



ACTIVITY ACCOUNTING AND ACCOUNT CODING FOR LOCAL SCHOOLS

Sonja Peaspanen
Alabama Department of Education



Chart of Accounts/Coding

- Update accounting manual annually
- Available online:
www.alabamaachieves.org
 - Teachers & Administrators
 - LEA Accounting
 - Accounting Manual
- LSA coding affects system financial statements
- Data file submitted monthly to SDE
- If edits/errors, must be corrected



Parts of the Account Number

- Fund Type & Account Group
- Account Type
- Account Code (Function)
- Object of Expenditure
- Cost Center
- Fund Source (Source of Funds)
- Appropriation Year
- Program Code
- Special Use
- Local School Activity Code

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Fund Type & Account Group

- 2 Digit Code
- Groups money (fund/fund sources) by type
- Every fund accounting system will have standard fund/fund types

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Fund Type Groupings

- Governmental Funds
 - General Fund(11) – used to pay regular operating and administrative expenses
 - **Special Revenue Fund(12)** – used for specific revenue sources that are legally restricted to spend for specific purposes (includes Public Local School Funds)
 - Capital Project Fund(13) – used for financial resources earmarked for purchase and/or construction of major capital facilities and improvements
 - Debt Service Fund(14) – used for payment of principal and interest on long-term debt
 - **Fiduciary Funds (32)** – Expendable Trust (Includes Non-public Local School Funds)



Account Type

- 1 Digit Code
- Used to identify the type of account
- Types are:
 - 1 – Asset
 - 2 – Liability
 - 3 – Fund Equity
 - 4 – Revenue
 - 5 – Expenditure

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Account Code (Function)

- 4 Digit Code
- Identifies the group of account: Assets, Liabilities, Fund equity, Revenues, or Expenditures
- Used in conjunction with account type to determine the purpose of the account, what type of money was received, or the area in which the money was spent
- Examples are:
 - Cash (0111)
 - Activity beginning balance (0350)
 - Concessions (7180)
 - Instructional Services (1100)

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Object of Expenditure

- 3 Digit Code
- Used to further explain the reason for which money was spent
- Will be zeros except for expenditure (5) accounts
- Examples are:
 - Student classroom supplies (411)
 - In-state training (382)
 - Instructional software (414)
 - Athletic Officials (397)

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Cost Centers

- 4 Digit Code
- Represents the:
school/building/organizations/location where the
money was received/spent
- Examples are:
 - Bear Exploration Center (0030)
 - Dalraida Elementary (0200)
 - Goodwyn Middle School (0300)
 - Lanier Senior High School (0390)
 - Southlawn Elementary School (0530)
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Fund Sources/Sources of Funds

- 4 Digit Code
- Used to identify the specific source of the money
- For fund types 11-35, every account will have a fund source greater than zero
- Examples are:
 - LSA Public (7101)
 - LSA Non-Public (7501)
 - Title I (4110)
 - Foundation Program (1110)

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Fund Sources (cont.)

- 4 Main Groups of Fund Sources
 - State Sources (1000–2999)
 - Foundation program, transportation, adult education, etc.
 - Federal Sources (3000–5999)
 - IDEA, Voc Education, Title I, Child Nutrition, etc.
 - Local Sources (6000–7999)
 - Local School funds, County/City taxes, Ad Valorem, Tuition, etc.
 - Other Sources (8000–8999)
 - Legal Judgments, E-Rate, Extracurricular Trip Mileage Charges, etc.



Appropriation Year

- 1 Digit Code
- Used to track money carried over from prior fiscal years that was encumbered but not spent
- Applies to select state and federal fund sources (for LSA Fund Sources 7101 and 7501, appropriation year is always '0')
- Examples are:
 - LEA Carryover
 - Federal Appropriations (July-September)

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Programs

- 4 Digit Code
- Used to specify how the educational area funds were received/spent
- 6 Main Groups
 - Regular Education – Elementary, Middle, High, etc.
 - Special Education – Gifted, Children with Disabilities
 - Vocational/Technical Education – Career Guidance, Administration
 - Non-Regular Day School Instructional – Adult, Community
 - Program Pools – Instructional Services, Auxiliary Services
 - Non-Instructional Programs – Debt Service, Capital Outlay

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Special Uses/User Defined

- 4 Digits
- Codes 1-99 reserved by State
 - Classroom Instructional Support
 - Matching
- Codes 100 – 9999 can be used by LEA for any purpose
- Some systems use 7000-7999 for Activity component where LSA is combined with Central Office

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Local Activity Code

- 4 Digits
- 2 Types – Public and Non-Public
- Usually Grouped by Category
 - Examples: General, Clubs, Athletics, Field Trips, etc.
- Used to track money taken in and spent for a specific purpose/organization/group

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Function / Object / Program

- **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?**

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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

Instructional

- Object Codes (411, 414, 419, 491) can NOT be used with Function Codes for
 - School Administrative Services (23xx) (except 419)
 - Operation & Maintenance Services (3xxx)
 - General Administrative Services (6xxx)

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 49x
- Capital Outlay-Personal Property > \$5,000 should be coded to Object Codes 520-589



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.



Fundraising

- Items that would be considered a cost of the fund raiser 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

- 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)



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 Situations

- Fieldtrips
 - Prepaid items, but the student doesn't go
 - If you know that certain items (usually admissions) will be prepaid, make sure that the sign-up sheets emphasize that there are no refunds.
 - If items are pre-paid, there is not money left to refund to the student



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.



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).



Where to Get More Information

- www.alabamaachieves.org / Teachers & Administrators / LEA Accounting
 - A complete listing of coding components and manual changes can be found in the Accounting Manual tab
- An excel spreadsheet of coding combinations is available for CSFOs in Microsoft TEAMS.





Questions???