**Finance Newsletter July/August 2024**

**The Kentucky Department of Education Welcomes Dr. Robbie Fletcher, Commissioner of Education**

The Kentucky Department of Education (KDE) cordially welcomes Dr. Robbie Fletcher as the new commissioner of Education effective July 1.

Fletcher has been the superintendent of Lawrence County since 2014. Prior to that, he served as principal of Sheldon Clark High School (Martin County) from 2009 to 2014 and as principal of Warfield Middle School (Martin County) from 2005 to 2009. Fletcher started his career in 1996 as a math and science teacher before becoming the assistant principal at Inez Middle School (Martin County) in 2004.

During his time as a school administrator, Fletcher has worked with the Kentucky Department of Education (KDE) in several different ways to include currently serving as chair of the [Local Superintendents Advisory Council (LSAC)](https://www.education.ky.gov/CommOfEd/adv/Pages/Local-Superintendents-Advisory-Council.aspx) and serves as a member of the [Superintendents Advisory Council](https://www.education.ky.gov/CommOfEd/adv/Pages/Superintendents-Advisory-Council-%28SAC%29.aspx); worked as part of the state assessment and accountability advisory committee from 2022-2023; and served as a member of the Commissioner’s Kentucky Coalition for Advancing Education, a precursor to the [Kentucky United We Learn Council](https://www.education.ky.gov/UnitedWeLearn/KUWLCouncil/Pages/default.aspx).

Fletcher also has experience working with state lawmakers as a member of the School Funding Task Force in 2021 and with the U.S. Department of Education as chairman of the Appalachia Regional Advisory Committee.

Fletcher earned his doctorate and his superintendent certification from Morehead State University. He earned a master’s degree in education from the University of Kentucky in 2002 and a bachelor’s degree in mathematics from Morehead State University in 1996.

**FY2025 Indirect Cost Rates**

The FY25 indirect cost rates for all districts were approved at the June Kentucky Board of Education (KBE) meeting. All rates are posted at the bottom of the [Chart of Accounts-Indirect Cost Rates](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDgsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMTA3MDcuNDI5MDA5MDEiLCJ1cmwiOiJodHRwczovL2VkdWNhdGlvbi5reS5nb3YvZGlzdHJpY3RzL0ZpblJlcHQvUGFnZXMvRnVuZCUyMEJhbGFuY2VzLCUyMFJldmVudWVzJTIwYW5kJTIwRXhwZW5kaXR1cmVzLCUyMENoYXJ0JTIwb2YlMjBBY2NvdW50cywlMjBJbmRpcmVjdCUyMENvc3QlMjBSYXRlcyUyMGFuZCUyMEtleSUyMEZpbmFuY2lhbCUyMEluZGljYXRvcnMuYXNweCJ9.VyGuXtIm-J7etN27I6H04g3avSJgs512ZPGIsamQEIE/s/947322037/br/108965810552-l)  webpage on the Kentucky Department of Education's website.

If you have any questions, please feel free to reach out to [Krystal Smith](file:///C%3A/Users/jchism/AppData/Local/Temp/MicrosoftEdgeDownloads/35b16415-19f5-4cec-856c-e4432152f053/Krystal.Smith%40education.ky.gov) or Karen Conway.

**Superintendent’s Compensation Survey**

The window for the Superintendent’s Compensation Survey opens July 1, 2024, through August 31, 2024.  If you have not submitted this information, KDE will not accept your PSD/CSD or salary table in September. All districts are required to submit this on an annual basis. Please reach out to Ann Culbertson at Ann.Culbertson@education.ky.gov or (502) 564-3846 ext. 4438 if you have any questions.

**Transportation Forms Due**

The following transportation forms are due by **July 30, 2024** and should be submitted to the Kentucky Department of Education (KDE) through [SEEK District Data Submission](https://opsupport.education.ky.gov/webforms/). Please refer to [Transportation SEEK Submission Forms](https://education.ky.gov/districts/SEEK/Pages/SEEK-Submittal.aspx) for helpful advice.

1. Certification of Transportation Mileage
2. Transportation Adjustment End of Year form
3. Vocational Transportation (VT-2 form)

Report problems accessing the web-based forms to your district technology staff to ensure permissions are set up correctly.

If you have any questions, please reach out to Ann Culbertson at (502) 564-3846 ext. 4438, or email Ann.Culbertson@education.ky.gov.

**FY 2024 Financial Audit Contract Information**

On June 25, 2024, the State Committee for School District Audits (SCSDA) approved the FY 2023-2024 audit contracts. If you would like a copy of your district’s signed contract, please contact a representative of the DFMB, and one will be made available to you.

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| **DUE DATE** | **RESPONSIBLE PARTY** | **REQUIRED INFORMATION** |
| July 25 | District | Unaudited Annual Financial Report (AFR) and Balance Sheet (electronic reports) to KDE |
| October 1  | Auditor | Audit Extension Request to KDE  |
| November 15 | Auditor | Audit Reports:* One signed paper copy to school district
* Electronic copy to KDE
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| November 15 | District | * Audited AFR and Balance Sheet, which includes the Statement of Certification verification section, (electronic reports through the SEEK program) to KDE.
* Copy of Audited AFR and Balance Sheet to Auditor.
* FY 2023-2024 Audit Findings and Management Letter Comments Spreadsheet, if applicable.
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For more information, please contact Kim Carter via email at [Kim Carter](file:///C%3A/Users/cbuell/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.Outlook/4R9UKDTJ/kimberly.carter%40education.ky.gov)
(502) 564-3846 x4440 or Kelli Young via email at Kelli Young (502) 564-3846 x4417.

### Statutory Authority of the State Committee for School District Audits and Meeting Dates

[KRS 156.265](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMTEsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMTA3MDcuNDI5MDA5MDEiLCJ1cmwiOiJodHRwczovL2FwcHMubGVnaXNsYXR1cmUua3kuZ292L2xhdy9zdGF0dXRlcy9zdGF0dXRlLmFzcHg_aWQ9MzE1OSJ9.JKz2whbojwuQ1wyc96ch3PMZx3q0b0f7cHoQsEQOKpk/s/947322037/br/108965810552-l)  authorizes the State Committee for School District Audits (SCSDA) to conduct audits of the financial records of local boards of education.

The audits shall be performed by a certified public accountant (CPA), approved by the SCSDA, and conducted according to current auditing standards. Increases or decreases in the scope of the audit are addressed in the Supplemental Agreements section of the audit contract.

The SCSDA requires all local school boards to have an annual audit of the fiscal records and accounts under the board's control. The SCSDA shall notify the local board of education of approval or disapproval of the executed contract in accordance with the timeframe set forth in the “Annual Cycle for Local School District Audits.”

Please refer to the FY2024 Audit Contract located on the [Audit Contract Information webpage](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMTIsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMTA3MDcuNDI5MDA5MDEiLCJ1cmwiOiJodHRwOi8vZWR1Y2F0aW9uLmt5Lmdvdi9kaXN0cmljdHMvRmluUmVwdC9QYWdlcy9EaXN0cmljdC1GaW5hbmNpYWwtQXVkaXQtQ29udHJhY3RzLmFzcHgifQ.jqu2uqtiouXLq6zvtpxOEblGFs7-a0Yja5_-MSaUPH8/s/947322037/br/108965810552-l) and the Kentucky Revised Statues and Kentucky Administrative Regulations referenced within the contract to learn more about the SCSDA’s authority and role.

The SCSDA’s fiscal year 2024-2025 meeting dates are:  September 12, 2024 (in-person), October 17, 2024, March 13, 2025, March 20, 2025, and June 12, 2025, at 9:00 a.m. at the Auditor of Public Accounts (APA), located at 209 St. Clair Street, Frankfort, KY 40601. The meeting will be held virtually, unless otherwise noted.

For more information, contact Kim Carter at (502) 564-3846, ext. 4440, or email Kim Carter; Marshall Smith at (502) 564-3846, ext. 4463, or email Marshall Smith; Kelli Young at (502) 564-3846, ext. 4417, or email Kelli Young.

**Unaudited/Audited AFR and Balance Sheet Submission Changes for 2024**

The Unaudited AFR Submission Guide 2024 (Error/Note/Pending Guide) has been posted to the [Enterprise ERP (MUNIS) Support and Guides webpage](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDAsInVyaSI6ImJwMjpjbGljayIsInVybCI6Imh0dHBzOi8vZWR1Y2F0aW9uLmt5Lmdvdi9kaXN0cmljdHMvUGFnZXMvTVVOSVMtR3VpZGVzLmFzcHg_VGl0bGU9VGFibGUrVmlld2VyK1dlYnBhcnQmVmlldz1HZW5lcmFsK0xlZGdlcitZZWFyK0VuZCZ1dG1fbWVkaXVtPWVtYWlsJnV0bV9zb3VyY2U9Z292ZGVsaXZlcnkiLCJidWxsZXRpbl9pZCI6IjIwMjMwNzEwLjc5NDE5ODYxIn0.RaHVDAw6_tfxPbTY-Annm9IOhYXMBtq8zrk1E9GnwK8/s/947322037/br/222412825954-l).

The guidance documents both the Unaudited and Audited AFR and will include the new items below.

In checking the submission for the district’s capitalization threshold, the Kentucky Department of Education (KDE) has a **new process** implemented that will flow into the Indirect Cost web posting for the FYE 2025 rates. The United States Department of Education (USDOE) has tasked us with providing this new information in the document posted to the web that has the non-restricted and restricted rates for the indirect process used in the districts. It would be a good idea for the district to discuss with their auditor the presentation of this information in the audit to ensure both matches. This will be done in both the unaudited and audited submission process.

There is a **new note** titled, “13.50 Invalid Fund Transfers Function Code”. We had several districts in the FYE 2023 submission use fund transfer-out object code starting with 091with a function that was not 5200 for fund transfers-out. This trouble mostly occurred with fund 25. If you are transferring funds in fund 25 and using an excel import into Munis, double check those entries to make sure it is reporting the data correctly. It will be a note in the unaudited AFR submission and turn into an error in the submission of the audited AFR, indicating the same **error note** of 13.50 Invalid Fund Transfers Function Code.

The 31.00 Object 0960 Restricted to Functions 2311 or 5xxx is a **new error**. It was a note in the prior years, however in FYE 2024, it is now an error in both the unaudited and audited AFR.

Questions and concerns regarding the unaudited AFR or Audited AFR and balance sheet submission process can be directed to Ann Culbertson, (502) 564-3846, ext. 4438; or Karen Conway, (502) 564-3846, ext. 4435.

**On-Behalf Payments**

The following is a snapshot of important information located on the Kentucky Department of Education (KDE) [On Behalf Payments](http://education.ky.gov/districts/FinRept/Pages/On-Behalf-Payments-Information.aspx) webpage:

* The ***On Behalf Payments Summary Report*** is provided as a courtesy to the districts. The report is a listing of the districts’ combined on-behalf payments paid by the Kentucky Department of Education (KDE), Teachers’ Retirement System (TRS), and School Facilities Construction Commission (SFCC). The report contains payroll related on-behalf payment totals for health benefits, federal reimbursement, TRS, technology and debt service, The report will be posted to the website by mid-July and will be updated as information becomes available.
* The ***On Behalf Payment Instructions*** provides directives for properly recording the payroll related health benefits, federal reimbursement, TRS, technology, and debt service on behalf payments in MUNIS.
* The **Health Benefits** **on Behalf Payments:** These totals are derived from the Health Benefits bill that is provided by the Kentucky Personnel Cabinet, Department of Employee Insurance. These totals are posted quarterly.
* The **Federal Reimbursement of Health Benefits** **on Behalf Payments**: These totals are derived from the NIC Payment Engine which is now a wholly owned subsidiary of Tyler Technologies. These totals are posted quarterly. **NOTE**: The 4th quarter totals will be posted by mid-July.
* The **Debt Service on Behalf Payments** consists of the debt service payments paid by the SFCC. These totals are posted annually.
* The **Teachers’ Retirement System on Behalf Payments**: These totals are derived from the "Schedule of Employer Allocations" in the "GASB 68 Auditor's Report as of June 30, 20\*\* (Schedule A)" and the "GASB 75 Auditor's Report as of June 30, 20\*\* (Appendix A)" as found on the [Teachers' Retirement System Kentucky](https://trs.ky.gov/administration/financial-reports-information/)website. **NOTE:** The Fiscal Year for these reports follow the Fiscal Year of the financial audits.
* The **Technology on Behalf Payments**: These totals are provided by Office of Knowledge, Information & Data Services (KIDS) that consists of the Kentucky Educational Network (KEN) Services, AT&T Firewall Services, MUNIS Financial Management and McAfee Virus Protection software and services payments paid KDE on behalf of local school districts. These payments are posted quarterly. **NOTE**: The 4th quarter totals are expected to be posted by mid-July.

**NOTE:** Please forward questions about the individual category on-behalf payments noted above, to the contact for that category located on the [On Behalf Payments](http://education.ky.gov/districts/FinRept/Pages/On-Behalf-Payments-Information.aspx) webpage.

**NOTE:** Please forward questions regarding the **reconciling** of your On- Behalf payments to Kelli Young at (502) 564-3846, ext. 4417, or email kelli.young@education.ky.gov.

**Additional Flexibility for the Hiring of Child Nutrition Directors**

In April, the USDA published the final rule titled, [Child Nutrition Programs: Meal Patterns Consistent with the 2020-2025 Dietary Guidelines for Americans](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.fns.usda.gov%2Fcn%2Ffr-042524&data=05%7C02%7Cjackie.chism%40education.ky.gov%7C1ce08f1c225f41c65a7308dc962f778e%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638550377846005777%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=rDLQq%2BxhzA0m%2Fr4IGsOeyrpIhbqhBD3RfUv3tOGGCOs%3D&reserved=0). In this final rule, USDA provided an additional hiring exception for medium and large local educational agencies (LEAs). The new final rule allows state agencies the discretion to approve the hiring of a professional with ten or more years of school nutrition experience, but who does not hold a bachelor’s or an associate degree to serve as a school nutrition program director in a medium or large LEA. Directors hired under this exemption, must have a high school diploma or GED. The KDE School and Community Nutrition division (SCN) is excited about this additional flexibility and will exercise the use of this discretion.

If you are hiring a new food service director, please reference SCN’s guidance [Professional Standards for School Nutrition Programs](https://www.education.ky.gov/federal/SCN/Pages/Professional-Standards-for-School-Nutrition-Programs.aspx) on the hiring of a new child nutrition director or reach out to us directly. We offer a hiring orientation session immediately upon starting the position. We also offer the Kentucky Director Development Program (KDDP). This is a year-long training program that provides in-person and virtual training opportunities throughout the year for directors in their first or second year in the position.

For any further questions regarding hiring, please email Katie Embree with the Division of School and Community Nutrition.

**Coop Regional Procurement Training Opportunities**

The KDE is currently offering regional procurement training through coops. These training sessions are open to any staff a district feels would benefit.  They are approximately 2-hour sessions, in person only, and will occur on a monthly basis as needed. Notifications will be forwarded when a session is scheduled at the designated coop.

**Cincinnati School District Fell Victim to a $1.7M Cyberattack**

A Greater Cincinnati school district became victim of a sophisticated $1.7 million net loss in an attack that happened in December 2023. It was reported that electronic payments were diverted to accounts that weren't connected to any of the district's vendors.

For the complete story, please visit [Greater Cincinnati school district suffers $1.7M loss due to 'sophisticated cyberattack' (local12.com)](https://www.local12.com/news/local/greater-cincinnati-school-district-suffers-millions-loss-sophisticated-cyberattack-west-clermont-local-schools-victim-net-loss-dollars-funds-diverted-electronic-payments-hacked-hacks-law-enforcement-state-auditor-recovery-protection-security-investigate).

### Finance Officer Spotlight

Jennifer Oliver has nearly 30 years of experience at Barbourville Independent School District. She began her career as a financial analyst before transitioning to the role of finance officer in 2016. A graduate of Union College with a bachelor’s degree in accounting, she also obtained certification as a school financial manager through the University of Kentucky’s Gatton College of Business and Economics.

Barbourville Independent is known for its close-knit community and student-centered focus, which has been the primary reason for Oliver’s long tenure with the district, as she embodies these values in her role as finance officer.

Oliver has been married to her college sweetheart, Brian, for 33 years. She enjoys spending time and traveling with their children and grandchildren. She also loves reading, antiquing and gardening.