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## Chapter 1 - Introduction

This manual presents a uniform financial and accounting structure for public elementary and secondary schools in the state of North Dakota. It is modeled after the *Financial Accounting for Local and State School Systems* series published by the U.S. Department of Education.

### The Purpose of the Manual

The North Dakota School District Financial Accounting and Reporting Manual serves four primary purposes:

1. Provide a structure to permit Local School Agencies (LEAs) to demonstrate prudent use of funds.
2. Supply the means for collecting the financial data necessary to examine comparability of educational outcomes at the local level.
3. Meet the many demands of the education community for accountability in terms of educational programs.
4. Be consistent with generally accepted accounting principles (GAAP) advocated by the National Council on Governmental Accounting.

### Statutory Authority

**NDCC 15.1-02-08. Accounting and reporting system.** The superintendent of public instruction shall implement a uniform system for the accounting, budgeting, and reporting of data for all school districts in the state and for all regional education associations governed by chapter 15.1-09.1. The superintendent of public instruction shall designate the software standards to be used by the school districts and by regional education associations in their accounting, budgeting, and reporting functions.

### Use of Manual

The classifications presented in this manual do not constitute an absolute chart of accounts or a specific accounting system. The items are presented as mutually exclusive categories within each dimension. Each LEA will develop its own chart of accounts as it selects the dimensions and categories of accounts suitable to its specific needs. Whatever system a district chooses, it must follow a certain minimum list of those classifications to meet federal and state reporting requirements. This “minimum chart of accounts” is presented in Chapter III.

Analyzing transactions of LEAs for classification requires considerable knowledge of school funds and accounts. There is no real substitute for experience in

exercising this function. The following paragraphs however, present some background information that should prove beneficial in the use of the manual.

### Fund Accounting

Financial administration requires that each transaction be identified for administrative and accounting purposes. The first identification is by “fund” which is an independent fiscal and accounting entity, requiring its own set of books, in accordance with special regulations, restrictions, and limitations that earmark each fund for a specific activity or for attaining certain objectives. Each fund must be so accounted for that the identity of its resources and obligations and its revenues and expenditures is continually maintained.

All funds used by North Dakota school districts must be classified into one of seven “fund types”. The major fund types are the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund, Food Service Fund, Student Activity Fund and the Trust and Agency Fund.

In most cases, North Dakota school districts will not need all of these fund groups active at any given time. The General, Capital Projects, Food Service and Student Activity Funds undoubtedly will encompass the majority of the transactional activity that will occur in the school district. The remaining fund groups, however, are still material to the overall presentation of the financial position of the school district and as such should be maintained and reported accordingly.

### Conformance with Generally Accepted Accounting Principles

A primary emphasis of this publication is to define account classifications that provide meaningful financial management information to its users. As part of this emphasis, the manual is written to conform to generally accepted accounting principles (GAAP), a uniform minimum standard of and guidelines for financial accounting and reporting. For LEAs, adherence to GAAP implies that their financial reports contain the same types of financial statements for the same categories and types of funds and account groups. Such conformity will enhance the comparability of LEA financial reporting.

The twelve principles applicable to LEAs are summarized below:

1. *Accounting reporting capabilities.* A LEAs accounting system must be capable of producing financial reports in conformity with GAAP and with legal requirements if the two are different;



2. *Fund accounting system.* The LEA accounting system must be organized and operated on a fund basis;
3. *Types of funds.* LEAs should use only seven types of funds. These funds are listed later in this manual;
4. *Number of funds.* A LEA should establish and maintain the least number of funds possible;
5. *Accounting for fixed assets and long-term liabilities.* Fixed assets and long-term liabilities not related to specific proprietary funds or trust funds should be accounted for in the general fixed assets and general long-term debt account groups, respectively;
6. *Valuation of fixed assets.* LEA fixed assets should be recorded at cost or estimated cost. Donated fixed assets are recorded at fair market value;
7. *Depreciation of fixed assets.* Depreciation should not be recorded in the accounts of the governmental funds. If depreciation in governmental funds is required for cost accounting purposes it may be recorded in the general fixed assets account group. Depreciation of proprietary fund fixed assets should be recorded in the accounts of that fund;
8. *Accrual basis in governmental accounting.* The accrual basis of accounting should be used for proprietary funds, non-expendable trust funds and pension trust funds. The modified accrual basis of accounting should be used for governmental funds and expendable trust funds;
9. *Budgeting, budgetary control and budgetary reporting.* Every LEA should adopt annual operating budgets and certain of those budgets should be reported in the financial statements;
10. *Revenue, expenditure, transfer, and expense account classifications.* A LEA should provide for the classification of revenues, expenditures, and expenses into certain specific categories. Inter-fund transfers and the proceeds from general long-term debt should be classified separately from revenues and expenditures or expenses;
11. *Common terminology and classifications.* A LEA should consistently utilize terminology and classifications common to the funds maintained;
12. *Interim and annual financial reports.* A comprehensive annual financial report should be issued by every LEA. Interim financial statements should be prepared to facilitate management control of financial operations. These may be made available externally.

In keeping with GAAP, this publication's content and format are based on double entry and the accrual or modified-accrual basis of accounting.

Legal provisions may conflict with GAAP. Statement 1 of Governmental Accounting and Financial Reporting Principles (GAFR) says,

"Where financial statements prepared in conformity with GAAP do not demonstrate finance-related legal and contractual compliance, the governmental unit should present such additional schedules and narrative explanations in the comprehensive annual financial report as may be necessary to report its legal compliance responsibilities and accountabilities. In extreme cases, preparation of a separate legal-basis special report may be necessary.

"Conflicts between legal provisions and GAAP do not require maintaining two accounting systems. Rather, the accounting system may be maintained on a legal compliance basis, but should include sufficient additional records to permit GAAP-based reporting."

#### Basis of Accounting

The "basis of accounting" refers to the point in time when revenues, expenditures or expenses (as appropriate), and the related assets and liabilities are recognized in the accounts and reported in the financial statements. In other words, the "basis of accounting" determines the timing with which the accounting system recognizes transactions.

#### Cash-Basis Accounting

Cash-basis accounting recognizes transactions when cash is received or disbursed. In the most common version of a cash-basis accounting system, the financial condition of the LEA is measured primarily by the size of the system's cash balance. All other assets and liabilities are recognized only to the extent they have arisen from prior cash transactions. Notes and bonds payable and inter-fund loans receivable and payable are, therefore, recognized, for example, but accounts receivable and accounts payable are not. Cash-basis accounting provides information about the LEAs financial operations only by reporting changes in the system's cash balance, adjusted for changes in any other assets or liabilities which have arisen through prior cash transactions.

One of the greatest weaknesses of the cash basis of accounting is that it *does not recognize* accounts receivable, accounts payable and other accrued items. It therefore does not match resources used to resources



provided. This situation may falsely lead financial statement readers to believe that the statements present the LEAs complete financial position and results of operations. Using the cash basis, a LEA may thus fall into a deficit position without being aware of its real financial position. It is difficult to eliminate a current year deficit if the LEA is not aware of the circumstances until the close of the fiscal year. With cash-basis statements, then, the statement reader may not be able to determine if a LEA is operating beyond its means.

### Accrual-Basis Accounting

The accrual basis of accounting is regarded as the superior method of accounting for the economic resources of the LEA. This method allows a LEA to determine its financial position and results of operations by measuring economic resources and obligations. Changes in these factors can also be measured as those changes occur, regardless of the timing of the related cash flows.

GAFR recommends use of the accrual basis to the fullest extent practicable. With minor differences in wording, the Association of School Business Officials International (ASBO) agrees with this position. Between proprietary funds (accrual) and governmental funds (modified accrual), the accrual basis is applied differently. In proprietary funds, revenues are recorded when they are earned and become measurable, and expenses are recorded when the liability for them is incurred, if measurable. The governmental fund revenues and expenditures should be recorded on the modified-accrual basis. Revenues should be recorded when they become available and measurable. Expenditures should be recorded when incurred, if measurable. Some of the advantages of accrual-basis accounting include:

- Providing a comprehensive measurement of financial position and results of operations;
- Providing accountability for individual assets within the accounting system at the earliest appropriate date;
- Providing the potential for cost accounting analyses and comparisons;
- Promoting comparability from period to period;
- Reducing management's ability to control cash flows in such a way as to produce financial statements that will seem to present financial position and results of operations in either a more optimistic or more pessimistic context, depending upon management's particular preference at the end of any given fiscal year.

For those LEAs using the accrual basis of accounting, the revenue classifications, expenditure dimensions and balance sheet accounts may be used as illustrated in later chapters.

### Single-Entry/Double-Entry Accounting

The check register in a checkbook easily illustrates a single-entry accounting system. In that system a single entry is recorded for each cash receipt or cash disbursement. The cash account is increased or decreased by each transaction. Single-entry accounting systems in LEAs operate in a like manner.

A double-entry accounting system requires that for every entry made to the debit side of an account an entry for a corresponding amount be made to the credit side of another account. Double-entry accounting involves maintaining a balance between assets on the one hand and liabilities, reserves, and fund equities on the other.

The double-entry system has two advantages. First, the LEA can prepare a balance sheet that reports the financial status of a LEA at a particular date. Secondly, the double-entry system provides a good set of checks and balances in the accounting system.

### Comparability

Using the classifications and definitions in this handbook will enhance comparability of recorded and reported financial information among LEAs, the states and the federal government. This comparability should provide assistance to LEA, state and federal administrators, legislators, LEA boards of education and the general public in understanding where funds come from and how they are used.

## **Types of Education Agencies**

Ways of using these guidelines by education agencies will vary at local, state and federal levels. To keep the references to the different levels of education agencies simple and concise, this manual uses the following terminology:

- *Local Education Agency, or LEA*, refers to an education agency at the local level that exists primarily to operate schools or to contract for educational services. Normally, such publicly operated agencies may levy taxes for school purposes. This term is used synonymously with the terms "school district," "school system," and "local basic administrative unit";
- *Area Education Agencies, or AEAs*, are intermediate units of government in between local and state levels having some independent fund-raising and dependent taxing capability;



- *State Education Agency*, or *SEA*, refers to state departments of education;
- *Federal Education Agency*, or *FEA*, as used here refers to any federal agency or subdivision having responsibilities for supporting or delivering education services. It particularly refers to the U.S. Department of Education and its various subdivisions.

Statements and concepts in this publication directed toward LEAs also apply to the financial accounting needs of other educational agencies including private or specialized institutions.

## Organization of Manual

The development and purposes of this manual were discussed previously in this chapter. Chapter 2 explains the importance of the accounting process to North Dakota school districts. Chapter 3 describes a minimum chart of accounts that will meet federal and state reporting requirements. Chapters 4, 5, and 6 provide an expanded version of the minimum chart as well as definitions for each. Chapter 7 discusses local implementation considerations. Chapter 8 provides criteria for distinguishing supplies and equipment. The concepts relating to cost accounting and cost allocation are discussed in Chapter 9. Chapter 10 provides guidance for state reporting of certain transactions to ensure comparability of data reported.



## Chapter 2 - Uses of the Account Classification System

The purposes of this chapter are to: (1) describe the need for and advantages of the account classification system contained in this publication; (2) define the systems framework envisioned in the coding structure; (3) clarify the multiple uses that can and should be made of that coding structure; and (4) help the reader understand what may appear to be an imposing system.

### Users of the LEA Financial Reports

Educational accounting and financial reporting systems must satisfy a number of objectives simultaneously. To quote GAAFR: "... governmental accounting exists for the purpose of providing complete and accurate financial information, in proper form and on a timely basis, to the several groups of persons responsible for, and concerned with, the operations of governmental units and agencies..." [National Committee on Governmental Accounting, *Governmental Accounting, Auditing and Financial Reporting*, published by Municipal Finance Officers Association, Chicago, Illinois, 1968, page 1]

The groups most interested in the output of the financial reporting system are: school administrators, school boards and other governing units, Congress and state legislative bodies, creditors, and the general public, including taxpayers. [Note: Much of the substance of this section is adapted from Robert N. Anthony, *Financial Accounting in Non-Business Organizations, an Exploratory Study of Conceptual Issues*, under contract to the Financial Accounting Standards Board, Stanford, Connecticut, 1978.]

#### School Administrators and Other Employees

First and foremost, school administrators use the account classification system. They must rely on financial reports to evaluate past performance, to aid in day-to-day decision-making and to inform the general public.

Budgeting is an important tool for school administrators that rely upon correct and properly classified accounting information. The expenditure dimensions used here offer the administrator a variety of methods for budgeting and permit local judgment about the most appropriate technique. Additionally, the accounting system satisfies the administrator's obligation to ensure compliance with the legal, regulatory and fiduciary responsibilities of that

position of public trust. This publication is designed to meet these overlapping requirements.

#### School Boards and Other Governing Units

School boards and other governing units have both a responsibility and an intense interest in the operation of the school system. The school board is responsible for establishing policies and for overseeing and appraising the administrator as he or she carries out these policies. The school board thus needs timely warning in case situations develop that require corrective action. The board also needs information to judge the efficiency of the administration and its effectiveness in complying with policies and restrictions. Some of this information can be provided by general-purpose financial reports. Comparable information obtained about other LEAs also is needed as a basis for comparison.

#### Congress and State Legislative Bodies

The U.S. Congress and the state legislatures provide about half of the resources for the operation of LEAs in the country today. Accordingly, they need information on the schools' operations as a basis for deciding whether to commit additional resources, and how much. Additionally, governance units need cumulative information (in compatible format) about the operations of groups of LEAs in order to formulate funding policies. To this end, legislators are interested in such matters as:

- The ways in which local, state and federal programs interact within specific operational areas;
- Profiles of school finance structures as they relate to tax resources; and
- The impact (and cost) of programs resulting from specific legislative initiatives.

Hence, characteristics of the accounting and reporting system of interest to state and federal legislators are comparability of data, ability to achieve a variety of classifications and timeliness in reporting.

#### Creditors and Potential Creditors

In governmental accounting, creditors are considered to include bondholders and prospective bondholders, commercial banks, vendors, and others who have extended credit, or who are considering extending credit, to the LEA. Typically, they would be interested in the financial position of the organization, its operating performance, and its likely sources and uses of funds as indications of the probability that the bonds or loans will be repaid in full and on time.



### The General Public

With regard to the general public's interest, Anthony says: "In theory, a governing body represents the interest of an organization's constituents (taxpayers, members, the general public, etc.). In fact, however, the constituents need to check on how well governing bodies do represent their interests. In a general way, the interests of constituents are similar to those of resource providers: they want to know the nature of the organization's activities and how effectively and efficiently it was managed. Constituents have a more personal interest in these matters, however. Taxpayers want to know about the services furnished by the governmental unit. . . An American Accounting Association committee states bluntly that an objective of financial statements is 'to provide information on which constituents can base a decision to retain or replace incumbents.'" [p.44]

The account classification system presented here is designed to enable LEAs to produce the financial reports necessary to better meet all of these potential uses.

## **What Is an Accounting System?**

What is an accounting system? How does it go about serving the diverse needs of its users? An accounting system is that combination of people, equipment, forms, methods and procedures organized to record financial activity and to display that activity in the financial reports. A primary purpose of an accounting system is to produce financial information organized in various ways for various uses.

### Financial Reports

The financial reports necessary in a LEA fall into two major groupings: internal and external. Some examples of the internal reports include:

- Comparison of budgeted vs. actual revenues and expenditures;
- Cash flow projection;
- Building operation and maintenance costs, by building; and
- The expenditure accounts, showing activity during the last reporting period.

The LEA to satisfy the needs of the various users who are not a part of the LEA produces external financial reports. There are a variety of types of external reports defined by the NCGA in GAAFR. This document lists the comprehensive annual financial report, the external general-purpose financial statements (see appendix), and the condensed summary financial data among the external reports. With regard to the first two types of

reports, GAAFR says: "The comprehensive annual financial report is the governmental unit's official annual report and should also contain introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

"Governmental units may issue the general purpose financial statements separately from the comprehensive annual financial report. These may be issued for inclusion in official statements for bond offerings and for widespread distribution to users requiring less detailed information about the governmental unit's finances than is contained in the comprehensive annual financial report.

"The major differences between the general purpose financial statements and the other statements in the comprehensive annual financial report relate to the reporting entity focus and the reporting on finance-related legal and contractual provisions that differ from GAAP. The comprehensive annual financial report includes (1) both individual fund and account group data and aggregate data by fund types, together with introductory, supplementary, and statistical information; and (2) schedules essential to demonstrate compliance with finance-related legal and contractual provisions. The general-purpose financial statements present only aggregate data by fund type and account group, together with notes to the financial statements that are essential to fair presentation, including disclosures of material violations of finance-related legal and contractual provisions and other important matters that are not apparent from the face of the financial statements." [National Council on Governmental Accounting, *Governmental Accounting and Financial Reporting Principles*, published by Municipal Finance Officers Association, Chicago, Illinois, March 1979, p. 19]

Other external reports generally are of a special purpose nature. They may include such reports as:

- General financial/statistical summaries for use by legislators;
- Specific reports of certain revenues and expenditures by program, for use by the funding source(s); and
- Program cost reports.

### The Accounting System

The accounting system is the means by which financial data are captured during actual operation of the LEA, recorded in the books of account, and then analyzed to produce the various kinds of reports needed. Financial transactions can be classified to facilitate their accumulation in the categories needed on the required reports. The guidelines here provide a classification

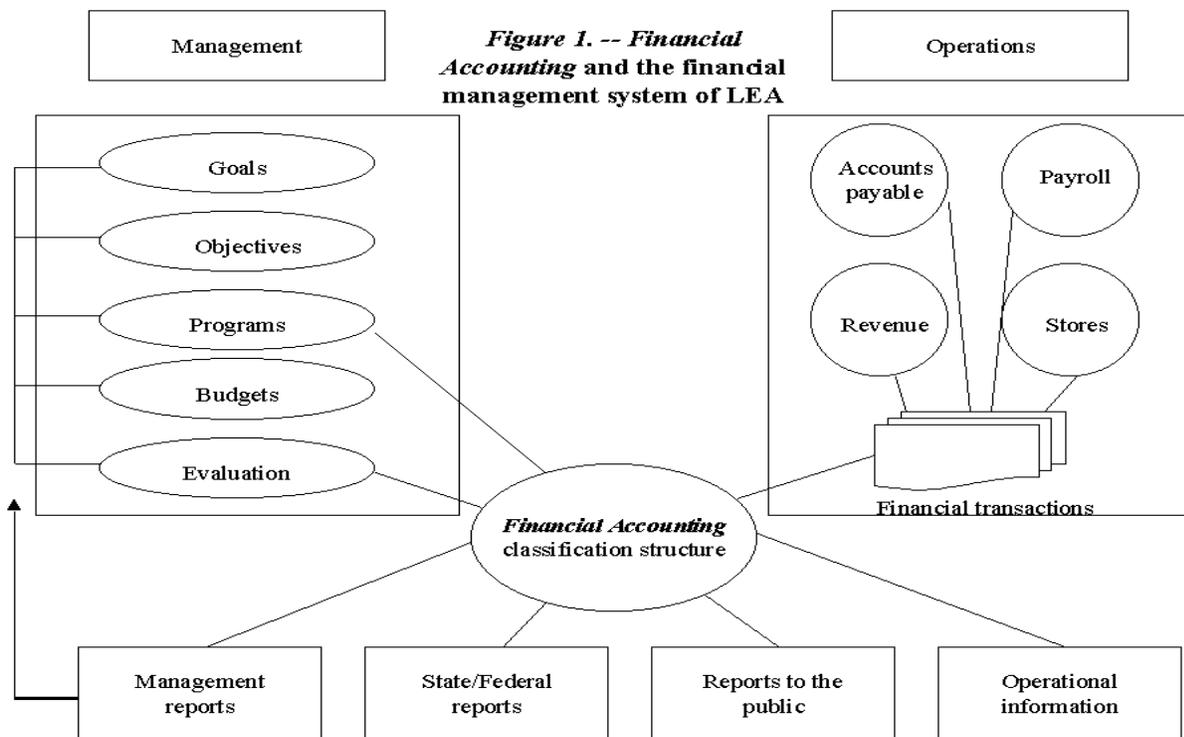
structure which will meet most of the accounting system's needs and will provide comparability of reported data when reports from different LEAs are combined, compared, or both.

**Basic Philosophy of Uniform Financial Accounting**

Several criteria are inherent in the design of the account classification structure in this publication. Taken together, they support the needs expressed above. They are:

1. *The chart of accounts encourages full disclosure of the financial position of the LEA.* Emphasis is placed on the accurate classification of financial transactions. Expenditures are recorded in the accounting categories applicable, regardless of the implications of some of those decisions;
2. *Comprehensiveness of financial reporting is encouraged.* The LEA should incorporate all financial activities into a single accounting and reporting system for full disclosure. The account classifications here encourage this procedure. Accounts for such activities as food services, student activities, community services and commercial-like enterprises all should be included in the financial reports of the LEA;

3. *Simplified reporting is encouraged.* GAAFR encourages using the minimum number of funds necessary for legal and operational use. Only the minimum number of funds consistent with legal and operating requirements should be established, since unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration;
4. *Financial reporting emphasizes the results of LEA operations more than the resources applied.* The account code structure emphasizes program accounting and the application of supporting services costs to the "products" of the educational enterprise;
5. *The account classification system is flexible:* it meets the needs of both small and large LEAs while retaining comparability of reported data. The guidelines here include a minimum list of accounts essential for federal reporting. They also provide a variety of optional classifications for LEAs interested in a more comprehensive approach to financial accounting and reporting;
6. *The classification of accounts and the recommended reporting structure remain in accordance with generally accepted accounting principles.*





### Budgeting

The *North Dakota School District Financial Accounting and Reporting Manual* classification system offers a variety of ways in which LEAs can prepare a budget. Generally, a LEA will want to budget items for the various object classifications within program, subject matter, operational unit or function or some combination of those dimensions. Budgets also are made up for separate projects using the project/ reporting code as the key.

It is recommended that principals, department heads, teachers, and other staff personnel are involved in the total budgetary process and that the budget developed supports the educational program objectives of the LEA. The legal responsibility for insuring the adequacy and fulfillment of the budgeting and accounting requirements for LEAs lies with the elected board of directors and its officers.

Because of the flexibility and comprehensive uses of this classification system, there is a tendency for budgets to become extremely detailed, with individual budget line items being drawn up for comparatively small amounts of money. This can lead to needless restrictions on the budget manager, and, in some systems, can greatly increase the paperwork required for budget adjustment. To alleviate this problem, the LEA should draw and maintain its legal appropriation at a higher level of classification than the level at which it keeps its accounting records. More detailed budgets may be maintained for the use of individual budget managers.

For example, suppose that ledgers are to be maintained on expenditure detail for the following accounts:

<u>Program</u>	<u>Object</u>	<u>Description</u>	<u>Amount</u>	<u>Subtotal</u>
310		Vocational-agriculture		
	110	Regular salaries	\$60,000	
	120	Temporary salaries	4,000	
	220	Social security	3,640	
	230	Retirement contributions	3,000	
	250	Unemployment compensation	500	
	430	Repair of equipment	800	
	442	Rental of equipment	1,200	
	530	Telephone and postage	500	
	580	Travel	500	
	610	Supplies	3,200	
	640	Books and periodicals	<u>2,250</u>	
		Total – Vocational – agriculture		<u>\$79,590</u>

The appropriations for these accounts might appear as follows:

<u>Program</u>	<u>Major object</u>	<u>Description</u>	<u>Appropriation</u>	<u>Subtotal</u>
310		Vocational-agriculture		
	100	Salaries	\$64,000	
	200	Employee benefits	7,140	
	400	Purchased property services	2,000	
	500	Other purchased services	1,000	
	600	Supplies	<u>5,450</u>	
		Total – Vocational – agriculture		<u>\$79,590</u>

Hence, in this example, there would be 5 line items rather than 12. A similar practice can be followed for certain parts of the function dimension. As an example of how that might work with the function codes, a detailed budget might read as follows:

<u>Function</u>	<u>Object</u>	<u>Description</u>	<u>Amount</u>
2620		Operation of buildings services	
	110	Salaries	\$110,000
	210	Group insurance	3,500
	220	Social security	7,050
	230	Retirement contributions	7,700
	411	Water/sewer	10,500
	421	Disposal services	18,000



	423	Cleaning services	25,000	
	430	Repair and maintenance	8,000	
	520	Insurance	5,250	
	610	Supplies	15,500	
	621	Gas	32,000	
	622	Electricity	17,500	
	624	Oil	<u>40,000</u>	
		Subtotal		<u>\$300,000</u>
2630		Care and upkeep of grounds services		
	110	Salaries	65,000	
	210	Group insurance	2,000	
	220	Social security	3,800	
	230	Retirement contributions	3,750	
	424	Purchased lawn care	20,000	
	423	Snow plowing	5,000	
	441	Rental of land	1,000	
	610	Supplies	17,500	
	626	Gasoline	2,200	
	730	Equipment	<u>25,400</u>	
		Subtotal		<u>\$145,650</u>
		Total		<u>\$445,650</u>

The appropriation for these items might be expressed as follows:

Function	Object	Description	Amount	
2600		Operation and maintenance of plant		
	100	Salaries	\$175,000	
	200	Employee benefits	27,800	
	400	Purchased property services	87,500	
	500	Other purchased services	5,250	
	600	Supplies	124,700	
	700	Property	<u>25,400</u>	
		Total		<u>\$445,650</u>

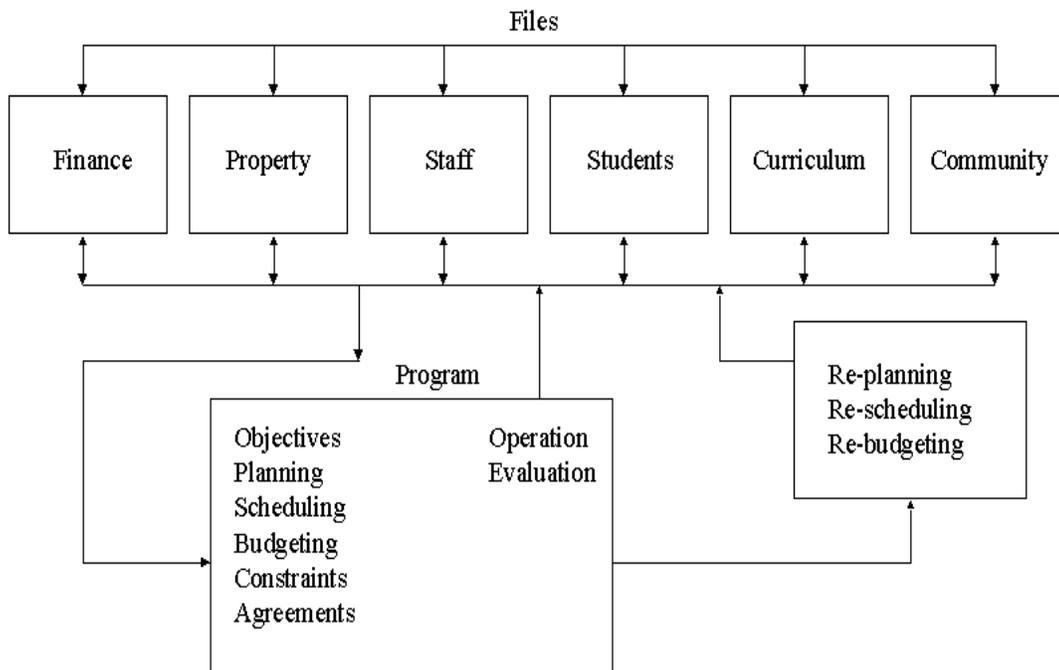
In this case, both the function and the object classifications were consolidated to a higher level for appropriation purposes. Obviously, many other similar combinations are possible. For instance, and LEA may choose to budget on a district-wide basis, but keep track of actual costs by cost center (operational unit).

## Relationship to an Educational Information System

The account structure used herein deals with only one component, albeit an important one, in the design of an overall educational information system: the finance component. Other major components are the property system, the staff records system, the student records system, the curriculum or program component, and the community services component. Some organization of the activities of each of these areas is necessary to the proper operation and oversight of the LEA. The various components of the educational information system interact in at least two ways. At the operational level, information entering the system through one subsystem (component) may and frequently does affect the files of another subsystem. For example, gross and net pay information created in the payroll system (which is part of the finance subsystem) will be posted to the employee's master record, which is also used in the staff subsystem.

The other interaction is in methods of classification. It often is necessary to classify the data in one component's files using the classifications primarily applicable to another component. For example, a subject matter classification from the curriculum component is often used to categorize expenditures.

Figure 2. -- School management information system





### Chapter 3 - The Minimum Chart of Accounts

Used in its entirety, the handbook classification structure (particularly the expenditure classifications) can generate large amounts of detailed data. However, much of the classification system described herein is offered for the optional use of the LEA. Hence, a LEA may choose, in a number of ways, which parts of the system it needs or wants to use. It may choose:

1. Not to use certain dimensions at all;
2. To consolidate certain dimensions in its own local chart of accounts;
3. To use less (or more) than the number of digits described for any particular dimension in this publication.

Whatever course a LEA chooses, it must follow a certain minimum list of these classifications to meet federal and state reporting requirements. This list is referred to as the "minimum chart of accounts." It is as follows:

Required Descriptor	Minimum Number of Digits	Page	Type I Accounts Balance Sheet	Type II Accounts Revenue	Type III Accounts Expenditure
Fund	2	11	x	x	x
General Ledger Account	3	13-14	x		
Revenue Classification	4	15-19		x	
Program	3	21-22			x
Function	4	23-26			x
Object	3	26-28			x
Project/reporting	3	20-21	x	x	x

Chapters 4, 5 and 6 contain a more detailed set of account codes, as well as a definition for each type of code, for those North Dakota school districts desiring to go beyond the minimum chart of accounts. Additional expenditure dimensions are provided to those districts that need expanded classification capability.

#### Fund Dimensions

Regardless of the type of account that is involved in any transaction there is one account descriptor that is common to all, namely the fund group. As discussed in the previous chapter, this finance manual recommends the consolidation of North Dakota school district accounting requirements into seven funds and two account groups, in order to improve record keeping practices and the ability to report financial results in accordance with generally accepted accounting principles.

- 01 General Fund
- 02 Special Reserve Fund
- 03 Capital Projects
- 04 Debt Service (Sinking and Interest)
- 05 Food Service
- 06 Student Activity
- 07 Trust and Agency
- 08 General Long Term Debt
- 09 General Fixed Assets

#### Coding Examples

As an aid in understanding how the various codes for each type of account fit together and constitute a chart of accounts the following examples are provided for each type of account.



**A. Type I Account: General Ledger Accounts**

- 1. Required Descriptors:
  - 1.1 Fund Group
  - 1.2 General Ledger Project Code
  - 1.3 General Ledger Account Code

2. Account Number Structure

X	XX	XXX
Fund	Project/Reporting	General Ledger Account

General Fund Examples:

- 1-00-121 General Fund-Taxes Receivable
- 1-00-421 General Fund-Accounts Payable
- 1-25-762 General Fund-Reserve for Technology Levy

**B. Type II Account: Revenue Accounts**

- 1. Required Descriptors
  - 1.1 Fund Group
  - 1.2 Project/Reporting
  - 1.3 Revenue Classification

2. Account Number Structure

X	XX	XXXX
Fund	Project/Reporting	Revenue Classification

General Fund Examples:

- 1-00-1110 General Fund-District Property Taxes
- 1-00-3110 General Fund-State Per Pupil Aid
- 1-70-4511 General Fund-ESEA Title I Compensatory

**C. Type III Account: Expenditure Accounts**

- 1. Required dimensions
  - 1.1 Fund Group
  - 1.2 Project/Reporting
  - 1.3 Instructional Organization
  - 1.4 Program
  - 1.5 Function
  - 1.6 Object Classification

2. Account Number Structure

X	XX	X	XXX	XXXX	XXX
Fund	Project Reporting	Instructional Organization	Program	Function	Object

General Fund Examples:

- Salary Costs
  - 1-00-0-000-2320-110 Salary of District Superintendent
  - 1-00-2-120-2230-610 Supplies for Elementary School Library
- Transportation Costs
  - 1-00-0-000-2700-731 Purchase of an engine analyzer for bus garage
  - 1-22-4-140-2700-511 Transporting high school students to neighboring school district.



## General Ledger Classifications (Type I Accounts)

### Assets

- 101 Cash in Bank
- 102 Cash on Hand
- 103 Petty Cash
- 104 Change Cash
- 105 Cash with Fiscal Agents
- 111 Investments
- 112 Unamortized Premiums on Investments
- 113 Unamortized Discounts on Investments (Credit)
- 114 Interest Receivable on Investments
- 115 Accrued Interest on Investments Purchased
- 121 Taxes Receivable
- 122 Allowance for Uncollectible Taxes (Credit)
- 131 Inter-fund Loans Receivable
- 132 Inter-fund Accounts Receivable
- 141 Intergovernmental Accounts Receivable
- 151 Loans Receivable
- 152 Allowance for Uncollectible Loans (Credit)
- 153 Other Accounts Receivable
- 154 Allowance for Uncollectible Accounts Receivable (Credit)
- 171 Inventories for Consumption
- 172 Inventories for Resale
- 181 Prepaid Items
- 191 Deposits
- 192 Deferred Expenditures/Expenses
- 193 Capitalized Bond and Other Debt Issuance Costs
- 194 Premium and Discount on Issuance of Bonds
- 199 Other Current Assets

### Capital Assets

- 211 Land and Land Improvements
- 221 Site Improvements
- 222 Accumulated Depreciation on Site Improvements
- 231 Buildings and Improvements
- 232 Accumulated Depreciation on Buildings and Improvements
- 241 Machinery and Equipment
- 242 Accumulated Depreciation on Machinery and Equipment
- 251 Works of Art and Historical Treasures
- 252 Accumulated Depreciation on Works of Art and Historical Collections
- 261 Infrastructure
- 262 Accumulated Depreciation on Infrastructure
- 271 Construction in Progress



Current Liabilities

- 401 Inter-fund Loans Payable
- 402 Inter-fund Accounts Payable
- 411 Intergovernmental Accounts Payable
- 421 Accounts Payable
- 422 Judgments Payable
- 423 Warrants Payable
- 431 Contracts Payable
- 432 Construction Contracts Payable – Retainage
- 433 Construction Contracts Payable
- 441 Matured Bonds Payable
- 442 Bonds Payable – Current
- 443 Unamortized Premiums on Issuance of Bonds
- 451 Loans Payable
- 452 Lease Obligations - Current
- 455 Interest Payable
- 461 Accrued Salaries and Benefits
- 471 Payroll Deductions and Withholdings
- 472 Compensated Absences – Current
- 473 Accrued Annual Requirement Contribution Liability
- 481 Deferred Revenues
- 491 Deposits Payable
- 499 Other Current Liabilities

Long Term Liabilities

- 501 School Construction Loans Payable
- 511 Bonds Payable
- 512 Accredited Interest
- 513 Unamortized Gains/Losses on Debt Refundings
- 521 Loans Payable
- 531 Capital Lease Obligations
- 551 Compensated Absences
- 561 Arbitrage Rebate Liability
- 590 Other Long-Term Liabilities

Fund Balances/Fund Net Asset

- 710 Nonspendable Fund Balance
- 720 Restricted Fund Balance
- 730 Committed Fund Balance
- 740 Assigned Fund Balance
- 750 Unassigned Fund Balance
- 760 Capital Assets, Net of Related Debt (used with proprietary funds only)
- 770 Restricted Net Assets (used with proprietary funds only)
- 780 Unrestricted Net Assets (used with proprietary funds only)



## Classification of Revenues and Other Sources (Type II Accounts)

### Revenue from Local Sources

- 1000 Revenue from Local Sources
  - 1100 Property Taxes
    - 1110 General Fund - District Property Taxes
    - 1130 Categorical Program - District Property Taxes
      - 1131 Tuition Levy
      - 1138 Miscellaneous Fund Levy
    - 1160 Capital Projects Fund Tax Levies
      - 1161 Building Fund Levy
      - 1162 Special Assessments Fund Levy
    - 1170 Debt Service Fund
      - 1171 Sinking and Interest Levy
      - 1173 Bond Judgment Levy
    - 1180 Special Revenue Funds Levies
      - 1181 Special Reserve Levy
    - 1190 Other Tax Revenue
      - 1191 Delinquent Property Taxes
      - 1192 Penalties and Interest on Taxes
      - 1193 Other Taxes such as Licenses and Permits
  - 1200 Revenue in Lieu of Property Taxes
    - 1210 Electric Generation, Distribution and Transmission
    - 1220 Telecommunications
    - 1230 Property Tax Credits Reimbursed by the State
      - 1231 Homestead Property Tax Credit
      - 1232 Disabled Veterans Property Tax Credit
    - 1240 Property Owned by State or Nonprofit Agencies
      - 1241 North Dakota Game and Fish Land
      - 1242 Board of University and School Lands
      - 1243 National Guard Land
      - 1244 Farmland or Ranchland Owned by Nonprofit Organizations
      - 1245 Land Acquired by the State Water Commission
      - 1246 Workforce Safety and Insurance Building
    - 1250 Mobile Home Tax
    - 1290 Other Revenue in Lieu of Property Taxes
  - 1300 Tuition
    - 1310 Regular Programs
      - 1311 Tuition from Individuals – Students or Parents
      - 1312 Tuition from Other LEAs Within the State
      - 1313 Tuition from Other LEAs Outside the State
    - 1320 Handicapped Programs
      - 1321 Tuition from Individuals – Students or Parents
      - 1322 Tuition from Other LEAs Within the State



- 1323 Tuition from Other LEAs Outside the State
- 1330 Career and Technical Education Programs
  - 1331 Tuition from Individuals – Students or Parents
  - 1332 Tuition from Other LEAs Within the State
  - 1333 Tuition from Other LEAs Outside the State
- 1340 Summer School Programs
  - 1341 Tuition from Individuals – Students or Parents
  - 1342 Tuition from Other LEAs Within the State
  - 1343 Tuition from Other LEAs Outside the State
- 1350 Adult Education Programs
  - 1351 Tuition from Individuals – Students or Parents
  - 1352 Tuition from Other LEAs Within the State
  - 1353 Tuition from Other LEAs Outside the State
- 1360 Drivers Education Programs
  - 1361 Tuition from Individuals – Students or Parents
  - 1362 Tuition from Other LEAs Within the State
  - 1363 Tuition from Other LEAs Outside the State
- 1370 Cooperative Assessments Collected
- 1380 Residential Treatment Education Programs
  - 1381 Tuition from Individuals – Students or Parents
  - 1382 Tuition from Other LEAs Within the State
  - 1383 Tuition from Other LEAs Outside the State
- 1400 Transportation Fees
  - 1410 Regular Programs
    - 1411 Transportation fees from Individuals – Students or Parents
    - 1412 Transportation fees from Other LEAs Within the State
    - 1413 Transportation fees from Other LEAs Outside the State
  - 1420 Handicapped Program
    - 1421 Transportation fees from Individuals – Students or Parents
    - 1422 Transportation fees from Other LEAs Within the State
    - 1423 Transportation fees from Other LEAs Outside the State
  - 1430 Career and Technical Education Programs
    - 1431 Transportation fees from Individuals – Students or Parents
    - 1432 Transportation fees from Other LEAs Within the State
    - 1433 Transportation fees from Other LEAs Outside the State
- 1500 Earnings on Investments
  - 1510 Interest Earned
  - 1520 Dividends on Investments
  - 1530 Gains or Losses on Sale of Investments
  - 1540 Earnings on Investment in Real Property
- 1600 Food Service Revenue
  - 1610 Daily Sales - Reimbursable Programs
    - 1611 Daily Sales – School Lunch Program
    - 1612 Daily Sales – School Breakfast Program



- 1613 Daily Sales – Special Milk Program
- 1620 Daily Sales - Non-Reimbursable Programs
- 1630 Special Functions
- 1700 Student Activities
  - 1710 Admissions
    - 1711 Athletics
    - 1715 Drama and Plays
    - 1719 Other
  - 1720 Memberships
    - 1721 Clubs
    - 1726 Class
  - 1730 Sales
    - 1731 Yearbooks
    - 1732 School Papers
    - 1733 Books
    - 1734 Instructional Supplies
    - 1739 Miscellaneous
  - 1740 Student Organization Events
    - 1741 Car Wash
  - 1750 Fees
  - 1790 Other Student Activity Income
- 1800 Revenue from Community Services Activities
- 1900 Other Revenue from Local Sources
  - 1910 Rentals
  - 1920 Contributions or Donations from Private Sources
  - 1930 Services Provided Other LEAs
  - 1940 Services Provided Other Governmental Units
  - 1990 Miscellaneous

Revenue from County Sources

- 2000 Revenue from County Sources
  - 2200 Mineral Resources
    - 2210 Oil and Gas Production
    - 2220 Coal Production
    - 2230 Coal Conversion
  - 2900 Other County Revenue

Revenue from State Sources

- 3000 Revenue from State Sources
  - 3100 Unrestricted State Revenue
    - 3110 Per Pupil Aid
    - 3130 Transportation Aid
    - 3140 State Child Placement
    - 3190 Other Unrestricted State Revenue
  - 3200-3900 Restricted State Revenues
  - 3200 Handicapped Program Aid



- 3300 Career and Technical Education Program Aid
  - 3310 Title IIB
  - 3320 Title IIA
  - 3340 Title III - Consumer and Homemaking
- 3400 Revenue for/on Behalf of the LEA
  - 3410 Special Education Joint Agreements
  - 3420 Career and Technical Education Joint Agreements
  - 3430 Regional Education Association Joint Agreements
- 3900 Other Restricted State Revenues
  - 3910 Adult Education Program Aid
  - 3920 Career and Technical Education Program Aid
  - 3950 School Food Service Program Aid

Revenue from Federal Sources

- 4000 Revenue from Federal Sources
  - 4100 Unrestricted Grants-in-Aid Direct From the federal government
    - 4110 Title VIII Impact Aid
  - 4200 Unrestricted Grants-in-Aid from the federal government Through the State or County
    - 4210 Taylor Grazing
    - 4220 Flood Control
    - 4225 U.S. Fish and Wildlife
    - 4230 Mineral Leases
    - 4240 Bankhead Jones
    - 4250 Sub-Marginal Land
    - 4260 Johnson O'Malley
    - 4270 PL 93-638 Funds
    - 4290 Other Unrestricted Federal Aid
  - 4400 Restricted Grants-in-Aid Direct From the federal government
    - 4410 Construction Aid
    - 4420 ESAA - Emergency School Assistance Aid
    - 4440 Indian Education Program
    - 4450 Title XII School Facilities
    - 4460 Headstart
    - 4490 Other Restricted Federal Aid
  - 4500 Restricted Grants-in-Aid Direct From the federal government Through the State
    - 4510 Title I Program Aid
    - 4517 Title II - Professional Development Programs
    - 4520 Title III English Language Acquisition
    - 4525 Title IV Student Support and Academic Enrichment
    - 4530 Handicapped Programs 0 EHA (PL 94-142)
      - 4531 Title IDEA-B Special Education
      - 4532 Preschool Program
    - 4535 Striving Readers
    - 4540 Career and Technical Education Programs
      - 4545 Carl Perkins Grant



- 4549 Other Career and Technical Education Programs
- 4550 Child Nutrition Programs
  - 4551 School Lunch - Regular
  - 4552 School Lunch - Reduced
  - 4553 School Lunch - Free
  - 4554 School Breakfast
  - 4555 Special Milk
  - 4556 Non-Food Assistance
  - 4557 Payments in Lieu of Commodities
  - 4558 Food Commodities
  - 4559 Nutrition Education and Training Programs
- 4560 Adult Education Programs
- 4570 Community Education Programs
  - 4579 Other Community Education Programs
- 4580 Career Education
- 4590 Other Restricted Federal Revenue
- 4595 Other Federal Aid for Special Education
- 4700 Grants-in-Aid From the federal government Through Other Intermediate Agencies
  - 4710 Workforce Investment Act (WIA) Programs
  - 4790 Other Federal Programs
- 4800 Federal Revenue in Lieu of Taxes
- 4900 Federal Revenue for/on Behalf of Local Education Agency
  - 4910 Special Education Joint Agreements
  - 4920 Vocational Education Joint Agreements
  - 4930 Regional Education Association Joint Agreements

Other Sources

- 5000 Other Sources
  - 5100 Sale of Bonds
    - 5110 Principal
    - 5120 Premium
    - 5130 Accrued Interest
  - 5200 Inter-fund Transfers
  - 5300 Sale or Compensation for Loss of Fixed Assets
  - 5400 Refund of Prior Year's Expenditures
  - 5500 Services Provided for another LEA
  - 5600 Grants
  - 5700 Revenue to Offset Lease Purchase
  - 5900 Other Revenue



## Classification of Expenditures and Other Uses of Funds (Type III Accounts)

### Dimension: Project/reporting

The project/reporting dimension will permit North Dakota school districts to accumulate expenditures to meet a variety of specialized accounting and reporting requirements required by statutes or by other funding agencies.

These project/reporting categories coincide with some of the restricted revenue classifications described in the previous section. This structure may be expanded with additional codes as new requirements arise.

000 General Fund (unrestricted)

001-030 Local Special Levies

002 Building Fund Levy

003 Miscellaneous Fund Levy

005 Sinking and Interest Levy

006 Special Reserve Levy

009 Special Assessments Levy

010 Judgment Bonding

021 Tuition Fund Levy

030-049, 300-499 Local Special Projects

050-059, 500-599 State Funded Projects

051 State School Construction Funds

055 Special Education

056 Career and Technical Education

059 Other State Projects

060-299 Federally Funded Projects

060 Construction Aid

061 ESAA Emergency School Assistance

063 Indian Education Programs

065 HeadStart

066 Health and Nutrition

067 Johnson O'Malley

068 Title I – Improving Academic Achievement of the Disadvantaged

069 Title I – Neglected and Delinquent

070 Title I – Migrant Education

071 Title I – Parent and Family Engagement

072 Title I – Education for Homeless Children

075 Title II Part A – Supporting Effective Instruction

077 Title III – Language Instruction for Limited English Proficient and Immigrant Students

078 Title IV – Student Support & Academic Enrichment (SSAE)

079 Title IV Part B – 21<sup>st</sup> Century Community Learning Centers

082 Transferability

089 REAP Small Rural Schools Program/Rural and Low Income Program

091 Part B

092 Special Education – IDEA, Part D Personnel Development and Parent Training

093 Special Education – IDEA Preschool Program

095 Carl Perkins

096 School to Work

097 Workforce Investment Act (WIA Classroom)



- 098 Striving Readers
- 099 Comprehensive Support
- 100 Targeted Support
- 101 Title I Additional Program Improvement Funds
- 102 Title III STEEP – ELL
- 103 Title VI – Assessments and Standards

Dimension: Instructional Organization

This dimension permits segregation of expenditures by organizational level. The preschool category is added to allow separate accounting of regular or special education programs that a school district may operate.

Note: Larger North Dakota districts or those who desire to set up their accounting systems by each individual school, by campus or by some other responsibility center scheme should read the discussion in Chapter 6 on the Instructional Organization dimension.

- 00 District-wide expense
- 10 Preschool
- 20 Elementary
- 30 Middle/Junior High
- 40 Secondary
- 50 Career and Technical Education Centers
- 60 Junior Colleges
- 70 Adult/Evening Schools
- 90 Other

Dimension: Program

A program is a plan of activities and procedures designed to accomplish a predetermined objective or set of objectives. The program dimension provides North Dakota school district with the framework to classify expenditures by program for cost determination purposes.

100 Regular Education Programs - Elementary/Secondary

- 105 Prekindergarten
- 110 Kindergarten
- 120 Elementary (Grades 1-6)
- 130 Junior High (Grades 7-8)
- 140 High School (Grades 9-12)

200 Special Programs

- 205 Preschool Special Education
- 210 Intellectual Disabilities
  - 211 Low Impact
  - 212 High Impact
- 220 Physically Handicapped
  - 221 Hearing Impaired
  - 222 Deaf
  - 223 Deaf-Blind
  - 224 Visually Handicapped
  - 225 Speech Impaired
  - 226 Physically Impaired
  - 227 Other Health Impaired
  - 228 Traumatic Brain Injury
  - 229 Autism Programs



- 230 Emotionally Disturbed
- 240 Learning Disabled
- 250 Multiple Handicapped
- 260-299 Federal Programs
  - 261 Title I Programs
  - 262 Transferability
  - 266 Nutrition Education and Training Program
  - 270 Title III Language Instruction
  - 280 Gifted & Talented
  - 285 Title IV Student Support and Academic Enrichment
  - 290 Title II - **Supporting Effective Instruction**
  - 295 Indian Education Programs
  - 297 Head Start/Federal Early Childhood
  - 298 Other Federal Programs
- 300 Career and Technical Education Programs
  - 310 Agriculture
  - 320 Distributive Education/Marketing
  - 330 Health Careers
  - 340 Family and Consumer Science
- 341 **Occupational**
  - 342 Consumer and Homemaking
  - 350 Technology and Engineering Education
  - 360 Office Technology
  - 380 Trades & Industrial Occupations
  - 390 Other Career and Technical Education Programs
    - 392 Diversified Coop Programs
    - 394 Special Needs Programs
    - 398 Workforce Investment Act (WIA Classroom)
    - 399 Special Projects
- 400 Other Instructional Programs - Elementary/Secondary
  - 410 Student Activities
  - 420 Athletics
    - 425 Summer Recreation - Student
  - 490 Other
- 500 Nonpublic School Programs
- 600 Adult/Continuing Education Programs
- 700 Community/Junior College Education Programs
- 800 Community Services Programs
  - 810 Community Recreation
  - 820 Civic Services
  - 830 Public Library Services
  - 840 Custody and Child Care Services
  - 850 Welfare Activities
  - 890 Other Community Services
- 900 Enterprise Programs
  - 910 Food Services



990 Other Enterprise Programs  
000 Undistributed Expenditures

Dimension: Function

The function dimension describes the action or purpose for which a person or thing is used or exists. The functions of a school district are classified into six broad areas: instruction, supporting services, operation of non-educational services, facilities acquisition and construction services, contingencies and other outlays. Functions and sub-functions consist of activities that have somewhat the same general operational objectives. Furthermore, categories of activities comprising each of these divisions and subdivisions are grouped according to the principle that the activities should be combinable, comparable, relatable and mutually exclusive.

NOTE: Although this dimension is presented as a four position code (i.e., 2110), a North Dakota school district is not required to use the fourth position unless more detailed accounting is desired.

- 1000 Instruction
- 1999 Tuition
- 2000 Supporting Services
  - 2100 Support Services - Student
    - 2110 Attendance and Social Work Services
      - 2111 Supervision of Attendance and Social Work Services
      - 2112 Attendance Services
      - 2113 Social Work Services
      - 2114 Student Accounting Services
      - 2119 Other Attendance and Social Work Services
    - 2120 Guidance
      - 2121 Supervision of Guidance Services
      - 2122 Counseling Services
      - 2123 Appraisal Services
      - 2124 Information Services
      - 2125 Record Maintenance Services
      - 2126 Placement Services
      - 2129 Other Guidance Services
    - 2130 Health Services
      - 2130 Supervision of Health Services
      - 2132 Adaptive Physical Education
      - 2133 Dental Services
      - 2134 Nursing Services
      - 2139 Other Health Services
    - 2140 Psychological Services
      - 2141 Supervision of Psychological Services
      - 2142 Psychological Testing Services
      - 2143 Psychological Counseling Services
      - 2144 Psychotherapy Services
      - 2149 Other Psychological Services
    - 2150 Audiology Services
    - 2160 Speech Pathology
    - 2170 Medical Services Diagnosis and Evaluation



- 2180 Occupational Therapy
  - 2185 Physical Therapy
- 2190 Other Support Services - Student
- 2200 Support Services - Instructional Staff
  - 2210 Improvement of Instructional Staff
    - 2211 Supervision of Improvement of Instruction Services
    - 2212 Instruction and Curriculum Development Services
    - 2219 Other Improvement of Instruction Services
  - 2220 Instructional Media Services
    - 2221 Supervision of Educational Media Services
    - 2222 School Library Services
    - 2223 Audiovisual Services
    - 2224 Educational Television Services
    - 2225 Computer-Assisted Instruction Services
    - 2229 Other Educational Media Services
  - 2290 Other Instruction Support Service
- 2300 Support Services - General Administration
  - 2310 School Board Services
    - 2311 Supervision of Board of Education Services
    - 2312 Board Secretary
    - 2313 Board Treasurer Services
    - 2314 Election Services
    - 2315 Tax Assessment and Collection Services
    - 2316 Staff Relations and Negotiations Services
    - 2319 Other Board Education Services
  - 2320 Executive Administration
    - 2321 Office of the Superintendent Services
    - 2322 Community Relations Services
    - 2323 State/ Federal Relations Services
    - 2329 Other Executive Administration Services
  - 2330 Special Area Administration Services
- 2400 Support Services - School Administration
  - 2410 Principal
- 2500 Support Services - Business
  - 2510 Fiscal Services
    - 2511 Supervising Fiscal Services
    - 2512 Budgeting Services
    - 2513 Receiving and Disbursing Funds Services
    - 2514 Payroll Services
    - 2515 Financial Accounting Services
    - 2516 Internal Auditing Services
    - 2517 Property Accounting Service
    - 2519 Other Fiscal Services
  - 2520 Purchasing Services



- 2530 Warehousing and Distributing Services
- 2540 Printing, Publishing, and Duplicating Services
- 2590 Other Support Services - Business
- 2600 Operation and Maintenance of Plant Services
  - 2610 Supervision of Operation and Maintenance of Plant Services
  - 2620 Operating Buildings Services
  - 2630 Care and Upkeep of Grounds Services
  - 2640 Care and Upkeep of Equipment Services
  - 2650 Vehicle Operation and Maintenance Services (Other than Student Transportation Vehicles)
  - 2660 Security Services
  - 2690 Other Operation and Maintenance of Plant Services
- 2700 Student Transportation Services
  - 2710 Supervision of Student Transportation Services
  - 2720 Vehicle Operation Services
  - 2730 Monitoring Services
  - 2740 Vehicle Servicing and Maintenance Services
  - 2790 Other Student Transportation Services
    - 2799 Student Transportation Service - Special Education Tuition
- 2800 Support Services - Central
  - 2810 Planning Research, Development, and Evaluation Services
  - 2820 Information Services
    - 2821 Supervision of Information Services
    - 2822 Internal Information Services
    - 2823 Public Information Services
    - 2824 Management Information Services
    - 2829 Other Information Services
  - 2830 Staff Services
    - 2831 Supervision of Staff Services
    - 2832 Recruitment and Placement Services
    - 2833 Staff Accounting Services
    - 2834 In-service Training Services (for Non-Instructional Staff)
    - 2835 Health Services
    - 2839 Other Staff Services
  - 2840 Data Processing Services
    - 2841 Supervising Data Processing Services
    - 2842 Systems Analysis Services
    - 2843 Programming Services
    - 2844 Operations Services
    - 2849 Other Data Processing Services
- 2900 Other Support Services
  - 2950 Boarding Care Services
- 3000 Operation of Non-educational Services
  - 3100 Food Services Operations
  - 3200 Enterprise Services Operations
  - 3300 Community Services/Adult Education



- 3400 Student Activities
- 3500 Trust and Agency
- 3600 Services Provided for another LEA
- 4000 Facilities Acquisition and Construction Services
  - 4100 Facility Acquisition (Buildings and Land)
  - 4200 Building Construction
    - 4210 Construction Services (by staff)
    - 4220 Construction Services (by contractors)
- 5000 Contingencies
- 6000 Other Outlays
  - 6100 Debt Services
  - 6200 School Construction Loan Repayments
  - 6300 Transfers to Other Funds
    - 6320 Transfer to Special Reserve
    - 6330 Transfer to Capital Projects
    - 6340 Transfer to Sinking Fund and Interest
    - 6350 Transfer to Food Service
    - 6360 Transfer to Student Activities
    - 6370 Transfer to Trust and Agency
  - 6400 Other Use of Funds

Dimension: Object

This dimension is used to describe the service or commodity obtained as a result of a specific expenditure. Several major object categories are identified in this manual. These broad categories are further subdivided into sub-objects for more detail about the service or commodity acquired.

- 100 Personal Services - Salaries
  - 110 Salaries of Regular Employees - Certified Personnel
  - 120 Salaries of Regular Employees – Non-certified Personnel
  - 130 Salaries of Temporary Employees
- 200 Personal Services - Employee Benefits
  - 210 Group Insurance
  - 220 Social Security Contributions
  - 221 ND Old Age and Survivors Insurance System (OASIS)
  - 230 Retirement Contributions
  - 250 Unemployment Compensation
  - 260 Workmen's Compensation
  - 290 Other Employee Benefits
- 300 Purchased Professional and Technical Services
  - 310 Official/Administrative Services
  - 320 Professional-Educational Services
  - 330 Other Professional Services
  - 340 Technical Services
- 400 Purchased Property Services
  - 410 Utility Services
    - 411 Water/Sewer
  - 420 Cleaning Services
    - 421 Disposal Services
    - 422 Snow Plowing Services
    - 423 Custodial Services



- 430 Repair and Maintenance Services
- 440 Rentals
  - 441 Rental of Land and Buildings
  - 442 Rental of Equipment and Vehicles
- 450 Construction Services
- 490 Other Purchased Property Services
- 500 Other Purchased Services
  - 510 Student Transportation Services
    - 511 Student Transportation Services from Another LEA Within the State
    - 512 Student Transportation Services from Another LEA Outside the State
    - 513 Student Transportation Services from Other Sources
    - 519 Other Student Transportation Services
  - 520 Insurance (Other Than Employee Benefits)
  - 530 Communications
  - 540 Advertising
  - 550 Printing and Binding
  - 560 Tuition
    - 561 Tuition to Other LEAs within the State
    - 562 Tuition to Other LEAs outside the State
    - 563 Tuition to Private Schools
    - 564 Tuition to Multidistrict Special Education Units
    - 565 Tuition to Multidistrict Vocational Education Units
    - 566 Tuition Flow Through to LEAs from Special Education Units
    - 567 Tuition Flow Through to LEAs from Multidistrict Vocational Education Centers
    - 569 Tuition - Other
  - 570 Food Services Management
  - 580 Travel
  - 590 Miscellaneous Purchased Services
    - 591 Services Purchased Locally
    - 592 Services Purchased From another LEA within the State
    - 593 Services Purchased From another LEA outside the State
    - 594 Boarding Care - Special Education
- 600 Supplies and Materials
  - 610 Supplies
  - 620 Energy
    - 621 Natural Gas
    - 622 Electricity
    - 623 Bottled Gas
    - 624 Oil
    - 625 Coal
    - 626 Gasoline
  - 630 Food
  - 640 Books and Periodicals
  - 650 Supplies—Technology Related
- 700 Property
  - 710 Land & Improvements
  - 720 Buildings



- 730 Equipment
  - 731 Machinery
  - 732 Vehicles
  - 733 Furniture & Fixtures
  - 734 Technology-Related Software
  - 735 Technology Software
  - 739 Other Equipment
- 800 Other Objects
  - 810 Dues and Fees
  - 820 Judgments against the LEA
  - 830 Interest
  - 840 Contingency (For Budgeting Purposes Only)
  - 890 Miscellaneous Objects
- 900 Other Uses of Funds
  - 910 Redemption of Principal
  - 920 Fund Transfers



# Chapter 4 – Fund Classifications and General Ledger Accounts

## Fund Classifications

Code	Description
01	General Fund. Accounts for all financial resources of the LEA except those required to be accounted for in another fund.
02	Special Reserve Fund. Account for the financial resources of the special reserve fund, in accordance with chapter 57-19.
03	Capital Projects Funds. Account for financial resources used to acquire or construct major capital facilities (other than those of proprietary funds and trust funds). The most common source of revenue in this fund would be the sale of bonds. The special Building and Special Assessment levies allowed North Dakota school districts would also be included in this Fund. A separate fund may be used for each capital project or one fund may be used, supplemented by the dimension Project/Reporting code.
04	Debt Service Funds. Account for the accumulation of resources for, and the payment of, general long-term debt, principal and interest.
05	Food Service Funds. Account for operations of the lunch programs that are financed and operated in a manner similar to private business enterprises. That is, the stated intent is that the costs (expenses, including depreciation and indirect costs) of providing food services to the students are financed or recovered primarily through user charges.
06	Student Activity Funds. Account for activities supporting school related extracurricular activities. Under North Dakota law, local school districts are required to deposit all receipts from extracurricular activities in the activities fund.
07	Trust and Agency Funds. Account for assets held by a LEA in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds would include non-expendable trust funds, expendable trust funds, and pension trust funds. Agency funds could include a central payroll account and funds for a teacher or a parent-teacher organization.
08	General Long-Term Debt Account Group. Records the principal amount of all long-term liabilities, excluding those of the proprietary funds or fiduciary funds. The long-term liabilities could include general obligation bonds, capitalized lease obligations, legal judgments, special assessments payable to cities or other governmental units, unfunded pension liabilities, and notes and warrants which are not due within one year.
09	General Fixed Assets Account Group. Records the cost of all property, plant and equipment other than those accounted for in the proprietary funds or fiduciary funds. General fixed assets could include sites, site improvements, buildings and building improvements, machinery and equipment.

## Assets and Other Debits

Assets and other debits include what is owned and what is not owned (as of the date of the balance sheet) but is expected to become fully owned at some future date. Also included are other budgeting and offsetting accounts that normally have debit balances.

Code	Description
101	Cash in Bank. All funds on deposit with a bank or savings and loan institution, normally in non-interest bearing accounts. Interest-bearing accounts, however, that do not meet the definition of an investment (e.g., demand deposits that are interest-bearing) should be recorded herein as well.
102	Cash on Hand. Currency, coins, checks, postal, and express money orders, and bankers' drafts on hand.
103	Petty Cash. A sum of money set aside to pay small obligations for which the issuance of a formal voucher and check would be too expensive and time consuming.
104	Change Cash. A sum of money set aside to provide change.



- 105 Cash with Fiscal Agents. Deposits with fiscal agents, such as commercial banks, for paying matured bonds and interest.
- 111 Investments. Securities and real estate held for producing income in the form of interest, dividends, rentals, or lease payments. Investments should be presented at fair value as of the reporting date. Gains from changes in the fair value of investments are recorded using revenue account 1530. Losses from changes in the fair value of investments are recorded using expenditure object code 930. Alternatively, gains and losses may be netted and recorded in revenue account 1530. The account does not include capital assets used in school district operations. Separate accounts for each category of investments may be maintained.
- 112 Unamortized Premiums on Investments. The excess of the amount paid for securities over the face value that has not yet been amortized. Use of this account is restricted to short-term money market investments.
- 113 Unamortized Discounts on Investments (Credit). The excess of the face value of securities over the amount paid for them that has not yet been written off. Use of this account is restricted to short-term investments.
- 114 Interest Receivable on Investments. The amount of interest receivable on investments, excluding interest purchased. Interest purchased should be shown in a separate account.
- 115 Accrued Interest on Investments Purchased. Interest accrued on investments between the last interest payment date and the date of purchase. The account is carried as an asset until the first interest payment date after the date of purchase.
- 121 Taxes Receivable. The uncollected portion of taxes that a school district or government unit has levied and that has become due, including any interest or penalties that may be accrued. Separate accounts may be maintained on the basis of tax roll year, current and delinquent taxes, or both.
- 122 Allowance for Uncollectible Taxes (Credit). The portion of taxes receivable estimated not to be collected. The account is shown on the balance sheet as a deduction from the taxes receivable account to arrive at the net taxes receivable. Separate accounts may be maintained on the basis of tax roll year, delinquent taxes, or both.
- 131 Inter-fund Loans Receivable. An asset account used to record a loan by one fund to another fund in the same governmental unit. It is recommended separate accounts be maintained for each inter-fund receivable loan.
- 132 Inter-fund Accounts Receivable. An asset account used to indicate amounts owed to a particular fund by another fund in the same school district for goods sold or services rendered. It is recommended that separate accounts be maintained for each inter-fund receivable.
- 141 Intergovernmental Accounts Receivable. Amounts due to the reporting governmental unit from another governmental unit. These amounts may represent grants-in-aid, shared taxes, taxes collected for the reporting unit by another unit, loans, and charges for services rendered by the reporting unit for another government. It is recommended that separate accounts be maintained for each interagency receivable.
- 151 Loans Receivable. Amounts that have been loaned to persons or organizations, including notes taken as security for such loans, where permitted by statutory authority.
- 152 Allowance for Uncollectible Loans (Credit). The portion of loans receivable estimated not to be collected. The account is shown on the balance sheet as a deduction from the other loans receivable account.
- 153 Other Accounts Receivable. Amounts due on open account from private persons, firms, or corporations for goods and services furnished by a school district (but not including amounts due from other funds or from other governmental units).
- 154 Allowance for Uncollectible Accounts Receivable (Credit). A provision for that portion of accounts receivable that is estimated will not be collected. The account is shown on the balance sheet as a deduction from the other accounts receivable account.
- 171 Inventories for Consumption. The cost of supplies and equipment on hand not yet distributed to requisitioning units.
- 172 Inventories for Resale. The value of goods held by a school district for resale rather than for use in its own operations.
- 181 Prepaid Items. Expenditures/expenses paid for benefits not yet received. Prepaid expenses differ from deferred charges in that they are spread over a shorter period of time than deferred charges and are regularly recurring costs of operation. Examples of prepaid expenses are prepaid rent, prepaid interest, and unexpired insurance premiums.
- 191 Deposits. Funds deposited by the school district as a prerequisite to receiving services, goods, or both.



- 192 Deferred Expenditures/Expenses. Certain disbursements that are made in one period but are more accurately reflected as an expenditure/expense in the next fiscal period.
- 193 Capitalized Bond and Other Debt Issuance Costs. Represents certain bond and other debt issuance costs, including lease-purchase debt issuance costs that are capitalized for the purpose of accounting for the cost/valuation basis of capital assets. This account is used only in proprietary funds, fiduciary funds, and in the business-type activities of the government-wide financial statements.
- 194 Premium and Discount on Issuance of Bonds. Represents amounts to be amortized as debt premium/discount in connection with the issuance of bonds.
- 199 Other Current Assets. Current assets not provided for elsewhere.
- 200 Capital Assets. Those assets that the school district intends to hold or continue to use over a long period of time. Specifically, capital assets include land, improvements to land, easements, buildings and building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives that extend beyond a single reporting period. This account is used only in proprietary funds, fiduciary funds, and in the government-wide financial statements.
- 211 Land and Land Improvements. A capital asset account that reflects the acquisition value of land owned by a school district. If land is purchased, this account includes the purchase price and costs such as legal fees, filling and excavation costs, and other associated improvement costs incurred to put the land in condition for its intended use. If land is acquired by gift, the account reflects its fair value at the time of acquisition. Further, permanent improvements to land, such as grading and fill, should be accounted for in this account.  
Land and land improvements are considered non-exhaustible assets owing to their significantly long expected useful life. Non-exhaustible assets are not to be depreciated. Therefore, assets classified by asset code 211 should result in no depreciation expense.
- 221 Site Improvements. A capital asset account that reflects the value of nonpermanent improvements to building sites, other than buildings, that add value to land. Examples of such improvements are fences, retaining walls, sidewalks, pavements, gutters, tunnels, and bridges. If the improvements are purchased or constructed, this account contains the purchase or contract price. If improvements are obtained by gift, it reflects the fair value at the time of acquisition.  
Site improvements are improvements that have a limited useful life. Because these improvements decrease in their value/usefulness over time, it is appropriate to depreciate these assets. Therefore, all capitalized site improvements should be depreciated over their expected useful life.
- 222 Accumulated Depreciation on Site Improvements. Accumulated amounts for the depreciation of land improvements.
- 231 Buildings and Building Improvements. A capital asset account that reflects the acquisition value of permanent structures used to house persons and property owned by the school district. If buildings are purchased or constructed, this account includes the purchase or contract price of all permanent buildings and the fixtures attached to and forming a permanent part of such buildings. This account includes all building improvements, including upgrades made to building wiring for technology. If buildings are acquired by gift, the account reflects their fair value at the time of acquisition.
- 232 Accumulated Depreciation on Buildings and Building Improvements. Accumulated amounts for the depreciation of buildings and building improvements.
- 241 Machinery and Equipment. Tangible property of a more or less permanent nature, other than land, buildings, or improvements thereto, that is useful in carrying on operations. Examples are machinery, tools, trucks, cars, buses, computers, purchased software, furniture, and furnishings. Appendix E provides criteria to distinguish whether a purchase is a supply or a piece of machinery or equipment.
- 242 Accumulated Depreciation on Machinery and Equipment. Accumulated amounts for the depreciation of machinery and equipment.
- 251 Works of Art and Historical Treasures. Individual items or collections of items that are of artistic or cultural importance.
- 252 Accumulated Depreciation on Works of Art and Historical Collections. Accumulated amounts for the depreciation (as applicable) of works of art and historical treasures.



- 261 Infrastructure. A capital asset, network, or subsystem that has a useful life that is significantly longer than those of other capital assets. These assets may include water/sewer systems, roads, bridges, tunnels, and other similar assets.
- 262 Accumulated Depreciation on Infrastructure. Accumulated amounts for the depreciation of infrastructure assets.
- 271 Construction in Progress. The cost of construction work undertaken but not yet completed.



## Liabilities

### Code Description

- 401 Inter-fund Loans Payable. A liability account used to record a debt owed by one fund to another fund in the same governmental unit. It is recommended separate accounts be maintained for each inter-fund loan.
- 402 Inter-fund Accounts Payable. A liability account used to indicate amounts owed by a particular fund for services rendered. It is recommended separate accounts be maintained for each inter-fund payable.
- 411 Intergovernmental Accounts Payable. Amounts owed by the reporting school district to another governmental unit. It is recommended that separate accounts be maintained for each intergovernmental payable.
- 421 Accounts Payable. Liabilities on open account owing to private persons, firms, or corporations for goods and services received by a school district (but not including amounts due to other funds of the same school district or to other governmental units).
- 422 Judgments Payable. Amounts due to be paid by a school district as the result of court decisions, including condemnation awards paid for private property taken for public use.
- 423 Warrants Payable. Amounts due to designated payees in the form of a written order drawn by the school district directing the school district treasurer to pay a specific amount.
- 431 Contracts Payable. Amounts due on contracts for assets, goods, and services received by a school district.
- 432 Construction Contracts Payable—Retainage. Liabilities on account of construction contracts for that portion of the work that has been completed but on which part the liability has not been paid pending final inspection, the lapse of a specified time period, or both. The unpaid amount is usually a stated percentage of the contract price.
- 433 Construction Contracts Payable. Amounts due by a school district on contracts for constructing buildings and other structures and other improvements.
- 441 Matured Bonds Payable. Bonds that have reached or passed their maturity date but that remain unpaid.
- 442 Bonds Payable—Current. Bonds that have not reached or passed their maturity date but are due within 1 year or less. This account is used only in proprietary or fiduciary funds, as well as in the government-wide financial statements.
- 443 Unamortized Premiums on Issuance of Bonds. An account that represents that portion of the excess of bond proceeds over par value and that remains to be amortized over the remaining life of such bonds. This account is used only in proprietary or fiduciary funds, as well as in the government-wide financial statements.
- 451 Loans Payable. Short-term obligations representing amounts borrowed for short periods of time, usually evidenced by notes payable or warrants payable.
- 452 Lease Obligations—Current. Capital lease obligations that are due within 1 year.
- 455 Interest Payable. Interest due within 1 year.
- 461 Accrued Salaries and Benefits. Salary and fringe benefit costs incurred during the current accounting period that are not payable until a subsequent accounting period.
- 471 Payroll Deductions and Withholdings. Amounts deducted from employees' salaries for withholding taxes and other purposes. District-paid benefits amounts payable also are included. A separate liability account may be used for each type of benefit.
- 472 Compensated Absences—Current. Compensated absences that will be paid within 1 year.
- 473 Accrued Annual Requirement Contribution Liability. A liability arising from payments not made to pension funds. This amount represents any difference between the actuarially determined annual required contribution and actual payments made to the pension fund.
- 481 Deferred Revenues. A liability account that represents revenues collected before they become due, or receivables or revenue collected that do not meet either the availability or earnings criteria.
- 491 Deposits Payable. Liability for deposits received as a prerequisite to providing or receiving services, goods, or both.
- 499 Other Current Liabilities. Other current liabilities not provided for elsewhere.
- 500 Long-Term Liabilities. Obligations with a maturity of more than 1 year. These accounts should be used only with proprietary and fiduciary funds, as well as at the entity-wide level of reporting.



- 511 Bonds Payable. Bonds (includes general obligation, asset-backed, or revenue-backed) that have not reached or passed their maturity date and that are not due within 1 year.
- 512 Accreted Interest. An account that represents interest that is accrued on deep discount bonds. This account should be used by school districts that issue capital appreciation bonds. Such bonds are usually issued at a deep discount from the face value, and no interest payment is made until maturity. Under full accrual accounting, the district is required to accrete the interest on the bonds over the life of the bonds. Accretion is the process of systematically increasing the carrying amount of the bond to its estimated value at the maturity date of the bond. To calculate accreted interest, the district should impute the effective interest rate, using the present value, the face value (or the future value), and the period of the bond, and multiply the effective interest rate by the book value of the debt at the end of the period. Accreted interest is usually recorded as an addition to the outstanding debt liability.
- 513 Unamortized Gains/Losses on Debt Refundings. An account that represents the difference between the reacquisition price and the net carrying amount of old debt when a current or advance refunding of debt occurs. This account should be used only when defeasance of debt occurs for proprietary funds. The unamortized loss amount should be deferred and amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. On the balance sheet, this deferred amount should be reported as a deduction from or an addition to the new debt liability.
- 521 Loans Payable. An unconditional written promise signed by the maker to pay a certain sum of money 1 year or more after the issuance date.
- 531 Capital Lease Obligations. Amounts remaining to be paid on capital lease agreements.
- 551 Compensated Absences. Amounts remaining beyond the period of 1 year to be paid on compensated absences balances.
- 561 Arbitrage Rebate Liability. Liabilities arising from arbitrage rebates to the Internal Revenue Service (IRS) from bond financing.
- 590 Other Long-Term Liabilities. Other long-term liabilities not provided for elsewhere. This account represents amounts due after more than 1 year from the balance sheet date for advances from other funds and certain miscellaneous liabilities, including workers' compensation, self-funded insurance, special termination benefits, and legal claims and judgments.



## Fund Balances/Fund Net Asset

- 710 Non-spendable Fund Balance. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash including inventories and prepaid amounts. It may also include the long-term amount of loans and receivables, as well as property acquired for resale and the corpus (principal) of a permanent fund.
- 720 Restricted Fund Balance. The restricted fund balance classification should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- 730 Committed Fund Balance. The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the district's highest level of decision-making authority (generally the governing board). Also, such constraints can only be removed or changed by the same form of formal action.
- 740 Assigned Fund Balance. The assigned fund balance classification reflects amounts that are constrained by the government's *intent* to be used for specific purposes, but meet neither the restricted nor committed forms of constraint. Also, the assigned fund balance classification is the residual classification for the special revenue, debt service, capital projects, and/or permanent funds (unless that amount is negative, which would require presentation as unassigned fund balance).
- 750 Unassigned Fund Balance. The unassigned fund balance classification is the residual classification for the general fund only. It is also where *negative residual amounts* for all *other* governmental funds would be reported.
- 760 Capital Assets, Net of Related Debt. This account is used to record the net asset component invested in capital assets, net of related debt, which represents total capital assets less accumulated depreciation less debt directly related to capital assets. This account is to be used in proprietary funds only.
- 770 Restricted Net Assets. This account is used to record the net assets component—restricted net assets—which represents net assets restricted by sources internal or external to the organization. This account is to be used in proprietary funds only.
- 780 Unrestricted Net Assets. This account is used to record the net asset component—unrestricted net assets—which represents net assets not classified in accounts 760 and 770. This account is to be used in proprietary funds only.





## Chapter 5 - Classification of Revenue and Other Fund Sources

### Code Description

#### 1000 Revenue from Local Sources

1100 Taxes Levied/Assessed by the LEA. Compulsory charges levied by the LEA to finance services performed for the common benefit.

1110 General Fund – District Property Taxes. The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund. Penalties and interest on property taxes should be included in account 1192. (NDCC 57-15-14.2.1)

1130 General Fund – Categorical Program Levies. The following revenue accounts relate to the special levies allowed school districts for programmatic purposes as described.

1131 Tuition Fund Levy. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund (accounted for within the general fund) known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund. (NDCC 57-15-14.2.4)

1138 *Miscellaneous Fund Levy*. The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund (accounted for within the general fund) known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund. (NDCC 57-15-14.2.2)

1160 Capital Projects Fund Tax Levies. The following revenue accounts relate to capital projects special levies as described below.

1161 *Building Fund Levy*. School boards may provide funds for the purpose of erecting new school buildings, additions to old school buildings or facilities, major repairs to existing buildings, payment of rentals upon contracts, payment of principal, premiums and interest on bonds, payment of insurance premiums. (NDCC 57-15-16, 57-15-17, and 15.1-09-49)

1162 *Special Assessments Fund Levy*. The school board of any district may establish a special assessment fund and may make a levy for the purpose of paying assessments. (NDCC 57-15-41)

#### 1170 Debt Service Fund

1171 *Sinking and Interest Levy*. The business manager is the custodian of the funds to retire bond issues. The county auditor spreads the required levies for all school districts. At the time the annual school budget is prepared for the ensuing fiscal year the school board by resolution may transfer from the general fund into any sinking funds established and held for the payment of outstanding bonds of the school district. (NDCC 21-03-40, 21-03-42, 21-03-45, and, 57-15-14.2.5)

1173 *Bond Judgment Levy*. Levy imposed for the purpose of paying any final judgment obtained against a municipality where the governing body does not deem it advisable to pay such judgment out of current revenues. (Section 21-03-06.7 of the North Dakota Century Code)

#### 1180 Special Reserve Fund Levies.

1181 *Special Reserve Fund*. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19. (NDCC 57-15-14.2.3)

1190 Other Tax Revenue. Other forms of taxes the LEA levies/assesses, such as licenses and permits. Separate accounts may be maintained for each specific type of tax.

1191 *Delinquent Property Taxes*. Revenue received which are applicable to prior year tax levies.



- 1192 *Penalties and Interest on Taxes.* Revenue from penalties for the payment of taxes after the due date, and the interest charged on delinquent taxes from the due date of actual payment. A separate account for penalties and interest on each type of tax may be maintained.
- 1193 Other Taxes such as Licenses and Permits
- 1200 Revenue in Lieu of Property Taxes. Other tax payments for property types subject to school taxes not included in the common definition of taxable valuation.
  - 1210 Electric Generation, Distribution and Transmission (NDCC 57-33.2)
  - 1220 Telecommunications (NDCC 57-34)
  - 1230 Property Tax Credits Reimbursed by the State
    - 1231 Homestead Property Tax Credit (NDCC 57-02-08.1)
    - 1232 Disabled Veterans Property Tax Credit (NDCC 57-02-08.8)
  - 1240 Property Owned by State or Nonprofit Agencies
    - 1241 North Dakota Game and Fish Land (NDCC 57-02.1)
    - 1242 Board of University and School Lands (NDCC 57-02.3)
    - 1243 National Guard Land (NDCC 37-07.3)
    - 1244 Farmland or Ranchland Owned by Nonprofit Organizations for Conservation Purposes (NDCC 10-06.1-10)
    - 1245 Land Acquired by the State Water Commission (NDCC 61-02)
    - 1246 Workforce Safety and Insurance Building (NDCC 65-02-32)
  - 1250 Mobile Home Tax. Taxes levied on mobile homes under the provisions of Section 57-55 of the North Dakota Century Code, which requires the mobile home owner to apply for a mobile home tax permit.
  - 1290 Other Revenue in Lieu of Property Taxes. Includes local discretionary payment in lieu of tax provided in NDCC 40-57.1 and other tax payments for property types subject to in lieu taxes not identified above.
- 1300 Tuition. Revenue from individuals, welfare agencies, private sources and other LEAs for education provided by the LEA.
  - 1310 Regular Programs
    - 1311 *Tuition from Individuals – Students or Parents.* Revenue from pupils or parents for regular program tuition.
    - 1312 *Tuition from Other LEAs within the State.* Revenue from North Dakota school districts for regular program tuition.
    - 1313 *Tuition from Other LEAs outside the State.* Revenue from school districts outside of North Dakota for regular program tuition.
  - 1320 Handicapped Programs
    - 1321 *Tuition from Individuals – Students or Parents.* Revenue from pupils or parents for handicapped program tuition.
    - 1322 *Tuition from Other LEAs within the State.* Revenue from North Dakota school districts for handicapped program tuition (example, high school tuition).
    - 1323 *Tuition from Other LEAs outside the State.* Revenue from school districts outside of North Dakota for handicapped program tuition.
  - 1330 Career and Technical Education Programs
    - 1331 *Tuition from Individuals – Students or Parents.* Revenue from pupils or parents for vocational program tuition.
    - 1332 *Tuition from Other LEAs within the State.* Revenue from North Dakota school districts for vocational program tuition (example, high school tuition).
    - 1333 *Tuition from Other LEAs outside the State.* Revenue from school districts outside of North Dakota for vocational program tuition.



- 1340 Summer School Programs.
  - 1341 *Tuition from Individuals – Students or Parents.* Revenue from pupils or parents for summer school programs.
  - 1342 *Tuition from Other LEAs within the State.* Revenue from North Dakota school districts for summer school programs.
  - 1343 *Tuition from Other LEAs outside the State.* Revenue from school districts outside of North Dakota for summer school programs.
- 1350 Adult Education Programs.
  - 1351 *Tuition from Individuals – Students or Parents.* Revenue from pupils or parents for adult education programs.
  - 1352 *Tuition from Other LEAs within the State.* Revenue from North Dakota school districts for adult education programs.
  - 1353 *Tuition from Other LEAs outside the State.* Revenue from school districts outside of North Dakota for adult education programs.
- 1360 Drivers Education Program
  - 1361 *Tuition from Individuals – Students or Parents.* Revenue from pupils or parents for driver education programs.
  - 1362 *Tuition from Other LEAs within the State.* Revenue from North Dakota school districts for driver education programs.
  - 1363 *Tuition from Other LEAs outside the State.* Revenue from school districts outside of North Dakota for driver education programs.
- 1370 Cooperative Assessments Collected.
- 1380 Residential Treatment Facility Education Program
  - 1381 *Tuition from Individuals – Students or Parents.* Revenue from pupils or parents for residential treatment facility education programs.
  - 1382 *Tuition from Other LEAs within the State.* Revenue from North Dakota school districts for residential treatment facility education programs.
  - 1383 *Tuition from Other LEAs outside the State.* Revenue from school districts outside of North Dakota for residential treatment facility education programs.
- 1400 Transportation Fees. Revenue from individuals, welfare agencies, private sources, or other LEAs for transporting students to and from school and school activities.
- 1410 Regular Programs.
  - 1411 *Transportation Fees from Individuals.* Revenues from pupils or parents for regular program transportation.
  - 1412 *Transportation Fees from Other LEAs within the State.* Revenue from in-state districts for regular program transportation (example, high school transportation).
  - 1413 *Transportation Fees from Other LEAs outside the State.* Revenue from out-of-state school districts for regular program transportation.
- 1420 Handicapped Programs
  - 1421 *Transportation Fees from Individuals – Students or Parents.* Revenue from students or parents for handicapped program transportation.
  - 1422 *Transportation Fees from Other LEAs within the State.* Revenue from in-state school districts for handicapped program transportation (example, high school transportation).
  - 1423 *Transportation Fees from Other LEAs outside the State.* Revenue from out-of-state school districts for handicapped program transportation.
- 1430 Career and Technical Education Programs
  - 1431 *Transportation Fees from Individuals.* Revenue from students or parents for vocational program transportation.



- 1432 *Transportation Fees from Other LEAs within the State.* Revenue from in-state districts for vocational program transportation (example, high school transportation).
- 1433 *Transportation Fees from Other LEAs outside the State.* Revenue from out-of-state districts for vocational program transportation.
- 1500 Earnings on Investments. Revenue from holdings invested for earning purposes.
  - 1510 Interest on Investments. Interest revenue on temporary or permanent investments in United States treasury bills, notes, savings accounts, time certificates of deposit, mortgages, or other interest-bearing investments.
  - 1520 Dividends on Investments. Revenue from dividends on stocks held for investment.
  - 1530 Gains or Losses on Sale of Investments. Gains or losses realized from the sale of bonds or stocks. Gains represent the excess of the sales proceeds over cost or any other basis as of the date of sale (cost less amortization of premium in the case of long-term bonds purchased at a premium over par value, or cost plus amortization of discount on long-term bonds purchased at a discount under par value). Gains realized from the sale of U.S. treasury bills represent interest income and should be credited to account 1510. Losses represent the excess of the cost or any other basis at date of sale (as described above) over the sales proceeds.
  - 1540 Earnings on Investment in Real Property. Revenue for rental, use charges and other income on real property held for investment purposes.
- 1600 Food Service. Revenue for dispensing food to students and adults.
  - 1610 Daily Sales - Reimbursable Programs. Revenue from students for the sale of breakfasts, lunches and milk which are considered reimbursable by the United States Department of Agriculture. Federal reimbursements are not entered here. They should be recorded under Revenue Source 4500.
  - 1611 *Daily Sales - School Lunch Program.* Revenue from students for the sale of reimbursable lunches as part of the National School Lunch Program.
  - 1612 *Daily Sales - School Breakfast Program.* Revenue from students for the sale of reimbursable breakfasts as part of the School Breakfast Program.
  - 1613 *Daily Sales - Special Milk Program.* Revenue from students for the sale of reimbursable milk as part of the Special Milk Program.
  - 1620 Daily Sales - Non-Reimbursable Programs. Revenue from students or adults for the sale of non-reimbursable breakfasts, lunches and milk. This category would include all sales to adults, the second type A lunch to students and a la carte sales.
  - 1630 Special Functions. Revenue from students, adults or organizations for the sale of food products and services considered special functions. Some examples would include potlucks, PTA-sponsored functions and athletic banquets.
- 1700 Student Activities. Revenue from school-sponsored activities.
  - 1710 Admissions. Revenue from patrons of a school-sponsored activity such as a concert or athletic events.
    - 1711 *Athletics.* Revenue received from patrons of school sponsored athletic events.
    - 1715 *Drama and Plays.* Revenue received from patrons of school-sponsored dramatic or other cultural events.
    - 1719 *Other.* Revenue received from patrons of school-sponsored events.
  - 1720 Memberships. Revenue received from pupils for memberships in school clubs or organizations
    - 1721 Clubs
    - 1726 Class Organizations
  - 1730 Sales. Revenue received from sales by pupils or pupil-sponsored activities.
    - 1731 Yearbooks.
    - 1732 School Papers.
    - 1733 *Books.*
    - 1734 Instructional Supplies



- 1739 Miscellaneous
- 1740 Student Organization Events
  - 1741 Car Wash
- 1750 Fees. Revenue from students for fees such as locker fees, towel fees, and equipment fees. Transportation fees are recorded under the appropriate account in the 1400 series.
- 1790 Other Student Activity Income. Other revenue from student activities.
- 1800 Revenue from Community Services Activities. Revenue from community services activities operated by a LEA. For example, revenue received from operation of a skating facility by a LEA as a community service would be recorded here. Multiple accounts may be established within the 1800 series to differentiate various activities.
- 1900 Other Revenue from Local Sources. Other revenue from local sources not classified above.
  - 1910 Rentals. Revenue from the rental of either real or personal property owned by the school. Rental of property held for income purposes are not included here, but are recorded under account 1540.
  - 1920 Contributions and Donations from Private Sources. Revenue from a philanthropic foundation, private individuals, or private organizations for which no repayment or special service to the contributor is expected.
  - 1930 Services Provided Other LEAs. Revenue from services provided other LEAs other than for tuition and transportation services. These services could include data processing, purchasing, maintenance, cleaning, consulting, and guidance.
    - 1931 *Services Provided Other LEAs within the State*. Revenue from services to other LEAs within the state.
    - 1932 *Services Provided Other LEAs outside the State*. Revenue from services to LEAs outside the state.
  - 1940 Services Provided Other Local Governmental Units. Revenue from services provided other local governmental units. These services could include transportation, data processing, purchasing, maintenance, cleaning, cash management and consulting.
  - 1990 Miscellaneous. Revenue from local sources not provided for elsewhere.
- 2000 Revenue from County Sources
  - 2200 Mineral Resources. That portion of county revenue from mineral extraction fees that are allocated to school districts.
    - 2210 Oil and Gas Production 57-51-15
    - 2220 Coal Production 57-60-02
    - 2230 Coal Conversion 57-60-14, 57-60-15
  - 2900 Other County Revenue
    - 2990 Other County Revenue
- 3000 Revenue from State Sources
  - 3100 Unrestricted State Revenue. Revenue recorded as grants by the LEA from state funds that can be used for any legal purpose desired by the LEA without restriction. Separate accounts may be maintained for general grants-in-aid that are not related to specific revenue sources of the state, and for those assigned to specific sources of revenue as appropriate.
    - 3110 Per Pupil Aid. Revenue from the state general fund support of the foundation aid program. 15.1-27.
    - 3130 Transportation Aid. Revenue from the state general fund support of the transportation reimbursement portion of the foundation aid program. 15.1-27-26.
    - 3140 State Child Placement. Revenue from the state general fund support of the tuition cost reimbursement portion of the foundation aid program. 15.1-29-14.
    - 3190 Other Unrestricted State Revenue. Revenue received from state sources not otherwise provided for.
  - 3200-3900 Restricted State Revenue. Revenue recorded as grants by the LEA from state funds that must be used for a 3900 categorical or specific purpose.
  - 3200 Handicapped Program Aid. Revenue directly from the state general fund for support of special education programs.



- 3300 Career and Technical Education Program Aid. Revenue directly from the state general fund that supports the state's share of approved career and technical education programs.
  - 3310 Title IIB – Instructional Programs
  - 3320 Title IIA – Special Services
  - 3330 Programs for the Disadvantaged
  - 3340 Title III – Consumer and Homemaking
- 3400 Revenue for/on Behalf of the LEA. Commitments or payments made by the state general fund which are distributed to organized cooperatives that provide instructional programs and/or services to several LEAs. Payments are made to the school district that assumes the administrative responsibility for the cooperatives.
  - 3410 Special Education Joint Agreements. Special education funding received indirectly from the state through a multi-district special education unit.
  - 3420 Career and Technical Education Joint Agreements. Career and technical education funding received indirectly from the state through an area vocational education center.
  - 3430 Regional Education Association Joint Agreements. Regional education association funding received indirectly from the state through regional education association.
- 3900 Other Restricted State Revenue
  - 3910 Adult Education Program Aid
  - 3920 Career and Technical Education Program Aid
  - 3950 School Food Service Program Aid
- 4000 Revenue from Federal Sources
  - 4100 Unrestricted Grants-in-Aid Direct From the federal government. Revenues direct from the federal government as grants to the LEA that can be used for any legal purpose desired by the LEA without restriction.
    - 4110 Title VIII Impact Aid (CFDA 84.041)
  - 4200 Unrestricted Grants-in-Aid from the federal government Through the State or County. Revenues from the federal government through the state or county as grants that can be used for any legal purpose desired by the LEA without restriction.
    - 4210 Taylor Grazing (CFDA 15.206)
    - 4220 Flood Control (NDCC 21-06-10)
    - 4225 U.S. Fish and Wildlife (NDCC 11-27-09.1)
    - 4230 Mineral Leases (CFDA 15.207)
    - 4240 Bankhead Jones (CFDA 10.901)
    - 4250 Sub-Marginal Land
    - 4260 Johnson O'Malley (CFDA 15.226)
    - 4270 PL 93-638 Funds (Indian Self-Determination and Educational Assistance Act as amended)
    - 4290 Other Unrestricted Federal Aid
  - 4400 Restricted Grants-in-Aid Direct From the federal government. Revenue direct from the federal government as grants to the LEA which must be used for a categorical or specific purpose. If such money is not completely used by the LEA, it usually is returned to the governmental unit.
    - 4410 PL 81-815 Construction Aid
    - 4420 ESAA – Emergency School Assistance Aid
    - 4440 Indian Education Program (CFDA 84.060)
    - 4450 Title XII School Facilities
    - 4460 Headstart
    - 4490 Other Restricted Federal Aid
  - 4500 Restricted Grants-in-Aid from the federal government Through the State. Revenues from the federal government through the state as grants to the LEA which must be used for a categorical or specific purpose.



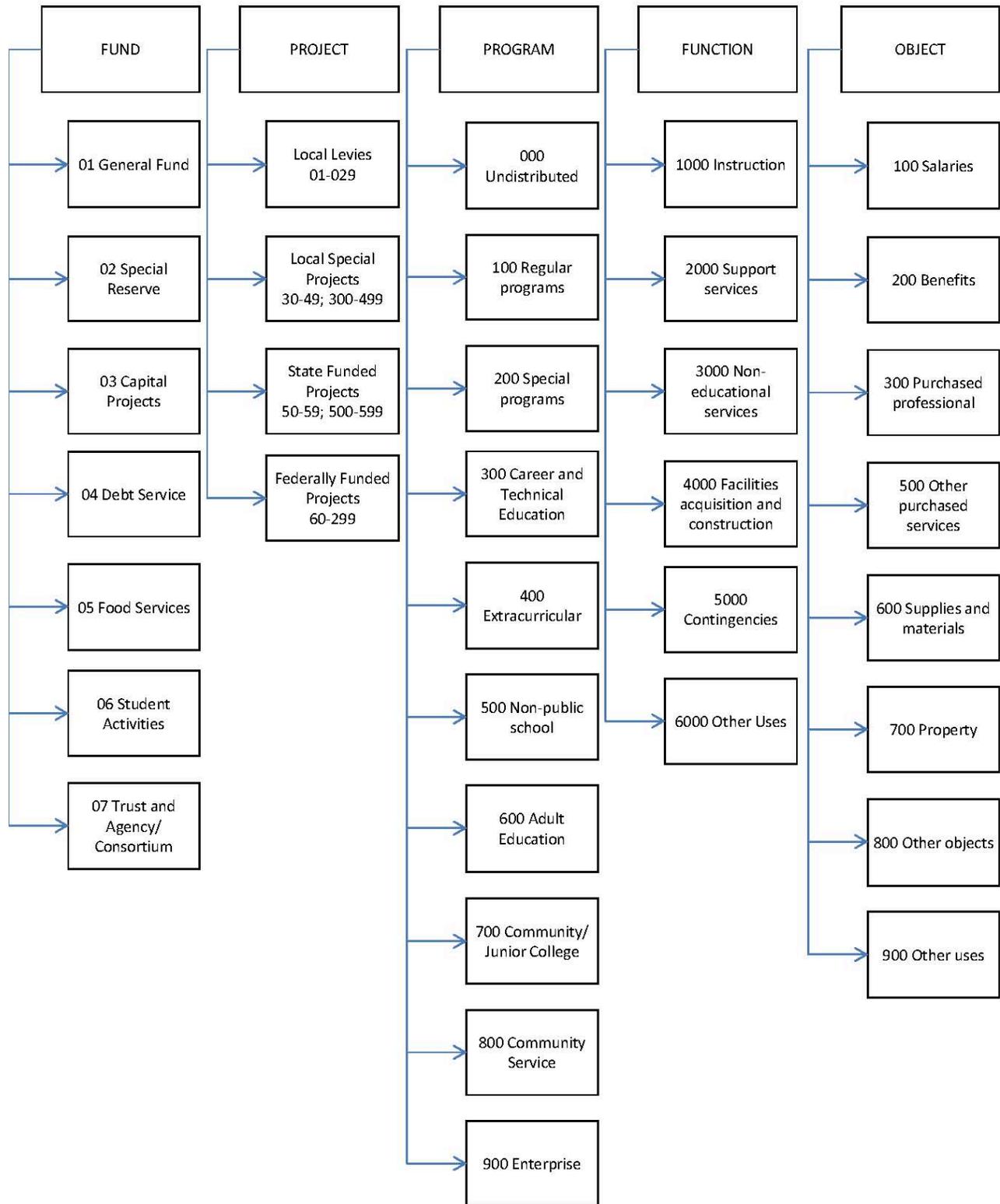
- 4510 Title I Program Aid. Provides financial and technical assistance to state and local educational agencies to meet the needs of educationally deprived at risk children. (CFDA 84.010)
- 4517 Title II **Supporting Effective Instruction**. Activities to provide students from low-income families and minority students with greater access to effective educators. (CFDA 84.367)
- 4520 Title III English Language Acquisition. Language instruction for limited English proficient and immigrant students. (CFDA 84.365)
- 4525 Title IV Student Support & Academic Enrichment. Activities to support well-rounded education, safe and healthy schools, and technology. (CFDA 84.424A)
- 4530 Handicapped Programs EHA (PL 94-142)
  - 4531 IDEA-B Special Education (CFDA 84.027)
  - 4532 Preschool Program (CFDA 84.173)
- 4535 Striving Readers
- 4540 Career and Technical Education Programs
  - 4545 *Carl Perkins Grant* (CFDA 84.048)
  - 4549 Other Career and Technical Education Program
- 4550 Child Nutrition Programs
  - 4551 School Lunch – Regular (CFDA 10.555)
  - 4552 School Lunch – Reduced
  - 4553 School Lunch – Free
  - 4554 School Breakfast (CFDA 10.553)
  - 4555 *Special Milk* (CFDA 10.556)
  - 4556 Non-Food Assistance
  - 4557 Payments in Lieu of Commodities
  - 4558 *Food Commodities* (CFDA 10.565)
  - 4559 Nutrition Education & Training Program
- 4560 Adult Education Program (CFDA 84.002)
- 4570 Community Education Programs
  - 4579 Other Community Education Programs
- 4580 Career Education
- 4590 Other Restricted Federal Revenue
  - 4595 Other Federal Aid for Special Education
- 4700 Grants-in-Aid from the federal government through Other Intermediate Agencies. Revenues from the federal government through an intermediate agency.
  - 4710 Workforce Investment Act (WIA Classroom)
  - 4790 Other Federal Programs
- 4800 Revenue in Lieu of Taxes. Commitments or payments made out of general revenues by the federal government to the LEA in lieu of taxes it would have had to pay had its property or other tax base been subject to taxation by the LEA on the same basis as privately owned property or other tax base. Such revenue would include payment made for privately owned property which is not subject to taxation on the same basis as other privately owned property due to action by the federal governmental unit.
- 4900 Revenue for/on Behalf of the LEA. Commitments or payments made by the federal government for the benefit of the LEA, or contributions of equipment or supplies. Such revenue includes a contribution of fixed assets by a federal governmental unit to the LEA and foods donated by the federal government to the LEA. Separate accounts should be maintained to identify the specific nature of the revenue item.
  - 4910 Special Education Joint Agreements. Special education funding received indirectly from the federal government through a multi-district special education unit.
  - 4920 Career and Technical Education Joint Agreements. Vocational education funding received indirectly from the federal government through an area vocational education center.



- 4930 Regional Education Association Joint Agreements. Other funding received indirectly from the federal government through a regional education association.
- 5000 Other Sources
- 5100 Sale of Bonds. The proceeds from the sale of bonds.
    - 5110 Bond Principal. Proceeds of principal from the sale of bonds.
    - 5120 Premium. Proceeds from that portion of the sales price of bonds in excess of their par value. The premium represents an adjustment of the interest rate.
    - 5130 Accrued Interest. Accrued interest realized from the sale of bonds. Used only when permitted by *state law*.
  - 5200 Inter-fund Transfers. Amounts available from another fund which will not be repaid.
  - 5300 Sale or Compensation for Loss of Fixed Assets. Amounts available from the sale of school property or compensation for the loss of fixed assets.
  - 5400 Refund of Prior Year's Expenditures. Include here if the expenditure occurred last year and the refund occurred this year. If the refund and expenditure occurred in current year, reduce this year's expenditures, as prescribed by GAAP.
  - 5500 Services Provided for Another LEA. Amounts received for services provided on behalf of another LEA.  
NOTE: This code is also used for "School Construction Loans" in Fund Group 3 – Capital Projects.
  - 5600 Grants. Grants received from non-government sources. Used with Fund Group 3 – Capital Projects.
  - 5700 Revenue to Offset Lease Purchase. Proceeds from lease purchases.
  - 5900 Other Revenue



# Expenditure Dimensions





## Chapter 6 - Classification of Expenditures and Other Fund Uses

### Project/reporting

The project/reporting dimension will permit North Dakota school districts to accumulate expenditures to meet a variety of specialized accounting and reporting requirements required by statutes or by other funding agencies.

These project/reporting categories coincide with some of the restricted revenue classifications described in the previous section.

This structure may be expanded with additional codes as new requirements arise.

000 General Fund (unrestricted). Used for all expenditures that do not need to be identified with specific sources of revenue. This includes locally generated revenue, state support programs and/or federally supported programs or projects not identified below.

001-030 Local Special Levies. Due to the nature of the special levies allowed by North Dakota statute, there are specific financial control and reporting requirements. All expenditures from these levies must be tracked individually by using the following codes.

The definitions for these levies are identical to the definitions provided in the 1100 series revenue accounts in Chapter 5, and are not repeated here.

- 002 Building Levy
- 003 Miscellaneous Fund Levy
- 005 Sinking and Interest Levy
- 006 Special Reserve Levy
- 009 Special Assessments Levy
- 010 Judgment Bonding
- 021 Tuition Fund Levy

030-049; 300-499 Local Special Projects. Available to the school district to establish budgetary or project control for specific school district initiated activities. The school district may assign its own codes for these purposes.

050-059; 500-599 State Funded Projects. Used for expenditures of funds provided by the state that may require separate budgetary control or accountability. The school district may also want to use certain sources of funds codes in cases of joint state and local funding when it is to the advantage of the school district to be able to separately demonstrate maintenance of effort. The school district should assign its own codes for these purposes.

- 051 State School Construction Funds
- 055 Special Education
- 056 Career and Technical Education
- 059 Other State Projects

060-299 Federally Funded Projects

- 060 Construction Aid
- 061 ESAA Emergency School Assistance
- 063 Indian Education Programs
- 065 HeadStart
- 066 Health and Nutrition
- 067 Johnson O'Malley
- 068 Title I - Improving Academic Achievement of the Disadvantaged
- 069 Title I - Neglected and Delinquent
- 070 Title I - Migrant Education
- 071 Title I - Parent and Family Engagement
- 072 Title I - Education for Homeless Children
- 075 Title II Part A - Supporting Effective Instruction
- 077 Title III - Language Instruction for Limited English Proficient and Immigrant Students
- 078 Title IV Part A - Student Support and Academic Enrichment (SSAE)
- 079 Title IV Part B - 21st Century Community Learning Centers
- 082 Transferability
- 089 REAP Small Rural Schools Program/Rural and Low Income Program



- 091 Part B
- 092 Special Education - IDEA, Part D Personnel Development and Parent Training
- 093 Special Education - IDEA Preschool Program
- 095 Carl Perkins
- 096 School to Work
- 097 Workforce Investment Act (WIA Classroom)
- 098 Striving Readers
- 099 Comprehensive Support
- 100 Title IV Part B 21<sup>st</sup> Century Community Learning Centers (Fee-Funded Program)
- 101 Title I Additional Program Improvement Funds
- 102 Title III STEEP – ELL
- 103 Title VI – Assessments and Standards

## Instructional Organization

### Code Description

- 00 District-Wide. Assigned to any expenditure transaction that applies to the entire LEA and not clearly assignable to an instructional level.
- 10 Preschool. A school organization composed entirely of any span of ages below kindergarten. This category is normally used for students identified as needing special services.
- 12 Kindergarten. A school organization for children for the year immediately preceding the first grade.
- 20 Elementary. A school organization composed of at least three grades, usually beginning with grades five or six or their equivalent. Most middle school organizations presume a four-year high school will follow the middle school.
- 30 Middle/Junior High. A secondary school organization intermediate between the elementary and senior high school, usually including grades 7, 8, and 9 (in a 6-3-3 plan) or grades 7 and 8 (in a 6-2-4 plan).
- 40 Secondary. A school organization comprising any span of grades beginning with the next grade following an elementary or middle school and ending with or below grade 12.
- 50 Career and Technical Education Centers. A school organization that focus on career skills. Instruction that prepares students to meet challenging academic standards as well as industry skill standards, while preparing them for broad-based careers and further education beyond high school.
- 60 Junior Colleges. An institution of higher education that usually offers the first 2 years of college instruction and frequently grants an associate’s degree, but does not grant a bachelor’s degree. It is an independently organized institution (public or nonpublic), an institution that is part of a school district, or an independently organized system of junior colleges. Junior colleges offer college transfer courses and programs; vocational, technical, and semiprofessional occupational programs; or general education programs.
- 70 Adult/Evening Schools. A school organization for adults and out-of-school youth (16 years of age and older who are not regularly enrolled in school) who have either completed, interrupted, or have not begun their formal education and are pursuing skills or knowledge in other than regularly prescribed courses. These include adult basic schools, advanced adult schools, occupational schools and those schools which have as their purpose the upgrading of occupational skills, retraining existing skills, pursuit of special interests, or for enrichment.
- 90 Other

## Program

### Code Description

- 100 Regular Programs - Elementary/Secondary. Activities that provide students with learning experiences to prepare them for activities as citizens, family members, and non-vocational workers. These programs contrast with those designed to improve or overcome physical, mental, social and/or emotional handicaps.
- 105 Early Childhood Education. Used with Function 3300. Activities related to providing an early childhood education program approved by the superintendent of public instruction in accordance with Chapter 15.1-37.

- 110 Kindergarten
- 120 Elementary (Grades 1-6)
- 130 Junior High (Grades 7-8)
- 140 High School (Grades 9-12)
- 200 Special Programs. Activities primarily for students having special needs. The Special Programs include pre-kindergarten, kindergarten, elementary, and secondary services for the gifted and talented, mentally retarded, physically handicapped, emotionally disturbed, culturally different, students with learning disabilities, bilingual students, and special programs for other types of students.
- 205 Preschool Special Education. Activities for all students below the age of kindergarten identified as needing special services.
- 210 Intellectual Disabilities. Activities for students identified as being intellectually disabled according to the degree of impact of a cognitive impairment on three adaptive behavior domains - conceptual, social and practical.
  - 211 *Low impact.* Activities for students who, because of a lesser degree of impact on the adaptive behavior domains, are usually educated profitably and efficiently through minor modifications and some or all involvement in the general education curriculum and program.
  - 212 *High Impact.* Activities for students who, because of a high degree of impact on the adaptive behavior domains, are usually educated profitably and efficiently through a number of major modifications and some involvement in the general education curriculum and program.
- 220 Physically Handicapped. Activities for students identified as having one or more physical handicaps, e.g., blindness, deafness, speech impairment, and lameness.
  - 221 *Hearing Impaired.* Activities for students who, because of impaired physical development, cannot understand the spoken word or develop a language, thus suffering extreme deprivation in learning and communication.
  - 222 *Deaf.* Activities for students who, because of impaired physical development, are totally unable to hear.
  - 223 *Deaf-Blind.* Activities for students who, because of impaired physical development, are totally unable to hear or see and thus cannot develop their educational potential without specialized services.
  - 224 *Visually Handicapped.* Activities for students who, because of impaired physical development, cannot see or have impaired vision and thus cannot develop their educational potential without specialized services.
  - 225 *Speech Impaired.* Activities for students whose speech, because of impaired physical development, differs from normal speech to the extent that it hinders adequate communication and requires specialized services.
  - 226 *Physically Impaired.* Activities for students who, because of impaired physical development and/or deformities, diseases, and injuries of the bones, joints and muscles, are prevented from educational development.
  - 227 *Other Health Impaired.* Activities for students who exhibit a physical or health impairment, either temporary or permanent, which interferes with their regular educational program.
  - 228 *Traumatic Brain Injury.* Activities for students who have acquired injury to the brain caused by an external physical force, resulting in total or partial functional disability or psychosocial impairment, or both, that adversely affects a child's educational performance.
  - 229 *Autism Programs.* Activities for students who have developmental disability significantly affecting verbal and nonverbal communication and social interaction, generally evident before age three, which adversely affects educational performance.
- 230 Emotionally Disturbed. Activities for students who exhibit an emotional handicap of such a nature and severity as to require specialized services.
- 240 Learning Disabled. Activities for students identified as having deficiencies in one or more aspects of the cognitive process and as being underachievers in relation to the general level of their overall abilities.
- 250 Multiple Handicapped. Activities for students whose background is so different from that of most other students that they need additional opportunities beyond those provided in the regular educational program.



- 260/290 Federal Programs
- 261 *Title I Programs.* Activities for students that provide instruction to educationally deprived children that reside in low income areas.
  - 262 *Transferability.* Districts that meet the eligibility criteria are allowed to combine the formula funding generated under certain federal Title programs.
  - 266 *Nutrition Education and Training Program.* Activities for students that encourage the dissemination of nutrition information to children in the school lunch program and related child nutrition programs.
  - 270 *Title III English Language Acquisition.* Language instruction for limited English proficient and immigrant students.
  - 280 *Title IV Gifted and Talented.* Activities for students identified as being mentally gifted or talented.
  - 285 *Title IV Student Support and Academic Enrichment.* Activities for student that support well-rounded education, safe and healthy schools, and technology education.
  - 290 **Title II Supporting Effective Instruction.** Activities to provide students from low-income families and minority students with greater access to effective educators.
  - 295 *Indian Education Programs.* Activities related to reforming elementary and secondary school programs that serve Indian students to ensure that programs are based on challenging state content standards and student performance standards that are used for all students and are designed to assist Indian students meet those standards in reaching National Education Goals.
  - 297 *Head Start/Federal Early Childhood.* Activities funded under the Head Start Act (CFDA 93.600) to promote school readiness for low income children from birth up to the age when the child enters the school system.
  - 298 *Other Federal Programs.* Other federally funded activities not included elsewhere.
- 300 Vocational Programs. Activities that provide students with the opportunity to develop the knowledge, skills and attitudes needed for employment in an occupational area.
- 310 Agriculture. Activities that enable students to acquire the background, knowledge, and skills necessary to enter a wide range of agriculturally related occupations.
  - 320 Distributive Education. Activities that prepare students to perform activities that direct the flow of goods and services, including their appropriate utilization, from the producer to the consumer.
  - 330 Health Occupations. Activities that provide students with the knowledge, skills, and understanding required by occupations that support the health professions.
  - 340 Home Economics. Activities that enable students to acquire knowledge and develop understanding, attitudes, and skills relevant to personal, home, and family life, and to home economics occupations.
    - 341 *Occupational.* Activities that prepare students with knowledge, understanding and skills necessary to enter home economics occupations.
    - 342 *Consumer and Homemaking.* Activities that prepare students to acquire knowledge and develop understanding, attitudes and skills relevant to personal, home and family life.
  - 350 Industrial Arts. Activities that develop a student's understanding about all aspects of industry and technology. These include experimenting, designing, constructing, and evaluating; using tools, machines, materials; and using processes which may help individuals make informed and meaningful occupational choices, or may prepare them to enter advanced trade and industrial or technical education programs.
  - 360 Office Occupations. Activities that prepare, upgrade, or retrain students for selected office occupations.
  - 380 Trades and Industrial. Activities that prepare students for initial employment in a wide range of trade and industrial occupations.
  - 390 Other Career and Technical Education Programs. Other activities that provide students with the opportunity to develop the knowledge, skills and attitudes needed for employment in an occupational area.
    - 392 *Diversified Coop Programs.* Activities that prepare students with the coordination of classroom instruction to on-the-job training experiences.
    - 394 *Vocational Special Needs Programs.* Activities that prepare handicapped students who require special education and related service and cannot succeed without special education assistance.



- 398 *Workforce Investment Act (WIA Classroom)*. Activities that provide programs to prepare economically disadvantaged youth facing serious barriers to employment participation by providing job training resulting in increased educational and occupational skills, increased employment, and decreased welfare dependency.
- 399 Special Projects
- 400 Other Instructional Programs-Elementary/Secondary. Activities that provide students in grades K-12 with learning experiences not included in the Program codes 100-300, 500 and 600.
- 410 School-Sponsored Co-curricular Activities. School-sponsored activities, under the guidance and supervision of LEA staff, designed to provide students such experiences as motivation, enjoyment, and improvement of skills. Co-curricular activities normally supplement the regular instructional program and include such activities as band, chorus, choir, speech and debate. Also included are student-financed and -managed activities, such as: Class of 19XX, Chess Club, Senior Prom, and Future Farmers of America. Athletics are coded to Program 420.
- 420 School-Sponsored Athletics. School-sponsored activities, under the guidance and supervision of LEA staff that provide opportunities for students to pursue various aspects of physical education. Athletics normally involve competition between schools and frequently involve offsetting gate receipts or fees.
- 425 Summer Recreation - Student
- 430 Summer School Co-curricular Activities. School-sponsored programs that are conducted during the summer term.
- 490 Other. Activities that provide students with learning experiences not included in the other program 400 codes.
- 500 Non-Public School Programs. Activities for students attending a school established by an agency other than the state, a subdivision of the state, or the federal government, which usually is supported primarily by other than public funds. The services consist of such activities as those involved in providing instructional services, attendance and social work services, health services, and transportation services for nonpublic school students.
- 600 Adult/Continuing Education Programs. Activities that develop knowledge and skills to meet immediate and long-range educational objectives of adults who, having completed or interrupted formal schooling, have accepted adult roles and responsibilities. Programs include activities to foster the development of fundamental tools of learning; prepare students for a postsecondary career; prepare students for postsecondary education programs; upgrade occupational competence; prepare students for a new or different career; develop skills and appreciation for special interests; or to enrich the aesthetic qualities of life. Adult basic education programs are included in this category.
- 700 Community/Junior College Education Programs. Activities for students attending an institution of higher education which usually offers the first two years of college instruction. If the LEA has the responsibility of providing this program, all costs of the program should be coded here.
- 800 Community Services Programs. Activities which are not directly related to the provision of educational services in a LEA. These include services such as community recreation programs, civic activities, public libraries, programs of custody and care of children, and community welfare activities provided by the LEA for the community as a whole or some segment of the community.
- 810 Community Recreation. Activities concerned with providing recreation for the community as a whole, or for some segment of the community. Included are such staff activities as organizing and supervising playgrounds, swimming pools, and similar programs.
- 820 Civic Services. Activities concerned with providing services to civic affairs or organizations. This program area includes services to parent-teacher association meetings, public forums, lectures, and civil defense planning.
- 830 Public Library Services. Activities pertaining to the operation of public libraries by a LEA, or the provision of library services to the general public through the school library. Included are such activities as budgeting, planning and augmenting the library's collection in relation to the community, and informing the community of public library resources and services.
- 840 Custody and Child Care Services. Activities pertaining to the provision of programs for the custodial care of children in residential day schools, or child-care centers which are not part of, or directly related to, the instructional program, and where the attendance of the children is not included in the attendance figures for the LEA.



- 850 Welfare Activities. Activities pertaining to the provision of personal needs of individuals who have been designated as needy by an appropriate governmental entity. These needs include stipends for school attendance, salaries paid to students for work performed (whether for the LEA or for an outside concern), and for clothing, food, or other personal needs.
- 890 Other Community Services. Activities provided the community that cannot be classified under the other program 800 codes.
- 900 Enterprise Programs. Programs which are intended to be self-supporting. This program category would normally be used with the proprietary funds.
- 910 Food Services. Activities concerned with providing food service to students and staff. Most of the direct costs of this program will also be coded to function 3100.
- 990 Other Enterprise Programs. All other enterprise programs.
- 000 Undistributed Expenditures. All charges that are not readily assignable directly to a program are classified here. For program-costing purposes, the charges to functions in the 1000, 2000 and 3000 series and this account may be attributed indirectly to instructional, community service and enterprise programs. Charges to functions 4000 and 5000 and this program normally are not allocated to other programs. See chapter 9 for a discussion of techniques for allocating indirect costs.

## Function

### Code Description

- 1000 Instruction. Instruction includes the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving co-curricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here are the activities of aides or classroom assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. If proration of expenditures is not possible for department chairpersons who also teach, include department chairpersons who also teach in instruction. Full-time department chairperson's expenditures should be included only in 2490.  
Used only with programs 100-700.
- 1999 Tuition. Payments made for educational services provided by other educational agencies.
- 2000 Support Services. Support services provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.
- 2100 Support Services-Students. Activities designed to assess and improve the well-being of students and to supplement the teaching process.
  - 2110 Attendance and Social Work Services. Activities designed to improve student attendance at school and which attempt to prevent or solve student problems involving the home, the school, and the community. Registration activities for adult education programs are included here.
    - 2111 *Supervision of Attendance and Social Work Services.* The activities associated with directing, managing and supervising attendance and social work.
    - 2112 *Attendance Services.* Activities such as promptly identifying nonattendance patterns, promoting improved attitudes toward attendance, analyzing causes of nonattendance, acting early on nonattendance problems, and enforcing compulsory attendance laws.  
Usually used with program 000.
    - 2113 *Social Work Services.* Activities such as investigating and diagnosing student problems arising out of the home, school, or community; casework and group work services for the child, parent, or both; interpreting the problems of students for other staff members; and promoting modification of the circumstances surrounding the individual student which are related to his or her problem.  
Usually used with program 000.
    - 2114 *Student Accounting Services.* Activities of acquiring and maintaining records of school attendance, location of home, family characteristics, and census data. Portions of these records



become a part of the cumulative record that is sorted and stored for teacher and guidance information. Pertinent statistical reports are prepared under this function as well.

Usually used with program 000.

2119 *Other Attendance and Social Work Services*. Attendance and social work services other than those described above.

Usually used with program 000.

2120 *Guidance Services*. Activities involving counseling with students and parents; consulting with other staff members on learning problems; evaluating the abilities of students; assisting students as they make their own educational and career plans and choices; assisting students in personal and social development; providing referral assistance; and working with other staff members in planning and conducting guidance programs for students.

2121 *Supervision of Guidance Services*. Activities associated with directing, managing and supervising guidance services.

Usually used with program 000.

2122 *Counseling Services*. Activities concerned with the relationship between one or more counselors and one or more students as counselees, between students and students, and between counselors and other staff members. These activities are to help the student understand his or her educational, personal, and occupational strengths and limitations; relate his or her abilities, emotions, and aptitudes to educational and career opportunities; utilize his or her abilities in formulating realistic plans; and achieve satisfying personal and social development.

Used with programs 000, 200.

2123 *Appraisal Services*. Activities that assess student characteristics, are used in administration, instruction, and guidance, and assist the student in assessing his or her purposes and progress in career and personality development.

Used with programs 000, 200.

2124 *Information Services*. Activities for disseminating educational, occupational, and personal social information to help acquaint students with the curriculum and with educational and vocational opportunities and requirements. Such information might be provided directly to students through activities such as group or individual guidance, or it might be provided indirectly to students, through staff members or parents.

Used with programs 000, 300.

2125 *Record Maintenance Services*. Activities for compiling, maintaining, and interpreting cumulative records of individual students, including systematic consideration of such factors as:

- Home and family background
- Physical and medical status
- Standardized test results
- Personal and social development
- School performance

Usually used with program 000.

2126 *Placement Services*. Activities that help place students in appropriate situations while they are in school. These could be educational situations, part-time employment while they are in school, and appropriate educational and occupational situations after they leave school. These activities also help ease the student's transition from one educational experience to another. The transition may require, for example, admissions counseling, referral services, assistance with records, and follow-up communications with employers.

Used with programs 000, 200, 300.

2129 *Other Guidance Services*. Guidance services which cannot be classified above.

Usually used with program 000.



- 2130 Health Services. Physical and mental health services which are not direct instruction. Included are activities that provide students with appropriate medical, dental, and nursing services.
- 2131 *Supervision of Health Services.* Activities associated with directing and managing health services. Usually used with program 000.
- 2132 Adaptive Physical Education  
Used with programs 000, 200.
- 2133 *Dental Services.* Activities associated with dental screening, dental care, and orthodontic activities.  
Usually used with program 000.
- 2134 *Nursing Services.* Activities associated with nursing, such as health inspection, treatment of minor injuries, and referrals for other health services.  
Usually used with program 000.
- 2139 *Other Health Services.* Health services not classified above.  
Usually used with program 000.
- 2140 Psychological Services. Activities concerned with administering psychological tests and interpreting the results; gathering and interpreting information about student behavior; working with other staff members in planning school programs to meet the special needs of students as indicated by psychological tests and behavioral evaluation; and planning and managing a program of psychological services, including psychological counseling for students, staff, and parents.
- 2141 *Supervision of Psychological Services.* Directing, managing and supervising the activities associated with psychological services.  
Usually used with program 000.
- 2142 *Psychological Testing Services.* Activities concerned with administering psychological tests, standardized tests, and inventory assessments. These tests measure ability, aptitude, achievement, interests and personality. Activities also include the interpretation of these tests for students, school personnel, and parents.  
Used with programs 000, 200.
- 2143 *Psychological Counseling Services.* Activities that take place between a school psychologist or other qualified person as counselor and one or more students as counselees in which the students are helped to perceive, clarify, and solve problems of adjustment and interpersonal relationships.  
Used with programs 000, 200.
- 2144 *Psychotherapy Services.* Activities that provide a therapeutic relationship between a qualified mental health professional and one or more students, in which the students are helped to perceive, clarify, and solve emotional problems.  
Used with programs 000, 200.
- 2149 *Other Psychological Services.* Other activities associated with psychological services not classified above.  
Usually used with program 000.
- 2150 Audiology Services. Activities that identify children with hearing loss; determine the range, nature, and degree of hearing function; refer problems for medical or other professional attention appropriate to treat impaired hearing; treat language impairment; involve auditory training, speech reading (lip-reading), and speech conversation; create and administer programs of hearing conservation; and counsel guidance of children, parents, and teachers as appropriate.
- 2160 Speech Pathology Services. Activities that identify children with speech and language disorders; diagnose and appraise specific speech and language disorders; refer problems for medical or other professional attention necessary to treat speech and language disorders; provide required speech treatment services; and counsel and guide children, parents, and teachers, as appropriate.
- 2170 Medical Services Diagnosis and Evaluation. Services provided by a licensed physician to determine a child's medically related disability that results in the child's need for special education and related services.



2180 Occupational Therapy. Includes improving, developing or restoring functions impaired or lost through illness, injury, or deprivation. Includes improving ability to perform tasks for independent functioning if functions are impaired or lost and preventing, through early intervention, initial or further impairment or loss of function.

2185 Physical Therapy. Services provided by a qualified physical therapist.

2190 Other Support Services-Student. Other support services to students not classified elsewhere in the 2100 series.

Usually used with program 000.

2200 Support Services-Instructional Staff. Activities associated with assisting the instructional staff with the content and process of providing learning experiences for students.

2210 Improvement of Instruction Services. Activities primarily for assisting instructional staff in planning, developing, and evaluating the process of providing learning experiences for students. These activities include curriculum development, techniques of instruction, child development and understanding, staff training, etc.

2211 *Supervision of Improvement of Instruction Services.* Activities associated with directing, managing and supervising the improvement of instruction services.

Used only with programs 000,100-300, 600, 700.

2212 *Instruction and Curriculum Development Services.* Activities that aid teachers in developing the curriculum, preparing and utilizing special curriculum materials, and understanding and appreciating the various techniques which stimulate and motivate students.

Used only with programs 000,100-300, 600, 700.

2213 *Instructional Staff Training Services.* Activities that contribute to the professional or occupational growth and competence of members of the instructional staff during the time of their service to the school system or school. Among these activities are workshops, demonstrations, school visits, courses for college credit, sabbatical leaves, and travel leaves.

Used only with programs 000,100-300, 600, 700.

2219 *Other Improvement of Instruction Services.* Activities for improving instruction other than those classified above.

Used only with programs 000,100-300, 600, 700.

2220 Educational Media Services. Activities concerned with the use of all teaching and learning resources, including hardware, and content materials. Educational media are defined as any devices, content materials, methods, or experiences used for teaching and learning purposes. These include printed and non-printed sensory materials.

2221 *Supervision of Educational Media Services.* Activities concerned with directing, managing and supervising educational media services.

Usually used with program 000.

2222 *School Library Services.* Activities such as selecting, acquiring, preparing, cataloging, and circulating books and other printed materials; planning the use of the library by students, teachers and other members of the instructional staff; and guiding individuals in their use of library books and materials, whether maintained separately or as a part of an instructional materials center. Textbooks will not be charged to this function but rather to the instruction function.

Used only with programs 000,100-300, 600, 700.

2223 *Audiovisual Services.* Activities such as selecting, preparing, caring for, and making available to members of the instructional staff the equipment, films, filmstrips, transparencies, tapes, TV programs, and similar materials, whether maintained separately or as part of an instructional materials center. Included are activities in the audiovisual center, TV studio, and related work-study areas, and the services provided by audiovisual personnel.

Usually used with programs 000, 100-700.



- 2224 *Educational Television Services.* Activities concerned with planning, programming, writing, and presenting educational programs or segments of programs by closed circuit or broadcast television.  
Usually used with programs 000, 100-700.
- 2225 *Computer-Assisted Instruction Services.* Activities concerned with planning, programming, writing, and presenting educational projects which have been especially programmed for a computer to be used as the principal medium of instruction.  
Usually used with programs 000, 100-700.
- 2229 *Other Educational Media Services.* Educational media services other than those classified above.  
Usually used with programs 000, 100-700.
- 2290 *Other Support Services-Instructional Staff.* Services supporting the instructional staff not properly classified elsewhere in the 2200 series.  
Usually used with program 000.
- 2300 *Support Services-General Administration.* Activities concerned with establishing and administering policy for operating the LEA.  
Do not include the Chief Business Official here, but in Support Services- Business [Function 2500].
- 2310 *Board of Education Services.* Activities of the elected body which has been created according to state law and vested with responsibilities for educational activities in a given administrative unit.
- 2311 *Supervision of Board of Education Services.* Activities concerned with directing and managing the general operation of the Board of Education. These include the activities of the members of the Board of Education, but do not include any special activities defined in the other areas of responsibility described below. They also include any activities of the district performed in support of the school district meeting. Legal activities in interpretation of the laws and statutes and general liability situations are charged here, as are the activities of external auditors.  
Used only with program 000.
- 2312 *Board Secretary Services.* The activities required to perform support services for the board. Business manager services are reported under function 2500.  
Used only with program 000.
- 2314 *Election Services.* Services rendered in connection with any school system election, including elections of officers and bond elections.  
Used only with program 000.
- 2315 *Tax Assessment and Collection Services.* Services rendered in connection with tax assessment and collection.  
Used only with program 000.
- 2316 *Staff Relations and Negotiations Services.* Activities concerned with staff relations system wide and the responsibilities for contractual negotiations with both instructional and non-instructional personnel.  
Used only with program 000.
- 2319 *Other Board of Education Services.* Board of Education services which cannot be classified under the preceding areas of responsibility.  
Used only with program 000.
- 2320 *Executive Administration Services.* Activities associated with the overall general administration of or executive responsibility for the entire LEA.
- 2321 *Office of the Superintendent Services.* Activities performed by the superintendent and such assistants as deputy, associate, and assistant superintendents in generally directing and managing all affairs of the LEA. These include all personnel and materials in the office of the chief executive officer. Activities of the offices of the deputy superintendents should be charged here, unless the activities can be placed properly into a service area. In this case, they would be charged to service area direction in that service area.



Used only with program 000.

2322 *Community Relations Services.* Activities and programs developed and operated system-wide for bettering school/community relations.

Used only with program 000.

2323 *State and Federal Relations Services.* Activities associated with developing and maintaining good relationships with state and federal officials. The activities associated with grant procurement are included.

Used only with program 000.

2329 *Other Executive Administration Services.* Other general administrative services that cannot be recorded under the preceding functions.

Used only with program 000.

2330 *Special Area Administration Services.* Activities concerned with area supervisory responsibility. This function could include activities of directors of district-wide instructional programs.

2400 *Support Services-School Administration.* Activities concerned with overall administrative responsibility for a school.

2410 *Office of the Principal Services.* Activities concerned with directing and managing the operation of a particular school. They include the activities performed by the principal, assistant principals, and other assistants while they supervise all operations of the school, evaluate the staff members of the school, assign duties to staff members, supervise and maintain the records of the school, and coordinate school instructional activities with those of the LEA. These activities also include the work of clerical staff in support of the teaching and administrative duties.

Usually used with program 000.

2490 *Other Support Service--School Administration.* Other school administration services. This function includes graduation expenses and full-time department chairpersons.

Usually used with program 000.

2500 *Support Services-Business.* Activities concerned with paying, transporting, exchanging, and maintaining goods and services for the LEA. Included are the fiscal and internal services necessary for operating the LEA. Include the Chief Business Official and the activities of the Chief Business Official here.

2510 *Fiscal Services.* Activities concerned with the fiscal operations of the LEA. This function includes budgeting, receiving and disbursing, financial and property accounting, payroll, inventory control, internal auditing and managing funds.

2511 *Supervising Fiscal Services.* The activities of directing, managing and supervising the fiscal services area. They include the activities of the assistant superintendent, director, or school business official that directs and manages fiscal activities.

Usually used with program 000.

2512 *Budgeting Services.* Activities concerned with supervising budget planning, formulation, control and analysis.

Usually used with program 000.

2513 *Receiving and Disbursing Funds Services.* Activities concerned with taking in money and paying it out. They include the current audit of receipts; the pre audit of requisitions or purchase orders to determine whether the amounts are within the budgetary allowances and to determine that such disbursements are lawful expenditures of the school or a LEA; and the management of school funds.

Usually used with program 000.

2514 *Payroll Services.* Activities concerned with periodically paying individuals entitled to remuneration for services rendered. Payments are also made for such payroll-associated costs as federal income tax withholding, retirement, and social security.

Usually used with program 000.



- 2515 *Financial Accounting Services.* Activities concerned with maintaining records of the financial operations and transactions of the school system. They include such activities as accounting and interpreting financial transactions and account records.  
Usually used with program 000.
- 2516 *Internal Auditing Services.* Activities concerned with verifying the account records, which includes evaluating the adequacy of the internal control system, verifying and safeguarding assets, reviewing the reliability of the accounting and reporting systems, and ascertaining compliance with established policies and procedures.  
Usually used with program 000.
- 2517 *Property Accounting Services.* Activities concerned with preparing and maintaining current inventory records of] and, buildings, and equipment. These records are used in equipment control and facilities planning.  
Usually used with program 000.
- 2519 *Other Fiscal Services.* Fiscal services which cannot be classified under the preceding functions.  
Usually used with program 000.
- 2520 *Purchasing Services.* Activities concerned with purchasing supplies, furniture, equipment, and materials used in schools or school system operations.  
Usually used with program 000.
- 2530 *Warehousing and Distributing Services.* The activities of receiving, storing, and distributing supplies, furniture, equipment, materials, and mail. They include picking up and transporting cash from school facilities to the central administration office or bank for control, deposit, or both.  
Used with program 000, or may be established as an internal service activity.
- 2540 *Printing, Publishing, and Duplicating Services.* The activities of printing and publishing administrative publications such as annual reports, school directories, and manuals. Activities here also include centralized services for duplicating school materials and instruments such as school bulletins, newsletters, and notices.  
Used with program 000, or may be established as internal service activity.
- 2590 *Other Support Services-Business.* Other support services to business not classified elsewhere in the 2500 series.  
Usually used with program 000.
- 2600 *Operation and Maintenance of Plant Services.* Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition and state of repair. These include the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools.
- 2610 *Supervision of Operation and Maintenance of Plant Services.* The activities involved in directing, managing and supervising the operation and maintenance of school plant facilities.  
Usually used with program 000.
- 2620 *Operating Buildings Services.* Activities concerned with keeping the physical plant clean and ready for daily use. They include operating the heating, lighting, and ventilating systems, and repairing and replacing facilities and equipment. Also included are the costs of building rental and property insurance.  
Usually used with program 000.
- 2630 *Care and Upkeep of Grounds Services.* Activities involved in maintaining and improving the land (but not the buildings). These include snow removal, landscaping, grounds maintenance and the like.  
Usually used with program 000.
- 2640 *Care and Upkeep of Equipment Services.* Activities involved in maintaining equipment owned or used by the LEA. They include such activities as servicing and repairing furniture, machines, and movable equipment.  
Usually used with program 000.



- 2650 Vehicle Operation and Maintenance Services (Other Than Student Transportation Vehicles). Activities involved in maintaining general purpose vehicles such as trucks, tractors, graders, and staff vehicles. These include such activities as repairing vehicles, replacing vehicle parts, cleaning, painting, greasing, fueling, and inspecting vehicles for safety, i.e., preventive maintenance.  
Usually used with program 000.
- 2660 Security Services. Activities concerned with maintaining order and safety in school buildings, on the grounds and in the vicinity of schools at all times. Included are police activities for school functions, traffic control on grounds and in the vicinity of schools, building alarm systems and hall monitoring services.  
Usually used with program 000.
- 2690 Other Operation and Maintenance of Plant Services. Operations and maintenance of plant services which cannot be classified elsewhere in the 2600 series.  
Usually used with program 000.
- 2700 Student Transportation Services. Activities concerned with conveying students to and from school, as provided by state and federal law. This includes trips between home and school, and trips to school activities.
- 2710 Supervision of Student Transportation Services. Activities pertaining to directing and managing student transportation services.  
Usually used with program 000.
- 2720 Vehicle Operation Services. Activities involved in operating vehicles for student transportation, from the time the vehicles leave the point of storage until they return to the point of storage. These include driving buses or other student transportation vehicles.  
Used with programs 000-400.
- 2730 Monitoring Services. Activities concerned with supervising students in the process of being transported between home and school, and between school and school activities. Such supervision can occur while students are in transit, while they are being loaded and unloaded, and in directing traffic at the loading stations.  
Usually used with program 000.
- 2740 Vehicle Servicing and Maintenance Services. Activities involved in maintaining student transportation vehicles. It includes repairing vehicle parts, replacing vehicle parts, cleaning, painting, fueling, and inspecting vehicles for safety.  
Used with programs 000-400.
- 2790 Other Student Transportation Services. Student transportation services which cannot be classified elsewhere in the 2700 series.  
Usually used with program 000.
- 2799 *Student Transportation Service - Special Education Tuition.* Student transportation paid on behalf of a special education student educated in another district.
- 2800 Support Services-Central. Activities, other than general administration, which support each of the other instructional and supporting services programs. These activities include planning, research, development, evaluation, information, staff, and data processing services.
- 2810 Planning, Research, Development, and Evaluation Services. Activities associated with conducting and managing programs of planning, research development, and evaluation for a school system on a system-wide basis.
- Planning Services include activities concerned with selecting or identifying the overall, long-range goals and priorities of the organization or program. They also involve formulating various courses of action needed to achieve these goals. This is done by identifying the needs, relative costs, and benefits of each course of action.
- Research Services include activities concerned with the systematic study and investigation of the various aspects of education, undertaken to establish facts and principles.
- Development Services include activities in the deliberate evolving process of improving educational programs-such activities as using the products of research.



Evaluation Services include activities concerned with ascertaining or judging the value or amount of an action or an outcome. This is done through careful appraisal of previously specified data in light of the particular situation and the goals previously established.

Usually used with program 000.

2820 *Information Services*. Activities concerned with writing, editing, and other preparation necessary to disseminate educational and administrative information to students, staff, managers, and the general public through direct mailing, the various news media, or personal contact.

2821 *Supervision of Information Services*. The activities of directing, managing and supervising information services.

Usually used with program 000.

2822 *Internal Information Services*. Activities concerned with writing, editing, and providing administrative information to students and staff.

Usually used with program 000.

2823 *Public Information Services*. Activities concerned with writing, editing, and other preparation necessary to disseminate educational and administrative information to the public through various news media or personal contact.

Usually used with program 000.

2824 *Management Information Services*. Activities concerned with writing, editing, and other preparation necessary to disseminate to management (1) the information needed about the operation of the LEA and (2) information about the community, state, and nation to make logical decisions.

Usually used with program 000.

2829 *Other Information Services*. Activities concerned with information services not classified above.

Usually used with program 000.

2830 *Staff Services*. Activities concerned with maintaining an efficient staff for the school system. It includes such activities as recruiting and placement, staff transfers, inservice training, health services, and staff accounting.

2831 *Supervision of Staff Services*. The activities of directing, managing and supervising staff services.

Usually used with program 000.

2832 *Recruitment and Placement Services*. Activities concerned with employing and assigning personnel for the LEA.

Usually used with program 000.

2833 *Staff Accounting Services*. Services rendered in connection with the systematic recording and summarizing of information relating to staff members employed by the LEA.

Usually used with program 000.

2834 *Inservice Training Services (for Non-Instructional Staff)*. The activities developed by the LEA for training of non-instructional personnel in all classifications.

Usually used with program 000.

2835 *Health Services*. Activities concerned with medical, dental, and nursing services provided for school district employees. Included are physical examinations, referrals, and emergency care.

Usually used with program 000.

2839 *Other Staff Services*. Staff services that cannot be classified under the preceding functions.

2840 *Data Processing Services*. Activities concerned with preparing data for storage, storing data, and retrieving them for reproduction as information for management and reporting.

Used with program 000, or may be established as an Internal Service center, or may charge specific jobs to programs.

2841 *Supervising Data Processing Services*. Activities concerned with directing, managing and supervising data processing services.

2842 *Systems Analysis Services*. Activities concerned with searching for and evaluating alternatives for achieving defined objectives, based on judgment and, wherever possible, on quantitative methods. Where applicable, these activities pertain to the development of data processing procedures or application to electronic data processing equipment.



- 2843 *Programming Services.* Activities concerned with the preparation of a logical sequence of operations to be performed, either manually or electronically, in solving problems or processing data. These activities also involve preparing coded instructions and data for such sequences.
- 2844 *Operations Services.* Activities concerned with scheduling, maintaining, and producing data. These activities include operating business machines, data preparation devices, and data processing machines.
- 2849 *Other Data Processing Services.* Activities concerned with data processing not described above.
- 2900 Other Support Services. All other support services not classified elsewhere in the 2000 series.  
Usually used with program 000.
- 2950 Boarding Care Services
- 3000 Operation of Non-educational Services. Activities concerned with providing non-instructional services to students, staff or the community.
- 3100 Food Services Operations. Activities concerned with providing food to students and staff in a school or LEA. This service area includes preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery.  
Used with programs 410, 500, 800 and 910.
- 3200 Enterprise Operations. Activities that are financed and operated in a manner similar to private business enterprises-where the stated intent is that the costs are financed or recovered primarily through user charges. Food Services should not be charged here but rather to function 3100. One example could be the LEA bookstore.  
Used only with program 990.
- 3300 Community Services Operations. Activities concerned with providing community services to students, staff or other community participants. Examples of this function would be the operation of a community swimming pool, a recreation program for the elderly, a child care center for working mothers, etc.  
Used only with program 800.
- 3400 Student Activities
- 3500 Trust and Agency. Activities related to accounting for assets held as an agent or a trustee for individuals, private organizations, other governments and/or other funds.
- 3600 Services Provided for Another LEA. Activities concerned with providing services to another LEA.
- 4000 Facilities Acquisition and Construction Services. Activities concerned with acquiring land and buildings; remodeling buildings; constructing buildings and additions to buildings; initially installing or extending service systems and other built-in equipment; and improving sites.  
Used only with program 000.
- 4100 Facility Acquisition (Buildings and Land). Activities concerned with initially acquiring and improving new facilities.
- 4200 Building Construction. Activities concerned with improving existing sites, and with maintaining existing site improvements.
- 4210 Construction Services (by staff)
- 4220 Construction Services (by contractors)
- 5000 Contingencies. For budgetary purposes, this function provides a mechanism for reserving a portion of the annual appropriation for emergency situations. If contingencies are used by a LEA, in no case should expenditures be charged directly to this function. Rather budgetary transfer should be made to specific program/function where the expense is incurred.  
Used only with program 000.
- 6000 Other Uses. A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified under Other Uses. These include debt service payments (principal and interest) and certain transfers of monies from one fund to another. These accounts are not used with the proprietary funds.
- 6100 Debt Service. Servicing the debt of the LEA, including payments of both principal and interest. Normally, only long-term debt service (obligations exceeding one year) is recorded here. Interest on current loans



(repayable within one year of receiving the obligation) is charged to function 2513. The receipt and payment of principal on those loans is handled as an adjustment to the balance sheet account 451.

6200 School Construction Loan Repayments. Repayments to the state school construction fund for loans made to the school districts for capital projects.

6300 Fund Transfers. Transactions which withdraw money from one fund and place it in another without recourse. Fund transfers budgeted to another functional activity, such as food service or transportation, are coded to the appropriate function and the object code 920. Revenues should be allocated to the appropriate funds when received, rather than accepted in the general operating fund and later transferred.

Inter-fund loans are handled through the balance sheet accounts 131 and 401 in the funds affected.

Self-insurance payments may be treated as inter-fund operating transfers. When expenditures are made for replacement of damaged or stolen equipment, the expenditure should appear as a 700 object under the appropriate function.

For districts with an "indirect costs" item in their chart of accounts, the entry should be treated as a fund transfer, and as an actual expenditure in the appropriate function, typically 2300, "General Administration."

6320 Transfer to Special Reserve

6330 Transfer to Capital Projects

6340 Transfer to Sinking and Interest Fund

6350 Transfer to Food Service

6360 Transfer to Student Activities

6370 Transfer to Trust and Agency

6400 Other Use of Funds. School districts must obtain approval from the Department of Public Instruction prior to reporting expenditures in this category under the general fund. This function is reserved for unusual and nonrecurring accounting problems.

Transactions of the debt service fund related to early retirement of bonds already outstanding will use this function. Proceeds of refunding bonds are recognized under revenue function 5100.

## Object

### Code Description

100 Personal Services-Salaries. Amounts paid to both permanent and temporary LEA employees, including personnel substituting for those in permanent positions. This includes gross salary for personal services rendered while on the payroll of the LEAs. The third position in this group of objects has been left unused (i.e. "O") so that a job classification code can be inserted by the LEA if desired.

Used with all functions except 5000.

110 Salaries of Regular Employees-Certified Personnel. Full-time, part-time, and prorated portions of the costs for work performed by permanent employees of the LEA. Certified positions relate to those areas that require educational certification

120 Salaries of Regular Employees-Noncertified Personnel. Full-time, part-time, and prorated portions of the costs of work performed by permanent employees of the LEA. Noncertified positions relate to those areas that do not require educational certification. This includes professional personnel as well as technical/ancillary personnel.

130 Salaries of Temporary Employees. Full-time, part-time, and prorated portions of the costs for work performed by employees of the LEA who are hired on a temporary or substitute basis.

140 Salaries for Sabbatical Leave. Amounts paid by the LEA to employees on sabbatical leave.

200 Personal Services-Employee Benefits. Amounts paid by the LEA on behalf of employees; these amounts are not included in the gross salary, but are in addition to that amount. Such payments are fringe benefit payments and, while not paid directly to employees, nevertheless is part of the cost of personal services. The third position in this group of objects has been left unused (i.e., "O") so that a job classification code can be inserted by the LEA if desired.

Used with all functions except 5000.



- 210 Group Insurance. Employer's share of any insurance plan.
- 220 Social Security Contributions. Employer's share of social security paid by the LEA.
- 221 ND Old Age and Survivors Insurance System (OASIS)
- 230 Retirement Contributions. Employer's share of any state or local employee retirement system paid by the LEA, including the amount paid for employees assigned to federal programs.
- 240 Tuition Reimbursement. Amounts reimbursed by the LEA to any employee qualifying for tuition reimbursement based upon LEA policy.
- 250 Unemployment Compensation. Amounts paid by the LEA to provide unemployment compensation for its employees. These charges may be distributed to functions in accordance with the salary budget or may be charged to function 2310.
- 260 Worker's Compensation. Amounts paid by the LEA to provide worker's compensation insurance for its employees. These charges may be distributed to functions in accordance with the salary budget or may be charged to function 2310.
- 270 Health Benefits. Amounts paid by the LEA to provide health benefits for its current employees or employees now retired for whom benefits are paid.
- 290 Other Employee Benefits. Employee benefits other than those classified above. LEAs may establish sub-codes locally for various accrued amounts, such as "unused sick leave." Such amounts may be distributed to the functions according to the employee's assignment or charged to function 2310.
- 300 Purchased Professional and Technical Services. Services which by their nature can be performed only by persons or firms with specialized skills and knowledge. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided. Included are the services of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, teachers, accountants, etc. It is recommended that a separate account be established for each type of service provided to the LEA. In general, LEAs should adhere to the classification of staff activities in Handbook IVR [Roberts, Charles T., Staff Accounting: Classifications and Standard Terminology for Local and State School Systems, Washington, D.C.: U.S. Government Printing Office, 1974.] when assigning accounts within the sub-objects in this group.
- 310 Official/Administrative Services. Services in support of the various policy-making and managerial activities of the LEA. Included would be management consulting activities oriented to general governance or business and financial management of the LEA; school management support activities; election and tax assessing and collecting services.
- Usually used with functions 2300, 2400.
- 320 Professional-Educational Services. Services supporting the instructional program and its administration. Included would be curriculum improvement services, counseling and guidance services, library and media support and contracted instructional services.
- Usually used with functions 1000, 2100, 2200.
- 330 Other Professional Services. Professional services other than educational supporting the operation of the LEA. Included are medical doctors, lawyers, architects, auditors, accountants, therapists, audiologists, dieticians, editors, negotiations specialists, systems analysts, planners, and the like. See Handbook IVR for further detail.
- Usually used with function 2000.
- 340 Technical Services. Services to the LEA which are not regarded as professional but require basic scientific knowledge, manual skills, or both. Included are data processing services, purchasing and warehousing services, graphic arts and the like.
- Usually used with functions 1000, 2000.
- 400 Purchased Property Services. Services purchased to operate, repair, maintain, and rent property owned or used by the LEA. These services are performed by persons other than LEA employees. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.
- 410 Utility Services. Expenditures for utility services other than energy services supplied by public or private organizations. Water and sewerage are included here. Telephone and telegraph are not included here but are classified under object 530.
- Used only with function 2600.
- 411 *Water/Sewage*. Expenditures for water/sewage utility services from a private or public utility company.



- 420 Cleaning Services. Services purchased to clean buildings (apart from services provided by LEA employees).  
Used only with function 2600.
- 421 *Disposal Services*. Expenditures for garbage pickup and handling not provided by LEA personnel.
  - 422 *Snow Plowing Services*. Expenditures for snow removal not provided by LEA personnel.
  - 423 *Custodial Services*. Expenditures to an outside contractor for custodial services.
  - 424 *Lawn Care*. Expenditures for lawn and grounds upkeep, minor landscaping, nursery services and the like not provided by LEA personnel.
- 430 Repairs and Maintenance Services. Expenditures for repairs and maintenance services not provided directly by LEA personnel. This includes contracts and agreements covering the upkeep of buildings and equipment. Costs for renovating and remodeling are not included here but are classified under object 450.
- 440 Rentals. Costs for renting or leasing land, buildings, equipment and vehicles.
- 441 *Renting Land and Buildings*. Expenditures for leasing or renting land and buildings for both temporary and long-range use by the LEA.  
Used with function 2620 and appropriate program code.
  - 442 *Rental of Equipment and Vehicles*. Expenditures for leasing or renting equipment or vehicles for both temporary and long-range use by the LEA. This includes bus and other vehicle rental when operated by a local LEA, lease-purchase arrangements, and similar rental agreements.
- Usually used with function 1000 or 2000 and appropriate program code.
- 450 Construction Services. Includes amounts for constructing, renovating and remodeling paid to contractors.
- 490 Other Purchased Property Services. Purchased property services that are not classified above. Costs for telephone and telegraph are not included here but are included in object 530.  
Usually used with function 2600.
- 500 Other Purchased Services. Amounts paid for services rendered by organizations or personnel not on the payroll of the LEA (separate from Professional and Technical Services or Property Services). While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.
- 510 Student Transportation Services. Expenditures for transporting children to and from school and other activities.  
Used only with function 2700.
- 511 *Student Transportation Purchased from Another LEA Within the State*. Amounts paid to other LEAs within the state for transporting children to and from school and school-related events. These include payments to individuals who transport themselves or their own children or for reimbursement of transportation expenses on public carriers. Expenditures for the rental of buses that are operated by personnel on the LEA payroll are recorded not here but under object 442.  
Used only with function 2700.
  - 512 *Student Transportation Purchased from Another LEA Outside the State*. Payments to other LEAs outside the state for transporting children to and from school and school-related events.  
Used only with function 2700.
  - 513 *Student Transportation Purchased from Other Sources*. Payments to persons or agencies other than LEAs or AEA's for transporting children to and from school and school-related events.  
Used only with function 2700.
  - 519 *Other Student Transportation Services*. Student transportation services other than those classified above.
- 520 Insurance (Other Than Employee Benefits). Expenditures for all types of insurance coverage, including property, liability, and fidelity. Insurance for group health is not charged here but is recorded under object 200.  
Used with function 2310 or 2620.
- 530 Communications. Services provided by persons or businesses to assist in transmitting and receiving messages or information. This category includes telephone and voice communication services; data communication



services to establish or maintain computer-based communications, networking, and Internet services; video communications services to establish or maintain one-way or two-way communications via satellite, cable, or other devices; postal communications services to establish or maintain postage machine rentals, postage, express delivery services, and couriers. Include licenses and fees for services such as subscriptions to research materials over the Internet. Expenditures for software, both “downloaded” and “off-the-shelf” should be coded to objects 650 or 735.

Usually used with function 2320 or 2410, but may be spread among functions.

- 540 Advertising. Expenditures for announcements in professional publications, newspapers or broadcasts over radio and television. These expenditures include advertising for such purposes as personnel recruitment, legal ads, new and used equipment, and sale of property. Costs for professional advertising or public relations services are not recorded here but are charged to object 330.

Usually used with functions 2300, 2500 or 2800.

- 550 Printing and Binding. Expenditures for job printing and binding, usually according to specifications of the LEA. This includes designing and printing forms and posters as well as printing and binding LEA publications. Preprinted standard forms are not charged here but are recorded under object 610.

Usually used with function 2540, but may be assigned to other functions.

- 560 Tuition. Expenditures to reimburse other educational agencies for instructional services to students residing in the legal boundaries described for the paying LEA.

Used only with function 1000 and appropriate program.

- 561 *Tuition to Other LEAs Within the State.* Tuition paid to other LEAs within the state.  
562 *Tuition to Other LEAs Outside the State.* Tuition paid to other LEAs outside the state.  
563 *Tuition to Private Sources.* Tuition paid to private schools.  
564 Tuition to Intermediate Education Agencies (AEAs) Within the State (Special Education Units).  
565 Tuition to Intermediate Education Agencies Outside the State (Vocational Education Centers)  
566 Tuition Flow Through to LEAs from Special Education Units  
567 Tuition Flow Through to LEAs from Vocational Education Centers.  
569 *Tuition - Other.* Tuition paid to the state and other governmental organizations as reimbursement for providing specialized instructional services to students residing within the boundaries of the paying LEA.

- 570 Food Service Management. Expenditures for the operation of a local food service facility by other than employees of the LEA. Included are contracted services, such as food preparation, associated with the food service operation. Direct expenditures by the LEA for food, supplies, labor and equipment would be charged to the appropriate object codes.

Used only with function 3100.

- 580 Travel. Expenditures for transportation, meals, hotel, and other expenses associated with staff travel for the LEA. Payments for per diem in lieu of reimbursements for subsistence (room and board) also are charged here.

Used with all functions except 5000.

- 590 Miscellaneous Purchased Services. Purchased services other than those described above. Any inter-district payments other than tuition should be classified here.

- 591 *Services Purchased Locally.* Any expenditure for purchased services not otherwise classified in the 300, 400 or 500 series of objects.

Used with all functions except 5000.

- 592 *Services Purchased from Another LEA Within the State.* Payments to another LEA within the state for services rendered, other than tuition and transportation fees. Examples of such services are data processing, purchasing, nursing and guidance. Where a question arises as to whether to code such payments to the 300 series of objects or to this code, 592 should be used so that all inter-district payments can be eliminated when consolidating reports from multiple LEAs at state and federal levels.

Used only with function 2000.



593 *Services Purchased from Another LEA Outside the State.* Payments to another LEA outside the state for services rendered, other than tuition and transportation fees. Examples of such services are data processing, purchasing, nursing and guidance. Where a question arises as to whether to code such payments to the 300 series of objects or to this code, 593 should be used so that all inter-district payments can be eliminated when consolidating reports at the federal level.

Used only with function 2000.

594 *Boarding Care – Special Education*

600 *Supplies and Materials.* Amounts paid for items that are consumed, worn out, or deteriorated through use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances. Refer to the appendix for the criteria for distinguishing between a supply and an equipment item. No specific category for materials has been provided. For clarification of this point, the reader is referred to Handbook III, Revised, p. 78. [Seibert, Ivan N., *Property Accounting, A Handbook of Standard Terminology and a Guide for Classifying Information About Education Property*, Washington, D.C.: U.S. Government Printing Office, 1977.]

610 *General Supplies.* Expenditures for all supplies (other than those listed below) for the operation of an LEA, including freight and cartage.

A more thorough classification of supply expenditures is achieved by identifying the object with the function - for example, audiovisual supplies or classroom teaching supplies.

Used with all functions except 5000.

620 *Energy.* Expenditures for energy, including gas, oil, coal, gasoline, and services received from public or private utility companies.

621 *Natural Gas.* Expenditures for gas utility services from a private or public utility company.

Used with functions 1000, 2620 and 3100.

622 *Electricity.* Expenditures for electric utility services from a private or public utility company.

Usually used with functions 1000, 2620.

623 *Bottled Gas.* Expenditures for bottled gas, such as propane gas received in tanks.

Used with functions 1000, 2620, 3100.

624 *Oil.* Expenditures for bulk oil normally used for heating.

Used only with function 2620.

625 *Coal.* Expenditures for raw coal normally used for heating.

Used only with function 2620.

626 *Gasoline.* Expenditures for gasoline purchased in bulk or periodically from a gasoline service station

Usually used with functions 2630, 2720.

629 *Other.* Expenditures for energy that cannot be classified in one of the foregoing categories.

630 *Food.* Expenditures for food used in the school food service program. Food used in instructional programs is charged under object 610.

Used only with function 3100.

640 *Books and Periodicals.* Expenditures for books and textbooks prescribed and available for general use, including reference books. This category includes the cost of workbooks, textbook binding or repairs, as well as textbooks that are purchased to be resold or rented. The Government Finance Officers Association (GFOA) recommends that software be counted as a capital expense, and object 735, Technology Software, has been established for these expenditures.

Used with all functions except 5000.

650 *Supplies—Technology Related.* Technology-related supplies include supplies that are typically used in conjunction with technology-related hardware and software. Some examples are CDs, flash or jump drives, parallel cables, and monitor stands. Software costs below the capitalization threshold should be reported here. Licenses and fees for services such as subscriptions to research materials over the Internet should be reported under 530 Communications.



- 700 Property. Expenditures for acquiring fixed assets, including land or existing buildings; improvements of grounds; initial equipment; additional equipment; and replacement of equipment.
- 710 Land and Improvements. Expenditures for the purchase of land and the improvements thereon. Purchases of air rights, mineral rights and the like are included here. Also included are special assessments against the LEA for capital improvements such as streets, curbs and drains. Not included here, but generally charged to objects 450 or 340 as appropriate, are expenditures for improving sites and adjacent ways after acquisition by the LEA. Used with governmental funds only.

Used only with functions 4100, 4200.

- 720 Buildings. Expenditures for acquiring existing buildings. Included are expenditures for installment or lease payments (except interest) which have a terminal date and result in the acquisition of buildings, except payments to public school housing authorities or similar agencies. Expenditures for the contracted construction of buildings, for major permanent structural alterations, and for the initial or additional installation of heating and ventilating systems, fire protection systems, and other service systems in existing buildings are recorded under object 450. Buildings built and alterations performed by the LEAs own staff are charged to objects 100, 200, 610, and 730, as appropriate. Used with governmental funds only.

Used only with function 4500.

- 730 Equipment. Expenditures for the initial, additional, and replacement items of equipment, such as machinery, furniture and fixtures and vehicles.
- 731 *Machinery*. Expenditures for equipment usually composed of a complex combination of parts (excluding vehicles). Examples are lathes, drill presses, and printing presses.

Usually used with functions 1000, 2600.

- 732 *Vehicles*. Expenditures for equipment used to transport persons or objects. Examples are automobiles, trucks, buses, station wagons, and vans.

Usually used with functions 2630, 2700. Vehicles for driver's education should be coded to function 1000.

- 733 *Furniture and Fixtures*. Expenditures for equipment used for sitting; as a support for writing and work activities; and as storage space for material items.

Used with all functions, except 5000.

- 734 Technology-Related Hardware. Expenditures for technology-related equipment and technology infrastructure. These costs include those associated with the purchase of network equipment, servers, PCs, printers, other peripherals, and devices. Technology-related supplies should be coded to object code 650, Supplies—Technology Related.
- 735 Technology Software. Expenditures for purchased software used for educational or administrative purposes that exceed the capitalization threshold. Expenditures for software that meet the standards for classification as a supply should be coded to object code 650, Supplies—Technology Related.
- 739 *Other Equipment*. Expenditures for all other equipment not classified elsewhere in the 730 object series.
- 740 Infrastructure. Expenditures for purchased infrastructure assets by the school district. These items include water/sewer systems, roads, bridges, and other assets that have significantly longer useful lives than other assets. Used with functions 4000 only.
- 790 Depreciation. The portion of the cost of a fixed asset which is charged as an expense during a particular period. In accounting for depreciation, the cost of a fixed asset, less any salvage value is apportioned over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the cost of the asset is ultimately charged off as an expense.
- 800 Other Objects. Amounts paid for goods and services not otherwise classified above.
- 810 Dues and Fees. Expenditures or assessments for membership in professional or other organizations or payments to a paying agent for services rendered.

Used with functions 1000, 2000.

- 820 Judgments Against the LEA. Expenditures from current funds for all judgments (except as indicated below) against the LEA that are not covered by liability insurance, but are of a type that might have been covered by insurance. Only amounts paid as the result of court decisions are recorded here. Judgments against the LEA



resulting from failure to pay bills or debt service are recorded under the appropriate expenditure accounts as though the bills or debt service had been paid when due. Used only with function 2310.

Used only with function 2310.

830 Interest. Expenditures for interest on bonds or notes.

Used with functions 2513, 5100.

840 Contingency. This account is provided for budgeting appropriations. Expenditures to be paid from the contingency should be charged to the appropriate function and object classification.

Used with function 2310, or may be used with all functions except 5000.

890 Miscellaneous Expenditures. Amounts paid for goods or services not properly classified in one of the objects included above. Refunds of prior year's expenditures are charged to this account.

Used with all functions, except 5000.

900 Other Uses of Funds. This series of codes is used to classify transactions that are not properly recorded as expenditures to the LEA but require budgetary or accounting control. These include redemption of principal and interest on long-term debt, housing authority obligations, and fund transfers. Used with governmental funds only.

910 Redemption of Principal. Outlays from current funds to retire serial bonds and long-term loans.

Used only with function 5100.

920 Fund Transfers. Includes all transactions conveying money from one fund to another without recourse. Generally, this takes the form of a transfer from the General Operating Fund to some other fund.

Used with all functions.

## Subject Matter

This dimension enables school districts to classify expenditures for regular and vocational programs by subject matter.

### Code Description

- 01 Agriculture. Activities concerned with preparing for or upgrading in occupations requiring knowledge and skills in agricultural subjects. The instruction emphasizes the functions of agricultural production, agricultural supplies, agricultural mechanization, agricultural products (processing), ornamental horticulture, forestry, agricultural resources, and the services related thereto. The instruction is designed to provide opportunities for students to prepare for or improve their competency in agricultural occupations. An agricultural occupation may include one or any combination of the functions mentioned.
- 02 Art. Activities involving primarily visual, tactile and kinesthetic expression. Included in art instruction are the two-dimensional forms such as drawing, painting, or printmaking; the three-dimensional forms such as sculpture or pottery; other spatial concepts such as architecture and design for the performing arts; and the history and theory of art. Emphasis is placed upon the esthetic and creative factors of visual forms.
- 03 Business. Activities designed to develop in students the attitudes, knowledge, skills, and understanding concerned with business principles and practices. These could be used in personal life, in the business world, or both. Business also includes a wide variety of aspects of general education, e.g., subject matter from other areas such as English (language arts), social sciences/social studies, and mathematics.
- 04 Distributive Education. Activities concerned with directing the flow of goods and services, including their appropriate utilization, from the producer to the consumer. These activities include selling and such sales-supporting functions as buying, transporting, storing, promoting, financing, marketing research and management.
- 05 English Language Arts. Activities concerned with developing (1) an understanding of the language system; (2) proficiency and control in the use of the English language; (3) appreciation of a variety of literary forms; (4) understanding and appreciation of various aspects of past and present cultures as expressed in literature; and (5) interests which will motivate lifelong learning.
- 06 Foreign Language. Includes the body of subject matter in this area that is comprised of a variety of foreign languages, including English as a foreign language. Classified under this heading are the various classical and modern foreign languages.



- 07 Health Occupations Education. Activities designed to impart knowledge and develop understanding and skills required to support the health professions. Instruction is organized to prepare students for occupational objectives concerned with assisting qualified personnel in providing diagnostic, therapeutic, preventive, restorative, and rehabilitative services to people. Instruction also includes understanding and skills essential to provide care and health services to patients.
- 08 Health and Safety in Daily Living, Physical Education, and Recreation. Includes the body of related subject matter and activities in health and safety in daily living, physical education, and recreation. These areas are organized for carrying on learning experiences concerned with developing (1) knowledge, attitudes, appreciation, and conduct essential to individual and group health; (2) awareness of, concern for, and knowledge, skills, and judgment necessary for practicing and promoting personal and public safety in the home, at school, on the job, and in traffic; and (3) physical and mental growth and fitness through activities designed to improve the muscles, motor skills, attitudes and habits of conduct of individuals and groups.
- 09 Home Economics. Activities organized to enable students to acquire knowledge and develop understanding, attitudes, and skills relevant to (a) personal, home, and family life, and (b) occupational preparation using the knowledge and skills of home economics. The subject matter of home economics includes, in addition to that which is unique to the area, concepts drawn from the natural and social sciences and the humanities.
- 10 Industrial Arts. Activities organized to develop understanding about the technical, consumer, occupational, recreational, organizational, managerial, social, historical, and cultural aspects of industry and technology. Learning experiences involve activities such as experimenting, designing, constructing, evaluating, and using tools, machines, materials, and processes that provide opportunities for creativity and problem solving.
- 11 Mathematics. Activities concerned with the science of relations existing between quantities (magnitude) and operations, and with the science of methods used for deducing from other quantities, known or supposed, the quantities sought.
- 12 Music. Includes the fine art that utilizes sounds in time in a meaningful and organized manner. Subject matter and activities in music are designed to impart the skills and knowledge necessary for understanding, appreciating, creating, performing, and enjoying music.
- 13 Natural Sciences. Activities concerned with knowledge of the physical and biological world, and of the processes of discovering and validating this knowledge.
- 14 Office Occupations. Activities organized into programs of instruction to provide opportunities for students to prepare for and achieve career objectives in selected office occupations. In the instructional process, various aspects of subject matter frequently are drawn from other subject-matter areas. Learning experiences are designed to lead to individual employment, advancement, or both, in occupations in public or private enterprises or organizations related to the facilitating function of the office. "Facilitating function," as used here refers to the expediting role played by office occupations as the connecting link between the production and distribution activities of an organization. Included is a variety of activities, such as recording and retrieving data, supervising and coordinating office activities, communicating internally and externally, and reporting information.
- 15 Social Sciences. Comprised of interrelated subject matter organized to impart knowledge, develop skills, and identify goals concerning elements and institutions of human society. This learning occurs through the disciplines of history, economics, political science, sociology, anthropology, psychology, geography and philosophy.
- 16 Technical Education. Concerned with that body of knowledge organized in a planned sequence of classroom and laboratory experiences to prepare students for a cluster of job opportunities in a specialized field of technology. The program of instruction normally includes the study of the underlying sciences and supporting mathematics inherent in a technology, as well as methods, skills, materials, and processes commonly used and services performed in the technology. A planned sequence of study and extensive knowledge in a field of specialization is required in technical education, including competency in the basic communication skills and related general education. Technical education prepares for the occupational area between the skilled craftsman and the professional person.
- 17 Trades and Industrial Occupations. Comprises the branch of vocational education that is concerned with preparing persons for initial employment, or for upgrading or retraining workers in a wide range of trade and industrial occupations. Such occupations are skilled or semiskilled and are concerned with layout designing, producing, processing, assembling, testing, maintaining, servicing, or repairing any product or commodity.

- Instruction is provided (1) in basic manipulative skills, safety judgment, and related occupational information in mathematics, drafting, and science required to perform successfully in the occupation; and (2) through a combination of shop or laboratory experiences simulating those found in industry and classroom learning. Included is instruction for in apprenticeable occupations or for journeymen already engaged in a trade or industrial occupation. Also included is training for service and certain semiprofessional occupations considered to be trade and industrial in nature.
- 18 General Elementary/Secondary Education. Refers to instruction that takes place in a self-contained class. Learning experiences are concerned with the knowledge, skills, appreciation, attitudes, and behavioral characteristics considered to be needed by all students for the broad educational outcomes they should achieve to the limits of their capacities during, the elementary and secondary school years.
- 19 Differentiated Curriculum for Handicapped Students. For students whose handicaps are of such a nature and degree as to interfere with intellectual development and learning under regular class methods. These students, therefore, require differentiated curriculum for some part-and, frequently, for all-of their education.
- 20 Co-curricular Activities. Comprised of the group of school-sponsored activities under the guidance of qualified adults. These activities are designed to provide opportunities for students to participate in such experiences on an individual basis, in small groups, or in large groups-at school events, public events, or a combination of these-for purposes such as motivation, enjoyment, and improvement of skills. In practice, participation usually is not required and credit usually is not given. When participation is required or credit is given, the activity generally is considered to be a course.
- 21 Junior ROTC. Activities organized into programs of instruction to provide opportunities for students to prepare for and achieve career objectives in selected branches of the military service. In the instructional process various aspects of subject matter frequently are drawn from other subject-matter areas.
- 24 Safety and Driver Education. Activities in safety and driver education are organized to develop the ability to operate a motor vehicle and to respond appropriately when driving or walking in traffic. Subject matter and activities in safety education are primarily concerned with enhancing personal characteristics and values involved in preventing accidents and saving lives.

## Job Classification

This dimension enables LEAs to break down expenditures for salaries and fringe benefits by the employees' job classification. It is not normally used with the other object codes (Objects 300-800). There are at least three ways in which this dimension is used in school accounting: (1) to classify payroll costs for personnel purposes, (2) to segregate certified and non-certified salaries and benefits and (3) to accumulate payroll costs by bargaining unit for purposes of labor negotiations.

### Code Description

- 1 Official/Administrative. A grouping of assignments comprising the various skill levels required to perform management activities. These activities include developing broad policies for the LEA and executing these policies by directing staff members at all levels of the LEA. Activities performed directly for policymakers are also included here. The Official/Administrative classification does not preclude Professional-Education or Professional-Other status. This classification normally includes the district-wide administrators and Board of Education members and Board of Education appointed officials.
- 2 Professional-Educational. A grouping of assignments requiring a high degree of knowledge and skills acquired through at least a baccalaureate degree (or its equivalent obtained through special study, experience, or both). This learning includes skills in education or educational psychology. Included are curriculum specialists, counselors, library/media specialists, remedial specialists and teachers. Teachers' aides are classified under 4-Technical.
- 3 Professional-Other. A grouping of assignments requiring a high degree of knowledge and skills acquired through at least a baccalaureate degree (or its equivalent obtained through special study, experience, or both), but not requiring skills in education. This classification normally includes nurses, social workers and psychologists, architects, lawyers, accountants, physicians and therapists, among others.
- 4 Technical. A grouping of assignments requiring a combination of basic scientific knowledge and manual skills which can be obtained through approximately 2 years of post-high school education. Such education is

- offered, for example, in junior/community colleges and technical institutes, or through equivalent special study, on-the-job training, or both. This classification normally includes interns, aides, computer operators, practical nurses and the like.
- 5 Office/Clerical. A grouping of assignments to perform the activities of preparing, transferring, transcribing, systematizing, or preserving communications, records, and transactions, regardless of the level of skills required, where the activities are predominantly non-manual.
  - 6 Crafts and Trades. A grouping of manual assignments requiring a relatively high skill level (usually acquired through an extensive period of training). They also require considerable judgment and a thorough and comprehensive knowledge of the processes involved in the work. This classification normally includes carpenters, electricians, painters, plumbers and mechanics.
  - 7 Operative. A grouping of manual assignments requiring an intermediate skill level (which can be mastered in a few weeks through limited training) necessary to operate machines. This classification normally includes any bus or truck drivers.
  - 8 Laborer. A grouping of manual assignments which generally require no special training. All laborers who lift, dig, mix, load and pull would be classified in this general job classification. Under the Laborer classification, the one fairly common specific activity assignment associated with a LEA is grounds keeping. Other activity assignments may be added by the local administrator if needed by a particular LEA.
  - 9 Service Work. A grouping of assignments, regardless of level of difficulty that relates to both protective and non-protective support services. Under the Service Work classification, the following activity assignments are the most common in the LEA: custodians, warehouse workers and food service employees. The list may be expanded as necessary at the discretion of the local administrator.

## Operational Unit

This dimension is commonly used in LEAs: (1) as a way to identify attendance centers; (2) as a budgetary unit or cost center designator; (3) as a means of segregating costs by building structure; and (4) as a location code for payroll check distribution.

## Special Cost Center

Finally, it is recognized that LEAs utilize many other methods of classifying expenditures for particular purposes. None of these methods is used with enough regularity for inclusion here, but when used, they are important.



## Chapter 7 - Local Implementation Considerations

This chapter is intended as a guide to LEAs in accomplishing the implementation of the account classification system presented in this manual. Successful implementation requires careful planning and execution of a number of tasks and activities.

Those tasks and activities to be considered include:

- Management techniques
- Orientation of personnel
- Reporting requirements
- Chart of accounts and budget development
- Forms, procedures and record systems
- Master files and records conversion
- Automation
- Training

### Management Techniques

As part of the process of implementing the state manual, the LEA should review its management style to determine whether any changes are necessary. Since this manual provides a vehicle to gather detailed financial information, the LEA may wish to centralize or decentralize the management process or develop a results-oriented management style. A change in the LEAs administrative structure or management technique may result in cost centers, which in turn will affect the chart of accounts design.

Conversion to this manual does not require the LEA to change its management style, rather it affords the LEA an opportunity to review its management style in light of the change in accounting classifications.

Many LEAs use this conversion as an opportunity to make other changes which have been needed; such as improving the bookkeeping system, automating certain operations, decentralizing budget authority, and the like.

### Orientation of Personnel

After the management style is determined, an orientation for LEA personnel should be conducted. The orientation should begin with a justification for change. This rationale for change might include:

- A need for better financial information for management
- A desire for improvement of financial controls
- Pressures from the local community

- A mandate by the state

LEA personnel should feel more comfortable with the change after it has been explained in detail.

The extent of change must be illustrated. The extent of change relates directly to the management style utilized. Some activities to be illustrated would include:

- Budget preparation and reporting
- Accounting records
- Business office procedures
- Organization realignments

The extent of change will vary substantially from LEA to LEA, based upon the project objectives.

Assignment of specific conversion responsibilities should occur at this session. These responsibilities might include budgeting, expenditure coding, file and records conversion and procedural developments.

The final subject of the orientation session might be implementation monitoring. Someone from the LEA must assume the overall responsibility for the implementation of the state manual. This responsibility is normally assumed by a LEA administrator such as the superintendent or business administrator. A project schedule should be developed indicating activities and completion dates. Finally, an implementation checklist can be developed which would include the tasks, estimated man-days and the person responsible.

### Reporting Requirements

One of the first activities in converting to a new system is to determine any local reporting requirements beyond those established by the state. This process may be as simple as conducting a review of the existing budget report, or it may involve a consolidation of various separate accounting activities (e.g., federal programs, food service, special education) or it may entail changes in managerial style.

All proposed reporting formats should be reviewed by LEA administrators and budget managers to insure that the chart of accounts will provide the financial information needed to make management decisions.

### Chart of Accounts Development

After the reporting requirements are determined, the next step in conversion is to develop a local chart of accounts. In this manual the account classifications presented do not constitute a chart of accounts. Rather, it is necessary to combine the various



dimensions and categories into number groups to create a specific chart of accounts for a LEA.

The process of constructing a Handbook II – compatible chart of accounts at the LEA consists of a number of steps:

1. Determination of needed accounts and dimensions
2. Decisions on the expenditure coding structure for local use
3. Assignment of codes
4. Adaptation of recordkeeping systems
5. Preparation of the budget

The amount of effort involved at each of these stages will vary a great deal in different LEAs dependent upon such factors as the current condition of accounting in the LEA, whether or not the system is automated, and whether the LEA chooses to use the conversion as an opportunity to affect other changes (e.g. – decentralization of budget responsibility, improvement of accounting recordkeeping, consolidation of records).

Determination of Needed Accounts and Dimensions

A LEA must determine the accounts and dimensions needed for the balance sheet, revenues and expenditures. As described in a previous chapter, fund accounting is required for governmental accounting. The fund dimension is used for all types of LEA financial transactions.

Development of Expenditure Coding Structure

Once the needed dimensions have been determined at either the state or the local level, the expenditure coding structure can be established. Several of the dimensions fit neatly together to reduce code size and make its organization more efficient. Here are some suggestions:

1. Depending on the amount of detail required, a subject matter breakdown can easily be established within the program dimension. Operational unit, course and/or instructional organization also could be included within the program code, perhaps requiring more digits.
2. The highest order digit of job classification fits neatly into the third position of the 100 and 200 series of the object code. This would facilitate a tabulation of salaries and benefits by bargaining unit.
3. The project/reporting classification can be incorporated into a fund code, or can be consolidated with the program dimension.
4. Instructional organization and operational unit can be integrated into a single cost center code.

Often, combinations of dimensions will provide the proper classification of expenditures without adding categories within a given dimension. For example, teaching supplies are identified by the use of the function Instruction (1000) and the object code for

**A specific order of the dimensions in the manual is not required. Obviously, the dimensions structure relates directly to the dimensions utilized. Some of the more common structures used in LEAs are:**

<u>Fund</u>	<u>Program</u>	<u>Function</u>	<u>Object</u>	<u>Project/Reporting</u>
X	XXX	XXXX	XXX	XX

<u>Fund</u>	<u>Operational Unit</u>	<u>Program</u>	<u>Function</u>	<u>Object</u>
X	XXX	XXX	XXXX	XXX

In chapters 4 and 5 of this manual, the balance sheet accounts and revenue accounts are listed in their entirety. The LEA should choose only those accounts that are applicable locally.

Choosing which expenditure dimensions to use is the most difficult decision. This manual provides the dimensions required to be used for state reporting and also lists the optional dimensions to be used for management purposes.

General Supplies (610).

Assigning Codes

Once the structure is established, individual codes are assigned. Probably the easiest way to start this process is to crosswalk (recode) the existing budget. As this is being done, decisions are needed on how much detail is required for:

- The public

- The Board of Education
- The superintendent
- Cost center management
- The auditor
- The business office

In general, the amount of detail shown should decrease as one progresses up this list, so that the business office has the most detail available while the public and the Board of Education have carefully summarized figures to work with.

#### Adaptation of Recordkeeping Systems

During the process of converting account codes, it is likely that some changes will be necessary in the recordkeeping systems. These changes must be considered when establishing the new codes. Some of the conditions commonly encountered which are subject to change are:

1. The LEA maintains funds in a variety of different bank accounts. This condition generally arose from federal and state guidelines stipulating that LEAs not commingle funds. Although these requirements still exist, most federal offices and states have held that the requirement is met through proper application of the project/reporting dimension and does not require separate bank accounts. There are several advantages to consolidating bank accounts. The practice of writing checks between accounts can be eliminated. Cash management by the LEA can be improved. The need to reconcile multiple accounts periodically is eliminated.
2. Separate accounting systems exist in a variety of offices within the LEA. The breadth and flexibility of the account codes permits consolidation of the various accounts of the LEA into a consolidated set of books for the LEA.  
  
There will also be changes in the bookkeeping system when double entry bookkeeping is adopted.
3. Automated districts will have to consider certain adaptations. The two most significant changes entailed are likely to be:
  - Modification of the payroll for the distribution of salaries and benefits by program and function code
  - Adoption of double entry bookkeeping

Other changes may or may not be significant depending upon the design of the existing system.

#### Preparation of the Budget

As conversion generally takes place at the beginning of a new fiscal year, a decision must be made whether to construct the new budget on the old codes, the new codes or both. Generally speaking, it will be desirable to prepare the first budget on the old codes, then crosswalk it to the new budget, splitting or combining the budget line items as necessary. This will help ensure that nothing is left out of the budget during conversion, and will enable administrators to present either or both formats to the school boards and other interested parties.

## Forms, Procedures and Record Systems

In some LEAs it may be necessary to redesign forms and records to:

- Accommodate a larger account number
- Provide the necessary support to changes in management style or accounting procedures
- Accommodate double entry bookkeeping

For example, forms such as purchase requisitions, purchase orders, checks, receipts, timesheets and warehouse requisitions that currently include the account code structure must be changed. In a manual recordkeeping system, the format of the general ledger cards, subsidiary ledger cards and journal sheets may require changes. In an automated or semi-automated district, this step may include appropriate modifications to input document record layouts, printed forms and reports, input edit routines, and to the computer programs themselves.

If this step must be taken, adequate time should be allowed for forms to be redesigned and a sufficient supply printed, and for the necessary reprogramming to be accomplished.

## Master Files and Records Conversion

Certain of the LEAs accounting master records may be carried over from one fiscal year to the next. It will be necessary to recode these records with the new account codes. Specifically, these include:

- Outstanding purchase orders
- Accounting ledger cards
- Payroll accounting distribution records
- Accrued revenues
- Accrued salaries and benefits

## Automation

The most common technical problem is converting the automated system include:

- Distribution of salaries to multiple accounts
- Distribution of district-paid fringe benefits
- Double entry accounting – preparation of balance sheets
- Size of the account code field

## Training

Training can be provided for two groups of personnel; employees of the LEA and personnel directly associated with the LEA.

### LEA employees

The first group of LEA employees to be trained should be the administrators. In order to provide the proper leadership, administrators must have knowledge of the new system and the effort required for conversion.

If the budget development and management is decentralized, the budget managers must also be trained. This training would include:

- Why the change was made
- The accounts and dimensions used
- The definitions of the accounts and dimensions
- The format of the budget documents
- The budget procedures
- The format of new financial reports and how to use them

Another group of LEA employees to be trained would be the personnel who will actually code the transactions and keep the records. This group must have a good working knowledge of the chart of accounts and how it works.

### Non-LEA Employed Personnel

The Board of Education is the first outside group that needs training. The Board of Education should be informed of and approve the project before the LEA commits to conversion. Their training should include:

- Why the conversion was made
- The benefits of the conversion
- The accounts and dimensions used
- The definitions of the accounts and dimensions used
- The format of the new financial reports and how to use them

The LEAs auditors should be informed of the change particularly as it relates to the accounts and dimensions used. Also the format of the financial reports included in the audit must be developed.

A discussion might also be held with labor bargaining units in order to expose them to the chart of accounts and the new financial reports.

Finally, the LEAs general public must be educated. One method would be the development of an article in a local newspaper explaining why the conversion was made and the benefits of the change. Also, as public budget meetings are held, the changes and benefits from the change should be explained. Finally, the annual financial report in the new format should be available for public inspection.

## Chapter 8 – Supplies and Equipment

Handbook II, Revised provided a list of several hundred items commonly used by LEAs, identifying each as supply or equipment. A recent draft of another document in the handbook series, Handbook III, Revised offers a set of guidelines for distinguishing supplies and equipment, rather than a list. The latter technique has been used for presentation here. Accordingly, this chapter discusses the importance of distinguishing between supplies and equipment, and suggests criteria for making that decision.

### Reasons for Distinguishing between Supplies and Equipment

Education agencies have found it useful to distinguish between supplies and equipment for several reasons:

- The distinction may assist in deciding how to control or keep track of an item. For example, some funding programs require that all equipment items be inventoried annually. At the same time, many LEAs will inventory certain items, regardless of whether they are equipment or whether they are required by law to do so.
- The distinction may bear on the insurance decisions. Supplies and movable equipment are usually insured as part of the contents of buildings, while built-in equipment is usually insured as part of the structure.
- The distinction is important in identifying the funds with which to purchase a given item. For example, some funds, such as bond funds, typically cannot be used to purchase supplies, while other funds might exclude the purchase of equipment.
- The distinction can affect calculations of cost of operations and cost per pupil and in some instances resource allocations.

The two basic approaches to distinguishing between supplies and equipment in the above decision-making situations are: (1) to adopt a predetermined list of items, classifying each entry as either a supply or an item of equipment; or (2) to adopt a set of criteria to be used by each LEA in making its own classification of supply and equipment items. Each of these approaches is discussed in the sections which follow.

### The Disadvantages of a Supply/Equipment List

Several publications in the NCES Handbook series have provided detailed lists of material items used in LEA operations, identifying each entry as either a supply or equipment item. These lists have been helpful to many users but they have at least four inherent drawbacks:

1. Various state and federal aid programs offer supply/equipment categorizations that conflict with one another.
2. Technological and philosophical changes in education continue to occur at an ever-increasing pace. It is impractical to list and classify the thousands of materials and devices that are used in LEAs today, particularly in the vocational education curricula. Therefore, without periodic updates, supply/equipment lists quickly become obsolete.
3. Classifications of certain items change, due to changes in price or technology. For example, most LEAs classified hand-held, mini-calculators as equipment several years ago when they cost over \$100. Now that the price of these items has dropped to the \$5 to \$25 dollar range, some LEAs are changing the classification of these items to supplies.
4. Users tend to treat the lists as comprehensive and up-to-date, even when warned otherwise.

The above examples of differences in LEA management practices and state and federal aid policies and practices, together with continuing changes in technology and education curricula, make the development of a universally applicable and easily updateable supply/equipment list impractical. In lieu of presenting a list that might raise as many issues as it would propose to resolve, this handbook suggests that the distinction between supplies and equipment can better be made through consistent, statewide application of uniform criteria. If a LEA wishes to supplement these criteria with a list, Handbook II, Revised, 1973 provides the most current one.

### Criteria for Distinguishing Supply and Equipment Items

Some federal, state, and local laws and regulations, usually in the form of funding programs, present conflicting criteria for distinguishing between supplies and equipment. The criteria below are based on a combination of the most practical guidelines from these sources. Unless otherwise bound by federal, state, or local law, LEAs should use these criteria in

their supply/equipment classification decisions. In those cases where the distinction is unclear, the LEA, as always, must apply reason and good judgment in making its decision.

### Equipment Items

An equipment item is any instrument, machine, apparatus, or set of articles which meets all of the following criteria:

1. It retains its original shape, appearance, and/or character with use.
2. It does not lose its identity through fabrication or incorporation into a different or more complex unit or substance.
3. It is nonexpendable; that is, if the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than to replace it with an entirely new unit.
4. Under normal conditions of use, including reasonable care and maintenance, it can be expected to serve its principal purpose for at least one year.

### Supply Items

An item should be classified as a supply if it does not meet all the equipment criteria above.

## **Distinguishing Between Built-in and Movable Equipment**

Should a LEA find it useful to classify certain equipment into built-in and movable categories, and unless otherwise bound by federal, state, or local law, the following criteria should be used.

Equipment is built-in if:

1. It is an integral part of a building: that is, it is permanently fastened to the building, functions as part of the building, and causes appreciable damage to the building if it is removed; or
2. It is permanently attached to a site and functions as part of the site (except buildings or other structures).

Built-in equipment may be incorporated into a building at the time the building is erected or at a later date. Built-in equipment is sometimes referred to as fixed equipment.

Movable equipment consists of items that:

1. Are transportable from one location to another without appreciable damage or change to the location from which they are removed or to the location where they are installed, and

2. Do not function as integral parts of the building or site and are not permanently fastened or attached to the building or site.

A piece of equipment that is simply bolted or screwed to the floor, such as a heavy lathe or desk, and that can be moved as a unit once these fasteners have been removed, is “movable equipment.” The term movable refers to permanency of installation and not to size or weight.

## **Selecting the Level of Control for Supplies and Equipment**

LEA managers carry great responsibilities for stewardship of the funds and property of the LEA. They are responsible for tracking and periodically reporting on the condition of these financial and physical resources. A major decision in devising methods for carrying out these responsibilities is selecting the level of control to be applied to various kinds of supplies and equipment.

The level of control applied to any supply or equipment item can be thought of as the amount of time and effort spent in keeping track of the item and the amount of information kept about the condition and whereabouts of the item. The level of control applied to a supply or equipment item usually falls into one of three broad categories:

1. Little or no control after purchase – Items that fall into this category are of such little value that the cost of implementing procedures to safe-guard them, monitor their use, or track their location and condition are not justifiable. Such items might include staplers and wastebaskets.
2. Group control – Items that fall into this category are of little individual value, but taken as a group, are valuable enough to justify the cost of providing some type of control over their safety, use, location, and condition. Such items might include chairs and school desks.
3. Individual control – Items that fall into this category are of sufficient value to justify applying control measures to each individual item. Items in this category usually include all relatively expensive pieces of equipment, although the minimum value of such equipment may vary with the LEA.



4. Selecting the level of control to apply to an item is a straightforward process. Often, law or standard practice requires certain kinds of control. For example, a federal funding program might require that all items purchased from these funds be inventoried and reported on periodically. Similarly, some funding programs require that all items of a certain minimum value must be inventoried and reported on periodically. On the other hand, the LEA may decide on its own to inventory certain kinds of items, regardless of

their funding source, simply because these items or the inventory information are valuable to the LEA. The level of control (ranging from an annual inventory to daily check-out from and return to a central storage room or station) applied to a given item should be based on the relative importance of the item to the overall operation of the LEA, and is usually in direct proportion to its purchase, replacement, or repair cost.

**CRITERIA FOR DISTINGUISHING EQUIPMENT FROM SUPPLY ITEMS**

(Listed in Priority Order)

YES	⇐	Lasts more than one year	⇒	NO	<b>AT FIRST “NO”, THE ITEM IS DECLARED TO BE A <u>SUPPLY</u> ITEM</b>
↓					
YES	⇐	Repair rather than replace	⇒	NO	
↓					
YES	⇐	Independent unit rather than being incorporated into another item	⇒	NO	
↓					
YES	⇐	Cost of tagging and inventory a small percent of item cost	⇒	NO	
↓					
YES	⇐	Exceeds minimum dollar value established by State (with due regard for group control for some items). Current cost is \$5,000, <u>however the district may establish a lower limit.</u>	⇒	NO	
↓					
<b>ITEM IS CONSIDERED <u>EQUIPMENT</u></b>					



## Chapter 9 - Cost Accounting and Reporting for Educational Programs<sup>1</sup>

The accounting structure used in governmental financial reporting is based on the expenditure classifications of fund, function, and object. These elements are the foundation for recording and reporting the financial data for school districts. Although this level of reporting can be used to compare district and state information, the data needs of school board members, administrators, school patrons, special-interest groups (including employees and parents), state policymakers, the media, and the public—the “data user groups” of the school district—extend beyond expenditure classifications to school and program reporting.

### The Expanding Need for Greater Detail in Financial Reporting

Although the various school finance data user groups may focus on particular interests, they also require financial data describing the district and the schools within the district. State policymakers use school and program financial data (1) to ensure adequate and equitable funding of schools and programs; and (2) for state accountability and assessment programs that relate school-level expenditures to student achievement scores or other effectiveness criteria. Parents are often concerned with the financing of particular schools and programs. The media have a variety of interests, but frequently seek data regarding equitable funding of schools. School boards and administrators require financial data for internal management and to respond to the requests of other data users.

Although the typical financial accounting system is not intended to provide program and complete school cost data, a reporting system that identifies direct and indirect costs attributable to schools and programs can be developed to provide this additional level of information. To generate complete and accurate information to the school and program levels, cost accounting procedures must be applied to an appropriately structured accounting system.

## Concepts of Program Cost Reporting by School

Statutory accounting and reporting requirements imposed on school districts beyond the fund, function, and object classifications may spring from legislative initiatives for accountability or from the need to provide differential funding for a particular set of programs. Such requirements are likely to establish the framework for school and program reporting and, therefore, might limit school districts’ local cost objectives. However, local systems may be designed to identify more discrete costs, such as those related to science or mathematics programs for grades 9 through 12, even though the state reporting element is an aggregate of regular education programs in those grades.

In many districts, financial reporting for individual schools is a local budgetary management tool that focuses on the various types of expenditures that management has determined to control on a decentralized basis. These include expenditures for certain salaries (budgeted on an average cost per authorized position) as well as for substitutes, supplies, equipment, utilities, and field trips. However, site-based budgeting often excludes some of the major costs of operating a school that are not within the control of the school principal. The resulting reports meet the purposes of internal management, but are of little use in public reporting to address issues of funding requirements and comparability among schools. Therefore, a reporting system that includes full costing of all school operations is recommended, including costs that are not controllable by school administrators and the allocation of costs incurred for schools but recorded centrally. An additional step is the allocation of district administrative and school board costs. Because the provision of educational services through the operation of schools is the only product of a school district, the allocation of these costs is necessary for full costing of schools and their programs.

The functions outlined earlier in this handbook provide a detailed description of expenditures. Presenting the applicable functions for each school in a district or state provides interested parties with a wide array of uniform data. Functions such as instruction have numerous support functions, which are not always included in public reporting. This shortcoming could be reduced by including sub-functions composed of gifted and talented programs, vocational programs,

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<sup>1</sup> Financial Accounting for Local and State School Systems: 2009 Edition; NCES 2009-325 U.S. Department of Education; 141-148.

adult programs, or other special programs. However, this would present problems relative to dividing teacher and other costs for classes that include students from more than one of these programs (e.g., special education students in mainstream classes, secondary and adult students in vocational education classes, and English for Speakers of Other Languages [ESOL] students in regular education classes).

Many districts take the position that reporting costs by functions is program reporting. In this context, program cost reports are taken directly from the accumulated transaction amounts without the application of cost accounting procedures. However, if the desired outcome is to report the full costing of schools and/or instructional programs, cost accounting procedures must be applied to the functional accounting. The function of instruction as defined in this handbook is not intended to include all the costs necessary to provide instructional programs. Support functions must be considered in the determination of the full cost of instructional programs. This requires identifying support function costs with the instructional programs served (1) through an observable relationship, such as the district's director of exceptional student education and the exceptional student education program, or (2) by a rational allocation, such as fiscal services allocated to all programs on the basis of full-time-equivalent (FTE) teachers of the various programs.

In addition to the steps needed to display the full costs of instructional programs, adjustments to recorded transactions are necessary to accurately represent school costs. Such adjustments must be made for costs that are centrally incurred, but that represent costs for all schools or specified schools. Further adjustments are needed for the costs of services rendered by itinerant teachers or other shared personnel that might, for convenience, be recorded at a host school.

Program costs should be reported at the school level, with school reports aggregated into a district report. District reports can then be aggregated into a state-level report.

## Analysis of Reported Costs

Full program costing requires that costs be accurately determined by a school prior to their allocation to its programs. Each school has its own base of cost allocation factors owing to its unique combination of programs offered, students attending, and teachers employed. These factors explain the variances reported in costs among schools.

Cost data should be presented with additional information that is useful in analysis, such as the numbers of students in the various programs of each

school or the costs incurred relative to the revenues generated by programs or schools. Costs per student are likely to vary with the number of students in a school or its programs. Other useful factors include the seniority or academic rank of teachers and other personnel and varying facilities' operating costs. These factors increase in importance as the scale of analysis is narrowed to a few schools.

## The Program Cost Reporting Structure

The program cost reporting structure is likely to be based on an adaptation of the cost objectives stated in this handbook. A typical reporting structure might be as follows:

- regular education, elementary;
- regular education, middle/junior;
- regular education, high school;
- special education;
- alternative education;
- vocational education, grades 6–12; and
- adult education.

Such a program structure could be expanded to recognize higher cost programs within special education and vocational education. Costs for functions such as food services, student transportation, prekindergarten early intervention, before- and after-school programs, and fee supported programs should be accounted for by function or special project unless there is a compelling reason to establish them as programs in the reporting structure or in the allocation of indirect costs to the programs. These costs should be presented as items in the reconciliation of the program cost report to the fund expenditures total. Separate cost reports should be prepared for the general fund and for an aggregation of the special revenue funds. Some special revenue funds, for example food service, may not be appropriate for inclusion in the aggregated special revenue fund report.

Other reconciling items to operating funds include expenditures for debt service and facilities.

## Elements of Program Costs

Program cost reporting has the following two central elements:

- identification of direct program costs; and
- attribution of indirect costs to programs on an appropriate basis.

Program costing is not accomplished solely by the day-to-day transactions as recorded in the school district's



records. In fact, such a transaction-based system would be difficult and expensive to manage because many direct cost transactions involve more than one program and the attributed indirect costs would have to be adjusted several times during the fiscal year. Effective budgetary control, an essential management tool, would become increasingly complex under such a system. A program structure that seeks to identify special education costs will be challenged to record payroll transactions for teachers when many special education students are members of regular education classes. There is a similar difficulty with teachers who teach classes composed of regular students and ESOL students. Cost reporting procedures can be applied to simplify the appropriate annual identification of teacher salaries with programs served. Indirect costs can be attributed to programs annually.

Exhibit 1 presents a sample school-level program cost report format. The columns under the heading “Direct instruction costs” provide costs by object for the function “Instruction” in each program. The “School indirect” column represents each program’s allocation of support function costs recorded centrally for school services, such as centralized processing of media materials and certain custodial and maintenance costs. The “District indirect” column includes each program’s allocation of support function costs that are district-level services, such as administrative technology. Note that the lower portion of the report displays a breakdown of the “School indirect” costs by function.

Exhibit 1. Program cost report format										
GENERAL FUND - SCHOOL PROGRAM COST REPORT										
SCHL - 0041 A HIGH SCHOOL										
Program		Direct instruction costs								
Category	Number	Salaries	Benefits	Purchased services	Materials and supplies	Other expenses	Capital outlay	School indirect	District indirect	Total
Regular Education, High	100	245,858	67,888	22,091	15,219	2,855	5,045	190,145	44,057	593,158
Alternative	400	393,810	115,091	34,770	23,955	4,840	7,940	330,474	73,092	983,972
Special Education	200	135,821	38,948	27,137	5,854	1,638	1,940	95,187	22,787	329,312
Vocational Education 6-12	300	92,369	24,459	6,371	4,389	1,028	1,455	57,928	14,926	202,925
Totals		867,858	246,386	90,369	49,417	10,361	16,380	673,734	154,862	2,109,367
Transportation								85,323	12,075	
School indirect costs are functionally distributed as reported below:										
2100 Student Support Services		108,084								
2220 Library Services		48,294								
2212 Instruction & Curriculum Dev		-								
2213 Instructional Staff Training		2,671								
2310 Board of Education		-								
2320 Executive Administration		-								
2400 School Administration		177,953								
4000 Facilities Acqj. - Constr.		-								
2510 Fiscal Services		-								
2580 Administrative Technology		-								
2610 Operation of Building		218,282								
2630 Maintenance		118,450								
Total school indirect		673,734								

## Use of Cost Reporting Software with Existing Data Systems

In many cases, the information needed to produce accurate school program cost reports resides in a district's existing data systems. Teacher salaries and days worked are captured in the payroll system. The ability to link teachers with programs may be found in student data systems that capture class schedules.

Annual totals of other types of direct costs by school are contained in financial data files. Annual totals of support costs are captured by function for each school in financial data files. As noted earlier, some adjustments are needed to reflect each school's share of costs that are recorded in a host account for practicality.

Cost reporting software can be developed by the state education agency or school district to interface with these existing systems to expeditiously identify teachers with schools and programs. This identification allows the software to allocate the teacher's salary to schools and programs served and to compute an indirect cost attribution factor of full-time-equivalent (FTE) teacher by program. The cost reporting software can also interface with student data systems to compute FTE students by school and program for indirect cost attribution. Linking the teachers' assigned classrooms and a district's facilities file containing the square footage of classrooms can produce a space use attribution factor for indirect costs.

## Direct Costs

In a school district setting, direct costs should be synonymous with the function of instruction. The major cost of instruction is teacher compensation, which is identified to programs through the analysis of programs taught by each teacher. Other objects of instruction should be identified to a program by the financial accounting system, although in some instances—including substitute teachers who serve more than one program and paper for reproducing classroom materials—attribution factors should be used. "FTE teachers" is an appropriate basis for the attribution of substitute teachers as a direct cost to programs. "FTE students" is appropriate for the attribution of reproduction paper as a direct cost to programs.

## Indirect Costs

The annual totals of the various support functions are grouped in indirect cost pools for attribution to programs by attribution factors. Attribution factors must have a valid relationship to the support service function's relative benefit to programs. For example,

student support services should be attributed to programs based on the number of FTE students in each program relative to the number of FTE students in all programs. General administration and school administration functions should be attributed to programs based on the number of FTE teachers in each program relative to the number of FTE teachers in all programs. Operation and maintenance of plant services are more appropriately attributed to programs based on the relative space that they use.

The attribution factors of students, teachers, and space suggested in the preceding paragraph are not an exhaustive listing of valid factors. They can be drawn from existing databases and, therefore, are economical to generate. More important, they can be readily communicated to and understood by report users.

Indirect cost pools can be allocated under the assumption that the indirect costs benefit only the instructional programs, as indicated in the preceding paragraphs. Another school of thought is that some indirect costs also benefit other indirect costs and, therefore, that a two-step process should be employed. A further refinement of this concept would be to use a set of simultaneous equations to reduce each pool to zero by allocating back and forth among programs and indirect cost pools. However, the greater precision of these refinements might be offset by the difficulties in communicating their use.

The development of a set of attribution factors (such as students, teachers, and space) for each program in the program structure for each school constitutes the general attribution table. As the name implies, the general attribution table can accurately attribute costs that apply to all programs. Sets of expenditures that relate only to certain programs at certain schools must have separate attribution tables that include attribution factors only for those schools and programs. These special tables include only a subset of the factors included in the general attribution table. Examples of such expenditures include those funded by state or federal grants that address specified schools and programs and administrative costs focused on selected programs. The cost reporting software must be able to select the appropriate schools and programs for each special table.

## Summary of the Annual Program Cost Reporting Process

There are three phases in the annual program cost reporting process.

Phase I identifies teachers with programs by using the following information from district databases: (1) persons paid as teachers, the amount of compensation for the year, and the amount of time worked; and (2)



class schedules that provide the number of students in each program taught by each teacher. A report of "mismatches" of these data is used to input additional teachers for whom class schedules are not produced (physical education, art, music, etc.) or to correct data. A third source of data for this phase is the attachment of classroom space used by the teacher to data drawn from the district facilities database. The outputs of Phase I are a file of teacher salaries by table for each school and program and the general attribution table of student, teacher, and space factors for each program at each school.

Phase II is the determination of the schools and programs used to define each special attribution table by specifying the schools and programs benefited by the particular categorical programs or special grants. The report preparer must enter these as subsets of the general attribution table.

Phase III is the input of cost data other than teachers' salaries. The cost reporting software input formats include record keys for attribution table, fund, school, and control number so that district expenditure data files can be electronically accessed by a crosswalk interface. Data are input and computed by attribution table to maintain the integrity of attributed indirect costs. The public reports produced are an accumulation of fund totals for general fund and special revenue funds.

Edit reports and a correction process are provided for each phase of processing.

### Analysis of Cost Reports

The data in the system allow the option of generating analyses, such as cost per student for each program at each school or cost per student for any report element. Assuming that a program cost report would include objects of direct costs, plus indirect costs at the school level and indirect costs at the district level, a wealth of data could be presented on a per student or percentage basis. The introduction of a program revenue file could allow calculations of cost as a percentage of revenue for each school and program.

Exhibit 2 provides a sample of a cost analysis report that can utilize either school level or district level data. This report provides two types of analysis: cost per student, and student/staff ratio.

### Conclusion

The demand for data is recognizable in every facet of our information age society. Public education must compete for support as one of many public programs and, in reality, one of many purposes for which consumer dollars can be spent. Program cost reporting adds to the workload of school district accounting personnel, but advances in technology and the development of electronic databases make the provision of program cost data a manageable task for most districts.

Exhibit 2. Cost analysis example						
Cost Analysis						
Schl—0000 School Board of _____ County						
Program number	ADM <sup>1</sup>	Total direct costs	Total school costs	Total program costs	Cost per student in ADM <sup>1</sup>	Student/staff ratio
100 Regular Education	781.40	2,277,806	3,687,363	4,004,190	5,124	18.74
200 Special Education	232.58	1,282,638	1,862,601	1,989,715	8,290	10.66
300 Vocational Education	64.82	250,217	365,284	395,300	5,834	13.39
Totals	1,078.80	3,810,661	5,915,248	6,389,205		
<sup>1</sup> ADM stands for "average daily membership".						





## Chapter 10 - Special Instructions for State Reporting

The following guidelines are intended to improve uniformity and consistency among school districts in classifying expenditures and reporting data to the state on the annual school district financial report. The annual school district financial report is the primary source of financial information regarding the revenue and expenditures for K-12 education in North Dakota. It is used for many purposes, including data for inter-district tuition, public information, federal reporting, indirect costs and legislative budget and policy making decisions.

The table on the following page outlines the structure of the state report. The revenue section breaks down revenue into five major sources, local, county, state, federal and other financing sources. The expenditure section shows decreases in net financial resources. They include instructional expenditures (often referred to as cost of education) and other expenditures consisting of capital outlay, debt service, food service, extracurricular student activities, tuition, and transfers. The report also includes statements of fund balances, district indebtedness and cost per pupil. The cost per pupil statement translates instructional expenditures into class categories (PK, K, 1-6, 7-8 and 9-12) used for calculating tuition charges.

### Conformance with Generally Accepted Accounting Principals

It is essential that LEAs submit comparable fiscal data because statistics from financial reports are widely compared and analyzed to identify issues and trends in public elementary and secondary finance. Information reported to the state is used for funding allocations at the state and federal level.

LEAs are encouraged to become familiar with the Government Finance Officers Association (GFOA) publication *Governmental Accounting, Auditing, and Financial Reporting (GAAFR)*. This document has gained widespread acceptance as an authoritative statement on the application of generally accepted accounting principles (GAAP) to state and local government. The publication is available from GFOA, 203 N LaSalle Street, Suite 2700, Chicago, Illinois, 60601-1210, (312) 977-9700). GAAP reporting is required unless otherwise superseded by legal requirements.

### Classifying Salary Expenditures

Staff should be charged to the function code that reflects actual job duties and responsibilities rather than job title. Example: The cost of a principal who splits job duties between teaching and school administration should be assigned to these categories based on the time spent on each duty. If this position covers K-8, allocate costs to kindergarten, grades 1-6 and grades 7-8 categories.

EXCEPTION: Expenditures for *Executive Administration – Superintendent’s Office* are reported under 000-2230 and are not allocated by job duties and responsibilities. The percentages are reported on the indirect cost questionnaire, page six of the annual school district financial report. The percentages are used to distribute this cost center for various purposes, including the 90% cost limitation on transportation reimbursement and the indirect cost rate applicable to supplementary programs, such as Title 1.

### Recording Expenditure Refunds

Refunds and rebates (e.g., rebates on vehicles or from utilities) should be deposited in the fund from which the original disbursement was made. Refunds of current year expenditures are recorded as reductions of current expenditures. This has the effect of restoring the school district’s spending authority in that fund in the amount of the refund. However, if the refunds of a prior year’s expenditures are significantly large, GAAP may require special accounting treatment.

Rarely will the refund of a prior year’s expenditure be significantly large in relation to the total fund balance of the affected fund. However, when the amount is significant, GAAP requires it be recorded as an adjustment of the prior year’s expenditures and be reported on financial statements as an adjustment to beginning fund balance. Contact your auditor or the Department of Public Instruction for advice if needed.

E-rate payments should be treated as reductions of current expenditures. Travel reimbursements and stipends for teachers attending a workshop should also be treated as an expenditure reduction, if the workshop sponsor provided the funding.

## ND School District Financial Report



Major Sections	Fund Statements							Other Statements		
	General Fund	Special Reserve	Capital Projects	Debt Service	Food Service	Student Activities	Trust & Agency/ Consortium	Fund Balance Statement	District Indebtedness	Cost Per Pupil
Page	1-9	10	10	11	11	12	12	13	14	15
<b>Beginning Balance</b>	X	X	X	X	X	X	X	X		
<b>Revenues</b>								X		
Local	X	X	X	X	X	X	X			
County	X									
State	X				X		X			
Federal	X				X		X			
Other Sources	X	X	X	X	X	X	X			
<b>Expenditures</b>								X		
<i>Instructional Expenditures</i>										
Regular Programs	X									X
Federal Programs	X									X
Special Programs	X									X
Vocational Programs	X									X
Undistributed (Plant, Admin, Support)	X									X
<i>Other Expenditures</i>										
Capital Outlays	X		X							
Extracurricular Activities	X					X				
Community Services	X									
Student Transportation	X					X				
Food Service	X				X					
Other Enterprise Services	X									
Debt Service	X			X						
Tuition and Assessments	X									
Transfers	X	X	X	X	X	X	X			
<b>Ending Balance</b>	X	X	X	X	X	X	X	X		
<b>Student Membership (total ADM, regular school year ADA, summer ADA)</b>										X



### Inter-fund Transactions

Inter-fund transactions can be divided into four categories:

- Loans: Loans between funds are treated simply as balance sheet transactions. The borrowing fund reports a liability and an increase in cash, while the lending fund reports a receivable and a decrease in cash.
- Reimbursements: A reimbursement is an expenditure or expense initially made in one fund, but properly attributable to another. For example, the general fund may pay a utility bill with portions to be reimbursed by other funds. The proper accounting for reimbursements is to record an expenditure or expense in the reimbursing fund, and a reduction of expenditure or expense in the reimbursed fund.
- Quasi-external transactions: These are transactions that would be treated as revenues or expenditures/expense if they involved an outside party. For example, a payment by the general fund to an internal service fund for services rendered. The proper accounting is to treat these transactions as revenues in the fund providing the services and as expenditures/expense in the fund receiving the services, just as though they were transactions involving outside parties.
- Transfers: All inter-fund transactions that are not loans, reimbursements or quasi-external transactions are treated as transfers. Transfers may consist of nonrecurring or non-routine transfers of equity between funds, such as transferring residual balances of discontinued funds to the general fund or debt service fund. All other transfers are properly classified as operating transfers. Often operating transfers are ongoing operating subsidies between funds.

Transfers must be identifiable from regular expenditures in the transferring fund to avoid double counting. The following examples show the proper accounting for inter-fund transfers and inter-fund loans.

Example: Transfer money from the General Fund to the Food Service Fund, no repayment required.

Food Service Fund

Debit Asset	Cash
Credit Revenue	Inter-fund Transfers

General Fund

Debit Expenditure	Inter-fund Transfers
Credit Assets	Cash

Example: Transfer money from the General Fund to the Food Service Fund, assuming it is a loan.

Food Service Fund

Debit Asset	Cash
Credit Liability	Inter-fund Loans Payable

General Fund

Debit Asset	Inter-fund Loans Receivable
Credit Asset	Cash

### Internal Service Funds

The chief aim of an internal service fund is cost-reimbursement. The concept of “cost” includes the exhaustion of fixed asset or “depreciation expense.” Therefore, an internal service fund should only be used if a government intends to recover the full cost of providing a service (including depreciation expense) through user charges.

The use of an internal service fund is never required by generally accepted accounting principles. GASB Statement No. 10, however, does make it one of only two acceptable options available to governments that wish to use a single fund to account for a given type of risk financing activity (e.g., casualty losses). The other fund type that may be used in such a situation is the general fund.



The NDSFARM does not designate an internal service fund type. Districts may account for these types of cost recovery activities within the general fund by using a reserved fund balance account. If an internal service fund is created, districts should record payments, rather than transfers, from one fund to an internal service fund so that the expenditure is recorded in the operating fund.

## Reporting Shared Services

In North Dakota, it is becoming quite common for districts to cooperate and share services. Increased sharing of services creates opportunities for providing more services to more students at a reduced cost. It also creates reporting headaches in the form of duplicated or unrecognized expenditures. The following describe situations that require particular care to make sure that revenue and expenditures are properly reflected on the school district financial report to avoid over/under reporting. The general rule is to match educational expenditures to students served.

### Consortium Accounting

The fiscal agent should account for all transactions in fund group 7 trust and agency/consortium fund. At the end of the year, the fiscal agent will provide a report to consortium members showing each member's share of revenue and expenditures. The member districts will use this report as the basis for recording their share of the consortium activity.

An alternative method is to account for transactions through the general fund. Revenue account 5500 *Services Provided for Another LEA* and expenditure account 000-3600 *Services Provided for Another LEA* are used for other member's share of transactions (the fiscal agent's district accounts for their share as educational expenditures). Regardless of the method used, a report showing each member's share of revenue and expenditures should be prepared for the consortium members.

### Cooperating Districts

Districts cooperating for the joint provision of education services (e.g., under a plan approved by the Department for a shared superintendent and at least four unduplicated grade levels) have special accounting considerations. As each district must file a financial report and they are sharing students and often staff, the districts must work with each other to make sure all educational costs are properly reported and not duplicated.

For state reporting purposes, districts cannot report expenditures in grade level categories for which they are not providing services. Therefore, adjustments must be made to reflect educational expenditures on the report of the district actually providing the grade level service. Districts should use the *Services Provided for Another LEA* revenue and expenditure accounts to make the necessary adjustments. Contact the Department of Public Instruction for assistance if needed.

### Shared Teachers

In cases where only one district holds the contract and does the payroll accounting, account for the portion of the services that are "sold" to another district using the *Services Provided for Another LEA* expenditure/revenue accounts. The "purchasing" district will record the expenditure as a purchased service.

### Multi-district Special Education Unit/District Accounting

School districts that are members of multi-district special education units need to coordinate on accounting issues for state and federal revenues, as well as expenditures. The general rule is for the district/unit receiving the money directly to record it under restricted revenue. If the funds are passed through a district/unit, then the revenue should be recorded under a Joint Agreements code. For example:

District

- If received directly from the state record under 3200 *Restricted State Revenue*
- If received from the unit record under 3410 *Special Education Joint Agreements Unit*
- If received directly from the state record under 3200 *Restricted State Revenue*
- If received from the unit record under 3410 *Special Education Joint Agreements*



### Medicaid Match

Districts or special education units may be eligible for reimbursement of documented costs incurred on behalf of students eligible for Medicaid. In these cases, the Department of Human Services reimburses 100% of the eligible amount and collects the matching portion directly from the Department of Public Instruction. The Department deducts that portion from state formula aid payments to the LEA.

State formula aid payments should be recorded at the entitlement amount, e.g., the actual cash received by the district plus the match paid on behalf of the district. The match amount is identified as a Medicaid Match adjustment on the State School Aid Payment Voucher. The following accounting treatment is recommended:

Receipt of 100% payment from DHS

Debit Asset	Cash
Credit Revenue	Medicaid Revenue
Credit Liability	Medicaid Match Payable

Receipt of State Formula Aid entitlement from DPI

Debit Asset	Cash
Debit Liability	Medicaid Match Payable
Credit Revenue	State Formula Aid Revenue



## Finance Report ADM

The average daily membership (ADM) reported on line 7 page 15 of the annual school district financial report includes ALL students that were educated in the district. Finance Report ADM includes regular, special education, district supervised home-based instruction, and summer school programs for which educational expenditures are reported. The table low shows the differences between the Foundation Aid ADM (used for state funding) and the Finance Report ADM.

Differences between Foundation Aid and Finance ADM	Foundation Aid ADM	Finance Report ADM
Regular education students who are residents of the school district	Yes	Yes
Regular education students who are not residents of the school district	Yes <sup>1</sup>	Yes
Special education students who are residents of the school district	Yes	Yes
Special education students who are not residents of the school district	Yes	Yes
Resident special education students served in another school district	No	No
Home-based students where supervision is provided by the school district	Yes <sup>2</sup>	Yes
Home-based students where supervision is not provided by the school district	No <sup>2</sup>	No
Students enrolled in approved summer school programs	Yes	Yes
Students enrolled in approved extended school year special education programs	Yes	Yes
Attending under crossborder attendance agreements (NDCC 15.1-29):		
South Dakota students attending North Dakota	Yes	Yes
North Dakota students attending South Dakota	No	No
Minnesota or Montana students attending North Dakota	No	Yes
North Dakota students attending Minnesota or Montana	Yes	No
Foreign exchange students who attend school in a North Dakota school district	Yes	Yes

- 1 Students who are attending school out of their school district of residence should be covered under open enrollment, a tuition waiver or a tuition contract. A school district that accepts non-resident pupils without open enrollment, a tuition waiver or tuition contract shall forfeit foundation aid for these students if a complaint is filed with the Department of Public Instruction by the district of residence.
- 2 Home-based students where supervision is not provided by the school district are reported on the Home-based Instruction ADM report, but currently no payment is made for these students. A district supervised home-based student is counted as .2 ADM on the Finance Report.

The word "resident" in the table above refers to students who are residents of a North Dakota school district. The word "out-of-state" refers to students whose residence is not within the State of North Dakota.



### Federal Programs

Federal grant programs are accounted for under the major title program and function. Use project codes to track locally for federal accountability purposes.

Revenue codes are shown, map expenditure codes the same way (see page 3 of the Annual School District Financial Report).

Function #	Project #	Description
4510	068	Title I Improving Academic Achievement of the Disadvantaged
4510	069	Title I Neglected and Delinquent
4510	070	Title I Migrant Education
4510	071	Title I Parent Involvement Set-aside
4510	072	Title I Education for Homeless Children
4517	075	Title II Part A Supporting Effective Instruction
4520	077	Title III Language Instruction for Limited English Proficient and Immigrant
4525	078	Title IV Part A Student Support and Academic Enrichment (SSAE)
4535	098	Striving Readers
4575	079	Title IV Part B 21st Century Community Learning Centers
*	100	Title IV Part B 21st Century Community Learning Centers (Fee-Funded Program)
4510	082	Transferability
4590	089	REAP Small Rural Schools Program/Rural and Low Income
4510	099	Comprehensive Support
4510	100	Targeted Support
4510	101	Title I Additional Program Improvement Funds
4520	102	Title III STEEP – ELL
4590	103	Title VI – Assessments and Standards

\*Account for both fees received and expended within the program under the federal expenditure dimension (e.g., Program Function 280-1000 Title IV Student Support and Academic Enrichment).



TRANSFER AND SCHOOLWIDE CO-MINGLING

For these type of combining programs, report the revenue by Major Title Source and report the expenditure by the program the funds were targeted to.

Coding Example

Grant Award	30,000			
			Function	Project
Title II Part A	<u>30,000</u>		4517	075
Received	<u><u>30,000</u></u>			
		Program	Function	Project
Transferability Title I	20,000	262	1000	082
Transferability Title II Part A	<u>10,000</u>	262	1000	082
Expended	<u><u>30,000</u></u>			