**Finance Newsletter September/October 2025**

### **FY2024-2025 Audit Report Deadlines and Extension Requests**

The fiscal year 2024-2025 audit report, audited AFR, audited Balance Sheet and Audit Findings and Management Letter Comments Spreadsheet, is due to the Kentucky Department of Education (KDE) on or before November 15.

If any of these items cannot be submitted by the deadline, an extension request must be approved by the State Committee for School District Audits (SCSDA). Requests must be submitted to KDE on or before **October 1** to allow SCSDA time to review and approve them, requiring the district and auditor to maintain continuous communication to meet the deadlines.

The form must be completed and signed by both the district and auditor and can be found in Appendix I of the fiscal year 2024 audit contract package (Audit Contract and Requirements for FY2024-2025) at: [Financial Audit Contract Information](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMTMsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMjA5MDYuNjMyNjMzMzEiLCJ1cmwiOiJodHRwczovL2VkdWNhdGlvbi5reS5nb3YvZGlzdHJpY3RzL0ZpblJlcHQvUGFnZXMvRGlzdHJpY3QtRmluYW5jaWFsLUF1ZGl0LUNvbnRyYWN0cy5hc3B4P3V0bV9tZWRpdW09ZW1haWwmdXRtX3NvdXJjZT1nb3ZkZWxpdmVyeSJ9.KtXdyshTF7lPM-X003MlVRTLm8pAqHT7--eacBo4eSc/s/947322037/br/143561901005-l).

Items received after Nov. 15 without an extension approved by SCSDA will be considered late, and the penalties outlined in the audit contract may be imposed by SCSDA.

The Audit Extension Request form should be submitted to finance.reports@education.ky.gov with the “DISTRICT NAME AUDIT EXTENSION REQUEST” in the subject line and a copy sent to the school district superintendent and finance officer. For more information, email Kim Carter or call (502) 564-3846, ext. 4440; or email Kelli Young or call (502) 564-3846, ext. 4417.

### **AFR and Balance Sheet Validation**

KDE begins a comprehensive review process upon receipt of a district’s Audit Report, audited AFR, audited Balance Sheet and the Audit Findings and Management Letter Comments Spreadsheet.

A significant part of this review, seeks to ensure the financial statements within the audit report are an accurate representation of the underlying accounting records through use of an audit validation tool, entitled “AFR and Balance Sheet Validation.” Not only is this sound accounting policy but it is also a contractual requirement. Further, financial information submitted on the audited AFR and Balance Sheet, are used by state and federal agencies for informational purposes and management decisions, therefore, complete and accurate information is critical.

The Audit Contract and Requirements FY2024-2025 states, “*It is important for both the school district (superintendent and finance officer) and auditor to communicate and work together to ensure the Audited Annual Financial Report (AFR), Audited Balance Sheet and Audit Report agree* ***prior*** *to the reports being submitted to KDE. This may require adjusting entries to be recorded by the district. The district, working with its auditor, is strongly encouraged to utilize the* ***optional*** *Audit Validation tool accessible through the KDE SEEK program and resolve any discrepancies identified among the Audited AFR, Audited Balance Sheet and Audit Report”.*

Districts that identify discrepancies within their audited AFR, Balance Sheet, and/or proposed Audit Report while using the audit validation tool, will be allowed to resubmit their reports prior to the beginning of the official KDE audit review process.  Using this tool will assist in finding discrepancies or other issues at an early stage, eliminating the need for the use of district staff resources to resolve discrepancies later during the year.

In addition to contractual requirements, KDE serves as the data depository for all public schools in the Commonwealth. Possessing complete and accurate financial data is critical to fulfilling information requests from the executive and legislative branches, the public, and others.

For assistance utilizing the AFR and Balance Sheet Validation, see the “AFR and Balance Sheet Validation Instructions” found on KDE’s [District Financial Audits](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMTQsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMjA5MDYuNjMyNjMzMzEiLCJ1cmwiOiJodHRwczovL2VkdWNhdGlvbi5reS5nb3YvZGlzdHJpY3RzL0ZpblJlcHQvUGFnZXMvRGlzdHJpY3QtRmluYW5jaWFsLUF1ZGl0cy5hc3B4P3V0bV9tZWRpdW09ZW1haWwmdXRtX3NvdXJjZT1nb3ZkZWxpdmVyeSJ9.WTG3xivgOEoMWGoZcFnLo_GZdnel0_pCddsGMCzTFz8/s/947322037/br/143561901005-l) webpage, under the heading “Financial Audit Report Information.”

Please email any questions to Kim Carter or [Kelli Young](kelli.young%40education.ky.gov).

**GASB 101**

GASB Statement 101 addresses compensated absences and went into effect for fiscal years beginning after December 15, 2023, and applies to all reporting periods thereafter.

Under GASB 101, school districts must recognize liabilities for compensated absences in two primary scenarios:

* Unused Leave
* Used but Uncompensated Leave

The most significant change brought about by GASB 101 is the application of the “**more likely than not**” condition when calculating the unused leave liability. This lower threshold will likely result in a higher compensated absence liability than under the previous “probable” threshold.

Suggested actions for the district to ensure alignment with GASB’s recognition and measurement criteria are the following:

* Review and update policies - Assess current compensated absence policies and update policy documentation to reflect the new “more likely than not” threshold and consistent treatment of sick leave if needed.
* Evaluate employee contracts - Review employee contracts to determine how leave is earned, accumulated, and paid. Assess whether contract terms require adjustments to comply with GASB 101’s measurement criteria.
* Calculating liabilities - For unused leave, use the employee’s pay rate as of the financial statement date, unless the leave arrangement specifies a different rate. For used but unpaid leave, measure the liability based on the cash payment or non-cash settlement amount to be made.
* Assess leave usage patterns - Analyze historical leave usage data and employee contract terms to answer key questions:
	+ What is the likelihood that accumulated leave will be used for time off?
	+ What is the likelihood that leave will be paid out upon termination, retirement, or death?
	+ At what rate will leave be used or paid out (e.g., full pay, partial pay)?
	+ These answers will inform liability calculations and ensure accurate financial reporting.
* Prepare financial statements - Ensure that the financial statements reflect the updated policies and calculations for compensated absences.
* Compliance and training - Implement compliance measures and provide go-forward training to ensure continued adherence to GASB 101 reporting requirements.

**Child Nutrition Program- How are Adult Meal Prices Determined?**

It’s a common misconception that the price of an adult meal at breakfast or lunch is solely determined by the food service director. Although food service directors do have some discretion in setting the price, the USDA requires all nonprogram meals that are sold to adults be priced in accordance with [FNS Instruction 782-5 Revision 1](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Ffns-prod.azureedge.us%2Fsites%2Fdefault%2Ffiles%2Fresource-files%2FPricing%2520of%2520Adult%2520Meals%2520in%2520National%2520School%2520Lunch%2520and%2520School%2520Breakfast%2520Programs1.pdf&data=05%7C02%7Cjackie.chism%40education.ky.gov%7Cdd90481b0a20428394f608dddfe2a384%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638912886683632063%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=QclqL6Q%2FCMjkLgH5VcnmIKBCrQYKroY82eCD96qOhYE%3D&reserved=0). Any meal sold to an adult must be assessed to meet the minimum required price to ensure federal child nutrition funds are not subsidizing adult meals. This is effective from the beginning of the school year and applies to all adult meals. It is important to note that pricing sites and non-pricing (CEP) sites use different formulas to determine the minimum required price. If your district has both pricing and non-pricing sites, SCN recommends choosing the highest of the prices for districtwide use. This will not only ensure the minimum price is met but also provides consistency across all schools.

SCN has many resources to support food service directors with pricing. The *SY 2025-2026 Adult Meal Price Presentation* template is available on SCN’s SponsorNet site. The Adult Meal Price Presentation Template is a customizable template for Sponsors to assist with the presentation of the Adult Meal Price to the Board of Education for members to understand the program requirements. It is also important to ensure that once the adult meal price is determined, adjustments are made in the point-of-sale system to ensure adult meals sold are priced accordingly. Any meals given to adults at no charge or for less than the required price are considered an unallowable expense to the nonprofit food service account and another fund source must cover the cost. For any questions, or if you would like access to SCN’s SponsorNet, please contact Katie Embree.

**Working Budget Submission**

The window is open for the Working Budget to be submitted. Working Budgets need to be approved by the Board of Education and submitted to KDE no later than **September 30, 2025**.

Working Budget files need to be submitted using the [SEEK Web Submission Form](https://applications.education.ky.gov/login?utm_medium=email&utm_source=govdelivery). Reach out to your district’s technical point of contact if you do not already have access to the submission site.

Directions for generating the reports as well as the submission guide can be found at [Enterprise ERP Support and Guides](https://www.education.ky.gov/districts/Pages/MUNIS-Guides.aspx?View=Budgets&Title=Table%20Viewer%20Webpart).

For questions related to generating the Working Budget reports in Enterprise ERP, please send an email to EnterpriseERP@education.ky.gov.

For questions related to submitting the Working Budget report, please send an email to finance.reports@education.ky.gov or Sheila.Miller@education.ky.gov, and include “Working Budget” in the subject line.

## ****Certified Salary Tables, PSD and CSD File Submission****

The October 1 deadline for the certified salary table and the professional and classified staff report is quickly approaching.

Files must be submitted using the [SEEK Web Submission Form](https://applications.education.ky.gov/login?utm_medium=email&utm_source=govdelivery). Reach out to your district’s technical point of contact if you do not already have access to the submission site.

The following links are provided for assistance:

* [School District Personnel Information](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDgsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMjA5MDYuNjMyNjMzMzEiLCJ1cmwiOiJodHRwczovL2VkdWNhdGlvbi5reS5nb3YvZGlzdHJpY3RzL0ZpblJlcHQvUGFnZXMvU2Nob29sJTIwRGlzdHJpY3QlMjBQZXJzb25uZWwlMjBJbmZvcm1hdGlvbi5hc3B4P3V0bV9tZWRpdW09ZW1haWwmdXRtX3NvdXJjZT1nb3ZkZWxpdmVyeSJ9.G2qzL-og24ERyTmuUS7VHky9BfwsIwnD44AsaRLti1Q/s/1420981258/br/143561903445-l) (PSD CSD Download Correction Guide 2026)
* [Enterprise ERP Support & Guides](https://www.education.ky.gov/districts/Pages/MUNIS-Guides.aspx?View=PSD%20CSD%20Reporting&Title=Table%20Viewer%20Webpart) (Directions for processing PSD, CSD and Salary Table information as well as the PSD CSD Download Correction Guide 2026)

For questions related to the submission of the files, please send an email to finance.reports@education.ky.gov.

For questions related on the steps required to complete the PSD, CSD, or generating the Salary Table file in Enterprise ERP, please send an email to EnterpriseERP@education.ky.gov.

### **Audited AFR and Balance Sheet Submission Process for 2025**

The Audited AFR and Balance Sheet files for FY2025 must be submitted no later than November 15 unless an extension has been approved for the FY2025 audit. The Audited AFR Submission Guide for 2025 will be available at [KDE Enterprise ERP Support and Guides](https://www.education.ky.gov/districts/Pages/MUNIS-Guides.aspx?View=General%20Ledger%20Year%20End&Title=Table%20Viewer%20Webpart). Select General Ledger Year End from the drop-down menu to locate the documents.

Files need to be submitted using the [SEEK Web Submission Form](https://applications.education.ky.gov/login?utm_medium=email&utm_source=govdelivery). Reach out to your district’s technical point of contact if you do not already have access to the submission site.

Please email finance.reports@education.ky.gov or Sheila.Miller@education.ky.gov if you have any questions when submitting the files. Please include “AFR” in the subject line.

### **Fidelity Bonds and Pledge of Collateral Approval**

**Please note:**The FY2025-2026 Fidelity Bond and Pledge of Collateral reports have been approved by KDE and can be located on KDE’s website at: [Fidelity Bond - Kentucky Department of Education](https://www.education.ky.gov/districts/FinRept/Pages/Fidelity%20Bond.aspx) and [Pledge of Collateral - Kentucky Department of Education](https://www.education.ky.gov/districts/FinRept/Pages/Pledge%20of%20Collateral.aspx). If a district needs to make changes during the fiscal year to the Fidelity or Pledge of Collateral information that has been approved by KDE, the district will be required to update the current information. The beginning date on the new information should follow the end date of the current information. The district will be required to submit the information to KDE through SEEK and is responsible for ensuring the information is accurate.

If the district needs to make a change to its approved information in the SEEK application, call Jackie Chism at (502) 564-3846, ext., 4445 or email Jackie Chism  for the window to be opened to make the changes.

### **Financial Management Calendar**

The Kentucky Department of Education (KDE) provides the Financial Management Calendar to assist all districts with reminders of financial and budget tasks required to be completed on a monthly, quarterly, or annual basis. Included in these reminders are links, due dates and contact information.

KDE offers this calendar in easily accessible formats, such as Word, Excel, Outlook, Office 365, and Google Calendar. These documents and calendar options are located at the [Financial Management Calendar](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMTEsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMjA5MDYuNjMyNjMzMzEiLCJ1cmwiOiJodHRwczovL2VkdWNhdGlvbi5reS5nb3YvZGlzdHJpY3RzL0ZpblJlcHQvUGFnZXMvRmluYW5jaWFsJTIwTWFuYWdlbWVudCUyMENhbGVuZGFyLCUyMEZpbmFuY2lhbCUyME1hbmFnZW1lbnQlMjBNYW51YWwsJTIwSW5zdXJhbmNlJTIwR3VpZGVsaW5lcywlMjBXaG8lMjBEb2VzJTIwV2hhdCUyMGluJTIwRERTLCUyMEZpbmFuY2UlMjBOZXdzbGV0dGVycy5hc3B4P3V0bV9tZWRpdW09ZW1haWwmdXRtX3NvdXJjZT1nb3ZkZWxpdmVyeSJ9.__y9NGpXcIkg_e5e27qNVPREO_QdUhUmPvQP7BvW6D8/s/947322037/br/143561901005-l) webpage.

For questions regarding this calendar or accompanying links, email Katina.Garr@education.ky.gov, or call (502) 564-3846, ext. 4455.

**Accounting Changes for reporting Other Post Employment Benefits (OPEB) in Fund 5X**

 The Kentucky Department of Education (KDE) previously introduced new balance sheet object codes to enhance the reporting of Other Post Employment Benefits (OPEB). Districts should now record assets using balance sheet object code **6541O** replacing the previous liability reporting under code **7541O**.

The codes are as follows:

* **6541O Funded OPEB Assets**: Utilized in period 13 for recording OPEB Assets, in accordance with GASB 75.
* **6541P Funded Pension Assets**: Also used in period 13 to document Pension Assets, following GASB 75 guidelines.

Districts should continue to record and add new entries as follows:

1. Adjust deferred outflows and inflows to the actual figures from the current Pension and OPEB audits.
2. If not previously completed, move the net OPEB liability shown in **7541O** to **6541O**.
3. Show the net pension liability in **7541P**.
4. Report the aggregate of deferred outflows, deferred inflows and the net balance of Pension/OPEB liabilities or assets in **8737O** and **8737P**.
5. Continue to report the annual net changes in deferred outflows, deferred inflows and net liability/asset using expenditure object codes **0232O** and **0232P**.
6. **Reminder!** Amounts in **8737O** and **8737P** are not moved to beginning balance in the new year.

If you have any questions, please email: finance.reports@education.ky.gov.

**Finance Officer Spotlight**

Aleisha Ellis is the director of finance for Clark County Board of Education where she has served for ten years. She has fifteen years of experience in school finance, along with ten years in the banking industry. Ellis is responsible for all facets of finance operations to include payroll, procurement, budget, asset management, payables, receivables, and fiscal planning.

A native of Mt. Sterling and a graduate of Montgomery County High School, Ellis now works for the rival district – GO CARDS! She continued her education at Eastern Kentucky University, where she earned her Bachelor of Business Administration in accounting. She has also completed her Certified School Financial Manager (CSFM) certification and is currently enrolled with Wilkes University pursuing her master’s degree in school business leadership.

Ellis and Nate, her husband of ten years, have two boys, Clay (8) and Jameson (3). As a family, they enjoy being outdoors, traveling (specifically to the beach) and spending time with grandparents.