

STATE COMMITTEE FOR SCHOOL DISTRICT AUDITS

MINUTES OF THE June 12th, 2025 MEETING

Members present: Auditor of Public Accounts Designee, Lorran Ferguson; Office of Education Accountability Designee, Marshall Smith; Office of the Attorney General Designee, Stacy Woodrum, Commissioner of Education Designee, Sabrina Smith

Member not present: Office of the Governor Designee, John Hicks

Also in attendance: APA Attendees: Joy Markland, & Alex Evans; Kentucky Department of Education Attendees: Kim Carter, Kellie Young, and Jana Cox.

I. Call to Order:

A quorum being present, Lorran Ferguson called the virtual meeting to order at 9:00 am. All applicable KRS statutes were read aloud, and a roll call was performed.

II. Approval of Minutes of the March 20th, 2025 Meeting:

Stacy Woodrum made a motion to approve the March 20th, 2025 meeting minutes. Marshall Smith seconded this motion, and it was unanimously approved by the Committee.

III. Old Business:

Nothing to report.

IV. New Business:

Lorran opened the floor to Marshall to cover everything outlined in the Excel Spreadsheet titled "FY2025 Audit Consideration Report Dated June 2025". Marshall covered the following tabs:

1. Summary
 - a. Marshall briefly highlighted that KDE had received all contracts for the 171 Districts, 27 firms are performing the audits of all districts, 28 firms performed audits in the prior year, 9 firms are getting new peer reviews for this year.
2. FY25 Peer Reviews
 - a. 1 new audit firm, Balestra & Company, PLLC, for Pineville Independent. They are brand new. They have scheduled their Peer Review with the Peer Review Alliance, dated 12/31/2026.
 - b. 2 active firms have expired Peer Reviews. Denise M. Keene, CPA's Peer Review was sent to Illinois for final review by the Peer Review Committee (per mail from Denise Keene on 6/9/25). Wise, Buckner, Sprowles & Associates, PLLC received a rating of Pass and await the PEER Review Committee's Acceptance Letter.

- c. 1 firm with 1 new Peer Review. Formerly Shad Allen, CPA, Allen & Associates, PLLC passed but had deficiencies. They are aware of the steps they need to follow before a completion letter will be issued. The deadline is 7/31/2025.
- d. 4 audit firms have newly completed Peer Reviews, received a Pass rating and new expiration date: Barnes Dennig & Co, Ltd (6/30/2027), Campbell, Myers & Rutledge, PLLC (6/30/2027), Montgomery & Company, PLLC (11/30/2027), Riney, Hancock CPAs PSC (12/31/2027), Wallen, Puckett & Associates, PSC (11/30/2027).
- e. For informational purposes, the remaining audit firms that had existing Peer Reviews were covered with the following expirations:

Auditor	Peer Review Expiration
Alford, Nance, Jones & Oakley, LLP	2/28/2026
BHM CPA Group, Inc	11/30/2026
Carr Riggs & Ingram	12/31/2025
Chris Gooch	11/30/2025
Cloyd & Associates	6/30/2025
Dean Dorton Allen Ford, PLLC	6/30/2026
Drane & Company PLLC, CPAs	11/30/2025
Duguid, Gentry & Associates	6/30/2025
Kelley Galloway Smith Goolsby, PSC	10/31/2026
Kember CPA Group, LLP	10/31/2025
LBMC, PC*	11/30/2025
Maddox & Associates CPAs, Inc	12/31/2025
Patrick & Associates, LLC	11/30/2025
RFH, PLLC*	10/31/2026
Summers, McCray & Sparks, PSC	11/30/2026
The Fyffe Jones Group, AC	11/30/2026
Wells & Company, PSC	9/30/2026
White & Associates	6/30/2025
White & Company	9/30/2025
Total Auditors - 19	

3. FY25 Auditors

- a. Marshall highlighted the 27 audit firms and which school district they would be covering for this fiscal year.

4. FY25 Submitted after May 31, 2025

- a. 13 districts with 11 auditors did not meet the 5/31/2025 audit contract submission deadline, but were able to submit by 6/4/2025. Marshall reiterated that no firm was excessively late. The chief reason was due to board meetings in each district.

5. FY25 Cost Per AADA (Adjusted Average Daily Attendance)
 - a. Marshall highlighted this tab covering the cost of every audit in the context of each district through a side-by-side comparison. Typically, as AADA increases, cost per student decreases. Most AADA hover from single dollars to \$30 on average. The biggest outlier is Fulton Independent due to its high estimated cost of \$34,000. Marshall remarked that work with GASB 87, 96 has more work than expected which increases cost. GASB 101 going into effect which will be timely so cost estimates reflect that.
6. FY25 5% Increase
 - a. Marshall highlighted this tab covering the 89 districts and 21 audit firms that have a 5% or greater cost over FY24. Primary reasons are the GASB standards requiring more work, cost of living adjustments, and so on. Top 3 biggest jumps are Somerset Independent (85%), Paducah Independent (73%), and Fulton Independent (58.5%).
7. FY25 Same Auditor Last 5 years
 - a. Marshall covered those firms that conducted the same district audit that were:
 - i. 20-29 years
 1. Clay County - Cloyd & Associates – London (21)
 2. East Bernstadt Independent - Cloyd & Associates – London (21)
 3. McCracken County - Kemper CPA Group (21)
 4. Lee County - White & Associates (23)
 5. Leslie County – Chris Gooch (23)
 6. Letcher County – White & Associates (24)
 7. Johnson County – Wells & Company (25)
 8. Logan County – Carr, Riggs & Ingram (25)
 9. Paintsville Independent – Wells & Company (25)
 10. Russell Independent - Kelley Galloway Smith Goolsby (25)
 - ii. Those over 30 years
 1. Barren County - Campbell, Myers & Rutledge
 2. Perry County - Chris Gooch
 - b. Marshall explained that there's no set statute that limits the amount of time an audit firm can conduct an audit, but the extended time of covering the same district raises the risk of complacency. Ultimately, it is up to the district to mitigate.
8. Marshall concluded his coverage of the spreadsheet and opened the floor up to any question or comments. Lorrin inquired on the increase cost of audits. Marshall answered that KDE will monitor each district on a case-by-case basis.
9. Sabrina, who had microphone issues, typed, "Don't we usually when there are outstanding peer reviews approve upon completion?"
 - a. Marshall answered that usually we hold some up for questions but currently there are no outstanding issues, so they are monitoring.
10. Alex offered a historical reference to conversations covered over the FY24 meetings involving audit firms requesting extensions for audits last year and their current

comment to charge more for audits due to GASB and additional time consuming audit activities.

- a. Marshall answered that there has been a steady decrease of audits needing extensions, but some audits are taking longer and longer. The November 1 deadline doesn't move and neither does the legislature deadline. From KDE's perspective it is a fine line. The hope is to recruit more firms to increase efficiency, but the issue remains.

With no other comments or questions, Stacy made a motion to approve all audit contracts, peer reviews, and everything else covered. Marshall second. The motion was unanimously approved by the Committee.

V. Miscellaneous:

VI. Future Meeting Date:

The next SCSDA meeting will be In-Person on September 11th, 2025 at 9:00am (209 St. Clair)

VII. Adjournment:

Stacy Woodrum made a motion for adjournment. Marshall Smith seconded the motion. Without objection, the meeting was adjourned.

Respectfully submitted,

Michael Evans

Full Video of the YouTube Livestream for June 12th, 2025:

- [State Committee for School District Audits](#)