**Finance Newsletter May/June 2024**

**Fiscal Year-End Resources**

The end of FY2024 is near, and close out will arrive shortly. KDE has developed numerous guides to assist you with year-end procedures.

KDE’s [Fund Balances, Revenues and Expenditures, Chart of Accounts and Indirect Cost Rates](https://education.ky.gov/districts/FinRept/Pages/Fund%20Balances,%20Revenues%20and%20Expenditures,%20Chart%20of%20Accounts,%20Indirect%20Cost%20Rates%20and%20Key%20Financial%20Indicators.aspx) webpage, provides the Chart of Accounts established by KDE, in both quick reference and detail form. The webpage contains other helpful information such as GASB 54 best practices, project numbers and more.

KDE also has a [MUNIS Support and Guides](https://education.ky.gov/districts/Pages/MUNIS-Guides.aspx) webpage. The page utilizes a drop-down list to display numerous documents on a variety of subjects including budgets, fixed assets, general ledger, fiscal year end, payroll and more.

Additional, helpful links are located on KDE's webpage [District Financial Reporting](https://education.ky.gov/districts/FinRept/Pages/default.aspx) shown below:

* [Redbook Guidelines](https://education.ky.gov/districts/FinRept/Pages/Accounting-Procedures-for-School-Activity-Funds.aspx)- Accounting Procedures for Kentucky School Activity Funds
* [Audit Contract – KDE webpage](http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx)
* [Frequently Asked Audit Questions – KDE webpage](http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audits.aspx)
* [Finance Newsletters – KDE webpage](http://education.ky.gov/districts/FinRept/Pages/Financial%20Management%20Calendar,%20Financial%20Management%20Manual,%20Insurance%20Guidelines,%20Who%20Does%20What%20in%20DDS,%20Finance%20Newsletters.aspx)
* [District Payment Registers – KDE webpage](http://education.ky.gov/districts/FinRept/Pages/District-Payment-Registers.aspx)
* [On Behalf Payments Information – KDE webpage](http://education.ky.gov/districts/FinRept/Pages/On-Behalf-Payments-Information.aspx)
* [District Audit Reports from FY2020 through FY20](https://education.ky.gov/districts/FinRept/Pages/District-Financial-Audits.aspx)23 – KDE webpage

Districts are encouraged to review this information prior to, and during year-end procedures. Complete and accurate year-end practices will lead to a more efficient audit process and subsequent review by KDE. Please contact the District Financial Management Branch for more details.

**Paid Lunch Equity- Paid Student Lunch Prices**

All sponsors of the National School Lunch Program (NSLP) with pricing sites (paid student lunch prices) must comply with Paid Lunch Equity (PLE) requirements as stated in [7 CFR 210.14](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.ecfr.gov%2Fcurrent%2Ftitle-7%2Fsubtitle-B%2Fchapter-II%2Fsubchapter-A%2Fpart-210%23p-210.14(e)&data=05%7C02%7Cjackie.chism%40education.ky.gov%7Cc8b8cdc5278240c0675a08dc653e8b50%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638496566523786364%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=yREELY6Ox1ejLvqtNl%2BGuZNhmZ5ESkvZwz38E2n6rS8%3D&reserved=0). The PLE requirements do not apply to schools who implement the Community Eligibility Provision. In [SP 14-2024,](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.fns.usda.gov%2Fcn%2Fpaid-lunch-equity-guidance-school-year-2024-2025&data=05%7C02%7Cjackie.chism%40education.ky.gov%7Cc8b8cdc5278240c0675a08dc653e8b50%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638496566523802128%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=JIziOGa0sS3NJEe0Hdyf5TjzgZQ7XkAKzcThocjlLUU%3D&reserved=0) the USDA issued guidance for SY 24-25. Guidance for SY 24-25 states that sponsors must complete the tool to see if a price increase is required for SY 24-25, and if a price increase for paid student lunches is required, the sponsor can either increase prices or request an exemption. Exemptions will not be granted if the sponsor has a negative non-profit school food service fund balance as of June 30, 2023.

The Division of School and Community Nutrition (SCN) staff are completing the PLE tool for sponsors. SCN staff will contact food service directors to review the completed tool and provide technical assistance regarding any pricing changes or approve exemption requests. For questions, please contact [Katie Embree](mailto:kathryn.embree@education.ky.gov) with the Division of School and Community Nutrition.

# FY2024 Audit Acceptance Statement Web Form

The Audit Acceptance Statement (AAS) web form, which includes the justification section for using the same audit firm for more than five consecutive fiscal years, must be completed and submitted electronically through KDE’s [SharePoint](https://staffkyschools.sharepoint.com/sites/dsapps/DFMB/Lists/DistAudAccStat/Default.aspx?District_x003a_ID=178) site. **This year, please note** KDE is also requiring the district to report the “Actual Prior Year Audit Cost”.

The AAS The AAS electronic web form submission instructions, are located on the [Financial Audit Contract Information](http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx) website.

For questions regarding the Audit Acceptance Statement, please contact either Kim Carter at (502) 564-3846, ext. 4440, or email [Kim Carter](mailto:Kimberly.Carter@education.ky.gov), or Gail Cox at (502) 564-3846, ext.4462, or email [Gail Cox](mailto:gail.cox@education.ky.gov).

# FY2024 Audit Contract

The “Audit Contract and Requirements for FY2023-2024” and the “FY2024 Independent Auditor Contract”, are now available for review on the [Financial Audit Contract Information](http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx) website.

**Please note**, there are a couple of changes to the audit contract this year. The audit contract has been provided in a separate PDF document, and by clicking on the “Fill & Sign” option, it will allow you to choose the district name and the audit firm from a dropdown list. There is also an electronic signature option.

The submission of the audit contract along with any peer review documents, are required to be submitted electronically to KDE on or before May 31, 2024 to [Finance Reports](mailto:Finance.Reports@education.ky.gov), with the “DISTRICT NAME AUDIT CONTRACT DOCUMENTS” in the subject line.

For questions regarding the contract, please contact one of the following DFMB staff members: Kim Carter at (502) 564-3846, ext. 4440, or email [Kim Carter](mailto:Kimberly.Carter@education.ky.gov), Kelli Young at (502) 564-3846, ext. 4417, or email [Kelli Young](mailto:kelli.young@education.ky.gov), Marshall Smith at (502) 564-3846, ext. 4463, or email [Marshall Smith](mailto:ailto:mailt:mailtomailt:mailt:marshall.smith@education.ky.gov).

**Transportation Forms Due**

May 31- KSB/KSD Transportation of Daily / Residential trips

June 30- Transportation Adjustment End of Year

June 30- Vocational School Transportation

Please remember **ALL districts** must submit these forms. If you are not transporting any pupils, please submit a zero submission.

If you have any questions, please feel free to contact Ann Culbertson at (502)564-3846 Ext.4438.

**What the FY2023 Audit Findings Statistics Indicated**

The Kentucky Department of Education (KDE) compiled FY2023 audit findings for all 171 districts. As shown below, there were 778 audit findings and management letter comments among 146 districts statewide.

FY2023 Audit findings and Management Letter Comments

Material weaknesses are deficiencies that could have a material effect on the financial statements. The table above shows fifteen (15) material weakness findings for seven (7) districts which infers there are districts with more than one material finding.

Further, KDE examined these findings that had not been corrected from the prior year. The data showed 198 audit findings and management letter comments, including four (4) material weaknesses which were repeated from the previous audit.

FY2023 Repeated Audit  Findings & Management Letter Comments

KDE categorized these findings to provide indicators of common issues. Documentation is the leading category followed by payroll, purchasing and approvals. Additionally, documentation, payroll and approvals had the most repeated findings.

FY2024 Non-Redbook Audit Findings & Management Letter Comments

Lastly, we have categorized Redbook specific items. Receipts/Revenue had the most findings followed by expenditures, forms, District Activity Funds and fundraisers. Also, inactive accounts had the most repeat findings followed by expenditures, receipts/revenue and forms.

FY2023 Redbook Audit Findings & Repeat Audit Findings and Management Letter Comments

For further questions or concerns over this information, please feel free to contact Marshall Smith, DFMB Administrative Branch Manager at (502) 564-3846, ext. 4463, or email [Marshall Smith](mailto:marshall.smith@education.ky.gov).

**KDE to offer Statewide Federal Programs Training**

The Kentucky Department of Education will be offering a virtual, statewide federal programs training at no cost to school districts on June 3-4. The same content will be offered on both days.

The training will highlight upcoming changes to the Uniform Grants Guidance, Elementary and Secondary School Emergency Relief (ESSER) funding, fiscal requirements, and other topics of importance for district federal program administrators.

The training will be provided by [The Bruman Group](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMTksInVyaSI6ImJwMjpjbGljayIsInVybCI6Imh0dHBzOi8vYnJ1bWFuLmNvbS8_dXRtX21lZGl1bT1lbWFpbCZ1dG1fc291cmNlPWdvdmRlbGl2ZXJ5IiwiYnVsbGV0aW5faWQiOiIyMDI0MDQyOS45NDA0Mjg5MSJ9.1fcWJtS0cCkorpUkpe6XaFL0l75ot9B_rlL9u-jP_Eg/s/947322311/br/241544796621-l) (formerly Brustein and Manasevit), a legal firm that is nationally recognized for its federal grants management and education regulatory and legislative practice.

The training will benefit district staff who are responsible for the oversight and administration of federal education programs and compliance with legal requirements. The district superintendent, finance officer and federal programs coordinator are strongly encouraged to attend.

To register for this training, [please complete the Bruman Group online registration form](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMjAsInVyaSI6ImJwMjpjbGljayIsInVybCI6Imh0dHBzOi8vZG9jcy5nb29nbGUuY29tL2Zvcm1zL2QvZS8xRkFJcFFMU2VmWFhlN3lEYzNJTVVKemZqelJLWVhRMmZKOXJqaEFqdlBOVEdFRmdhd0ZIN0tmQS92aWV3Zm9ybT91dG1fbWVkaXVtPWVtYWlsJnV0bV9zb3VyY2U9Z292ZGVsaXZlcnkiLCJidWxsZXRpbl9pZCI6IjIwMjQwNDI5Ljk0MDQyODkxIn0.fLxyAaK9Ut9yRWJQnDr10B_KS2Gj5RDiEtauofXS04c/s/947322311/br/241544796621-l). An agenda and link to join the training will be sent in advance of the meeting.

For more information, email [Leslie Bridges](mailto:leslie.bridges@education.ky.gov) or call her at (502) 564-3791, ext. 4040.

**ARP ESSER Update**

Reminder: 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, 2024, your district may want to consider applying for an **ARP ESSER Liquidation Extension.** Requests can be entered in KDE’s Grants Management Application and Planning system (GMAP) in early May 2024. For more information, please review KDE’s Finance Officer Webcast of February 28, 2024, or contact Robin Morley at [robin.morley@education.ky.gov](mailto:robin.morley@education.ky.gov). The ARP Act requires each district to budget and spend not less than 20% of its ARP ESSER allocation to address the academic impact of lost instructional time through the implementation of evidence-based interventions. When **$1 million or more** of ESSER funds (ESSER I, ESSER II, or ARP ESSER) are used for renovation, major remodeling, construction, or real property projects, the district must **record** a Notice of Federal Interest (NFI) by January 28, 2025.  Recording may also be required if less than $1 million in ESSER funds is invested.

For projects ***under* $1 million**, federal interest must be recorded **if the following applies**:

* The ESSER funds represent “the vast majority” of the total value (such as building with a total value of $1.5 million that used $900,000 in federal funds).
* The US ED determines that a district is in high-risk status, US ED may require a Notice of Federal Interest (NFI) be recorded (to protect the federal interest from other liens that could prevent the building from being used for its educational purpose).
* The federal interest in the project is insignificant but the project is (even slightly) above $1 million (such as building with a total value of $100 million that used $1,000,005 in federal funds).

To assist districts with the creation of a Notice that meets the requirements of the US Department of Education, KDE has created a template which is available from Chay Ritter ([chay.ritter@education.ky.gov](mailto:chay.ritter@education.ky.gov)) or Steve Lyles ([steve.lyles@education.ky.gov](mailto:steve.lyles@education.ky.gov)). For more information, please review KDE’s Finance Officer Webcast of April 12, 2024.

Regardless of the amount of ESSER funds invested, **districts that use ESSER funds to acquire or improve facilities must report on the status of the real property annually,** for at least the first 15 years. Status is reported by submitting a Federal Real Property Status Report (Cover Page, SF-429) and Standard Form 429 Attachment (A) each year to KDE. If the district is approved to dispose of property with a federal interest, the district will also complete Standard Form 429 Attachment (C). For more information, please review KDE’s Finance Officer Webcast of April 12, 2024.

**Finance Officer Spotlight**

Scott Burchett has been the director of finance for the Boyd County Board of Education since 2018. Prior to working at Boyd, he was the director of finance for the Greenup County Board of Education for twenty years.

Burchett has really enjoyed working at Boyd where he is surrounded by an excellent staff, dedicated to making their school system great. He has also enjoyed mentoring several new finance directors in other districts.

Burchett and his family have a micro-farm where they raise chickens, work in the garden, and appreciate the outdoors. He loves God, his wife, and their two little boys.