G/L – CLEANING UP YOUR ACT

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Office of KIDS
Kentucky Department of Education
2015 Fall KASBO Session 3D
What this session will cover…

- Anatomy of G/L Accounts
- Differences between Multi-Year and Annual Funds
- Adding and Changing Segments – Orgs, Objects, Projects, etc.
- How to Perform Account Changes
- G/L Comply Utility
- Entering Transfer Journals
- Where to find COA information & Newsletters
- Where to find KDE Munis processing guides
- KDE Blog
Anatomy of the General Ledger Account

The account code structure is designed to meet the following requirements:

- To provide framework for comprehensive financial management systems in Kentucky local schools districts;
- To serve all sizes and types of local school districts;
- To allow adaptability to local districts’ management information needs;
- To allow summarization of elements in required categories and KERA strands for reporting and comparison at the local, state and federal levels;
- To conform to generally accepted governmental accounting principles (GAAP) where possible;
- To provide full disclosure of financial information; and
- To provide an adequate audit trail.
Anatomy of the General Ledger Account

The account structure is made up of various code segments. These segments are fund, unit, function, program, instructional level, object and project. KDE utilizes the org/object/project account entry method.

- **Organization Code (ORG)** – This portion of the account code is made up of five segments. Unit/Location, Fund, Instructional Level, Function and Program.

- **Object Code** – Identifies the specific expenditure, source of revenue or type of balance sheet account.

- **Project Code** – Identifies the grant/project associated with the expenditure. 4\(^{th}\) digit represents the grant year.
Annual Funds

**Annual Funds** are funds that operate throughout a single fiscal year. Each year, a budget is created and posted using the Budget Completion Journal program.

Annual Funds

Annual fund accounts can be set up with project numbers.

Follow the KDE numbering scheme to track expenditures and revenue when adding project numbers. The fourth digit would be an X when tracking expenditures for state or federal grants. Example- 120X for ESS expenditures paid from General Fund.

When adding local project numbers, adhere to the range for local numbers. 001X-099X
Multi-Year Funds

*Multi-Year Funds* are funds that cross multiple fiscal years and are not budgeted on an annual basis in Kentucky school districts. The multi-year fund option that Kentucky uses is *Inception*. This means the funds are budgeted once for the entire life of the funds.

Examples of multi-year funds: Fund 2-Special Revenue Fund, Fund 22-Multi-Year Activity Fund and Fund 360-Construction Fund. Multi-year funds must have a Project Number attached to the account.
Multi-Year Funds

Multi-year funds must be set up with a project number.

Adhere to the KDE numbering scheme when adding project numbers.

001X-099X – Local
1XXX-199X – State
2XXX-699X – Federal
7XXX – Activities & Clubs
8XXX – Construction Projects

The fourth digit always represents the fiscal year in which the project started.
Multi-Year Funds

The *Actual date range* fields on the *Project Master* record must be set to the fiscal year in which the project started.

Example:

KY state financial reports pull project budgets based on the dates that are entered into the *Actual date range* fields.
Adding Segments

New segments are added using the Chart of Accounts Segments program.

*General Ledger Menu > Setup Chart of Accounts > Chart of Accounts Segments*

- Select the segment type that needs to be added.
- Select the Add icon and enter the information for the new segment.
- When you are ready to add a segment to a different segment type, select Change Segment and select a new segment type and repeat the steps above to add the new segment(s).
- This program can also be used to delete segments if no accounts have been set up using the obsolete segment. Make sure no users are in the system when deleting segments.
Changing Segments on Org Codes

When segments are changed on an org code, this is processed using Change General Ledger Account Code. All segments must exist before a change can be made to an Org Code.

*General Ledger Menu > Setup Chart of Accounts > Change General Ledger Account Code*

- Select Segment Change then select OK to continue.
- Enter the org code then enter the new segment(s) in the bottom of the screen.

**Notes:** The Fund segment cannot be changed.
Performing Account Changes

General Ledger Menu > Setup Chart of Accounts > Change General Ledger Account Code

• Select Account Change.
• The changes can be made one account at a time or by using Batch Entry. When multiple changes are necessary, using Batch Entry provides a more efficient way to process the changes.
• Select Batch Entry then select the Update icon.
• Enter the Old Org/Old Obj/Old Proj and the New Org/New Obj/New Proj into the appropriate fields. Tab through the fields to continue entering all accounts that need to be changed.
• Close the screen when all accounts have been entered.
• Select the Update icon and then choose the Check All button.
• Output the report and review the accounts for accuracy.
• Select Post Batch.
G/L Comply Utility

The GL Compliance utility was designed as a tool to assist districts in identifying invalid accounts or segments of an account.

The report generated from this utility identifies various chart of account problems within the district.

Accounts with a status of *Closed* will not generate into the report.

*Note:* It is recommended this utility be processed before closing the year and submitting the Annual Financial Report to KDE. This will identify possible account issues that need to be resolved prior to generating the AFR.
G/L Comply Utility

System Administration > Miscellaneous Administration > System Update

- Select Define Update Options.
- In the Utility/Program ID field, enter glcomply then select OK.
- Select Run System Update then select Yes.
- Select GL Compliance and select Process. There is no need to enter an Input path/file name as it should already be entered.
- Select an output method, review the report and make any necessary corrections.
G/L Comply Utility

Obsolete Objects and Accounts
• This category identifies object codes that are obsolete and no longer found on KDE’s new chart of accounts. Each obsolete object is listed followed by active and inactive accounts using the obsolete objects.

Obsolete Segments (Orgs/Accounts)
• This category identifies org codes containing obsolete segments no longer found in KDE’s chart of accounts. Each org code entry on the report lists the obsolete segment code, segment description and active/inactive accounts that are using the specific org code.
## G/L Comply Utility

### 983smill

#### GL ACCOUNT COMPLIANCE UTILITY REPORTS

### OBSOLETE OBJECTS AND ACCOUNTS:

<table>
<thead>
<tr>
<th>OBJECT</th>
<th>DESCRIPTION</th>
<th>STAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>0639</td>
<td>FS OTHER</td>
<td>A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ORG</th>
<th>OBJECT</th>
<th>PROJECT</th>
<th>DESCRIPTION</th>
<th>STAT</th>
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<td>0405101</td>
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<td>FS OTHER</td>
<td>A</td>
</tr>
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</table>

### OBSOLETE SEGMENTS (ORGs/ACCOUNTs):

<table>
<thead>
<tr>
<th>ORG</th>
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<th>SEGMENT</th>
<th>DESCRIPTION</th>
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<td>2800</td>
<td>CENTRAL OFFICE SUPP SVC</td>
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OBSOLETE Function
Transfer Journals

Transfer journals must be entered correctly in order to submit KY financial reports successfully.

Use valid Org and Object when entering journals.

When adding a new org code for a transfer, make sure to use the appropriate org. Function 5200 is the only valid function that can be used for an org code to make a transfer.

Refer to the Chart of Accounts information found on the Division of District Support website.
Transfer Journals

Valid Expenditure Orgs:

<table>
<thead>
<tr>
<th>TYP</th>
<th>FUND</th>
<th>UNIT</th>
<th>FUNC</th>
<th>PROG</th>
<th>IL</th>
<th>ORG</th>
<th>STANDARD 30 CHARACTER DESCRIPTION</th>
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<tr>
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<td>51</td>
<td>###</td>
<td>5200</td>
<td>470</td>
<td>##</td>
<td>###5113</td>
<td>FUND TRANSFERS OUT</td>
</tr>
<tr>
<td>E</td>
<td>#</td>
<td>000</td>
<td>5200</td>
<td>470</td>
<td>00</td>
<td>000#113</td>
<td>FUND TRANSFERS OUT</td>
</tr>
<tr>
<td>E</td>
<td>310</td>
<td>000</td>
<td>5200</td>
<td>470</td>
<td>00</td>
<td>0003113</td>
<td>FUND TRANSFERS OUT</td>
</tr>
</tbody>
</table>

All of the above org codes contain function 5200 and are the only orgs that can be used when entering accounts for transfers.

Fund 1 example - 0001113
Transfer Journals

Expenditure Object Codes:

0910 **Fund Transfers Out** Includes transactions of financial resources from one fund to another within the district. (Only to be used with function 5200.)

0913 **Fund Transfer Indirect Cost** For example grant service, payroll service, and food service. (Only to be used with function 5200.)

0914 **Fund Transfer for Debt Service** Includes transactions of financial resources from fund 310 Capital Outlay or fund 320 Building Fund to pay debt out of fund 400 Debt Service. (Only to be used with function 5200.)

0915 **Reimbursable Fund Transfer** Includes a transfer from one fund to another but will be paid back to the original fund. (For Example from General Fund to Food Service.) (Only to be used with function 5200.)
Transfer Journals

Revenue Object Codes:

5210  Fund Transfer In  Transfers from other funds in the District
5220  Indirect Cost Transfer In  (from other funds in the District)
5230  NCLB Transfers from Federal Grants
5231  NCLB Transfer from Title II  Teacher Quality
5232  NCLB Transfer from Title IV
5234  NCLB Transfer from Title II, Part D  Fed Ed Tech
5240  NCLB Transfers to Federal Grants
5241  NCLB Transfers to Title I
5242  NCLB Transfers to Title II
5243  NCLB Transfers to Title IV
5245  NCLB Transfers to Title II, Part D
Transfer Journals

Journal Example - Transferring money from Building Fund to Debt Service fund for Bond Payments

Dr. 0003213-0914 - $100,000
Cr. 32-6101 - $100,000
Dr. 40-6101 - $100,000
Cr. 400-5210 - $100,000
Transfer Journals

Journal Example – Transferring Indirect Cost from School Nutrition Program to General Fund

Dr. 10-6101 - $5,000
Cr. 110-5220 - $5,000
Dr. 0005113-0913 - $5,000
Cr. 51-6101
Chart of Accounts

The Division of District Support maintains the Chart of Accounts.

The COA material can be found at the website below:
http://education.ky.gov/districts/FinRept/Pages/Fund%20Balances,%20Revenues%20and%20Expenditures,%20Chart%20of%20Accounts,%20Indirect%20Cost%20Rates%20and%20Key%20Financial%20Indicators.aspx
Newsletters

The Division of District Support develops newsletters six times each year.

The newsletters can be found at the website below:
KDE Munis Processing Guides

KY specific Munis processing guides can be found on the following website:

http://education.ky.gov/districts/Pages/MUNIS-Guides.aspx
KDE Munis Blog

A blog has been created that contains all communication distributed to districts by the KDE Munis team.

Copy and paste the link below into your browser: https://staffkyschools-my.sharepoint.com/personal/kdemunis_education_ky_gov/Blog/_layouts/15/start.aspx#/default.aspx

You will need to enter the login and password you use at your district to log into your computer/email to access the blog.

Save the page as a favorite and check it often for updates!
Contact Information

Questions related to this presentation can be submitted via email to the following address:

Sheila.Miller@education.ky.gov