**Finance Newsletter March/April 2024**

**Audit Contract**

The fiscal year 2023-2024 audit contract will be released upon approval from the State Committee for School District Audits (SCSDA). It will be posted to the Kentucky Department of Education’s [Financial Audit Contract Information webpage.](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDAsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMTAzMzEuMzgwMTUwNjEiLCJ1cmwiOiJodHRwOi8vZWR1Y2F0aW9uLmt5Lmdvdi9kaXN0cmljdHMvRmluUmVwdC9QYWdlcy9EaXN0cmljdC1GaW5hbmNpYWwtQXVkaXQtQ29udHJhY3RzLmFzcHgifQ.JplQ7ix8v2wi4vXr84X9rziI_k7g0Fv32_qyEd2fJMI/s/947322037/br/101240670673-l) Please remember to review the contract thoroughly for 2023-2024 fiscal year changes and updates.

For audit contract questions, please contact Kim Carter at (502) 564-3846, ext. 4440 or [email Kim Carter](mailto:kimberly.carter@education.ky.gov) or call Kelli Young at (502) 564-3846, ext. 4417, or email [kelli.young@education.ky.gov](mailto:kelli.young@education.ky.gov).

**Audit Acceptance Statement**

In connection with approval of the audit contract, the window to submit the “Audit Acceptance Statement” will open. The link to the Audit Acceptance Statement and the instructions on how to submit, is available on the KDE, [Financial Audit Contract](http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx) website under the Audit Acceptance Statement section. Please review the instructions for updates prior to the window opening. If you have questions, please contact Kim Carter at (502) 564-3846, ext. 4440 or email [Kim Carter](mailto:kimberly.carter@education.ky.gov).

### **Fidelity Bonds Reminder**

The Fidelity Bond information for fiscal year 2024-2025, is due to the Kentucky Department of Education (KDE) by **July 1** through the SEEK Application “Fidelity Bond” web form and is required to be approved by the commissioner of education.

The “Exposure Calculation Report” for FY 2024-2025 will be posted to the website by the end of **April** 2024. Note: The SEEK window will open **June 1** for districts to make entries.

The district will need to update the beginning and ending dates and submit the appropriate fidelity bond information for district personnel to KDE through the SEEK Application web form. The districts are to maintain all official hardcopy documentation at the local board of education.

Please refer to KDE's [Fidelity Bond webpage](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMTcsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMzAzMTYuNzM0NDk1NzEiLCJ1cmwiOiJodHRwczovL2VkdWNhdGlvbi5reS5nb3YvZGlzdHJpY3RzL0ZpblJlcHQvUGFnZXMvRmlkZWxpdHklMjBCb25kLmFzcHg_dXRtX21lZGl1bT1lbWFpbCZ1dG1fc291cmNlPWdvdmRlbGl2ZXJ5In0.RIYPc25860aKT8pB9AV5-t3J4gtgMDbr87SDJoHkWlc/s/947322037/br/156281236435-l) for all forms, instructions, and reports.

If, during the fiscal year, the district needs to make changes to the Fidelity Bond information that already has been approved by KDE, or for more information, please email [Jackie Chism](mailto:jackie.chism@education.ky.gov) or call (502) 564-3846, ext. 4445.

### **Pledge of Collateral Reminder**

The "Pledge of Collateral" SEEK information for fiscal year 2024-2025, is due to the Kentucky Department of Education (KDE) by **July 1** through the SEEK Application “Pledge of Collateral” web form and is required to be approved by the commissioner of education. Note: The SEEK window will open **June 1** for districts to make entries.

The district will need to update the beginning and ending dates and submit the market collateral information to KDE through the SEEK Application web form. The districts are to maintain all official hardcopy documentation at the local board of education.

Please refer to KDE's  [Pledge of Collateral forms](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMTgsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMzAzMTYuNzM0NDk1NzEiLCJ1cmwiOiJodHRwczovL2VkdWNhdGlvbi5reS5nb3YvZGlzdHJpY3RzL0ZpblJlcHQvUGFnZXMvUGxlZGdlJTIwb2YlMjBDb2xsYXRlcmFsLmFzcHg_dXRtX21lZGl1bT1lbWFpbCZ1dG1fc291cmNlPWdvdmRlbGl2ZXJ5In0.8croOpnKELV65_TRFXbK5aBOhnmi_ywDhnvuXf2SPMQ/s/947322037/br/156281236435-l), instructions and reports.

If, during the fiscal year, the district needs to make changes to the “Pledge of Collateral” information that already has been approved by KDE, or for more information, please contact Jackie Chism at (502) 564-3846, ext. 4445 or [email Jackie Chism](mailto:jackie.chism@education.ky.gov).

**ARP ESSER Liquidation Extension Opportunity**

Since Congress passed the first COVID relief legislation in March 2020, the US Department of Education (ED), has granted Kentucky more than $3.1 billion in Elementary and Secondary Emergency Relief (ESSER) funds via their passage of the CARES, CRRSA, and ARP Acts. As mandated by federal law, at least 90% of the ESSER funds were allocated to public school districts in support of their efforts to prepare for, respond to, and prevent COVID-19. Districts quickly planned and executed a wide range of projects and initiatives.

The final COVID fund, ARP ESSER, grant period will end on September 30, 2024. Currently, the districts have expended 74% of their allocations with just a few months remaining to obligate and fully spend the last of their ESSER grant funds. With approval from the US ED, the ARP ESSER liquidation period **may** be extended up to 18 months; however, US ED does NOThave the authority to extend the September 30, 2024, deadline by which all obligations/contracts must be signed.

If your district is executing projects funded in whole or in part with ARP ESSER funds that won’t be fully completed by September 30, you may want to review the recording and slides from KDE’s Finance Officer Webcast of February 28, 2024. KDE staff reviewed the opportunity for districts to apply for an extended liquidation period for ARP ESSER funds. Timelines, qualifying expenditures, documentation, restrictions on change orders, and other considerations were shared during the webcast.  Districts will submit a request for an ARP ESSER Liquidation Extension via KDE’s Grants Management Application and Planning system, GMAP, in early May. Districts that are considering an ARP ESSER Liquidation Extension should email Robin Morley at [robin.morley@education.ky.gov](mailto:robin.morley@education.ky.gov).

For further questions and notification if funds cannot be fully liquidated, please email Thelma Hawkins at [Thelma.Hawkins@education.ky.gov](mailto:Thelma.Hawkins@education.ky.gov) or Robin Morley at [Robin.Morley@education.ky.gov](mailto:Robin.Morley@education.ky.gov).

**CEP Funding- Direct Certification Technical Assistance Opportunity**

The community eligibility program (CEP) is a formula-based reimbursement provision of the National School Lunch Program (NSLP). CEP allows schools to provide meals at no cost to students. The school claims the meals served for reimbursement using a funding formula that is based on the number of directly certified students. A directly certified student is a student who is eligible for the NSLP without the use of a paper household application, but who are directly certified because they participate in the Supplemental Nutrition Assistance Program (SNAP), the Kentucky Transitional Assistance Program (KTAP), Medicaid (specific income level only) or are identified as homeless, migrant, foster, runaway or head start by the appropriate program liaison. The formula uses the number of identified students divided by enrollment to determine the identified student percentage (ISP) or percentage of directly certified students in each school. That percentage must be 25% or greater to participate in CEP.  To determine the meal claiming reimbursement rate, the ISP is multiplied by 1.6 because USDA says for every directly certified student, there are potentially 1.6 students who would have qualified via a paper household application. This final figure sets the meal claiming reimbursement rate in which meals are claimed at the free and paid rate. The CEP meal claim rate is valid for four years.

On April 1st of each year, food service directors are required to report the number of directly certified students and the enrollment of all schools to School and Community Nutrition (SCN). Accurately identifying directly certified students in schools directly impacts the level of reimbursement funding for those who participate in CEP. In March, SCN staff offer direct certification assistance to all districts. With direct certification assistance, SCN staff help food service directors identify additional directly certified students using state level data.

We strongly encourage all districts to participate in this technical assistance opportunity. For any questions regarding CEP or direct certification, please email [Katie Embree](mailto:kathryn.embree@education.ky.gov)  or [Sheri McFarland](mailto:sheri.mcfarland@education.ky.gov) in the Division of School and Community Nutrition.

**Reminder for Updated Transportation Forms**

The Kentucky School for the Deaf and Kentucky School for the Blind Daily Trips and Resident Trips are due by **May 31, 2024**. The Kentucky Department of Education (KDE) transitioned last year from the paper forms, and districts must now submit these forms via the SEEK Web Submission Form at <https://applications.education.ky.gov/login>. The window will open for submission on May 1st. Please email any questions to [kdetransreports@education.ky.gov](mailto:kdetransreports@education.ky.gov).

The year-end Transportation Adjustment Form is being collected and will be submitted in the SEEK Web Application. The fiscal year end 2024 data is due Monday, July 1, 2024. All districts must submit using the SEEK Web Submission Form website at <https://applications.education.ky.gov/login>. The window for submission will open June 1. Please email any questions to [kdetransreports@education.ky.gov](mailto:kdetransreports@education.ky.gov).

The Vocational Transportation form submitted in the SEEK Web Application is due Monday, July 1, 2024. All districts must submit using the SEEK Web Submission Form website at <https://applications.education.ky.gov/login>. The window for submission will open June 1. Please email any questions to [kdetransreports@education.ky.gov](mailto:kdetransreports@education.ky.gov).

**Indirect Cost Rate Adjustment Form**

The Indirect Cost Rate Adjustment Form window will open **April 1, 2024**, and close **May 1.** The Kentucky Department of Education (KDE) has updated the calculation process to align with recommendations from the United States Education Department (USED). Districts must review the rate calculations and enter adjustments for their individual districts. The FYE 2025 indirect cost rates for all districts will be generated and presented for final approval at the Kentucky Board of Education (KBE) meeting in June. **Reminder-** the next fiscal year indirect cost rate calculations are calculated in the current fiscal year and uses the prior fiscal year audited financial data.

During the recent review of KDE’s Indirect Cost Calculation process, the USED provided recommendations to optimize the process. To comply with the USED recommendations, KDE will provide districts with the current calculation along with the new USED calculation for FY25. These reports will showcase the difference between the old calculation and the new calculation going forward. The new calculation process will go into effect in the Indirect Cost Calculation process in the next fiscal year.

To generate the report calculation rates for your district, please follow these steps:

1. Log onto: [ODSS District Data](https://opsupport.education.ky.gov/webforms/odssreport.aspx). The fiscal year will be pre-populated, and you will have an option on how the format of the report is run. In the save as option, you can drop down and choose to extract the data into an Excel document.
2. Log onto: [SEEK District Data Submission](https://applications.education.ky.gov/login). You will need to check the box if no adjustments are made.

If adjustments need to be made, please enter those, save them, and repeat the first step to calculate the rate for your district after the adjustments are made. You may repeat this as often as you like until the May 1 deadline.

This is an annual process which begins the first business day in April and must be completed by May 1.  Resources regarding indirect costs can be found at [Indirect Cost Guidelines](https://education.ky.gov/districts/FinRept/Documents/Indirect%20Cost%20Guidelines%20060119%20ADA.docx).  For more information, contact Karen Conway at (502) 564-3846 extension 4435, or email [karen.conway@education.ky.gov](file://kdeodssa01/odss_files/calculation&reporting_documentation/Finance%20Newsletter%20Reports/2015/July%20Aug%202015/karen.conway@education.ky.gov) or contact Krystal Smith at (502) 564-3846 extension 4425, or email [krystal.smith@education.ky.gov](mailto:krystal.smith@education.ky.gov).

## Capital Funds Requests Reminder

All Capital Funds requests are due to The Kentucky Department of Education (KDE) by **May 31, 2024,** for approval by **June 30th**. Examples for the capital funds may include, but are not limited to the following:

* School plant maintenance/repair.
* Insurance on buildings.
* Replacement of equipment such as HVAC chillers.
* Purchase of school buses (KISTA or cash); and
* Technology, which may include telecommunications, hardware, televisions, and/or computers which are used for educational purposes only.

Additional information is located on KDE's [Capitol Funds Request Guidelines](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDksInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMzAzMTYuNzM0NDk1NzEiLCJ1cmwiOiJodHRwczovL2VkdWNhdGlvbi5reS5nb3YvZGlzdHJpY3RzL0ZpblJlcHQvUGFnZXMvQ2FwaXRhbC1GdW5kcy1SZXF1ZXN0LmFzcHg_dXRtX21lZGl1bT1lbWFpbCZ1dG1fc291cmNlPWdvdmRlbGl2ZXJ5In0.kO-m5FxqdeyjBMWxScfrABm6IZJ0ZKwHYIiH-7SRZmo/s/947322037/br/156281236435-l) webpage.

**As a Reminder:** If your district has adopted House Bill (HB) 678, the district does not require approval from KDE for FY2022-2023. A local board may adopt a resolution and file it with KDE electing to conduct projects under the provisions of Section 1 of HB 678 by **June 30, 2024**. Districts opting in, do not require KDE prior approval for building plans and specifications [KRS 162.060,](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDUsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMzAzMTYuNzM0NDk1NzEiLCJ1cmwiOiJodHRwczovL2FwcHMubGVnaXNsYXR1cmUua3kuZ292L2xhdy9zdGF0dXRlcy9zdGF0dXRlLmFzcHg_aWQ9NDAyOCZ1dG1fbWVkaXVtPWVtYWlsJnV0bV9zb3VyY2U9Z292ZGVsaXZlcnkifQ.idS3_uBkMOl9cGRO7C0l_hMVco_tdYqnSg1w_hOac88/s/947322037/br/156281236435-l) Capital Outlay Funds [KRS 157.420,](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDYsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMzAzMTYuNzM0NDk1NzEiLCJ1cmwiOiJodHRwczovL2FwcHMubGVnaXNsYXR1cmUua3kuZ292L2xhdy9TdGF0dXRlcy9zdGF0dXRlLmFzcHg_aWQ9NDIzNzMmdXRtX21lZGl1bT1lbWFpbCZ1dG1fc291cmNlPWdvdmRlbGl2ZXJ5In0.v0XqrfcqHYlCTL0bM_24b8lXNfklEWSKaHWVNigTua8/s/947322037/br/156281236435-l)and financing arrangements [KRS 160.160,](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDcsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMzAzMTYuNzM0NDk1NzEiLCJ1cmwiOiJodHRwczovL2FwcHMubGVnaXNsYXR1cmUua3kuZ292L2xhdy9zdGF0dXRlcy9zdGF0dXRlLmFzcHg_aWQ9MzY4NyZ1dG1fbWVkaXVtPWVtYWlsJnV0bV9zb3VyY2U9Z292ZGVsaXZlcnkifQ.t6XavYzoovHfuSh51La3xMM1evXJ_Xqru2SodxMpyDk/s/947322037/br/156281236435-l)(3) and (4).

For additional information, visit KDE's [Facility Planning webpage](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDgsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMzAzMTYuNzM0NDk1NzEiLCJ1cmwiOiJodHRwczovL2VkdWNhdGlvbi5reS5nb3YvZGlzdHJpY3RzL2ZhYy9QYWdlcy9GYWNpbGl0eS1QbGFubmluZy5hc3B4P3V0bV9tZWRpdW09ZW1haWwmdXRtX3NvdXJjZT1nb3ZkZWxpdmVyeSJ9.1voT7azikYkUjdplovO_WpwqkDNtsrCSwHJAff2zNpU/s/947322037/br/156281236435-l).

Please email all capital funds requests to [Jana Cox](mailto:jana.cox@education.ky.gov) or [Sarah Tandy](mailto:sarah.tandy@education.ky.gov). Please remember, the 2023-2024 fiscal year is a carryover year.

**FY 23 School Report Card Finance Domain Review**

The School Report Card Finance Domain will open for review and data entry on **April 1, 2024**. Districts are required to validate/approve district-level financial data entered by the Kentucky Department of Education (KDE) and calculate/enter school-level spending per student data. Once again, this year, districts have the option to create a financial narrative to be displayed on the school report card and KDE strongly encourages a narrative. The short 750-character narrative will be displayed on the district’s financial transparency page under the header, “A Message from the Superintendent**”**. This narrative will give parents, community members, and researchers, a better understanding of the district’s financial picture, which cannot be depicted by looking at the data alone.

Finance officers were provided guidance on calculating spending per student data, and the guidance can also be found on the KDE’s [School Report Card Resources website](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Feducation.ky.gov%2Fdistricts%2Ftech%2Fsis%2FPages%2FSchool_Report_Card_Resources.aspx&data=05%7C02%7Cjackie.chism%40education.ky.gov%7C803495382a714927d65808dc3d312eeb%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638452528642651334%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=%2By3HRwz43qQfCgA64XkyoIdp6jUtUkq8T1hJYzvmvYg%3D&reserved=0). Additional guidance on entering the data and narrative has been provided to finance officers. Data entry must be completed by **May 17**. Please contact Jessi Carlton at (502)564-3930 ext. 2468 or email [Jessica.carlton@education.ky.gov](mailto:Jessica.carlton@education.ky.gov) with questions.

## Finance Officer Spotlight

Bobbie Brown has been the director of finance for the Boyle County Board of Education since 2022 and has ten years of experience in school finance. Before beginning her career in school finance, she was the director of payroll at Turf Catering of Keeneland.

Brown is a graduate of Eastern Kentucky University with a bachelor’s degree in accounting. She completed the School Financial Management Institute (SFMI) in April of 2023 through the University of Kentucky’s Center for Next Generation Leadership.

In addition to being a finance officer, Brown is also a wife to Simon, and mother to Audrey, Wyatt, and Mia. She enjoys getting away to Florida as often as possible and completing renovation projects on her 100-year-old home in Boyle County.