

FINANCE

NEWSLETTER



MARCH - APRIL 2015

KENTUCKY DEPARTMENT OF EDUCATION

FY 2014 Audit Analysis Review

The Division of District Support, District Financial Management Branch, is reviewing the FY 2014 Financial Audit Reports and audited Annual Financial Reports (AFRs). The audit reviews are using a two-tiered approach again this year, with Tier 1 being a more general overview and Tier 2 involving a more detailed examination of the comparison of the audited AFR and the audit report.

The plan is for each district to receive a Tier 2 review once every four years, excluding Fayette and Jefferson counties that will receive the Tier 2 review every year. The remaining districts will receive a Tier 1 audit review.

If a Tier 1 review reveals a problem, the review will expand to a Tier 2 review. KDE staff will contact district superintendents, finance officers, and/or auditors as needed for more information during the review process.

New Electronic Submission Process for BG-1 Project Application Form and BG-5 Project Closeout Form

In an effort to streamline the processing of 702 KAR 4:160 Capital Construction Process submittals, the BG-1 Project Application Form (BG-1) and BG-5 Project Closeout Form (BG-5) will be accepted electronically.

Effective Immediately:

- **BG-1 Forms will only be accepted when submitted electronically to BG1ProjectApp@education.ky.gov.**
- **BG-5 Forms will only be accepted when submitted electronically to BG5ProjectCloseout@education.ky.gov.**

BG-5 submission process, refer to the [Instructions for Electronic Submission of BG-1 Project Application Form](#) and BG-5 Project Closeout Form on the KDE District/School Support Facilities Construction webpage: <http://education.ky.gov/districts/fac/Pages/Construction.aspx>.

If you have any questions or concerns, please contact Branch Manager Greg Dunbar at 502-564-4326, ext. 4429, greg.dunbar@education.ky.gov, or Division Director Kay Kennedy, at 502-564-3930, ext. 4433, or kay.kennedy@education.ky.gov.

For more detailed instructions on the new BG-1 and

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Updated Reminder: Supporting Documentation Required with BG-1 Project Application Form (BG-1) Involving Insurance Proceeds

When submitting a BG-1 to request approval to use Insurance Proceeds, please provide the following:

1. Proof of insurance proceeds received for the facilities project listed on the BG-1; **or**
2. The district's property schedule and signed insurance policy with an itemized list of property being insured by the insurance company.

KDE will use this documentation to substantiate and approve Insurance Proceeds available for use on the BG-1.

Please feel free to email Jeffrey Coulter at jeffrey.coulter@education.ky.gov, or call (502) 564-3846 Ext. 4459, if you have any questions.

Fidelity (Performance) Bonds

The Fidelity (Performance) Bonds information for Fiscal Year 2015-2016 are due to the Kentucky Department of Education (KDE) by **July 1**, through the SEEK Application “Fidelity Bond” web form and are required to be approved by the Commissioner of Education. The Exposure Calculation Report for FY 2015-2016 will be posted to the website in **March 2015**.

Please refer to the “Bonds” webpage under the “Fidelity (Performance) Bond” section for all forms, instructions and reports:

<http://education.ky.gov/districts/FinRept/Pages/Bonds.aspx>

Please forward Fidelity Bond questions to Gail Cox at Gail.Cox@education.ky.gov or 502-564-3846 ext.4462.

Bond of Depository

The “Bond of Depository” information for Fiscal Year 2015-2016 are due to the Kentucky Department of Education (KDE) by **July 1**, through the SEEK Application “Depository Bond” web form **every** fiscal year and is required to be approved by the Commissioner of Education. The Division of District Support has provided a worksheet on the bonds website for the districts to use to help them to calculate their Penal Sum.

Districts will need to make any adjustments to their “Bond of Depository” Penal Sum and Collateral Market Value by **July 1**. Even if nothing changed the district will need to update the beginning and ending dates and submit the bond 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 the “Bonds” webpage “Bond of Depository” section for all forms, instructions and reports:

<http://education.ky.gov/districts/FinRept/Pages/Bonds.aspx>

Please forward Bond of Depository questions to Gail Cox at Gail.Cox@education.ky.gov or 502-564-3846 ext.4462.

Transportation Finance

One of the important numbers any transportation department should know is how much per mile it costs to run a bus. This number will cover overhead costs, labor and bus maintenance cost. Most of the time, when calculating costs, the transportation cost is guessed. Using the method below will help with the accuracy the cost any trip, but also with creating a yearly transportation budget.

This past fall, KDE held several classes/meetings and this was explained. This is a good time to ensure you know the

Capital Funds Request Reminder

The FY2015 Capital Funds Requests (CFR) and supporting documents are due to KDE no later than **May 30**. The CFR form, instructions, and guidelines are located at <http://education.ky.gov/districts/FinRept/Pages/Capital-Funds-Request.aspx>. The “CFR Instructions FY2015” are comprehensive and detailed in order to provide districts with the information needed to understand the CFR process and complete the CFR form.

CFRs and supporting documents

are to be e-mailed to Denise Hartsfield at denise.hartsfield@education.ky.gov. Please ensure that all required documents, such as the FY2015 Debt Service Schedules (district’s detailed gross and net of federal rebates), SFCC Approval e-mail (if applicable) and associated BG-1, are submitted together with the CFR form.

All expenditures made in connection with a **FY 2015** CFR must be made by **June 30**. Any **FY 2015 CFR approved** by KDE that have not been

cost per mile as spring trips will be ramping up again soon. Knowing your costs allows you to better plan where the funds will be coming from.

Regardless of what is charged for any trip, this is a good approximation of the actual costs for the trip.

To calculate, please go to:

<http://education.ky.gov/districts/SEEK/Documents/Cost%20Per%20Mile%20Calculation%20Tool%20for%20Districts.xls>

expended by June 30, will revert to the **original source** and will be subject to escrow requirements. There will be **no carryover of fund balances** for the prior requested expenditures to the next year. Only the **actual expenditure amount** shall be transferred and recorded as expenditure and **not** the maximum approved amount. Any Capital Funds Request submitted to KDE but **not approved** by June 30 will also revert to the **original source** and will be subject

National Board Certification Salary Reimbursement Program Application, Due May 1

May 1 is the deadline to submit salary supplement reimbursement applications for National Board Certified Teachers. To review the application process, frequently asked questions, previous year’s NBC Salary Supplement Reimbursements and current law, please click [here](#) to visit KDE’s website.

KDE encourages all applications to be submitted by email to Jana Cox at jana.cox@education.ky.gov. If electronic submission is not possible, please fax to (502)564-6771 to the attention of Jana Cox.

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to escrow requirements.

Please forward CFR questions relating to the CFR submission process to Denise Hartsfield, questions relating to the facilities review to Greg Dunbar at greg.dunbar@education.ky.gov and questions relating to the financial review to Jaime Rice at jaime.rice@education.ky.gov or (502) 564-3846 ext. 4407 or Beth Wheeler at Beth.Wheeler@education.ky.gov or (502) 564-3846 ext. 4425.

Audit Contract

The fiscal year 2014-2015 audit contract will be reviewed by the State Committee for School District Audits at its March 18 meeting. The audit contract will be available on the Kentucky Department of Education’s website located at <http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx> after it is approved by the committee around April 1. Please remember the contract is valid for **only one year** for the audit of the 2014-2015 fiscal year.

Please forward any audit contract questions to Jaime Rice at jaime.rice@education.ky.gov or (502) 564-3846, extension 4407.

Indirect Cost Rate Adjustments

KDE is working to implement the changes outlined by the U.S. Department of Education (USDE) during its review of our indirect cost rate calculation plan which Kentucky school districts are currently using. Due to the plan modifications, there will be a slight delay in the opening of the window for districts to enter any adjustments. Our goal is to have all districts enter their adjustment data in late April or early May so that they can all be presented to the Kentucky Board of Education (KBE) at the June board meeting.

School districts will be responsible for reading and understanding Office of Management and Budget Circular

A-87 (http://www.whitehouse.gov/omb/circulars/a087_2004/), federal guidance regarding indirect costs, in order to make the appropriate adjustments (if any) to the AFR data.

Additional guidance on preparing your indirect cost adjustments (if applicable) can be seen in the webinar posted last spring on the KDE website: http://media.education.ky.gov/video1/On-Demand2014/Indirect_Cost_Calculations_3-5-2014.mp4

Questions regarding indirect costs may be directed to Steve Lyles at steve.lyles@education.ky.gov or at 502-564-3930 extension 4416.

*KDE Office of Administration and Support
Associate Commissioner Hiren Desai
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KDE Revised Consolidated Compliance Plan for Non-Discrimination

Please be advised that the Kentucky Department of Education has revised its Consolidated Compliance Plan for Non-Discrimination. The revised plan has been posted on the Legal and Legislative Services [page](#) on KDE’s website and includes a Discrimination Complaint Form that can be filled out by anyone alleging discrimination against KDE staff and/or KDE program areas.