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What Do Those 20 Digits in the Account Code Mean?

Presenter: Julie P. Novak, RTSBA
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Why should we talk about account codes?

- Everything we do is ultimately for the students
- But . . . We need money to take care of the students!
- Accountability = accurate information, transparency, responsible and ethical actions

Your Presenter

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 - Twitter: [@jnovak_julie](https://twitter.com/jnovak_julie)
- Employed in school districts since 1998; experience in budgeting, accounting, risk management, facilities and construction, child nutrition, transportation
- Prior experience auditing school districts and banks for 12 years
- MS in Business Management, BBA in Finance



Learning Objectives

- Develop an understanding of the basics of the account code structure
- How / Where to obtain detailed information

Standardized System for Account Codes

- Required by Texas Education Code (TEC 44.007)
- Must meet requirements set by State Board of Education (SBOE)
- Supports the submission of data to TSDS (Texas Student Data System / PEIMS (Public Education Information Management System))

Who Uses this Information?

- Texas Education Agency
- Board of Trustees
- Texas Legislature
- Legislative Budget Board
- State Agencies, such as Comptroller's Office, Auditor's Office
- Federal Agencies, such as U. S. Department of Education
- Bond Rating Agencies
- Auditors
- Campus and District Personnel
- John Q. Public – Our Taxpayers and Citizens



Why is standardization important?

- Allows for ease of comparing data among districts (apples to apples instead of apples to oranges)
- Provides useful information to Legislature, Board of Trustees, and TEA

Where to find the code structure?

- TEA publishes the Financial Accountability System Resource Guide
- New version approved and released June 2019
- Six modules
 - Financial Accounting & Reporting (FAR) and FAR Appendices
 - Charter Schools
 - Non-Profit Charter Schools Chart of Accounts
 - Auditing
 - Purchasing
 - State Compensatory Education

FAR Appendices

- Appendix A – Accounting Code Structure and Codes
- Appendix B – Account Code Matrices and Accounting Spreadsheets
- Appendix C – Example Accounting Entries
- Appendix D – Other Federal and State Requirements
- Appendix E – Catalog of Federal Domestic Assistance Identification Numbers
- Appendix F – Example Annual Financial and Compliance Report
- Appendix G – Internal Service Funds Guidelines
- Appendix H – Financial Accountability and the Financial Integrity Rating System of Texas (FIRST)

Account Code Structure Information

- The letter “R” in front of a code indicates that the use of the code is required by TEA if the code is applicable to the school district

<u>R 199</u>	<u>General Fund</u>
<p><u>This code must be used to account for funds managed by your school district’s board of trustees, which has wide discretion in using this code as provided by law. This fund usually includes the following:</u></p> <ul style="list-style-type: none">• <u>transactions that result from revenues from local maintenance and operations (M&O) taxes</u>• <u>payments in lieu of taxes</u>• <u>foundation entitlements</u>• <u>state and county revenues</u>• <u>other Foundation School Program (FSP) sources that are not required to be accounted for in another fund</u> <p><u>This code is also used to record transactions involving the instructional facilities allotment for lease-purchase.</u></p> <p><u>(Note: Code 699, debt service fund, is used to record transactions involving the instructional facilities allotment for bonded indebtedness [voter-approved debt]).</u></p> <p><u>Your district must convert any locally defined codes to code 199 for PEIMS reporting.</u></p>	

Account Code Structure Information

- Tables provided with examples

Function Code 11—Costs to Include:	Function Code 11—Costs to Exclude (correct function code appears in parentheses):
<ul style="list-style-type: none"> • salaries for the following: <ul style="list-style-type: none"> ○ classroom teachers ○ teacher aides ○ classroom assistants ○ graders ○ employees working in the classroom on a dedicated basis ○ adult basic education teachers ○ substitute teachers ○ substitute teachers who provide instruction while instructional staff members attend staff development or in-service training 	<ul style="list-style-type: none"> • salaries for the following: <ul style="list-style-type: none"> ○ department heads (function code 13) ○ curriculum writers (function code 13) ○ program directors (function code 21) ○ school leadership, such as principals and assistant principals, and their staffs (function code 23) ○ network managers for noninstructional networks (function code 53) ○ webmasters (excluding costs attributable to instructional settings) (function code 53)

Account Code Structure Information

- Flexibility with some codes for locally defined uses
- For PEIMS purposes, locally defined codes will be converted to a “Reserved” code
- Example – Supplies and Materials
- Can use object codes 6395 to 6398; will convert to 6399

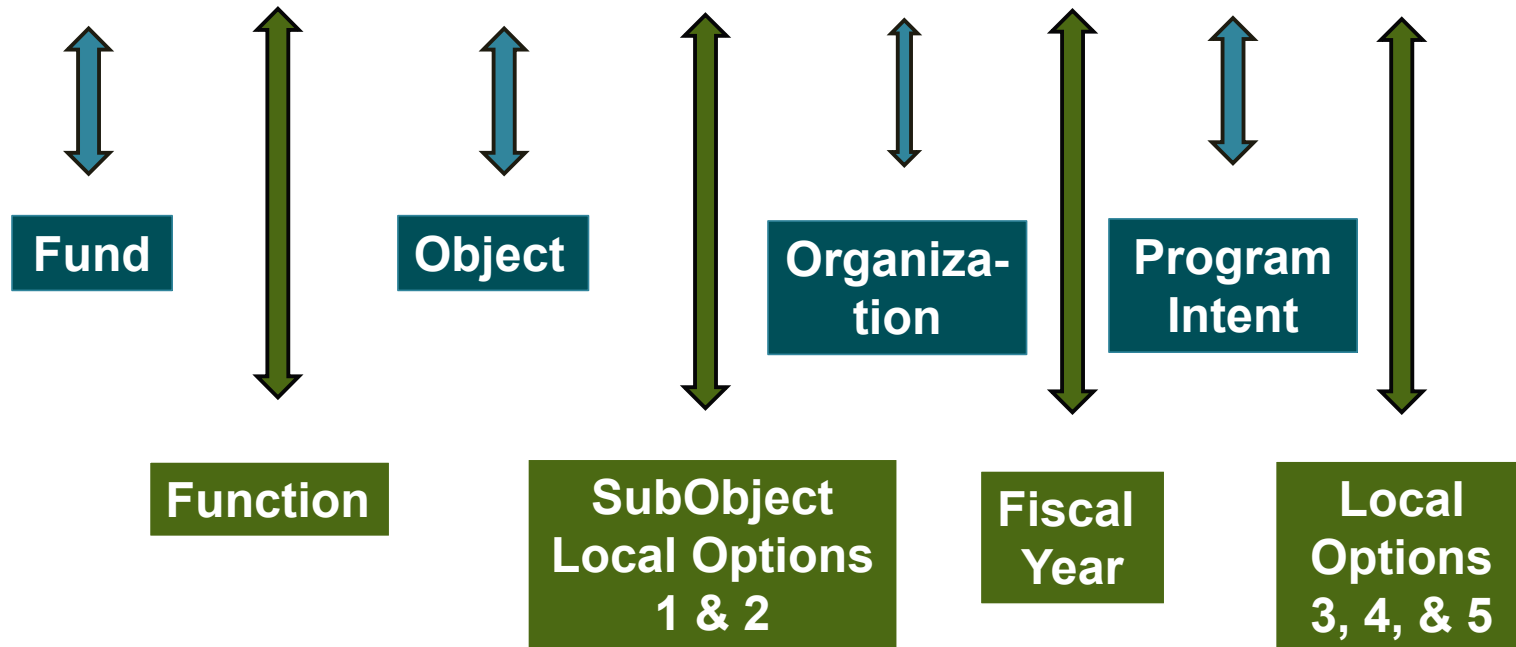
6395–6398 Supplies and Materials—Locally Defined

These codes are used, at the option of your district, to classify supplies and materials.

Note: For PEIMS reporting, these codes are converted to object code 6399.

Twenty-digit Code Structure

XXX – XX – XXXX – XX – XXX – X – XX – XXX



Fund Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

- A fund is an accounting entity with a self-balancing set of accounts that records financial resources and liabilities
- Fund code identifies the funding type
- Allows district to organize and operate district accounting system
- Provides for accounting of funds required by law and the funds necessary for sound financial management
- Funds determined by TEA, LEA (local education agency/district), and Federal agencies

Fund Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

- First three digits of the account code structure
- First digit refers to fund group; codes beginning with:
 - 1XX = General Fund
 - General Fund used by all school districts
 - Also referred to as “Local Maintenance”
 - Use to record property taxes, athletic receipts, State Foundation School Program, some federal revenues such as Impact Aid
 - All funds number 100 to 199
 - For PEIMS purposes, all local funds converted to 199

Fund Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

- First digit refers to fund group; codes beginning with:
 - 2XX, 3XX, and 4XX = Special Revenue Funds
 - 200-289 = Federally Funded Programs
 - 290-379 = Federally Funded Shared Service Arrangements
 - 380-429 = State Funded Programs
 - 430-459 = State/Locally Funded Shared Service Arrangements
 - 460-499 = Locally Funded Programs

Fund Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

Some required codes:

- 211 = Title I, Part A
- 224 = IDEA-B, Part B Formula
- 240 = National School Breakfast and Lunch Program
- 313 = Shared Service Arrangements, IDEA-B, Part B Formula
- 437 = Shared Service Arrangements, Special Education
- 461 = Campus Activity Funds

Fund Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

- First digit refers to fund group; codes beginning with:
 - 5XX = Debt Service Funds
 - 6XX = Capital Projects Funds
 - 7XX = Proprietary Funds
 - 8XX = Fiduciary (Trust and Agency) Funds
 - 9XX = General Capital Assets and Long-Term Debt

Function Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

- Two digit code that represents a general operational area
- Groups together related activities

Function Code **XXX – XX – XXXX – XX – XXX – X – XX – XXX**

Major classes of function codes

- 1X – Instruction and instructional-related services
- 2X – Instructional and school leadership
- 3X – Support services for students
- 4X – Administrative support services
- 5X – Support services – non-student based
- 6X – Ancillary services
- 7X – Debt service
- 8X – Capital outlay
- 9X – Intergovernmental charges

Function Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

- 11 – Instruction
- 12 – Instructional Resources & Media Services
- 13 – Curriculum Development & Instructional Staff Development
- 21 – Instructional Leadership
- 23 – School Leadership

Function Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

- 31 – Guidance, Counseling & Evaluation Services
- 32 – Social Work Services
- 33 – Health Services
- 34 – Student Transportation
- 35 – Food Services
- 36 – Extracurricular Activities
- 41 – General Administration
- 51 – Facilities Maintenance & Operations
- 52 – Security & Monitoring Services
- 53 – Data Processing Services

Function Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

- 61 – Community Services
- 71 – Debt Service
- 81 – Facilities Acquisition & Construction
- 93 – Payments to Fiscal Agent/Member Districts of Shared Service Arrangements
- 95 – Payments to Juvenile Justice Alternative Education Programs
- 99 – Other Intergovernmental Charges

Object Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

- Four digit code that identifies nature and object of account, transaction, or source
- First digit identifies type of account or transaction
- Second digit identifies major area
- Third and fourth digits provide additional sub-classification

Object Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

Major classes of object codes

- 1XXX = Assets
- 2XXX = Liabilities
- 3XXX = Fund Equity
- 4XXX = Clearing Accounts
- 5XXX = Revenues / Income
- 6XXX = Expenditures / Expenses
- 7XXX = Other Resources / Non-Operating Revenues
- 8XXX = Other Uses / Non-Operating Expenses

Object Code XXX – XX – 1XXX – XX – XXX – X – XX – XXX

Asset codes beginning with:

- 11xx = Cash and Cash Equivalents
- 12xx = Receivables
- 13xx = Inventories
- 14xx = Other Current Assets
- 15xx = Land, Buildings, & Equipment
- 18xx = Restricted Assets
- 19xx = Other Assets

Object Code XXX – XX – **2XXX** – XX – XXX – X – XX – XXX

Liability codes beginning with:

- 21xx = Current Payables
- 22xx = Accrued Expenditures/Expenses
- 23xx = Deferred Revenue
- 24xx = Payables from Restricted Assets
- 25xx = Bonds and Loans Payable – Long Term

Object Code XXX – XX – 3XXX – XX – XXX – X – XX – XXX

Fund Balance codes beginning with:

- 34xx = Reserved/Nonspendable or Restricted Fund Balance
- 35xx = Designated/Committed or Assigned Fund Balance
- 3600 = Unreserved, Undesignated/Unassigned Fund Balance
- 3700 = Budgetary Fund Balance
- 3800 = Restricted Net Assets
- 3900 = Unrestricted Net Assets

Fund
Balance is
difference
between
assets and
liabilities

Object Code XXX – XX – 4XXX – XX – XXX – X – XX – XXX

Clearing accounts are used to balance the accounting records (maintain double entry) during interim periods and are closed to other accounts at the end of the fiscal year.

- 4310 = Reserve for Encumbrances

Object Code XXX – XX – 5XXX – XX – XXX – X – XX – XXX

Revenue codes beginning with:

- 57xx = Local Revenues – Property taxes, Athletic activities, Interest Income
- 58xx = State Program Revenues – Per capita, Foundation school program, TRS On-Behalf payments
- 59xx = Federal Program Revenues – National School Lunch Program, SHARS, Title I, Impact Aid

Object Code XXX – XX – **6XXX** – XX – XXX – X – XX – XXX

Expense codes beginning with:

- 61xx = Payroll Costs
- 62xx = Professional and Contracted Services
- 63xx = Supplies and Materials
- 64xx = Other Operating Expenses
- 65xx = Debt Service
- 66xx = Capital Outlay

Object Code XXX – XX – 6XXX – XX – XXX – X – XX – XXX

Payroll expense codes beginning with:

- 611x = Teachers & other professional personnel
- 612x = Support personnel
- 613x = Employee allowances
- 614x = Employee benefits

Object Code XXX – XX – **6XXX** – XX – XXX – X – XX – XXX

Required payroll expense codes:

- 6112 = Substitute teachers
- 6119 = Salaries for teachers & other professional personnel
- 6121 = Overtime for support personnel
- 6122 = Substitutes for support personnel
- 6129 = Salaries/wages for support personnel

Object Code XXX – XX – 6XXX – XX – XXX – X – XX – XXX

Required payroll expense codes:

- 6141 = Social Security/Medicare
- 6142 = Group health & life insurance
- 6143 = Workers compensation
- 6144 = TRS On-Behalf Payments
- 6145 = Unemployment compensation
- 6145 = Teacher Retirement System/TRS Care
- 6149 = Employee Benefits (other)

Object Code XXX – XX – 6XXX – XX – XXX – X – XX – XXX

Professional/contracted services expense codes beginning with:

- 621x = Professional services
- 622x = Tuition and transfer payments
- 623x = Education Service Center services
- 624x = Contracted maintenance & repair services
- 625x = Utilities
- 626x = Rentals & operating leases
- 629x = Miscellaneous contracted services

Object Code XXX – XX – 6XXX – XX – XXX – X – XX – XXX

Required professional/contracted services expense codes :

- 6211 = Legal services
- 6212 = Audit services
- 6214 = Advocacy expenses (portion of membership dues)
- 6219 = Professional services – licensed, registered
- 6239 = Education Service Centers

Object Code XXX – XX – **6XXX** – XX – XXX – X – XX – XXX

Required professional/contracted services expense codes :

- 6249 = Contracted maintenance and repair
 - Use 6249 for software renewals, maintenance agreements
 - Object code 6399 is used for first year of software license purchase
- 6259 = Utilities
- 6269 = Rentals – Operating leases

Object Code XXX – XX – **6XXX** – XX – XXX – X – XX – XXX

Required professional/contracted services expense codes :

- 6291 = Consulting services
 - Services that help districts improve performance
 - Identification and best practices, analytical techniques
 - Technology implementation
 - Strategy development, operational improvement

Object Code XXX – XX – 6XXX – XX – XXX – X – XX – XXX

Required professional/contracted services expense codes :

- 6299 = Miscellaneous contracted services

Per TEA FASRG: Professional and contracted services represent a complete service that is rendered for the school district, and no attempt should be made to separate labor from supplies. (Financial Accounting and Reporting Appendices; Page 164)

How do you code these shirts purchased for students:

Green t-shirts purchased at local retail store? 6399

Green t-shirts ordered with school mascot imprinted on them? 6299

Object Code XXX – XX – 6XXX – XX – XXX – X – XX – XXX

Supplies and materials expense codes beginning with:

- 631x = Supplies & materials for maintenance
- 632x = Textbooks & reading materials
- 633x = Testing materials
- 634x = Food service & other resale items
- 639x = Supplies & materials - general

Object Code XXX – XX – **6XXX** – XX – XXX – X – XX – XXX

Required supplies and materials expense codes:

- 6311 = Gasoline and other fuels
- 6319 = Supplies for maintenance/operations
- 6321 = Textbooks
- 6329 = Reading materials
- 6339 = Testing materials
- 6341 = Food
- 6342 = Non-Food
- 6399 = General supplies

Object Code XXX – XX – 6XXX – XX – XXX – X – XX – XXX

Other operating expense codes beginning with:

- 641x = Travel & subsistence
- 642x = Insurance & bonding costs
- 643x = Election costs
- 644x = Depreciation expense of proprietary funds
- 649x = Miscellaneous operating costs

Object Code XXX – XX – **6XXX** – XX – XXX – X – XX – XXX

Required other operating expense codes:

- 6411 = Travel & subsistence – Employees
- 6412 = Travel & subsistence – Students
- 6419 = Travel & subsistence – Non-Employees
- 6429= Insurance & bonding costs
- 6439 = Election costs
- 6449 = Depreciation expense of proprietary funds

Object Code XXX – XX – **6XXX** – XX – XXX – X – XX – XXX

Required other operating expense codes:

- 6491 = Statutorily required public notices in newspapers
- 6492 = Payments to fiscal agents of shared service arrangements
- 6493 = Payments to member districts of shared service arrangements
- 6494 = Reclassified transportation expenses
- 6495 = Dues

Object Code XXX – XX – 6XXX – XX – XXX – X – XX – XXX

Required other operating expense codes:

- 6499 = Miscellaneous operating costs
 - Fees not associated with travel
 - Awards
 - Graduation Expenses
 - Food or refreshments for school-related meetings
 - Newspaper advertisements (not statutorily required)
 - Expenditures for a tax increment fund

Object Code XXX – XX – 6XXX – XX – XXX – X – XX – XXX

Debt service expense codes beginning with:

- 651x = Debt principal
- 652x = Interest expense
- 659x = Other debt service expenses

Object Code XXX – XX – 6XXX – XX – XXX – X – XX – XXX

Capital outlay expense codes beginning with:

- 661x = Land purchase & improvement
- 662x = Building purchase, construction, or improvements
- 663x = Furniture & equipment (per unit cost \geq \$5000 and useful life of more than one year)
- 664x = Capital assets – district defined
- 665x = Capital assets under capital leases
- 666x = Library books & media (per unit cost \geq \$5000)

Object Code XXX – XX – 7XXX – XX – XXX – X – XX – XXX

Other Resource / Non-Operating Revenue codes beginning with:

- 7911-7949 = Other Resources
 - Issuance of bonds, sale of real property, operating transfer in, extraordinary items
- 7951-7989 = Non-operating Revenues
 - Gain on sale of real and personal property accounted through proprietary fund types and similar trust funds

Object Code XXX – XX – 8XXX – XX – XXX – X – XX – XXX

Other Uses / Non-Operating Expense codes beginning with:

- 8911-8949 = Other Uses
 - Operating transfer out, special items, extraordinary items
- 8951-8989 = Non-operating Expenses
 - Loss on sale of real and personal property accounted through proprietary fund types and similar trust funds

Sub-Object Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

Local option codes 1 and 2 in the account code structure:

- Two digit code that allows a district to account for additional information
- Recommended that a uniform system be used in the district
- Either numbers or letters can be used

Organization Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

- Three digit code that allows for accounting of a responsibility group
- Two main types of organization codes
 - Campus units
 - Administrative/department units

Organization Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

Organization codes beginning with:

- 001 – 040 = High School Campuses
- 041 – 100 = Middle School Campuses
- 101 – 698 = Elementary School Campuses
- 699 = Summer School
- 700 Codes = Administrative Units
- 800 - 997 Codes = Locally Defined
- 998 = Unallocated Organization Unit
- 999 = Undistributed Organization Unit

Organization Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

Required organization codes:

- 701 = Superintendent's Office
- 702 = School Board
- 703 = Tax Costs
- 750 = Business, HR, Purchasing Offices
 - May use 726-749 for these offices; converted to 750 for PEIMS purposes
- 751 = Fiscal Agent Shared Service Arrangements

Note: TEA assigns organization codes for new campuses

Fiscal Year Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

- One digit code that identifies the fiscal year
- For most funds, such as the General Fund, the fiscal year and school year are the same.
- Examples:
 - 0 = 2019-2020
 - 1 = 2020-2021
 - 2 = 2021-2022
- For some federal funds, the fiscal year code stays the same for a multi-year grant.
- Example: a two-year federal grant starts in 2019-2020, so 0 is used as the fiscal year for both years

Program Intent Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

- Two digit code that accounts for the costs directed toward a particular need of a specific set of students
- Some PICs have required annual spending minimums based on funding allocation and weighted average daily attendance (WADA) of the specific set of students; information provided in district's Summary of Finance
- Appendix B of FASRG Financial Accounting & Reporting Appendices provides additional guidance on program intent coding

Program Intent Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

Required program intent codes:

- 11 = Basic educational services
- 21 = Gifted and talented
- 22 = Career and technical
- 23 = Special education (students with disabilities)
- 24 = Accelerated instruction – supplemental services (state compensatory education - SCE)
- 25 = Bilingual education & special language programs

Program Intent Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

Required program intent codes:

- 26 = Nondisciplinary alternative education programs – basic and supplemental services
- 28 = Disciplinary alternative education program - DAEP basic services
- 29 = Disciplinary alternative education program – DAEP SCE supplemental services
- 30 = Title I Schoolwide Activities related to SCE
- 31 = High School Allotment (funding ended in 2018-2019)

Program Intent Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

Required program intent codes:

- 32 = Prekindergarten (Pre-K)
- 33 = Prekindergarten – Special Ed
- 34 = Prekindergarten – Compensatory Education
- 35 = Prekindergarten – Bilingual Education

Program Intent Code XXX – XX – XXXX – XX – XXX – X – XX – XXX

Required program intent codes:

- 36 = Early Education Allotment
- 37 = Dyslexia
- 38 = College, Career, and Military Readiness
- 91 = Athletics and related activities
- 99 = Undistributed costs

Important –
See TEA Letters dated

- August 16, 2019
- February 27, 2020

for information about
Program Intent Codes
36, 37, & 38

Local Option Codes XXX – XX – XXXX – XX – XXX – X – XX – XXX

Local option codes 3, 4 and 5 in the account code structure:

- Three digit code that allows a district to account for additional information
- Either numbers or letters can be used

Questions?

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