**Finance Newsletter May/June 2025**

**Fiscal Year-End Resources**

The end of FY2025 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](https://www.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 [Enterprise ERP (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)
* [District Financial Newsletters](https://www.education.ky.gov/districts/FinRept/Pages/Financial%20Management%20Calendar,%20Financial%20Management%20Manual,%20Insurance%20Guidelines,%20Who%20Does%20What%20in%20DDS,%20Finance%20Newsletters.aspx) [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 FY2022 through FY2024](https://education.ky.gov/districts/FinRept/Pages/District-Financial-Audits.aspx) – 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.

# FY2025 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.

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 Jana Cox at (502) 564-3846, ext. 4409, or email [Jana Cox](mailto:jana.cox@education.ky.gov).

# FY2025 Audit Contract

The “Audit Contract and Requirements for FY2024-2025” and the “FY2025 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, the audit contract has been provided in a separate PDF document which allows 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 30, 2025 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), or Kelli Young at (502) 564-3846, ext. 4417, or email [Kelli Young](mailto:kelli.young@education.ky.gov).

**Buy American Provision and the NSLP**

The [Buy American Provision](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Ffns-prod.azureedge.us%2Fsites%2Fdefault%2Ffiles%2Fresource-files%2FFactSheet_BuyAmerican.pdf&data=05%7C02%7Cjackie.chism%40education.ky.gov%7C9d7f949c67334be8909008dd8338577f%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638811000222616197%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=OoJAJsLvKjGAjPlx6a%2FLcvAqI6cjXg8hld19N87T53A%3D&reserved=0) requires sponsors of the National School Lunch Program to purchase, to the maximum extent possible, domestic commodities or products. This provision is intended to provide safeguards for the health and well-being of American children and supports the U.S. economy and American farmers.

With “Buy American”, sponsors should purchase domestic agricultural products if available. There are two exceptions to the rule. The first is if the product is not available in the U.S., it will be found on the [FAR non-available articles list](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.acquisition.gov%2Ffar%2F25.104&data=05%7C02%7Cjackie.chism%40education.ky.gov%7C9d7f949c67334be8909008dd8338577f%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638811000222647569%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=%2BMDPMYQNc9c9HB4LTco5auoENjVII5FlTA3sSo9EyJY%3D&reserved=0). These products do not require additional documentation to prove a domestic alternate is not duly available.  The second is if the domestic product is significantly higher in price than the non-domestic equivalent. When using this exception, documentation is required.

New for SY 25-26- USDA is now requiring that not more than 10% of the school food authority’s expenditure on agricultural products are spent on non-domestic products. The [non-domestic expenditure cap](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.fns.usda.gov%2Fcn%2Fbuy-american-provisions&data=05%7C02%7Cjackie.chism%40education.ky.gov%7C9d7f949c67334be8909008dd8338577f%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638811000222676046%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=4hDI6ufp8oajqHCY0TU4VrvSJsnBqyh2yCyxpkeCoe0%3D&reserved=0) will reduce to 8% in SY 28-29 and 5% in SY 31-32. USDA is offering a waiver to those school food authorities who cannot meet the 10% cap in the first year. The Division of School and Community Nutrition (SCN) will provide guidance on how to apply for this waiver soon. For any questions, please email [Katie Embree.](mailto:kathryn.embree@education.ky.gov)

**Update to Food Service Summary Class Codes**

The Kentucky Department of Education (KDE) oversees Classified Staff Summary class codes. Recently, in collaboration with the Division of School and Community Nutrition (SCN), we updated this series and reinstated the summary class code 7210 Food Service Manager III. If your district uses the 7210 Food Service Manager III code, please review the education and experience requirements, as well as the licenses and other requirements for each employee to ensure compliance.

If you have questions regarding the USDA Professional Standards Requirement, contact [Katie Embree](mailto:Kathryn.Embree@education.ky.gov) for further instructions.

For further details, visit the KDE website at

<https://www.education.ky.gov/districts/FinRept/Pages/School%20District%20Personnel%20Information.aspx>

**What the FY2024 Audit Findings Statistics Indicated**

The Kentucky Department of Education (KDE) compiled FY2024 audit findings for all 171 districts. As shown below, there were 653 audit findings and management letter comments among 131 districts statewide.

|  |  |  |  |
| --- | --- | --- | --- |
| Classification | Count | District Count | % |
| Material Weakness | 16 | 11 | 2.45 |
| Significant Deficiency | 10 | 8 | 1.53 |
| Noncompliance | 11 | 8 | 1.68 |
| Management Letter Comment | 616 | 104 | 94.33 |
| Total | 653 | 131 | 100 |

Material weaknesses are deficiencies that could have a material effect on the financial statements. The table above shows 16 material weakness findings for eleven 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 207 audit findings and management letter comments, including seven material weaknesses that were repeated from the previous audit.

|  |  |  |  |
| --- | --- | --- | --- |
| Repeat Classification | Count | District Count | % |
| Material Weakness | 7 | 5 | 3.38% |
| Significant Deficiency | 1 | 1 | 0.48% |
| Noncompliance | 2 | 2 | 0.97% |
| Management Letter Comment | 197 | 53 | 95.17% |
| Total | 207 | 61 | 100% |

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

Redbook specific items also were categorized. Receipts/revenue had the most findings, followed by forms, purchasing, expenditures and policies/procedures. Also, forms and inactive accounts had the most repeat findings, followed by purchasing and receipts/revenue .

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

|  |
| --- |
|  |

### ****New Edit Check REMINDER in Chart of Accounts AFR Data for FYE 2025****

In the November/December 2024 financial newsletter, we provided information about the changes to Function 24XX and the unit in the ORG not being reported in 000 (districtwide) or 001 (central office). We were informed in a training session with staff who oversees the School Level Financial Survey that it is essential to report as much financial information as possible at the school level rather than district-wide or at the central office. This change will improve the accuracy of your school-level reporting for functions that start with 24.

We are following up with a reminder that the Kentucky Department of Education (KDE) will be checking this change in the Unaudited AFR Submission as a “Note” and in the Audited AFR as an “Error”. In FYE2026, both will be reported as an “Error”. Please verify your district is not using 000 (districtwide) or 001 (central office) for Function 24XX. If these codes are found, change them to a valid school location for your district.

Available Functions for 24XX are available in the following document on KDE’s webpage at [Current Org Codes FY2024-2025](https://www.education.ky.gov/_layouts/download.aspx?SourceUrl=https://www.education.ky.gov/districts/FinRept/Documents/Current%20Org%20Codes%20effective%20FY2024-2025%20ADA.xlsx).

For questions, please contact Karen Conway at (502) (502)564-3846 Ext. 4435, or email Karen at [Karen Conway](mailto:karen.conway@education.ky.gov).

**School Report Card Finance Domain OPEN for review and data entry**

The School Report Card Finance Domain opened Friday, April 4. Districts are required to validate/approve district-level financial data entered by KDE and calculate/enter school-level spending per student data.

Once again, this year, districts have the option to create/enter a financial narrative to be displayed on the school report card and KDE strongly encourages districts to do this. The short 750-character narrative will be displayed on the district’s financial transparency page under the header: **A financial 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 gathered by looking at the data alone.

Finance officers were provided guidance on calculating spending per student data via email 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%7C09ff18288477441e47cb08dd8345c944%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638811057956735496%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=LqQy%2BZ2CwpeSq%2BW7oO8UPzCWVPYvYXJ7KtthU6JGXYM%3D&reserved=0). Additional guidance on entering the data and narrative have been provided to finance officers. Data entry must be completed by May 14.

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**

April Lax has proudly served as the finance officer for Calloway County School District since July 2018, a role she describes as the most fulfilling of her career. She is enthusiastic about applying her accounting expertise in a way that directly benefits students, staff, and the broader community.

A Calloway County native, Lax is a graduate of Calloway County High School. She continued her education at Murray State University, where she earned both a bachelor’s degree in accounting in 2012, and a master’s degree in business administration in 2016. In 2018-2019, she completed the Certified School Financial Manager certification. Following her academic achievements, she became a Certified Public Accountant (CPA) in 2018.

Lax began her career in public accounting before transitioning to governmental accounting at Murray State University. Her deep roots in the community, combined with her financial background, make her an asset to the school district and a dedicated advocate for public education.

In her free time, Lax enjoys riding her side-by-side with her husband, reading, and working on jigsaw puzzles. She is also a proud mother and grandmother who cherishes spending quality time with her family and dogs.