**Finance Newsletter September/October 2024**

### **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.

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

**Please note:**The FY2024-2025 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, email Jackie Chism or call her at (502) 564-3846, ext., 4445 for the window to be opened to make the changes.

### **FY2023-2024 Audit Report Deadlines and Extension Requests**

The fiscal year 2023-2024 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 2023 audit contract package (Audit Contract and Requirements for FY2023-2024) 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.

### **Approval Required for Audit Costs Exceeding Estimate**

### The FY2023-2024 audit contract requires the State Committee of School District Audits (SCSDA) to receive, and consider, a written justification from the audit firm for an increase that exceeds the estimate by $10,000 or 10% of the audit fee, whichever is less.

A district would be in violation of the FY2023-2024 audit contract if the increase is paid without receipt and consideration of this written justification by the SCSDA.  Districts can submit this explanation from the audit firm to finance.reports@education.ky.gov with the “DISTRICT NAME FEE INCREASE JUSTIFICATION” in the subject line and a copy sent to the school district superintendent. For further 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 FY2023-2024 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 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).

**Property Assessment Growth Relief in FY25 & FY26**

During the 2024 General Assembly session, language was passed that may help local school districts with large increases in real property assessment growth. The Property Assessment Growth Relief language lists two separate sets of qualification requirements, one for 2024-2025 and the other for 2025-2026. Local school districts who meet the requirements in either or both years, may receive funds to help offset the 30-cent local effort requirement in the SEEK.

In addition to the support provided by [KRS 157.360(17)](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Fapps.legislature.ky.gov%2Flaw%2Fstatutes%2Fstatute.aspx%3Fid%3D50934&data=05%7C02%7Cjackie.chism%40education.ky.gov%7Ce9a8abc1be104db367d908dcab16fe63%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638573362456622774%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=U2vmQHDdAMzwvhFyYCriK2FxD7JZKqBGfmQZzqM7ubI%3D&reserved=0), a district shall qualify for Property Assessment Growth Relief in FY25 & FY26 if sufficient funds exist within the SEEK budget unit and if certain conditions are met. These funds will be calculated in the Final SEEK runs of that year.

* 1. **Qualification Requirements (must meet all four (4))**
1. Must qualify for KRS 157.360(17) in FY24 (4% Adjusted Growth SEEK Final 2023-24 districts know now.)
2. Must qualify for KRS 157.360(17) in FY25 (4% Adjusted Growth SEEK Final 2024-25 districts will know after the 2024 certified assessment is received.)
3. Excess of 14.4% Growth in Real Property from FY23 to FY25 (Districts will know after the 2024 certified assessment is received.)
4. District must levy a tax rate of 4% or greater in FY25 (Districts will determine by December 1, 2024.)

When Kentucky Department of Education (KDE) receives the individual school district’s certified assessment from the Department of Revenue, the districts who meet steps one (1) two (2) and four (4) will be contacted by email that day.

 **Qualification Requirements (must meet all four (4))**

1.Must qualify for KRS 157.360(17) in FY25 (4% Adjusted Growth SEEK Final 2024-25 districts will know after the 2024 certified assessment is received.)

2.Must qualify for KRS 157.360(17) in FY26 (4% Adjusted Growth SEEK Final 2025-26 districts will know after the 2025 certified assessment is received.)

3.Excess of 25.8% Growth in Real Property from FY23 to FY26 (Districts should know by October 1, 2025.)

4.District must levy a tax rate of 4% or greater in FY26 (Districts should know by December 1, 2025.)

### **Audited AFR and Balance Sheet Submission Process for 2024**

The Audited AFR and Balance Sheet for fiscal year 2023-24, is due to the Kentucky Department of Education (KDE) on November 15. The Audited AFR Submission Guide for 2024 has been updated on the Kentucky Department of Education’s website and is posted on the [KDE MUNIS and Support Guides webpage](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMTIsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMjA5MDYuNjMyNjMzMzEiLCJ1cmwiOiJodHRwczovL2VkdWNhdGlvbi5reS5nb3YvZGlzdHJpY3RzL1BhZ2VzL01VTklTLUd1aWRlcy5hc3B4P3V0bV9tZWRpdW09ZW1haWwmdXRtX3NvdXJjZT1nb3ZkZWxpdmVyeSJ9.Layx8wyFVk5dDCK07Gnh9Vakx09436RDDyHq7-PFMfo/s/947322037/br/143561901005-l). Select the drop-down category, General Ledger Year End, to locate the guide.

**Please note:** The guidance documents for the Audited AFR will include the added item below to check the submission for the district’s capitalization threshold:

KDE has a new process implemented that will flow into the Indirect Cost web posting for FYE 2026 rates. The United States Department of Education (USDOE) has tasked us with providing this added information in the document posted to the web that has the non-restricted and restricted rates for the district’s indirect process used in their districts. The finance officer needs to discuss with their auditor the presentation of this information in the audit to ensure both matches. Districts completed this in the unaudited submission, and now will need to in the audited submission process as well.

For questions and concerns regarding the audited AFR and balance sheet submission process, please email finance.reports@education.ky.gov, or call Karen Conway at (502) 564-3846, ext. 4435, or email Karen Conway.

**Working Budget Submission**

The working budget submission window is open for districts to test their submission to meet the deadline of September 30 for the September board meetings.

If you are new to the district, make sure you have the proper authority to submit data using the SEEK Web Submission Form as shown below, by contacting your technical point of contact for your district. The correct authority should be “District User.”

Follow the link below to assist you in this process:

[SEEK Web Submission Form](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDcsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMjA5MDYuNjMyNjMzMzEiLCJ1cmwiOiJodHRwczovL2FwcGxpY2F0aW9ucy5lZHVjYXRpb24ua3kuZ292L2xvZ2luP3V0bV9tZWRpdW09ZW1haWwmdXRtX3NvdXJjZT1nb3ZkZWxpdmVyeSJ9.hXJD7_h5UG69thj1Er6v-NulQCajQ0aU0jHVZAUFWMA/s/947322037/br/143561901005-l) (location for submission of financial forms and tools)

If you have questions during the submission process, please send them to finance.reports@education.ky.gov, making sure to note “Working Budget” in the subject line.

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

The Kentucky Department of Education (KDE) is introducing new balance sheet object codes to enhance the reporting of Other Post Employment Benefits (OPEB), in line with the funding allocated by the recently approved Kentucky state budget. With robust funding, districts can now record assets using the new balance sheet object code **6541O**, replacing the previous liability reporting under code **7541O**.

While pension reporting remains unchanged, we have introduced an additional balance sheet object code for better consistency within the group. The new codes are:

* **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. Zero out the net OPEB liability in **7541O**, with the net OPEB asset now reflected in **6541O**.
3. Maintain a balance for 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 under **0232O** and **0232P**.
6. The **0999R** or **0999U** would not be used for the carry-forward as the new balances are left in **8737O** and **8737P**.

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

**KDE to Offer Statewide Federal Programs Training**

The Kentucky Department of Education is pleased to offer statewide federal programs training at no cost to school districts on September 10-12, 8:30 a.m. to 4 p.m. ET.  **The same content will be offered three different days** at the Central Bank Center in downtown Lexington.

 The training will be provided by [The Bruman Group](https://nam11.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.bruman.com%2F%3Futm_medium%3Demail%26utm_source%3Dgovdelivery&data=05%7C02%7Cjackie.chism%40education.ky.gov%7C181cf1849a7b46401d7708dcab14bcb0%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638573352784105421%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=MoWHCVf8Z6OTFtFpWIjnx%2BlEsXOrqL4B0UW8YJHCLqQ%3D&reserved=0).  This legal firm is nationally recognized for its federal grants management and education regulatory and legislative practice.  **This will not be a repeat of previous training**.  Although some topics will be presented again, there also will be legislative updates and a deeper dive into selected topics.  This training will help you build a strong foundation in federal programs and stay current on hot topics. It will benefit district staff who are responsible for oversight and administration of federal education programs and compliance with legal requirements.  **We strongly encourage the district superintendent, finance officer and federal programs coordinator to attend.**  Come and network with colleagues from across the state and take the opportunity to ask the Bruman experts any federal education program questions you may have!

 To register, please fill out the [Fall 2024 Bruman Training registration and interest form](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Fdocs.google.com%2Fforms%2Fd%2Fe%2F1FAIpQLSdW_ZInIXT-jtXvQsCVkK8P1-4CdDb1c0_Hj-93kiRA4exEnw%2Fviewform%3Futm_medium%3Demail%26utm_source%3Dgovdelivery&data=05%7C02%7Cjackie.chism%40education.ky.gov%7C181cf1849a7b46401d7708dcab14bcb0%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638573352784117251%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=st07IS0RqaxvHSBkbl3PjUz6Ko5rDWWanU3CeZ1YMec%3D&reserved=0).  You may register yourself and others from your district, but you must fill out a separate survey for each individual.  Please send any questions to Leslie Bridges, or call her at (502) 564-3791, ext. 4040.  Registration will be open until available seats are filled but register early to get your preference for your training day and hotel room if eligible.

## ****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. Since September 15 falls on a Sunday, districts will have access to the submission window on Monday, September 16.

**Please note:** There were a few recent changes added to the submission process this year:

**PSD/CSD Submission Error Report:** The indicative field has changed to use the Alternative ID. This change helps districts to locate the staff person more quickly for the errors reported.

**PSD and CSD verifying EPSB ID starting with a 9:** This new error check is for both PSD and CSD and number 57.00 and is verifying that EPSB ID Reported do not have all 9’s. EPSB should be able to provide your district with this number fairly quickly, however things happen so if you do not have it KDE recommends using the Alternate ID temporarily and not 9’s. During the LEAD report would be a good opportunity to correct your files and resubmit to KDE so that it is reporting the correct EPSB ID in your PSD or CSD file. Contact KDE via the Financereports@education.ky.gov to ask us to deny your file so that you can resubmit the new one.

**New Note to verify finance officer salaries:** The note number is 123.00 and adding it into the PSD and CSD is to verify the finance officer salaries. If you find in the notes that the amount we are showing from your submission is incorrect then you will need to leave that webpage and review your data, correct it, and resubmit.

If you are new to the district, make sure you have the proper authority to submit data using the SEEK Web Submission Form as shown below, by contacting your technical point of contact for your district. The correct authority should be “District User.”

The following links are provided for assistance:

* [SEEK Web Submission Form](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDcsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMjA5MDYuNjMyNjMzMzEiLCJ1cmwiOiJodHRwczovL2FwcGxpY2F0aW9ucy5lZHVjYXRpb24ua3kuZ292L2xvZ2luP3V0bV9tZWRpdW09ZW1haWwmdXRtX3NvdXJjZT1nb3ZkZWxpdmVyeSJ9.hXJD7_h5UG69thj1Er6v-NulQCajQ0aU0jHVZAUFWMA/s/1420981258/br/143561903445-l) (location for submission of salary tables and staff data)
* [School District Personnel Information](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDgsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMjA5MDYuNjMyNjMzMzEiLCJ1cmwiOiJodHRwczovL2VkdWNhdGlvbi5reS5nb3YvZGlzdHJpY3RzL0ZpblJlcHQvUGFnZXMvU2Nob29sJTIwRGlzdHJpY3QlMjBQZXJzb25uZWwlMjBJbmZvcm1hdGlvbi5hc3B4P3V0bV9tZWRpdW09ZW1haWwmdXRtX3NvdXJjZT1nb3ZkZWxpdmVyeSJ9.G2qzL-og24ERyTmuUS7VHky9BfwsIwnD44AsaRLti1Q/s/1420981258/br/143561903445-l) (PSD CSD Download Correction Guide 2021, Frequently Asked Questions Topic PSD CSD Reports, PSD CSD Submission Hints)

If you have questions during the submission process, please send them to finance.reports@education.ky.gov, making sure to put PSD/CSD in the subject line.

**Child Nutrition Program- Adult Meals**

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%7C4b3d63cc89f14e66eae408dcbe250b18%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638594313527599300%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=UuZhpujhC8ByY3w%2FHwnG1ippjCrnDEJjTPiGIMaiN4M%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. [The SCN Adult Meal Price Calculator](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2F360.articulate.com%2Freview%2Fcontent%2F4262da6c-c3bc-4481-9aeb-13d4c1251d93%2Freview&data=05%7C02%7Cjackie.chism%40education.ky.gov%7C4b3d63cc89f14e66eae408dcbe250b18%7C9360c11f90e64706ad0025fcdc9e2ed1%7C0%7C0%7C638594313527612484%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=eompz5ATuOKus4TGzCRGGHVRLHbJP3mzl06aDo495XY%3D&reserved=0) is available and can be used to help determine pricing. It is important to note that pricing sites and non-pricing (CEP) sites use different formulas to determine the minimum required price. Also, the *SY 2024-2025 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, is 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.

**Competitive Procurement vs. Noncompetitive Negotiations (Sole Source) Procurement**

School districts that have formally adopted Kentucky’s Model Procurement Code (KMPC) have their procurement activities governed by Kentucky Revised Statutes (KRS) 45A.345 to 45A.460. KRS 45A.380 establishes certain conditions/situations in which a public agency does not have to engage in a competitive procurement, but instead, *may* choose to purchase certain items/services through a noncompetitive (sole source) process instead.

However, as a general best practice, it is recommended that districts should engage in competitive procurement (i.e., small purchase, sealed bidding, or competitive negotiations), *whenever possible*, even for those items/services listed in KRS 45A.380.

Most “noncompetitive” conditions/situations listed in KRS 45A.380, can easily accommodate taking a few weeks to engage in a competitive procurement process to select a vendor. Engaging in this process will maximize value (because qualifications and cost can be evaluated based on actual market competition), and provide for a more defensible result (e.g., if something is truly single source, than this will be validated by the fact that only one vendor submitted a proposal in response to the solicitation). Engaging in a competitive procurement process will also insulate a district from such frivolous allegations as a non-competitive contract being awarded to a particular person or entity, because of local politics.

Finally, a contract established through a competitive process will typically have a longer lifespan (e.g., five years including renewal options), than a noncompetitive contract (which is usually established for a maximum of one year). Overall, using the competitive process *whenever possible* will save time, money, energy, and effort in the long run.

Would you like more information on procurement? KDE is offering free procurement training focused on KMPC, Bid Law (KRS 424.260 and 702 KAR 3:135) and federal rules/regulations (2 CFR 200). Training is performed periodically and for a select group of districts to keep the size low and encourage discussion. KDE will be reaching out to the superintendents and finance officers when the district is selected. If you have questions about these trainings, please contact Marshall Smith at 502-564-3846 ext. 4463 or email Marshall.Smith@education.ky.gov.

**Finance Officer Spotlight**

Kelsey Ann Wright started her third year as director of finance at Bellevue Independent Schools in July 2024. Prior to Bellevue, she worked at the Lewis County Board of Education as the payroll manager. As of January 2024, Wright earned her School Financial Management Institute certification.

Wright took on the independent school setting with her country roots still intact. She wasn’t looking to leave Lewis County schools, but an opportunity came to be able to learn and grow at Bellevue. She loves working so closely with an excellent staff and has enjoyed the journey of learning school finance and believes that enjoying the process will help you see it through.

Wright lives in her hometown in Lewis County. She enjoys spending quality time with her family, boyfriend and friends. When Wright isn’t building budgets in the school setting, you can catch her at a wedding, coordinating the bride and groom’s big day.

“The most important thing is to enjoy your life, to be happy.

It’s all that matters.”