Local School Financial Management

Local School Accounting Manual
GL Coding for Local Schools

November 22, 2019
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Madison County Schools

Agenda

• Local School Accounting Manual
• Coding Expenditures/Revenue
Receipts

- Pre-numbered, duplicate receipts
- Issued in numerical order
- Original signature – no signature stamp
- No correction fluid
- Make sure log sheets are used to track the assignment of theses documents. This is part of assuring security of school funds.
Master Receipt

• Issued in the office
• Funds should be counted and verified to the receipt documents before the Master Receipt is written to the teacher.
• Teacher should not leave funds and come back later to get receipt.
• Retain voided receipts for audit.
• DO NOT CASH CHECKS!
• Do not use cash collected for change cash.

Deposits

• Schools funds must be deposited in a timely manner.
• Deposit funds in tact.
  • DO NOT CASH CHECKS!
• Do not use correcting fluid for mistakes.
• The bank should validate the duplicate deposit slip.
Bank Reconciliations

• Bank statements should be reconciled to the accounting records soon after receipt.
• The Principal should review bank reconciliations each month.

Ticket Sales

• Pre-number ticket should be sold at all events where admission is charged.
• The ticket collector should not be the ticket seller.
• Report of ticket sales must be completed
Fundraisers

• Each school fundraising activity should be approved by the Principal.
• A form requesting authorization for a fundraising activity must be approved by the Principal before the start of the fundraiser.
• All funds collected must be delivered to the office for a Master Receipt.
• Fundraising collection must be deposited in a timely manner.
• Do not make payments from funds collected
• After completion of fundraiser, a fundraiser reconciliation form should be submitted to the Principal and reconciled to the Master Receipts

Purchase Orders

• The Principal should approve all purchases that will be paid from school funds.
• A completed pre-numbered purchase order should be approved by the Principal before the purchase.
Invoices

• An invoice should be obtained for each purchase before payment is made.
• The school employee receiving the item should sign the invoice to verify the items billed were actually received.
• Match the invoice to the purchase order before processing payment.

Expenditures

• Payments for school expenditures should be made from the school’s checking account.
• The Principal should sign all checks.
• The school bookkeeper should not be the sole signer or allowed to sign on behalf of the Principal.
• Do not write checks to “CASH”.
• Do not sign blank checks.
• Do not pay for items in advance.
• Invoices and supporting documents should be provided with the check to be signed.
Expenditures

- Vendors should be paid on a timely basis.
- Checks should be used in numerical order.
- Checks must be secure at all times.
- Voided checks must be maintained for audit.
- Sales tax should not be paid on purchases.
- School employees may not use the school’s tax exempt number for personal use.
- Investigate checks outstanding more than 60 days.

Other Areas

- School Related Organizations
  - Athletics
  - Booster Organizations

- Student Fees
Coding Expenditures/Revenue

GENERAL LEDGER & SPECIAL REPORTING CODES

0. Activity
1. FUND TYPE & ACCOUNT GROUP
2. ACCOUNT TYPE
3. ACCOUNT CODE
4. OBJECT
5. COST CENTER
6. FUND SOURCE
7. APPROPRIATION YEAR
8. PROGRAM
9. SPECIAL USE
What Code Do I Use?

Activity

1000 series – Fees
2000 series – General
3000 series – Clubs
4000 series – Classes
5000 series – Accommodations
6000 series – Athletics
7000 series – Student Athletics
8000 series - Other
Fund

12 – Public

32 – Non Public

Two Options
Account Type

Five Major Account Type
1 – Assets
2 – Liabilities
3 – Fund Equity
4 – Revenue
5 – Expenditures

Function

Attention should be focused on the specific activity being performed.

Your function is based on the account type you are using.

“What is being done?”
1100 - Instructional - activities dealing directly with the interaction between teacher and students.

2120 - Guidance and Counseling Services - Activities involving counseling with students and parents: consulting with other staff members on learning problems, evaluating the abilities of students and working with other staff members in planning and conducting guidance programs for students.

2130 - Testing Services - Activities concerned with administering standardized test.

2190 - Other Student Support - Activities that provide support for students that cannot be broken down into one of the above listed categories.

2215 - Instructional Staff Development - Activities that contribute to the professional or occupational growth and competence of members of the instructional staff during their time of service to school system.

2220 - Educational Media Services - Activities concerned with the use of all media teaching and learning resources.

2290 - Other Instructional Staff Services - Activities for assisting instructional staff that cannot be classified into the above.

2310 - Office of School Administrator - Activities concerned with directing and managing the operation of a school.

3200 - Building Services - Activities concerned with operating and keeping the physical plant clean and ready for daily use.

4150 - Extra/Co-curricular Transportation - Activities involving transporting students to athletic events, field trips and other school sponsored activities.

4188 - Extended Day Transportation

7200 - Building Acquisition and Improvements - Activities concerned with initially acquiring and improving new buildings and improving existing buildings.

9130 - Extended Day - Activities before or after normal school hours that develop knowledge and skills to meet immediate and long range educational objectives.

9140 - Preschool

9800 - Other Expenditures - Other expenditures involving the operation of programs other than those normally considered "day school".

9910 - Inter Fund Transfer Out - Transactions which withdraw money from one fund source and place it into another without recourse.
Object Codes

Identifies 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 and Supplies
500-599 Capital Outlay
600-899 Other Objects
900-977 Other Fund Uses

“What are you paying for?”

Cost Center

Identifies the resource

This is the 4 digit number that is assigned to your school.
Funding Source

Always required on all transactions to maintain “fund accounting”.

Always follows your account type:
12 – funding source 7101 (public)
32 – funding source 7501 (non-public)

Appropriation Year

Is used to identify the appropriation year

0 – Current Year Appropriation
1 - Carryover Appropriation
The program code allows you to charge the costs directly to the benefiting program. Must be appropriate for function code that is used.

"Who or What are you providing it to?"

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1100</td>
<td>Kindergarten</td>
</tr>
<tr>
<td>1200</td>
<td>Grades 1-6</td>
</tr>
<tr>
<td>1500</td>
<td>Grades 7-12</td>
</tr>
<tr>
<td>1603</td>
<td>Drivers Education</td>
</tr>
<tr>
<td>2300</td>
<td>Special Education Grades 1-6</td>
</tr>
<tr>
<td>2400</td>
<td>Special Education Grades 7-12</td>
</tr>
<tr>
<td>2800</td>
<td>Gifted and Talented</td>
</tr>
<tr>
<td>3800</td>
<td>Vocational Program</td>
</tr>
<tr>
<td>4300</td>
<td>Summer School</td>
</tr>
<tr>
<td>4400</td>
<td>School Sponsored Activities</td>
</tr>
<tr>
<td>4501</td>
<td>Baseball</td>
</tr>
<tr>
<td>4502</td>
<td>Basketball</td>
</tr>
<tr>
<td>4503</td>
<td>Football</td>
</tr>
<tr>
<td>4504</td>
<td>Golf</td>
</tr>
<tr>
<td>4505</td>
<td>Soccer</td>
</tr>
<tr>
<td>4506</td>
<td>Softball</td>
</tr>
<tr>
<td>4507</td>
<td>Tennis</td>
</tr>
<tr>
<td>4508</td>
<td>Volleyball</td>
</tr>
<tr>
<td>4509</td>
<td>Wrestling</td>
</tr>
<tr>
<td>4510</td>
<td>Other Sports</td>
</tr>
<tr>
<td>4711</td>
<td>Preschool - Regular</td>
</tr>
<tr>
<td>4712</td>
<td>Preschool - Children with Disabilities</td>
</tr>
<tr>
<td>4800</td>
<td>Extended Day</td>
</tr>
<tr>
<td>8210</td>
<td>Student Support Services</td>
</tr>
<tr>
<td>8220</td>
<td>Instruction Staff Services</td>
</tr>
<tr>
<td>8230</td>
<td>School Administrative Services</td>
</tr>
<tr>
<td>8320</td>
<td>Operation and Maintenance</td>
</tr>
<tr>
<td>8410</td>
<td>Student Transportation</td>
</tr>
<tr>
<td>9100</td>
<td>Capital Outlay</td>
</tr>
<tr>
<td>9600</td>
<td>Other Expenditures</td>
</tr>
<tr>
<td>9700</td>
<td>Other Fund Uses</td>
</tr>
</tbody>
</table>
Special Use Codes

Allows for further breakdown or specific identification

- 0001 – Student Materials
- 0003 – Technology
- 0004 – Professional Development
- 0005 – Library Enhancement

- 0000 – No code necessary
- 0001-0099 State Dept of Education Use
- 0100-9999 Local School System Use

### Common Code Combinations For Local Schools

<table>
<thead>
<tr>
<th>Function Code</th>
<th>Object Code</th>
<th>Program Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1100-Instruction</td>
<td>Any code directly associated with classroom instruction or dealing directly with the interaction between teachers and students</td>
<td>1100,1200,1500,1700,1810,1890,4300,4400,4500,2200-2900 (Sp Ed), 3700-3800 (Vocational)</td>
</tr>
<tr>
<td>2110-2190 Instruction Support</td>
<td>Any code directly associated with those services or activities providing support for students and to enhance instruction</td>
<td>1100,1200,1700,1810,2200-2900,3800,3900. Use only with function code 2120</td>
</tr>
<tr>
<td>2210-2290 Instruction Support Staff Support</td>
<td>Any code directly associated with those services or activities providing support for instructional staff and to enhance instruction</td>
<td>1100,1200,1700,1810,2200-2900 (Sp Ed) 3700-3800 (Vocational)</td>
</tr>
<tr>
<td>2310-2390 School Administrative Services</td>
<td>Any code directly associated with activities concerned with directing and managing the operations of a particular school office</td>
<td>1100,1200,1500,1700,1810,2200-2900 (Sp Ed) 3600 (Vocational)</td>
</tr>
<tr>
<td>3100-3900 Security, Operation &amp; Maintenance Services</td>
<td>Any code directly associated with keeping the grounds and buildings open and safe and equipment working</td>
<td>1100,1200,1500,1700,1810,2200-2900 (Sp Ed) 3800 (Vocational)</td>
</tr>
<tr>
<td>4110-4190 Auxiliary Services Extra Co-curricular Transportation</td>
<td>Any code directly associated with conveying students on trips to athletic events, field trips, and other “extra” school activities</td>
<td>1100,1200,1500,1700,1810,2200-2900 (Sp Ed) 4130 Function 3800 (Vocational)</td>
</tr>
<tr>
<td>7100-7990 Capital Outlay-Real Property $50,000 or Greater Only</td>
<td>Use only these object codes 510-519 and 324-9100</td>
<td>Use only this program code 9110-9190</td>
</tr>
<tr>
<td>9110-9190 Continuing Education (Extended Day/Tutoring) or Outside of K-12 students (Adult/Preschool)</td>
<td>Any code directly associated with providing “extra” remediation/guidance/tutoring or services for Preschool or Outside of Regular School Day</td>
<td>2200-2900 (Sp Ed) 3800 (Vocational)</td>
</tr>
<tr>
<td>9310-9390 Community Services</td>
<td>Any code directly associated with providing community or civic services</td>
<td>4300,4600,4710,4712,4800,5100</td>
</tr>
<tr>
<td>9800 Other Expenditures Not Associated with Instruction</td>
<td>478-Items for Resale 699-Accommodations Exp 399-Rarely used. Only if associated with “Resale”</td>
<td>Please use only these programs 9600,4400,4500</td>
</tr>
</tbody>
</table>
How to determine REVENUE numbers?

What is money being collected for?

<table>
<thead>
<tr>
<th></th>
<th>Public (12)</th>
<th>Non-Public (32)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>6810</td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>6921</td>
<td></td>
</tr>
<tr>
<td>(Daycare)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Textbook Fines</td>
<td>6932</td>
<td></td>
</tr>
<tr>
<td>Sale of Textbooks</td>
<td>6933</td>
<td></td>
</tr>
<tr>
<td>Admission</td>
<td>7110</td>
<td></td>
</tr>
<tr>
<td>Appropriations</td>
<td>7140</td>
<td></td>
</tr>
<tr>
<td>Concessions</td>
<td>7180</td>
<td>7510</td>
</tr>
<tr>
<td>Commissions</td>
<td>7220</td>
<td></td>
</tr>
<tr>
<td>Dues and Fees</td>
<td>7260</td>
<td>7610</td>
</tr>
<tr>
<td>Fines and Penalties</td>
<td>7300</td>
<td></td>
</tr>
<tr>
<td>Fundraiser</td>
<td>7340</td>
<td>7710</td>
</tr>
<tr>
<td>Grants</td>
<td>7380</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>7420</td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>7430</td>
<td>7810</td>
</tr>
<tr>
<td>Accommodations</td>
<td>7440</td>
<td>7850</td>
</tr>
<tr>
<td>Other</td>
<td>7490</td>
<td>7910</td>
</tr>
<tr>
<td>Transfers within School</td>
<td>9210</td>
<td>9210</td>
</tr>
<tr>
<td>Transfer from Central Office</td>
<td>9220</td>
<td></td>
</tr>
</tbody>
</table>

How to determine EXPENDITURE numbers?

- Where is the money coming from to pay? (Activity Code)
- What is the activity being performed? (Function Code)
- What item or service will be obtained? (Object Code)
- What group will benefit from the expenditure? (Program Code)
Coding Errors

- Function 1100 CANNOT be used with Object
  - 326 Heath Supplies
  - 544 Library Media Equipment
  - 347 Custodial Services
  - 441 Custodial Supplies
  - 442 Maintenance Supplies

Coding Errors

- Function 2120 CANNOT be used with Object
  - 312 Staff Educational Services

- Function 2310 CANNOT be used with Object
  - 411 Instructional Supplies

- Function 3200 CANNOT be used with Object
  - 498 Athletic and PE Equipment

- Function 9800 CANNOT be used with Object
  - 393 Food Services
  - 419 Other Instructional Supplies
  - 623 Bank Charges
Coding Errors

- Object codes 430-439 should NOT be used. (Effective 10/1/2003)
- Capital Outlay – Personal Property > $5000 should be coded to Object code 520-589.
- Capital Outlay – Real Property > $50,000 should coded to Object code 51X and Function 7XXX.
- Buildings & Land Improvements < $50,000 should be coded to Object code 7XX.

Coding Errors

A valid program is required for all expenditures. Do not use 0000 as the program code.

- Preschool Program codes (4711 & 4712) CANNOT be used with Function 1100 (Instruction).
- Function code 9800 (Other Expenditures) can only be used with Program codes 4400, 4500 & 9600.
Coding Errors

- Do not lump expenditures under Function 9800 (Other Expenditures). Only use Function 9800 when no other function applies.

Why is it so important to code correctly?

Monthly Data Submission File by your CSFO

Submit your data
File Submission

- File information is checked against a coding database to generate an edit report.
- Edits resulted from submission are communicated back to the CSFO.
- Two types of coding errors – critical and warnings.

Coding Errors

**Critical Errors**
- Must be corrected before the year-end file can be approved.
- Should be corrected prior to the review of the file by the State Department team accountant.

**Warning Errors**
- Possible error
- Do not ignore
- Provide explanation (Example would be 1100-394 printing a workbook for math classroom instruction)
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