

**KENTUCKY  
DEPARTMENT OF  
EDUCATION**

**Tentative & Working Budget Submission Guide**

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# Tentative and Working Budget Submission Guide

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## PURPOSE

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This guide, provided by the Kentucky Department of Education (KDE), is designed to help districts address errors or notes that may arise when submitting the Tentative (TB) or Working (WB) Budget. According to KRS 160.470(6)(a) and (b) and Administrative Regulation 702 KAR 3:110, Tentative Budgets are due by May 30 each year, and Working Budgets are due by September 30 each year.

The TB or WB will be reviewed for valid entries and required data. This guide outlines potential errors and notes, along with brief explanations for each edit check. The listed errors and notes are based on generally accepted accounting principles (GAAP) or guidelines from KSBA, KEDC, and other external agencies and researchers.

The TB or WB data submitted to KDE is used to calculate contingency for the local school districts. The calculation is submitted to the Kentucky Board of Education (KBE).

According to Administrative Regulation 702 KAR 3:110 Section 2, the following information is required:

1. A district board of education must prepare both a tentative and working budget. These budgets should detail the funds needed for current expenses, debt service, capital outlay, and other necessary school expenses for the upcoming fiscal year. Additionally, they should estimate the revenue expected from the common school fund, taxation, and other sources.
2. The Kentucky Board of Education will disapprove of a working budget if it is financially unsound or fails to provide for:
  - (a) Payment of maturing principal and interest on any outstanding voted school improvement bonds of the school district, authorized and issued with the written approval of the Kentucky Board of Education pursuant to KRS 162.080 and 162.090.
  - (b) Payment of rentals related to any outstanding school building revenue bonds issued for the benefit of a school district, as authorized under KRS 162.120 to 162.300, 162.385, and 58.010 to 58.140, with the written approval of the Kentucky Board of Education.
  - (c) Compliance with any applicable law.
3. If the Kentucky Board of Education disapproves a budget, it will state the reason for disapproval. The district board of education must then amend the budget to address the reason for disapproval and resubmit it for final approval.

Please use the hyperlink below to access KDE's Chart of Accounts.

[Chart of Accounts](#)

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## PROCESS/INSTRUCTIONS

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Depending on the situation, districts might receive errors and/or notes when submitting their Tentative (TB) or Working (WB) Budget via the web submission process.

**TEST Box:** To run the TB or WB in Test mode, please check the test box before starting. This will provide all errors and notes for your submission that will enable you to fix them before the actual submission.

**ERROR Test:** The tests ensure that districts are following KDE guidance for financial reporting. They **must** be corrected before submission to the Kentucky Department of Education (KDE) is allowed. The error number and explanation will be displayed on the submission screen. The error check process reviews all errors in the numerical order listed below. If the verification process determines that one of the edit checks has not passed, an error will be issued. Each **error** must be corrected before the verification process continues to verify the remaining data. For example:

- **ERROR Test:** 2.00 for invalid fiscal year prevents the submission of the TB or WB and any further tests until the correct year is submitted.
- After #2 is corrected and a new TB or WB file is submitted then the submission process will continue checking 3, 4, and so on.
- Once all errors have been fixed, districts will receive an email confirming that their TB or WB has been accepted.

Districts can bypass specific **ERROR Tests** below by utilizing check boxes prior to submission:

- **#6 Budgeted Contingency less than 2%:** This can be bypassed by checking the box prior to submission if a district is in financial difficulty and cannot budget the 2% contingency referenced in KRS 160.470(6)(a) and (b). An email will be sent to KDE personnel, and someone will contact the district for further information.
- **#7 Invalid Debt Service Funds:** This can be bypassed by checking the box before submission if the district has no debt service on bonds.

**NOTES** provide notifications that are for review purposes and indicate something that may be incomplete in the district budget. Some notes relate to items that KDE will classify as “errors” in the future. Districts need to review these notes and consider how they affect their budget. Notes will **not** prevent the budget from being submitted.

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## TENTATIVE & BUDGET ERRORS & NOTES

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<u>Error/Note #</u>	<u>Error/Note Message</u>
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### 1.00 DISTRICT NUMBER IN FILE NAME IS DIFFERENT THAN NUMBER IN FILE

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**ERROR Test:** This test ensures that the district number in the file name matches the district number in the file submitted to KDE. If the district numbers do not match, districts must correct the error before submitting their Tentative (TB) or Working (WB) Budget to KDE.

### 2.00 INVALID FISCAL YEAR

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**ERROR Test:** This test ensures that the fiscal year submitted to KDE is 2026 for the Tentative (TB) or Working (WB) Budget Reporting. If the file is for any other fiscal year, districts must correct the error before submitting their TB or WB to KDE.

### 3.00 AT LEAST ONE REVENUE. & ONE EXPENDITURE OBJECT IN FUNDS 1, 2, 310, 320 & 51 DO NOT EQUAL TO ZERO

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**ERROR Test:** This test ensures that in Funds 1, 2, 310, 320, and 51, there is at least one revenue object code (range 0999A – 5640) with a year-to-date actual amount that is not zero, and one expenditure object code (range 0100 – 0998) with a year-to-date actual amount that is not zero, budgeted for the fiscal year submitted to KDE. If budgets are not recorded in the funds listed above, districts must correct these errors before submitting their Tentative (TB) or Working (WB) Budget to KDE.

### 4.00 INVALID FUNDS

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**ERROR Test:** This test ensures that the funds recorded on the Tentative (TB) or Working (WB) Budget match the funds listed on KDE's Chart of Accounts (COA) list of valid fund codes. If a fund does not match the list of valid funds on the COA, districts will not be allowed to submit. The only exception is if the budgeted numbers in an invalid fund code equal zero. In such cases, districts will not receive an error and will be allowed to submit their TB or WB.

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## 5.00 BEGINNING BALANCE OF ALL FUNDS IS NOT NEGATIVE

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**NOTE:** This note provides notification that the beginning balance of object code 0999\* is a negative (debit) balance. The note will state: “District has a negative beginning balance in Fund X.”

## 6.00 BUDGETED CONTINGENCY LESS THAN 2%

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**ERROR Test:** This test checks to ensure that the required budgeted contingency is not less than 2%. "Contingency" refers to budgeted amounts reserved for unforeseen future expenditures and not allocated for a specific purpose.

If the contingency is less than 2%, you will not be allowed to submit either the Tentative (TB) or Working (WB) Budget. The contingency is calculated by dividing the balance in the contingency account (0840) in Fund 1 by the total expenditures in Fund 1 and Fund 51. (Reference: KRS 160.470(6)(a) and (b)).

A checkbox has been provided for a district to bypass this error due to financial difficulty and cannot budget the 2% contingency required. An email will be sent to KDE personnel, and someone will contact the district for further information.

## 7.00 INVALID DEBT SERVICE FUNDS

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**ERROR Test:** This test checks that all debt service on bonds is reported in Fund 400 in the Year-to-Date Actual. If the sum of Fund 400, Expenditure Objects 0831-0832, equals zero, districts must correct the error before submitting. If districts have no debt service on bonds, be sure to check the box prior to submission.

A checkbox has been provided for a district to bypass this error check if the district has no debt service on bonds.

## 8.00 COMPARISON OF ACTUAL SALARIES TO BUDGETED SALARIES

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**NOTE:** This note provides notification for the comparing of the Tentative Budget (TB) amounts for salaries in Fund 1 to the Actual Year-to-Date amounts for salaries from the most recent Audited Annual Financial Report (AFR). For example, FY25 TB and WB will be compared to FY24 Audited AFRs. This note will caution districts if salaries appear to be questionable. It will not prevent you from submitting your budget.

The note will state: “Budgeted salaries for Fund 1 have increased or decreased by at least 10% from the most recent actual.”

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## 9.00 COMPARISONS OF ACTUAL LINE ITEMS TO BUDGETED LINE ITEMS

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**NOTE:** This note provides notification for the comparison of the Tentative Budget (TB) line-item amounts to the Actual Year-to-Date line item amounts from the Audited Annual Financial Report (AFR). For example, FY25 Tentative Budget and Working Budget will be compared to FY24 Audited AFRs. This note will caution districts if there is \$0 budgeted in a line item that previously had greater than \$0 actual amounts. The note will not prevent you from submitting your budget.

The note will state: “Line item in Function X, Object Code XXXX has a \$0 in the budget line while there was an amount in the previous AFR.”

## 10.00 FEDERAL REIMBURSEMENT FOR DEBT SERVICE

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**NOTE:** This note provides notification for the comparison of revenues from federal rebates for Debt Service, which should be recorded in Fund 400, Function 0000, and Revenue Object Code 4300 or 4900. If no revenues are recorded in those accounts, the district will receive a note stating: “Please review revenues from federal rebates for Debt Service.”

## 12.00 TRANSFERS IN/TRANSFERS OUT

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**ERROR Test:** This test ensures that Fund Transfer Revenue Objects 52XX match Fund Transfer Expenditure Objects 091X with Function 5200. If these are not balanced, districts will be unable to submit their TB/WB until the discrepancy is corrected.

## 12.50 TRANSFERS OUT FUNCTION NOT 5200

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**ERROR Test:** This test ensures that Fund Transfer Expenditure Objects 091X are reported exclusively with Function 5200. If this error is triggered, it indicates that the available budget amount is greater than zero and the function is not 5200.

## 13.00 TB/WB: ZERO BALANCE FOR INSTRUCTIONAL LEVEL 11 PRESCHOOL

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**NOTE:** This note provides notification for the budget amounts for instructional level 11 Preschool to ensure the total is not zero. If the available budget total balance for instructional level 11 Preschool is zero, the Finance Record import file for the TB or WB will include a note stating: “The Finance Record import file for the TB or WB has an available budget total balance of zero for instructional level 11 Preschool. Starting with the 2018-2019 Annual Financial Reports, this note will appear and may cause your file to be set to pending in subsequent

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submissions of the audited AFR. KDE will work with you to submit your data. For assistance, email [Finance.Reports@education.ky.gov](mailto:Finance.Reports@education.ky.gov).”

## **14.00 TB/WB: ZERO BALANCE FOR INSTRUCTIONAL LEVEL 12 KINDERGARTEN**

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**NOTE:** This note provides notification for the budget amounts for instructional level 12 Kindergarten to ensure the total is not zero. If the available budget total balance for instructional level 12 Kindergarten is zero, the Finance Record import file for the TB or WB will include a note stating: “The Finance Record import file for the TB or WB has an available budget total balance of zero for instructional level 12 Kindergarten. Starting with the 2018-2019 Annual Financial Reports, this note will appear and may cause your file to be set to pending in subsequent submissions of the audited AFR. KDE will work with you to submit your data. For assistance, email [Finance.Reports@education.ky.gov](mailto:Finance.Reports@education.ky.gov).”

## **15.00 HEALTH/RETIREMENT ON-BEHALF REVENUE AND EXPENSE BUDGET AMOUNTS DO NOT BALANCE. PLEASE MAKE CORRECTIONS AND RESUBMIT**

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**ERROR:** This error will be encountered when Fund 1 and 5x expenditure objects starting with 0280 and revenue objects starting with 3900 do not match. This will have to be corrected and new files submitted.

## **15.50 TECHNOLOGY ON-BEHALF REVENUE AND EXPENSE BUDGET AMOUNTS DO NOT BALANCE. PLEASE MAKE CORRECTIONS AND RESUBMIT.**

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**ERROR:** This error will be encountered when Fund 1 expenditure objects with project 16MX and revenue object 3900/project 16MX do not balance. This will have to be corrected and new files submitted.