

Elements of Local School accounting I

AASBO - Local School Financial Management Certificate Program

Connie Wallace
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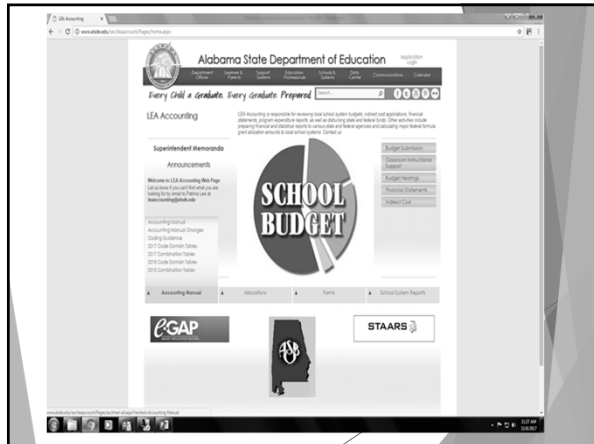
Agenda

- ▶ Chart of Accounts
- ▶ Other Coding Suggestions
- ▶ Coding Edits
 - ▶ File Submission
 - ▶ Invalid Components
 - ▶ Invalid Combinations



Chart of Accounts

- ▶ An accounting manual should be printed annually or put on your desktop for easy access. This is especially helpful during the preparation of your original budget.
- ▶ A complete listing of coding components can be found in the Accounting Manual at www.alsde.edu under Schools and Systems/LEA Accounting/Accounting Manual on the bottom left side
- ▶ The accounting manual is continually updated.
- ▶ A list of changes (Accounting Manual Changes) is provided on the website.



The Components of the System

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

- ▶ 27 digits
- ▶ 9 components

<ol style="list-style-type: none"> 1. Fund Type/ Account Group 2. Account Type 3. Account Code 4. Object Code 	<ol style="list-style-type: none"> 5. Cost Center 6. Fund Source 7. Appropriation Year 8. Program Code 9. Special Use
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Fund Type

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

Governmental Fund Types <ul style="list-style-type: none"> ▶ 11 - General Fund ▶ 12 - Special Revenue ▶ 13 - Debt Service ▶ 14 - Capital Projects 	Fiduciary Fund Types <ul style="list-style-type: none"> ▶ 31 - Non-expendable Trust ▶ 32 - Expendable Trust ▶ 38 - Payroll Clearing ▶ 39 - Accounts Payable Clearing ▶ 40 - Other Agency
Proprietary Fund Types <ul style="list-style-type: none"> ▶ 21 - Enterprise ▶ 22 - Internal Service 	Account Groups <ul style="list-style-type: none"> ▶ 88 - General Fixed Asset ▶ 89 - General Long-term Debt

Fund Type

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

Governmental Fund Types

- ▶ Fund Type 12 - Special Revenue Fund - Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

- ▶ Local school public funds

Fiduciary Fund Types

- ▶ Fund Type 32 - Expendable Trust - Accounts for assets held by the school system in a trustee capacity.

- ▶ Non-public local school

Account Type & Account Code

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

Account Type

- ▶ Assets (1)
- ▶ Liabilities (2)
- ▶ Fund Equity (3)
- ▶ Revenues (4)
- ▶ Expenditures (5)

Account Code

- ▶ Assets (0100-0199)
- ▶ Liabilities (0200-0299)
- ▶ Fund Equity (0300-0399)
- ▶ Revenues (1000-9999)
- ▶ Expenditures or Function Codes (1000-9999)

Revenue Codes & Function Codes

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

Revenue

- ▶ Local School Revenue - Public (7110-7490)
- ▶ Local School Revenue - Non Public (7510-7910)
- ▶ Transfers In (92xx)
- ▶ Other Local Revenue (69xx)
- ▶ Interest (6810)
- ▶ Legislative Special Appropriations (1760)
- ▶ General Fund (6001) Central Office

Expenditures

- ▶ Instruction (1100)
- ▶ Student Support (2110-2190)
- ▶ Instructional Staff Support (2210-2290)
- ▶ School Administration (2310-2390)
- ▶ Operation & Maintenance (3100-3900)
- ▶ Student Transportation (4110-4190)
- ▶ Other Expenditures (9800)
- ▶ Transfers Out (9910)

Object Codes

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

Object Codes identify the service or commodity obtained as the result of a specific expenditure.



- ▶ 001-199 (Personnel Services)
- ▶ 200-299 (Employee Benefits)
- ▶ 300-399 (Purchased Services)
- ▶ 400-499 (Materials & Supplies)
- ▶ 500-599 (Capital Outlay)
- ▶ 600-899 (Other Objects)
- ▶ 900-997 (Other Fund Uses)

Object Codes

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

- ▶ Don't use an object code because you've always used it, make sure it makes sense!!
- ▶ Talk to your CSFO or accountant before you add numbers but add them when necessary



Cost Center Codes

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

- ▶ 0000 (No cost center required)
- ▶ 0001 (Non-school Sites - Special Population)
- ▶ 0002-5000 (School Sites)
- ▶ 6000 - 6999 (Vocational Centers)
- ▶ 8000-8999 (Cost Center Pools)
- ▶ 9000-9997 (Non-regular Instructional Cost Centers)

Cost Centers identify the specific unit, usually location, where the revenue is earned or expenditure is incurred.

ALL expenditures require a cost center code.

Funding Source & Appropriation Year

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

Funding Source

- ▶ Local School Revenue - Public (7101; 7110-7490)
- ▶ Local School Revenue - Non Public (7501; 7510-7910)

Appropriation Year

- ▶ Current Year Appropriations (0)
- ▶ Prior Year State Appropriation Encumbrances (9)
- ▶ LEA Carryover Appropriations (1)



Program Code

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

A program is a plan of activities and procedures designed to accomplish a predetermined objective.

Allows the LEA to charge program costs directly to the benefiting program.

Training

Knowledge
useful abilities
backbone of
quired for a tr

- ▶ 0000 (No program code required)
- ▶ 1000-1999 (Regular Education)
- ▶ 2000-2999 (Special Education)
- ▶ 3000-3999 (Vocational / Technical Education)
- ▶ 4000-5999 (Non-regular Day School Instruction)
- ▶ 8000-8999 (Program Pool)
- ▶ 9000-9997 (Non-Instructional)

Special Use Code

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

- ▶ Provides specific identification not provided within other components and allows for a further subdivision of costs.
- ▶ State Dept of Education 0001 - 0099
 - ▶ Classroom Instructional Support 0001 - 0019
 - ▶ Matching 0020 - 0049
 - ▶ State Special Use 0050 - 0099
- ▶ LEA School System Use 0100-9999
 - ▶ LEA's Use 0100-6999
 - ▶ Local School Accounting Activity Codes 7000-7999
 - ▶ Interfund Receivable/Payable 8000-8999
 - ▶ Payroll Deduction Designator 9000-9999

Function / Object / Program

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

Function Codes - Describe the purpose of the activities being performed.

What is being done? Is it instructional or administrative?

Object Codes - Identify the service or commodity obtained.

What you are paying for?

Program Codes - A plan of activities or procedures designed to accomplish a predetermined objectives.

Who or what group you are providing it to? Is it athletics or extracurricular?

The Coding Story

▶ 12-4-7110-000-0020-7101-0-0000-7030

Football ticket sales at high school (special use 7030 is football or in most of your systems - this may be your activity code)

▶ 12-5-1100-399-0020-7101-0-4500-7020

Boys basketball at high school for purchased services

▶ 32-5-2190-479-0020-7501-0-4400-7530

Band boosters at high school other student support - other supplies



Any questions???
THIS
IMPORTANT



File Submission

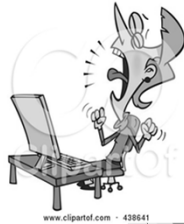
- ▶ A data file is submitted by your CSFO or accountant to the SDE
- ▶ File information is checked against a coding database to generate an edit report.
- ▶ Edits resulting from the monthly submission are communicated to you by your CSFO or accountant.
- ▶ When critical edits are corrected, the component or combination creating the edit should be made inactive.



Types of Coding Edits

Critical

- ▶ Must be corrected before the year-end file can be approved
- ▶ Should be corrected prior to the review of the file by SDE team accountant



Warning

- ▶ Possible error
- ▶ Do not ignore
- ▶ Explain (provide the explanation in an e-mail to your CSFO)

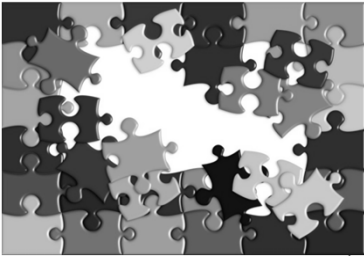
Types of Coding Edits

- ▶ Invalid Components
 - ▶ Account Code is invalid
 - ▶ Invalid Object of Expenditure Code
 - ▶ Invalid Program Code
 - ▶ Check for Valid Special Use Code
- ▶ Invalid Combinations
 - ▶ Object Code not valid with Function Code
 - ▶ Program Code not valid with Function Code

Invalid Components

- ▶ Critical Edits stating a component is invalid indicates that the Program Code, Special Use Code, etc. is not listed in the Accounting Manual.
- ▶ If the additional detail is needed for LEA management purposes, components can be "rolled" into a valid SDE component.
- ▶ If a component or combination shows a zero balance, there may be a P.O. using that code.

Invalid Coding Combinations



Object Code is not valid with Function Code

- ▶ Function 1100 (Instruction) can NOT be used with object codes:
 - ▶ 396 (Freight & Shipping)
 - ▶ 412 (Staff Training Supplies)
 - ▶ 471 (Office Supplies)
 - ▶ 478 (Items for Resale)
 - ▶ 479 (Other General Supplies)
 - ▶ 481 (Testing Supplies)

Object Code is not valid with Function Code

- ▶ Instructional Object Codes (411, 414, 491) can NOT be used with School Administrative Services (23xx) or Operation & Maintenance Services (3xxx) function codes
- ▶ Non-Instructional Object Codes (482, 489, 493) can NOT be combined with an Instructional function code (1100)

Object Code is not valid with Function Code

Non-capitalized vs. Capitalized Equipment

- ▶ Object Codes 430-439 should NOT be used effective 10/01/2003
- ▶ Non-Capitalized Equipment < \$5,000 should be coded to Object Codes 491-499 depending on what the item is
- ▶ Capital Outlay-Personal Property > \$5,000 should be coded to Object Codes 520-589 depending on what the item is

Object Code is not valid with Function Code

Non-capitalized vs. Capitalized Real Property

- ▶ Capital Outlay-Real Property > \$50,000 should be coded to Object Codes 51x and Function Codes 7xxx
- ▶ Buildings & Land Improvements < \$50,000 should be coded to Object Codes 7xx and the appropriate Function Code (usually Operation & Maintenance (3xxx), but NOT 7xxx)

Object Code is not valid with Function Code

Items Available for Resale / Fundraising

- ▶ Object Code 478 (Items for Resale) should ONLY be used with Other Expenditures (9800) function, but is also allowable with Adult/Continuing Education (91xx).
- ▶ It can NOT be used with Instructional (1100) or Instructional Support (2xxx) function codes.
- ▶ Program Codes 4400 (School Sponsored Activities), 4500 (School Sponsored Athletics), or 9600 (Other Expenditures) are the most appropriate choices for Items for Resale.



Object Code is not valid with Function Code

- ▶ Object 481 (Testing Supplies) should ONLY be used with Instructional Support function codes (2xxx). It can NOT be used with Instructional (1100) or General Administration (6xxx) function codes
- ▶ Object Code 961 (Fines & Penalties) should ONLY be used with Function Codes 23xx, 6xxx, 91xx, and 9800

Program Code is not valid with Function Code

Valid Pooled Program Codes

Function Code Range	Program Code	Description
1100	8100-8199	Instructional Services
2110-2190	8210-8219	Student Support Services
2210-2290	8220-8229	Instructional Staff Support
2310-2390	8230-8239	School Administrative Services
3100-3900	8300-8399	Operation & Maintenance
4110-4190	8410	Student Transportation
4210-4290	8420	Food Service Operations
6110-6910	8600-8699	General Administrative Services

Program Code is not valid with Function Code

- ▶ Vocational Career Guidance and Counseling (program 3500) can ONLY be used with Student Support Services function codes (21xx)
- ▶ Vocational Administration (program 3600) can ONLY be used with School Administration (23xx), Vocational Transportation (function 4140) and General Administrative Services function codes (6xxx)

Program Code is not valid with Function Code

- ▶ Preschool program codes (4711 & 4712) cannot be used with Function 1100 (Instruction). These program codes are usually combined with Function 9140 (Preschool).
- ▶ Function 9800 (Other Expenditures) can ONLY be used with Program Codes 4400 (School Sponsored Activities), 4500 (School Sponsored Athletics), and 9600 (Other Expenditures)

Program Code is not valid with Function Code

Function 1100 (Instruction) can NOT be used with Non-Regular Day School Instructional Programs (4000-5999) except:

- ▶ 43xx (Summer School)
- ▶ 4400 (School Sponsored Activities)
- ▶ 45xx (School Sponsored Athletics)
- ▶ 4600 (At-Risk); explanation required
- ▶ 4800 (Extended Day); explanation required

Program Code is not valid with Function Code

School Administrative Services function codes (23xx) can NOT be used with

- ▶ Vocational Education Programs (3xxx), except 3600 (Vocational Education Administration)
- ▶ Non-Regular Day School Instructional Programs (4000-5999), except
 - ▶ 4300 (Summer School)
 - ▶ 4600 (At-Risk)
 - ▶ 4711 (Preschool - Regular)

Other Coding Suggestions Education Media Software

- ▶ Avoid function 2220 (Education Media) / object 414 (Instructional Software).
- ▶ Use function 1100 (Instruction) if the software is checked out and used in the classroom by the classroom teachers.
- ▶ If the software is reference material, which remains in the library, code to object 425 (Reference Materials) and combine with 2220 function
- ▶ If the software is non-instructional software used for the organizational or operational purposes of the library, code to object 482 (Non-Instructional Software) and combine with function 2220

Other Coding Suggestions Other Expenditures

- ▶ Do not lump expenditures under function 9800 (Other Expenditures). Only use function 9800 when no other function code applies. Function 9800 is a last resort number.
- ▶ Only function codes 1000 through 6999 are included when calculating current expenditures per pupil. This is the most common benchmark for comparing systems and states.

Other Coding Suggestions Food - (Causes more edits in my district than any other at local school level)



- ▶ Object 393 (Food Services) and 461 (Purchased Food) are used with food products purchased for the purpose of consumption for students.
- ▶ Pregame meals - Function 1100 (Instruction) / Object 393 (Food Services) / Program 4500 (School Sponsored Athletics)

Other Coding Suggestions Food - Causes more edits in my district

- ▶ Object 393 (Food Services) and 461 (Purchased Food) should NOT be used with food products purchased for the purpose of classroom instruction.
- ▶ Flour for a cooking class - Function 1100 (Instruction) / Object 411 (Classroom Supplies) / Program 3700 (Consumer & Homemaking)



Other Coding Suggestions Summer School

- ▶ Program 4300 (Summer School) or 4301 (Summer School - Targeted Assistance) should be used to indicate summer school programs
- ▶ Function 1100 (Instruction) should be used with summer school activities for which the students receive academic credit.
- ▶ Function 9130 (Extended Day) should be used for summer school activities for which the students do not receive academic credit (usually tutoring).



Critical Edits

Function 1100 (Instruction) is critical with Object:

- ▶ 326 (Medical Health Services) - the Function could be any Student Support Services (21xx) or 2290 (Other Instructional Staff Services). Function 2140 is Health Services
- ▶ 544 (Library / Media Equipment) - the Function could be 2220 (Educational Media Services)
- ▶ 347 (Custodial Services), 441 (Custodial Supplies), 442 (Maintenance Supplies) - the function should be 3xxx (Operation & Maintenance Services)

NOTE: If the Object is correct, the Function can't be 1100.

Critical Edits

- ▶ Function 2120 (Guidance & Counseling Services) / Object 312 (Staff Educational Services) - the function could be 2215 (Instructional Staff Development)
- ▶ Function 2310 (Office of School Administrator) / 410 (Instructional Supplies) - the Object could be 470 (General Supplies) or 471 (Office Supplies)

Critical Edits

- ▶ Function 3200 (Building Services) / Object 498 (Athletic & Physical Education Equipment) - the Function could be 1100 because the Program is 4500 (School Sponsored Athletics)
- ▶ Function 3200 (Building Services) / Object 515 (Building Improvements > \$50,000)
 - ▶ the Function could be 7200 (Building Acquisition & Improvements or
 - ▶ the Object could be 704 (Building Improvements < \$50,000)

Critical Edits

- ▶ Function 9800 (Other Expenditures)
 - ▶ Object 393 (Food Services)
 - ▶ Object 396 (Other Communication Services)
 - ▶ Object 419 (Other Instructional Supplies)
 - ▶ Object 461 (Purchased Food)
 - ▶ Object 628 (Bank Service Charges)
 - ▶ Object 629 (Other Dues & Fees)

Critical Edits

- ▶ Program 0000 / Function 1100 - A valid program code is required for expenditures. Do not use "0000" as the program code.
- ▶ Program 0000, 1300, & 8200 - These program codes are not in the accounting manual



Critical Edits Pooled Program Code / Function Code

- ▶ Function 1100 / Program 8210 Should be 8100
- ▶ Function 1100 / Program 8230 Should be 8100
- ▶ Function 1100 / Program 8320 Should be 8100
- ▶ Function 2190 / Program 8100 Should be 8210
- ▶ Function 2190 / Program 8230 Should be 8210
- ▶ Function 2220 / Program 8100 Should be 8220
- ▶ Function 2390 / Program 8310 Should be 8230
- ▶ Function 3200 / Program 8230 Should be 8320
- ▶ Function 4290 / Program 8410 Should be 8420

Warnings Edits

- ▶ Function 1100 (Instruction) & Function 2190 (Other Student Support Services) / Object 393 (Food Services) & 461 (Purchased Food)
 - ▶ Should not be with program 1xxx. See previous slide regarding Coding Suggestions for Food.
 - ▶ May be OK with program 4500 (Athletics), if the explanation is feeding athletes before games.

Warnings Edits

- ▶ Function 1100 (Instruction) / Object 394 (Printing & Binding)
 - ▶ OK if the explanation is yearbook or workbook preparation.
- ▶ Function 1100 (Instruction) / Object 395 (Insurance Services)
 - ▶ OK with program 1603 (Drivers Education), if this cost is to insure the cars used in the drivers education class.
 - ▶ OK with program 45xx (Athletics)

Where to Get More Information

- ▶ www.alsde.edu / Schools and Systems/LEA Accounting/Accounting manual
 - ▶ A complete listing of coding components can be found in the Accounting Manual tab at the bottom left
 - ▶ An excel spreadsheet of coding combinations can be found after clicking on the Accounting Manual tab and click valid codes



Contacts

- ▶ Your system's CSFO or designated accounting for your district
- ▶ Utilize SDE website: www.alsde.edu
- ▶ Utilize the AASBO website: www.aasbo.com
