

Review Of Fayette County 2024-2025 Unaudited Annual Financial Report (AFR)

Office of Education Accountability staff conducted a summary review of financial data available for Fayette County Public Schools for the 2024-2025 school year to identify possible explanations for the budget shortfall in that year. The review identifies two factors that likely contributed to the shortfall:

1. Actual expenditures for salaries were far greater than budgeted amounts.
2. Income was less than projected in some categories.

This review does not represent a comprehensive analysis and is based on the district's unaudited financial information which was submitted to KDE on July 21, 2025. The unaudited AFR does not contain all revenues and expenditures for the 2024-2025 school year. Please keep in mind that the audited AFR will provide the final, verified figures which may be significantly different from those reported in the unaudited AFR in some categories.

Local Boards of Education are required to submit to KDE the unaudited AFR by July 25th. Audited AFRs are due to KDE by November 15th, unless they were approved for an extension by the State Committee for School District Audits.

Differences Budgeted And Actual Expenditures For Salaries

Salary Expenditures In Excess Of Budgeted Amounts

The overall category in which expenditures recorded in the unaudited AFRs exceeded budgeted amounts was salaries. Table 1 shows budgeted amounts, actual amounts and the difference for each salary line item in which actual salaries exceeded expenditures in the unaudited AFR. These totaled almost \$23 million.

Table 1
General Fund Salary Line Items
That Exceeded Budgeted Amounts In
Unaudited AFR, 2024-2025

Budget Line Items	Budget	Actual	Difference
Certified Base Salaries	\$ 248,055,079	\$ 257,246,029	\$ (9,190,950)
Other Classified Pay	372,482	3,954,650	(3,582,168)
Classified Substitutes	959,301	4,444,859	(3,485,557)
Classified Salaries	98,069,803	100,772,213	(2,702,409)
Certified Extra Days	8,782,896	10,148,271	(1,365,375)
Benefits (no on-behalf)	38,547,230	39,750,168	(1,202,938)
Para-Professional	875	664,979	(664,104)
Certified Extra Duty	7,616,940	8,218,230	(601,290)
Board Per-Diem	0.00	21,000	(21,000)
Total Salary Expenditures Exceeding Budgeted Amount			\$ (22,815,791)

Note: Sums may not total due to rounding.

Source: Staff analysis of unaudited 2024-2025 AFR for Fayette County Public Schools.

Table 1, above, shows differences in budgeted versus actual expenditures by object code. Analysis of function codes reveal the following, additional information:

- Transportation-related expenses accounted for the majority of
 - classified salaries that exceeded budgeted amounts
 - benefits (no-on behalf) that exceeded budgeted amounts
- Instructional salaries exceeded budgeted amounts by almost \$13 million
- School administration salaries exceeded budgeted amounts by \$2.4 million
- Business office salaries exceeded budgeted amounts by \$1.4 million

Salary Expenditures Less Than Budgeted Amounts

Table 2 shows budget line items related to salaries in which actual expenditures recorded in the unaudited AFR were less than budgeted. The table separates on-behalf payments from other line items. For line items other than on-behalf payments, the district recorded about \$1.8 million less in actual expenditures than what was budgeted.

In the unaudited AFR, the district recorded about \$106 million less in on-behalf expenditures than was budgeted.

Table 2
General Fund Budgeted and Actual Expenditures For Salaries
Line Items Budget Exceeded Actual
Unaudited AFR, 2024-2025

Budget Line Items	Budget	Actual	Difference
Certified Substitutes	\$ 8,378,861	\$ 7,345,336	\$ (1,033,525)
National Board Certified Teachers (Stipend)	959,532	370,418	(589,114)
Overtime	2,212,186	1,985,315	(226,871)
Total Actual Less Than Budgeted (no on-behalf)			(1,849,510)
On-behalf payments	144,699,253	38,597,067	(106,102,186)

Note: Sums may not total due to rounding.

Source: Staff analysis of unaudited 2024-2025 AFR for Fayette County Public Schools.

Differences Budgeted and Actual Revenue

Revenue Less Than Budgeted Amounts

Table 3 shows revenue line items in which actual revenue was less than budgeted. The greatest difference was in the occupational tax.

Table 3
2025 General Fund Revenues Less Than Budgeted Amounts

GF Other Expenditures	Budget	Actual	Difference
Occupational Tax	\$ 54,000,000	\$ 45,566,388	\$ (8,433,612)
Capital Lease Proceeds	3,940,000	0	(3,940,000)
Interest on Investments	6,800,000	5,027,087	(1,772,913)
Utility Tax	25,000,000	23,577,751	(1,422,249)
Indirect Cost	5,000,000	3,983,700	(1,016,300)
Total Actual Less Than Budgeted Revenue			(16,585,074)

Note: Sums may not total due to rounding.

Source: Staff analysis of unaudited 2024-2025 AFR for Fayette County Public Schools.

General Fund Revenues Above Budgeted Amounts

Staff analysis also indicated several line items in which general fund revenues exceeded budgeted amounts. These included fund transfers (\$8 million), miscellaneous revenue (\$2 million) and motor vehicle tax (\$2.5 million).