

**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 is provided by the Kentucky Department of Education (KDE) to assist districts with errors or notes that may be received when submitting the Tentative (TB) or Working (WB) Budget. Tentative Budgets are due by May 30 of each year and Working Budgets are due by September 30 of each year in accordance with KRS 160.470(6)(a) and (b) and Administrative Regulation 702 KAR 3:110.

The TB or WB will be tested for valid entries and required data. This guide lists errors and notes that are possible with a brief explanation for each of the edit checks. Errors and notes listed are based on generally accepted accounting principles (GAAP) or KSBA, KEDC, other outside 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.

According to Administrative Regulation 702 KAR 3:110 Section 2, the following information is required, “(1) A district board of education shall prepare a tentative and working budget showing the amount of money needed for current expenses, debt service, capital outlay, and other necessary expenses of the schools during the succeeding fiscal year, and the estimated amount that will be received from the common school fund, from taxation, and other sources. The working budget shall be disapproved by the Kentucky Board of Education 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 pursuant to KRS 162.080 and 162.090 with the written approval of the Kentucky Board of Education;

(b) Payment of rentals in connection with any outstanding school building revenue bonds issued for the benefit of a school district as authorized and provided under the provisions of KRS 162.120 to 162.300, 162.385 and 58.010 to 58.140, with the written approval of the Kentucky Board of Education; or

(c) Fails to comply with any applicable law.

(2) The Kentucky Board of Education shall state the reason for disapproval, and the district board of education shall amend its budget to obviate the reason for disapproval and resubmit the budget to the Kentucky Board of Education 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 trying to submit their TB or WB via the web submission process. An error **must** be corrected before submission will be allowed to KDE and the error number and explanation is displayed on the submission screen. The error check process will review all errors in the numerical order listed below. Districts will receive an error if the verification process determines that one of the edit checks has not passed. Each **error** must be corrected before the verification process will continue to verify the remaining data. For example, if a district submits an Invalid Fiscal Year (error check # 2.00), districts will be asked to correct and resubmit their TB or WB and the verification process will continue checking for edit check numbers 3, 4 and so on. When all errors have been fixed, districts will receive an email message that their TB or WB has been accepted.

A **note** indicates something that may be incomplete in the district budget. Some notes relate to items 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 your budget from being submitted.

**To run the TB or WB in Test please check the test box before starting.**

**Districts can indicate whether specific transactions apply to the district by utilizing check boxes:**

If a district is in financial difficulty and cannot budget the 2% contingency referenced in KRS 160.470(6)(a) and (b)) they may check this box to bypass error check #6.00. An email will be sent to KDE personnel and someone will be contacting your district for further information.

If a district has no debt service on bonds check the box prior to submission to avoid error check #7.00.

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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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This **ERROR** test checks to ensure that the district number in the file name is the same as the district number in the file submitted to KDE. If the district number does not match, districts will be required to correct the error before submitting their TB or WB to KDE.

### 2.00 INVALID FISCAL YEAR

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This **ERROR** test checks to ensure that the fiscal year submitted to KDE is 2024 for the TB or WB Reporting. If the file is for any other fiscal year, districts will be required to correct the error before submitting their TB or WB to KDE.

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

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This **ERROR** test checks to ensure that in Funds 1, 2, 310, 320, and 51 there is at least one revenue object code (range 0999A – 5640) with the year to date actual that is not equal to zero and one expenditure object code (range 0100 – 0998) with the year to date actual that is not equal to zero budgeted for the fiscal year submitted to KDE. If budgets are not recorded in the funds listed above, districts will be required to correct this error(s) before submitting their TB or WB to KDE.

### 4.00 INVALID FUNDS

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This **ERROR** test checks to ensure that funds recorded on the TB or WB match the funds listed on KDE's 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 will be if the budgeted numbers in an invalid fund code equals zero. If an invalid fund code equals zero, districts will not get an error and will be allowed to submit their TB or WB.

### 5.00 BEGINNING BALANCE OF ALL FUNDS IS NOT NEGATIVE

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

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## 6.00 BUDGETED CONTINGENCY LESS THAN 2%

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This **ERROR** checks to ensure that the required budgeted Contingency is not less than 2%. “Contingency” is defined as budgeted amounts that are not to be spent for a specific purpose but are reserved for unforeseen expenditures in the future.

If it is less than 2% you will not be allowed to submit either TB or WB. The Contingency is calculated by using the balance in the contingency account (0840) in Fund 1 Balance and dividing it by Fund 1 and Fund 51 Expenditures. (Reference: KRS 160.470(6)(a) and (b))

## 7.00 INVALID DEBT SERVICE FUNDS

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This **ERROR** 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 will be required to correct the error before submitting. If districts have no debt service on bonds be sure to check the box prior to submission.

## 8.00 COMPARISON OF ACTUAL SALARIES TO BUDGETED SALARIES

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This **NOTE** compares the TB amounts for salaries in Fund 1 to the Actual Year-to-Date amounts for salaries from the most recent Audited AFR. For example, FY24 TB and WB will be compared to FY23 Audited AFRs. This note will caution districts that salaries appear to be questionable. It will not keep you from submitting your budget.

This **NOTE** will state: “Budgeted salaries for Fund 1 has increased or decreased at least 10% from the most recent actual.”

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

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This **NOTE** compares the Tentative Budget line item amounts to the Actual Year-to-Date line item amounts from the Audited AFR. For example, FY24 Tentative Budget and Working Budget will be compared to FY23 Audited AFRs. This note will caution districts that there is \$0 budgeted in a line item with greater than \$0 actual amounts previously. The NOTE will not keep you from submitting your budget.

This **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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This **NOTE** checks for revenues from federal rebates for Debt Service which needs to 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.”

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## 12.00 TRANSFERS IN/TRANSFERS OUT

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This **ERROR** test checks that Fund Transfer Revenue Objects 52XX equals Fund Transfer Expenditure Objects 091X with Function 5200. If it is not balanced, then districts will not be able to submit their TB/WB until this has been corrected.

## 12.50 TRANSFERS OUT FUNCTION NOT 5200

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This **ERROR** test checks that Fund Transfer Expenditure Objects 091X is only being reported with Function 5200. If this triggers, then 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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This **NOTE** checks the budget amounts for instructional level 11 Preschool to assure that the total does not equal zero. This **NOTE** will state, “The Finance Record import file for the TB or WB has available budget total balance of zero for instructional level 11 Preschool. In the submission of the Annual Financial Reports it will be a note beginning in 2018 – 2019 and may in the following submissions of the audited AFR after 2018 - 2019 set your file to pending for KDE to work with you to submit your data. Email [Finance.Reports@education.ky.gov](mailto:Finance.Reports@education.ky.gov) for assistance if you do not understand why you received this note and someone will be glad to assist you.”

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

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This **NOTE** checks the budget amounts for instructional level 12 Kindergarten to assure that the total does not equal zero. This **NOTE** will state, “The Finance Record import file for the TB or WB has available budget total balance of zero for instructional level 12 Kindergarten. In the submission of the Annual Financial Reports it will be a note beginning in 2018 – 2019 and may in the following submissions of the audited AFR after 2018 - 2019 set your file to pending for KDE to work with you to submit your data. Email [Finance.Reports@education.ky.gov](mailto:Finance.Reports@education.ky.gov) for assistance if you do not understand why you received this note and someone will be glad to assist you.”