

AUDITOR OF STATE BULLETIN 99-007
APRIL 8, 1999

TO: School District Treasurers
Independent Public Accountants

SUBJECT: New Funds

The State Auditor's Office in conjunction with the Department of Education has established several new funds. These funds are:

Special Education Transition Funding for Collaborative Efforts - Fund 456

This fund will be used to account for a State line item appropriation in H.B. 770. In many cases this grant is received by a primary recipient, such as an educational service center, and either passed through to another school district or spent by the educational service center on behalf of another school district. To account for this situation, the ESC should record the grant as intergovernmental revenue (3219) and record an expenditure using either the 7600 or 7700 function. The school district receiving the grant from the ESC or for whom the grant is spent should record revenue (receipt code 3221) and appropriate expenditures.

Power Up Technology - Fund 457

This fund will be used to account for State grant money to be spent on electrical upgrades. This grant has a local matching requirement which may be transferred to and spent from this Fund.

Interactive Video Distance Learning Pilot Project - Fund 458

This fund will be used to account for State money used to finance the interactive video distance learning project. This money will be spent by the State for necessary fixed assets which will then be sent to the participating School Districts. Even though the Districts do not receive cash, the fund should be budgeted and appropriated as if the money flowed through the District.

Telecommunications Act Grant Fund ("FCC E-rate") - Fund 588

This fund will be used to account for a federal grant which is paid directly to the telecommunication service provider. Even though the District does not receive cash, the fund should be budgeted and appropriated as if the money flowed through the District. The School District has a matching requirement which will be met by paying the portion of the invoice from the service provider not paid by the federal government. This grant should be reported on the Schedule of Federal Financial Assistance even though it does not currently have a CFDA number.

This grant is retroactive to January 1, 1998. Districts will either receive a credit from the vendor to be applied to future invoices or a refund of prior payments. Refunds and credits should be recorded as revenue in fund 588 when received. Expenditures will be recorded as the refund is used to pay or the credit is applied toward current bills. The recording of a credit as revenue will mean that the bank reconciliation will be out of balance. The district will have to use the remaining credit as a reconciling item each month to balance.

Library Services and Technology Grant - Fund 599 with a SCC

This fund will be used to account for mini-grants awarded by the State Library Board.

Technology Literacy Challenge Grant Fund ("Raising the Bar") - Fund 599 with a SCC

This fund will be used to account for federal money used for technology purchases (both hardware and software), professional development and infrastructure enhancements to schoolnet wiring. All expenditures must be designed to benefit grades five through eight.

School to Work - Fund 599 with a SCC, unless the district is serving as fiscal agent for one of the twelve regional alliances, in which case the use of an agency fund is appropriate.

No additional Auditor of State permission is needed to establish any of the funds identified in this Bulletin. Only a resolution of the Board of Education is required.

If you should have any questions regarding this Bulletin, please contact the Local Government Services Division at (800) 345-2519.