuments%2F2023-24%2520DERA%2520Eligibility%2520Statement.docx&data=05%7C01%7Cjackie.chism%40education.ky.gov%7C4f5e279d3ab74243ff9508dbca60b46b%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638326288935228316%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=tgAvgibXcJP3y%2F%2BiiWfeifI8LPuAYLnPzXNLOhWWa%2BA%3D&reserved=0)

Complete Diesel Emissions Quantifier results using EPA's online tool:

​ [Diesel Emissions Quantifier](https://cfpub.epa.gov/quantifier/index.cfm?action=main.home)

Full details can be found in the [2023/24 DERA RFP](https://eec.ky.gov/Environmental-Protection/Air/Documents/2023-2024%20DERA%20RFP.pdf) . **Proposal packages must be received by November 3, 2023**. Projects funded through this grant program must be completed no later than September 16, 2024.

**NOTE-** this is a different program from the Environmental Clean School Bus Rebates Program cited in article below.

### ****Deadline Set for Applications for the 2023 Clean School Bus Rebates****

The U.S. Environmental Protection Agency (EPA) is accepting applications for the [2023 Clean School Bus Rebate Program](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMTUsInVyaSI6ImJwMjpjbGljayIsInVybCI6Imh0dHBzOi8vd3d3LmVwYS5nb3YvY2xlYW5zY2hvb2xidXMvY2xlYW4tc2Nob29sLWJ1cy1wcm9ncmFtLXJlYmF0ZXM_dXRtX21lZGl1bT1lbWFpbCZ1dG1fc291cmNlPWdvdmRlbGl2ZXJ5IiwiYnVsbGV0aW5faWQiOiIyMDIzMTAwOS44MzgwMzgxMSJ9.HuTcfC6vNUn85OVIEJPT_SuA0CVPcb8qvhMxpFUcC00/s/947322037/br/227639146201-l) until **4 p.m. ET** **January 31**, **2024.** With funding from the Bipartisan Infrastructure Law, EPA’s Clean School Bus (CSB) Program will provide $5 billion over five years (FY 2022-2026) to replace existing school buses with zero-emission and low-emission models.

Under [the program's first funding opportunity in 2022](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMTYsInVyaSI6ImJwMjpjbGljayIsInVybCI6Imh0dHBzOi8vd3d3LmVwYS5nb3YvY2xlYW5zY2hvb2xidXMvYXdhcmRlZC1jbGVhbi1zY2hvb2wtYnVzLXByb2dyYW0tcmViYXRlcz91dG1fbWVkaXVtPWVtYWlsJnV0bV9zb3VyY2U9Z292ZGVsaXZlcnkiLCJidWxsZXRpbl9pZCI6IjIwMjMxMDA5LjgzODAzODExIn0.HTPkHi-NlhhOUGB_RPh8A_3D8M68vHmLp-6CoK2NfXw/s/947322037/br/227639146201-l), the EPA awarded up to $965 million to fund school bus replacements at nearly 400 schools.

The EPA anticipates awarding at least $500 million under the 2023 CSB program, with selectees expected to be announced by early 2024.

**USDA Supply Chain Assistance Funds- Round Four Payments Made**

Per [SP 19-2023](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDYsInVyaSI6ImJwMjpjbGljayIsInVybCI6Imh0dHBzOi8vd3d3LmZucy51c2RhLmdvdi9jbi9mb3VydGgtYWxsb2NhdGlvbi1zdXBwbHktY2hhaW4tYXNzaXN0YW5jZS1zY2EtZnVuZHM_dXRtX21lZGl1bT1lbWFpbCZ1dG1fc291cmNlPWdvdmRlbGl2ZXJ5IiwiYnVsbGV0aW5faWQiOiIyMDIzMTAxNi44NDE0MTUyMSJ9.NYwzekME11IolGC3sumuqaxVyFAWdGD7h2mFvB46Yhg/s/1119487476/br/228140644179-l), the USDA is distributing Supply Chain Assistance (SCA) funds to sponsors of the National School Lunch Program (NSLP) and School Breakfast Program (SBP) to assist with addressing supply chain disruptions. Disruptions are issues such as unanticipated cancellation of food and supply contracts, reduced availability of certain foods, the unexpected substitution of certain products, unpredictable increases in food and supply prices, and other obstacles related to pricing and/or availability. For all sponsors that accepted the funds, School and Community Nutrition (SCN) disbursed funds through the CNIPS payment system during the week of October 16, 2023.

The state of Kentucky has been allocated over $19 million to support its School Food Service Authorities (SFAs). The formula is: (1) a base payment of $5,000 and (2) $29.37 per student based on the SFA’s student enrollment data. SCA funds may be used to purchase unprocessed or minimally processed, domestic food products that will be served through the NSLP or SBP. This payment will be coded as part of Fund 51, and 4500 Restricted Grants-in-Aid Federal Revenue from monies. SFAs are not required to conduct line-item tracking, however; the SFA is required to maintain documentation (purchase orders, receipts, etc.) of approved food items that were purchased with the funds.

In response to the above disruptions, procuring local products can often be a more reliable and resilient way to strengthen the food supply chains. [Farm to School Programs](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.fns.usda.gov%2Ff2s%2Ffarm-school-resources&data=05%7C01%7Cjackie.chism%40education.ky.gov%7C4209371e7be946766e8a08dbcfda7725%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638332309442134967%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=3ssj%2BEWR5xL2kpCFLoCVwVPNgXZUiJVF23NoiF9ifDY%3D&reserved=0) are a great way to provide students with healthy, locally grown foods that are unprocessed or minimally processed, as required with the use of SCA funds.

For any questions regarding the use of Supply Chain Assistance Funds, please contact [Katie Embree.](mailto:kathryn.embree@education.ky.gov)

### AFR and Balance Sheet Validation Module

KDE **strongly** encourages districts to utilize the **AFR and Balance Sheet Validation Module** for the upcoming FY 2022-2023 audit period to assist in eliminating the variances for a reduction in KDE inquiries.

School districts and their auditors using the validation module, will identify **discrepancies** between the districts’ audited AFR/BS submitted to KDE, and the Audit Report or proposed audit data. During KDE’s review, if **any discrepancies are noted,** the district and auditor will be notified to make the needed corrections, as the audit contract requires these items to be reconciled prior to submission.

The **AFR and Balance Sheet Validation Module**, also known as the “Audit Review Template”, is available within the **SEEK District Data Submission Program** under the Audited AFR. **Note:** Districts must submit their AFR before the Validation Module is available to use.

The **AFR and Balance Sheet Validation Instructions,** are posted on the KDE, [Financial Audits](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMTIsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMjExMTAuNjY0Njg2MzEiLCJ1cmwiOiJodHRwczovL2VkdWNhdGlvbi5reS5nb3YvZGlzdHJpY3RzL0ZpblJlcHQvUGFnZXMvRGlzdHJpY3QtRmluYW5jaWFsLUF1ZGl0cy5hc3B4P3V0bV9tZWRpdW09ZW1haWwmdXRtX3NvdXJjZT1nb3ZkZWxpdmVyeSJ9.uZHnJtb4wV8InAy8Eio-81aBdWx6Rm_7mwY1YYJwoH8/s/947322037/br/147879133822-l) webpage. Please forward any questions to the District Financial Management Branch at [Finance.Reports@education.ky.gov](mailto:Finance.Reports@education.ky.gov).

**What is a Clean Audit?**

Each district’s annual financial audit is due to be completed and submitted soon. Often, when problems resulting from a lapse in their internal controls, surface management will say “… but we received a clean audit”. It is important for districts to understand why an annual financial audit is performed, what purpose it serves, and what purpose it doesn’t serve.

Kentucky Revised Statute (KRS) 156.265, established the State Committee for School District Audits (SCSDA) and asserts the SCSDA “shall have the accounts of each board audited not less than once every fiscal year.” This is accomplished through the *Financial Audit Contract*. The overarching purpose of this annual financial audit is to express an opinion that the financial statements of the school district are presented fairly, in **material** respects. An unmodified, or often referred to as a “clean” audit opinion, solely provides reasonable **assurance** the financial statements are free from material misstatement.

The annual financial statement audit is important to provide third parties confidence. The financial statements provide a complete and accurate depiction of the financial activity and financial position of the district. Third parties include the community, bond rating agencies, KDE, and federal agencies.

If a district has expenditures of federal funds more than $750,000 (and most do) then a federal compliance audit, or single audit, is required to be performed. The purpose of a single audit is also to provide reasonable assurance that federal grant dollars have been spent in material compliance with applicable rules and regulations.

It is a common misconception that a “clean” audit means there are no deficiencies with a district’s internal controls. The opinion letters in your district’s audit report will state that although audit procedures may identify a deficiency in internal controls, it was not an objective of the audit. Even if a district receives a “clean” audit, serious deficiencies with internal controls could have been discovered. Management and the local board of education should review and determine if the auditor’s procedures discovered any deficiencies that should be corrected.

Regardless of the results of an audit, it is the sole responsibility of each district’s management to create, implement, and periodically assess its internal control structure and is key to the risk management framework.

Please forward any questions to the District Financial Management Branch at [Finance.Reports@education.ky.gov](mailto:Finance.Reports@education.ky.gov).

**Fraud in Government; a Detriment to Internal Controls**

Unfortunately, there are numerous fraud and embezzlement cases in federal and local government every year with several cases going undetected for many years. The Federal Trade Commission (FTC) reported 2.4 million fraud reports and $8.8 billion reported lost in 2022, nationwide in the federal statistics ([Top Frauds 2022 (ftc.gov)](https://consumer.ftc.gov/system/files/consumer_ftc_gov/pdf/CSN-Top-Frauds-2022-508.pdf).

External audits are beneficial, but seldom find fraud. According to the Association of Certified Fraud Examiners, only about four percent of recent fraud cases were discovered by external audits ([Fraud and Embezzlement in Local Government | icma.org](https://icma.org/articles/pm-magazine/fraud-and-embezzlement-local-government)).

There are steps however, that can be taken to identify control weaknesses.

* 1. An appropriate fraud risk assessment will assist in finding control weaknesses and will show vulnerabilities.
  2. Documenting and analyzing control procedures within all departments.
  3. Training staff as necessary on control priorities.
  4. Conducting regular audits.
  5. Listen to stakeholders (school & district staff, school board, taxpayers, and local authorities) feedback.

Establish whistleblower hotlines internally or externally to report suspected unethical or unlawful conduct. A case in Ohio involving a man who was being paid by two public entities (fire station and department of education) for the same hours worked, stemmed from a complaint received on a tip to a special investigations unit which alleges a theft amount of $60,060 ([Press Releases (ohioauditor.gov)](https://ohioauditor.gov/news/pressreleases/Details/7294).

## Finance Officer Spotlight

Tim Litteral has been the finance director for the Augusta Independent School District since 2014.  In addition to the traditional finance officer duties, he oversees payroll, accounts payable, insurance, and assists with HR duties. He also serves as the district's chief information officer and technology director and is the cross country and track & field coach.

Litteral has been with the district since 2008, beginning as a teacher.  He graduated from Shawnee State University with a bachelor's degree in English education in 2006, obtained a master's degree in educational technology from Morehead State University in 2012, earned a Rank I / Education Specialist degree in Instructional Leadership in 2015, and obtained his superintendent's license in 2017.

While the job and many responsibilities in a small district can be challenging, Litteral enjoys his role and the opportunity to serve students and staff in a variety of ways.