

Account Coding at the Local School Level

SONJA PEASPANEN

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Chart of Accounts/Coding

Update accounting manual annually

Available online: www.alsde.edu

- Department Offices
- LEA Accounting
- Accounting Manual

LSA coding affects system financial statements

Data file submitted monthly to SDE

If edits/errors, must be corrected

Components of Coding System

9 components

- Fund Type
- Account Type
- Account Code
- Object Code
- Cost Center
- Fund Source
- Appropriation Year
- Program Code
- Special Use

Local Schools also use Activity Codes

Fund Types

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

Governmental Types

- General Fund (11)
- **Special Revenue (12) - Public Funds coded here**
- Debt Service (13)
- Capital Projects (14)

Proprietary

- Enterprise (21) or Internal Service (22)

Fiduciary

- Non-expendable Trust (31)
- **Expendable Trust (32) - Non-public funds coded here**
- Clearing Funds for AP/PR (38 & 39)

Account Type

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

1 – Assets

2 – Liabilities

3 – Fund Equity

4 – Revenues

5 – Expenditures

Account Code

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

Details the asset, liability, fund equity, revenue source, or function of expenditure

Balance sheet account ranges:

- Assets 0100 – 0199
- Liabilities 0200 – 0299
- Fund equity 0300 – 0399

Account Code

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

Revenue account code ranges:

- State funds (1000 – 2999) – Includes foundation program funds, public school fund, any other state funds
- Federal funds (3000 – 5999) – Grouped according to the authorizing federal statute, such as IDEA, NCLB, USDA, etc.
- Local sources (6000 – 7999) – Grouped by county taxes, district taxes, other types of revenue
 - Local school sources normally use 7000 – 7999
- Other sources (8000 – 8999) – Includes payments made on behalf of the school system and other revenues such as reimbursements and refunds.
- Other financing sources (9000 – 9999) – Includes indirect cost, proceeds of long-term debt, transfers in, and sale of fixed assets.

Account Code

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

Function of Expenditure Ranges

Describe activities being done (What is being done?)

- Instructional Services (1100)
- Instructional Support Services (2110 – 2390)
- Operation & Maintenance Services (3100 – 3900)
- Auxiliary Services (4110 – 4290)
- General Administrative Services (6110 – 6910)
- Capital Outlay – Real Property (7100 – 7900)
- Debt Service – Long Term (8100 – 8900)
- Other Expenditures (9110 – 9800)
- Other Fund Uses (9910 – 9990)

Object and Cost Center

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

Object Codes – identifies the service/item obtained (What are you paying for?)

- 001-100 (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)

Cost Center – identifies the specific unit, usually location, where the revenue is earned or expenditure is incurred.

Funding Source

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

Fund Source ranges

- State Sources (1110 – 2901)
- Federal Sources (3210 – 5991)
- Local Sources (6001 – 7910)
- Other Sources (8001 – 8998)
- Other Financing Sources (9010 – 9910)

The fund source is also used to provide information regarding allowability of costs for various state and federal funds.

Funding Source

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

Funding Source

- Public (7101-7490)
- Non-public (7501-7910)
- Other Common Funding Sources
 - 1110 – Foundation (General Fund)
 - 6001 – Local (General Fund)
 - 4110 – Title 1
 - 4120 – School Improvement
 - 4130 – Title II (Typically for Professional Development)
 - 4161 – 21st Century (after-school)
 - 3930 – Learn and Serve (after-school)

Appropriation Year

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

Used to identify the grant/appropriation year that applies to the transaction.

- 0 – Current year funds
- 1 – Carryover funds
- 2 – July to September Federal Appropriations
- 9 – Prior Year State Appropriation Encumbrances

Local Schools usually use Appropriation Year 0

Program Code

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

Program Code – plan of activities and procedures designed to accomplish a predetermined objective (To whom or what are you providing?)

- 1000-1999 (Regular Education)
- 2000-2999 (Special Education)
- 3000-3999 (Vocational Education)
- 4000-5999 (Non-regular day School Instruction)
- 8000-8999 (Program Pools)
- 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 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

In Local School Accounting – frequently used to identify specific fund raisers, further breakdown of items purchased within an activity, etc.

Function / Object / Program

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

Function Codes – Describe the activities being performed. **What is being done?**

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 you are providing it to?**

Coding Expenditure Transactions

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

Examples

- Teachers 12-5-1100-xxx-xxxx-7101-0-xxxx-0000
 - 1100 (Kindergarten)
 - 1200 (Elementary 1-6)
 - 1500 (Secondary 7-12)
 - 2200 (K), 2300 (1-6), 2400 (7-12) Special Education
- Counselor 12-5-2120-xxx-xxxx-7101-0-xxxx-0000
- Librarian 12-5-2220-xxx-xxxx-7101-0-xxxx-0000
- Administration 12-5-2310-xxx-xxxx-7101-0-xxxx-0000
- Vocational 12-5-1100-xxx-xxxx-7101-0-3xxx-0000

Coding Expenditure Transactions

Examples

- 11-5-1110-010-0030-1110-0-1200-0000
 - General Fund – Instructional – Teacher – Bear Elementary – Foundation Program – Current Year – Elementary Programs Grades 1-6
- 12-5-2215-382-0300-4110-1-1500-0000
 - Special Revenue – Instructional Staff Development – In-State Travel – Goodwyn Jr. High – Title I – Carryover – Secondary Program Grades 7-12
- 11-5-6310-471-8600-6001-0-8600-0000
 - General Fund – Fiscal Services – Office Supplies - Cost Center Pool – Local Fund Source – Current Year – Program Pool

File Submission



Data file must be submitted to the ALSDE through the AIM portal

Monthly File Submission

When a financial statement with a fiscal period other than 12 is uploaded, the file is reviewed for coding combinations only.

Files should be submitted through the AIM portal and the required reports posted to your school systems website within 45 days of month end.

Helpful tips

- An edit report is generated with the monthly submission. Correction of these edits during the year means fewer coding edits at year-end.
- When critical edits are corrected, the component or combination creating the edit should be made inactive.

File Submission Edits

Types of Errors

- Critical
 - Must be corrected before the original budget, budget amendment or year-end financial statement file can be approved.
 - Should be corrected prior to the review of file by SDE.
- Warning
 - Possible error
 - Do not ignore
 - Explain

Coding Errors

**Invalid
Components**



**Invalid
Coding
Combination**

Invalid Components

Account Type is not valid with the Account Code

Account Code is invalid

Invalid Object of Expenditure Code

Invalid Cost Center Code

Invalid Fund Source Code

Invalid Program Code

Check for valid Special Use Code

Coding Combination Errors



 Object Code is not valid with Function Code

 Program Code is not valid with Function Code



Object Code is not valid with Function Code

**Function 1100 (Instruction)
can NOT be used with
object codes:**

- 312 (Staff Educational Services)
- 343 (Land and Building Repair/Maintenance)
- 347 (Custodial Services)
- 396 (Freight & Shipping)
- 412 (Staff Training Supplies)
- 413 (Parent Instruction Supplies)
- 441 (Custodial Supplies)
- 442 (Maintenance Supplies)
- 463 (Food Services Supplies)
- 470 (General Supplies)
- 471 (Office Supplies)
- 478 (Items for Resale)
- 479 (Other General Supplies)
- 480 (Other Non-Instructional Supplies)
- 489 (Other Non-instructional Supplies)
- 493 (Non-Instructional Equipment)
- 920 (Operating Transfers Out)

Object Code is not valid with Function Code

Instructional

Object Codes (411, 414, 419, 491) can NOT be used with Function Codes for

- Instructional Staff Development Services (2215)
- School Administrative Services (23xx) (except 419)
- Operation & Maintenance Services (3xxx)
- General Administrative Services (6xxx)
- Community Services (93XX) (except 411)
- Other Expenditures (9800)

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

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.

Fundraising

Items that would be considered a cost of the fundraiser 478

- Item to be resold
- Prize for student – criteria to receive prize must be documented prior to competition
- Props & license agreements of student organization performance (tickets sold)
- Trophies, flowers, crowns, judges for a beauty pageant (admission charged)

Object Code is not valid with Function Code

Object Code 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 and Penalties) can ONLY be used with Function Codes 2310, 2390, 6xxx

Program Code is not valid with Function Code

Valid Pooled Program Codes

<u>Function Code Range</u>	<u>Program Code</u>	<u>Description</u>
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) and Instructional Staff Support Services (22xx)

Vocational Administration (program 3600) can ONLY be used with School Administrative Services (23xx), Vocational Transportation (function 4140) and General Administrative Services function codes (6xxx)

Other Vocational Programs (program 3800) can only be coded with 1100 (Instruction) & 2xxx (Instructional Support), except it cannot be coded with

- 2120 (Guidance & Counseling)
- 2310 (Office of School Administration)

Program Code is not valid with Function Code

Function 9800 (Other Expenditures) can ONLY be used with Program Codes 4400 (School Sponsored Activities), 4500 (School Sponsored Athletics), and 9600 (Other Expenditures)

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 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)

Other Coding Suggestions Athletics

Athletic Banquets

- Food - 1100/393 or 461/4500
 - If Public funds only students and coaches
- Awards – Code similar to other athletic purchases
 - Suggestion – 1100/411/45xx

Coaching attire

- Only allowed if items can't be used for private purposes or is a requirement of AHSAA
- Suggestion – 1100/411/45xx

Other Coding Suggestions Athletics

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- Food - 1100/393 or 461/4500
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Coaching attire

- Only allowed if items can't be used for private purposes or is a requirement of AHSAA
- Suggestion – 1100/411/45xx

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.

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.

9800 (Other Expenditures) / 345 (Rental Equipment) – Allowable with everything except 7***, 98**, 99**

9800 (Other Expenditures) / 393 (Food Services) – Allowable with 1100, 21** (except 2120), 2290, 2310, 2390, 91**, 92**

Other Coding Suggestions

Food



Object 393 (Food Services) and 461 (Purchased Food) are used with food products purchased for the purpose of consumption.

- Pregame meals – Function 1100 (Instruction) / Object 393 (Food Services) / Program 4500 (School Sponsored Athletics)

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).

Local School Coding – Critical

- ❖ Program Code Not Valid with Function Code
 - ❖ Program 0000 / Function 2220 (Education Media)
 - ❖ All expenditures are required to have a Program Code. The Program Code cannot be 0000
 - ❖ The program code should probably be 1*** or 8220.
- ❖ Program 1100 (Kindergarten) / Function 9800 (Other)
 - ❖ Function 9800 (Other Expenditures) can ONLY be used with Program Codes 4400 (School Sponsored Activities), 4500 (School Sponsored Athletics), and 9600 (Other Expenditures)
 - ❖ The Object Code is 478 (Items for Resale), the Function should stay 9800 and the Program Code should be changed to 4400, 4500, or 9600. Probably 9600 since the original program is 1100 (Kindergarten)

Local School Coding - Critical

- ❖ Object Code Not Valid with Function Code
 - ❖ Object 478 (Items for Resale) / Function 2190 (Other Student Support)
 - ❖ Function should be 9800 (Other)
 - ❖ Original Program Code (8210) will need to be changed to 4400 (School Sponsored Activities), 4500 (School Sponsored Athletics), or 9600 (Other Expenditures)
 - ❖ Object 629 (Other Dues & Fees) / Function 9800 (Other)
 - ❖ Allowed with most function codes, but not 9800.
 - ❖ Original Program Code (4500) suggests function 1100 or 2190 is probably the correct function code.
 - ❖ Object 461 (Purchased Food) / Function 9800 (Other)
 - ❖ Allowed with Functions 1100, 2215, 2290, 91**, 9200, 93**
 - ❖ Original Program Code (9600) doesn't give me enough info to suggest a function code and will need to be changed depending on the function code used.

Pike Road City Coding - Warning

- ❖ Object Code Not Valid with Function Code
 - ❖ Object 628 (Bank Service Charges) / Function 1100 (Instruction)
 - ❖ Original Program Code (8100)
 - ❖ 628 Allowed with 1100 (W), 23xx, 6xxx, 8xxX
- ❖ Object 489 (Other Non-instructional Supplies) / Function 9800 (Other Expenditures)
 - ❖ Original Program Code (9600-Other Expenditures)
 - ❖ 489 is Critical with 1100 (Instruction) and 99xx (Other Fund Uses)
 - ❖ Coding should be more descriptive.

Local School Coding - Warning

- ❖ Object Code Not Valid with Function Code
 - ❖ Object 393 (Food Service) / Function 1100 (Instruction)
 - ❖ Original Program Code (4500) suggests this is for pre-game meals.
 - ❖ The cost center is a High School.
 - ❖ Coding is probably correct.
 - ❖ Object 461 (Purchased Foods) / Function 1100 (Instruction)
 - ❖ Original Program Codes (4400 & 4500) suggests these are for pre-game meals.
 - ❖ The cost center is a K-12 School.
 - ❖ Coding is probably correct.
 - ❖ Object 395 (Insurance Services) / Function 1100 (Instruction)
 - ❖ Original Program Codes (3800) and Career Technical Center cost center.
 - ❖ An explanation will be required, but it is reasonable because certain school activities, especially Career Tech, to require Insurance.
 - ❖ Coding is probably correct

Where to Get More Information Coding

www.alabamaachieves.org

- Locate **Teachers & Administrators** (red rectangle)
- Select **LEA Accounting**
- Show **Page Navigation**
- Select **Accounting Manual**
- Select
 - **Accounting Manual**
 - **Accounting Manual Changes**

