

LEA CHART OF ACCOUNTS

http://wvde.state.wv.us/finance/files/Manuals/chartofaccts_2016.pdf

ACCOUNT CODE STRUCTURE

A chart of accounts allows for the classification of financial transactions to facilitate the accumulation of revenues, expenditures, and balance sheet accounts in the categories needed for required reports. A chart of accounts also provides for comparability of reported data when compiling or comparing reports from different agencies.

The account codes included in this chart of accounts provide for classifying three basic types of financial activity: revenues and other financial sources of funds, expenditures and other uses of funds, and transactions affecting the balance sheet. For each type of transaction, the specific account code is made up of a combination of classifications called dimensions. The dimensions utilized are as follows:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
XX	XXXXX	XXXXX	XXX	XXX	XXXX	XXXX	XX

(1) FUND - The first dimension is a two-digit field that identifies the type of fund. The first digit identifies the basic type and the second digit identifies the sub-fund.

(2) PROJECT - The second dimension is a five-digit field that identifies the project. The first two digits identify whether the project is an unrestricted or restricted project and, if restricted, the basic type of project. Unrestricted projects are identified by zeroes in the first two elements; restricted projects are identified by significant digits in these two elements. For unrestricted projects, the third digit is also a zero; for restricted projects, the third digit identifies the fiscal year's funding source. The fourth and fifth digits identify sub-projects.

(3) REVENUE SOURCE, PROGRAM/FUNCTION, OR BALANCE SHEET ACCOUNT - The third dimension is a five digit field which is used to identify three basic types of accounts; revenue source, program/function (expenditure), or balance sheet account. The type of account is distinguished by the first two digits of the field. Revenue accounts begin with a zero and the second digit of the dimension identifies the type of revenue. Expenditure accounts begin with a one through nine; the first digit of the dimension identifies the program and the second digit identifies the function. For balance sheet accounts, the first two digits are zero and the dimension identifies the balance sheet account to which the transaction is being posted.

(4) OBJECT - The fourth dimension is a three-digit field that identifies the basic type of account, such as a revenue account, an expenditure account, or a balance sheet account. For expenditure accounts, the dimension also identifies the service or commodity obtained as a result of the specific expenditure.

(5) LOCATION - The fifth dimension is a three-digit field that identifies the location. The first digit identifies the type of building and the second two digits identify the specific building.

(6) COST CENTER - The sixth dimension is a four-digit field that can be used to identify the cost center. The use of this dimension is optional at this time, but its usage is recommended.

(7) SUBJECT - The seventh dimension is a four-digit field that can be used to identify the subject area being taught in instructional programs. The use of this dimension is also optional at this time.

(8) EXPANSION - The eighth dimension is a two-digit field whose use has been reserved for future expansion.

PROJECT CODES

- UNRESTRICTED PROJECTS (00YXX)
- RESTRICTED PROJECTS - STATE (01YXX-29YXX)
- RESTRICTED PROJECTS - FEDERAL RECEIVED DIRECTLY BY LEA (30YXX - 39YXX)
- RESTRICTED PROJECTS - FEDERAL RECEIVED THROUGH STATE (40YXX - 60YXX)
- RESTRICTED PROJECTS – COMBINATION OF STATE AND FEDERAL (61YXX - 87YXX)
- RESTRICTED PROJECTS - OTHER (88YXX - 89YXX)
- LOCAL PROJECTS (90YXX - 99YXX)

REVENUE SOURCE CODES

- 01 Revenue from Local Sources
- 02 Revenue from Intermediate Sources
- 03 Revenue from State Sources
- 04 Revenue from Federal Sources
- 05 Revenue from Miscellaneous Sources
- 06 Special or Extraordinary Items

PROGRAM CODES

The first digit of the program/function code identifies the instructional program to which an expenditure is being charged. The second digit of this code element identifies the function, and the last three digits identify the activity. All five digits MUST be entered to have a complete code. The program codes are:

1XXXX Regular Elementary/Secondary Education Programs. Activities that provide students in pre-kindergarten through grade 12 with learning experiences to prepare them for further education or training and for responsibilities as citizens, family members, and workers. Use program 200 for special education programs that focus on adapting curriculum or instruction to accommodate a specific disability; program 300 for vocational/technical programs that focus on career skills; and program 400 for alternative education programs that focus on the educational needs of students at risk of failing or dropping out of school because of academic, behavioral, or situational factors.

2XXXX Special Education Programs. Activities that provide students in pre-kindergarten through grade 12 with learning experiences that are categorized as special programs outside the realm of “regular programs” to prepare them for further education or training and for responsibilities as citizens, family members, and workers. These services are related to mental retardation, orthopedic impairment, emotional disturbance, developmental delay, specific learning disabilities, multiple disabilities, hearing impairment, other health impairments, visual

impairments including blindness, autism, deaf-blindness, traumatic brain injury, and speech or language impairments.

3XXXX Vocational Education Programs. Activities that provide students with the opportunity to develop the knowledge, skills, and attitudes needed for employment in an occupational area.

4XXXX Other Instructional Programs - Elementary/Secondary. Activities that provide students in grades pre-kindergarten through K-12 with learning experiences not included in the programs 100-300 or 500-900. Also inclusive of students receiving services related to gifted and talented programs.

5XXXX 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 funds 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.

6XXXX 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.

7XXXX Transfers and Reserves. Activities related to the transfer of funds and budgeted reserves.

8XXXX Community Service Programs. Activities which are not directly related to the provision of educational services in an 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.

9XXXX Co-Curricular and Extra-Curricular Activities. Activities that add to a student's educational experience but are not related to educational activities. These typically include events and activities that take place outside the traditional classroom. Some examples are student government, athletics, band, choir, debate teams, club activities, and honor societies.

FUNCTION CODES

The second digit of the program/function code identifies the function and the last three digits identify the activity. The activity codes vary, depending on the function code. For instruction function codes (Function Code 1), the third digit identifies the program again and the fourth and fifth digits identify the instructional activities. **For support service function codes (Function Code 2), the third digit identifies the following categories of support services: 1 – Student; 2 – Instructional Staff; 3 – General**

Administration; 4 – School Administration; 5 – Central Services; 6 – Operations and Maintenance of Plant; 7 – Student Transportation; 8 – Not Used; and 9 – Other Support Services, and the fourth and fifth digits identify the support activities.

The function codes are:

- X1XXX 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 chairpersons' expenditures should be included in X2490.
- X2XXX 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 objective of instruction and community services.
- X3XXX Operation of Non-instructional Services.** Activities concerned with providing non-instructional services to students, staff, or the community.
- X4XXX Facilities Acquisition and Construction.** Activities concerned with initially acquiring and improving land.
- X5XXX Debt Service.** Activities related to servicing the long-term debt of the school district, including payments of both principal and interest.
- X6XXX Transfers and Reserves.** Activities related to the transfer of funds and budgeted reserves.

BALANCE SHEET

The balance sheet account code dimension is a five-digit field located in the third element of the account code structure that identifies different balance sheet accounts used by county boards of education. Balance sheet accounts can be distinguished from revenue and program/function accounts by the fact that the first two digits of balance sheet accounts are zeroes. The third digit identifies the type of balance sheet account:

- 001 - Current assets
- 002 - Fixed assets
- 003 - Deferred outflows of resources
- 004 - Current liabilities
- 005 - Long-term liabilities
- 006 - Deferred inflows of resources
- 007 - Fund equity

OBJECT CODES

- 001 *Current Assets.* Object code suffix to be used with balance sheet codes 001XX.
- 002 *Capital Assets.* Object code suffix to be used with balance sheet codes 002XX.
- 003 *Deferred Outflows of Resources.* Object code suffix to be used with balance sheet codes 003XX.
- 004 *Current Liabilities.* Object code suffix to be used with balance sheet codes 004XX.
- 005 *Long-Term Liabilities.* Object code suffix to be used with balance sheet codes 005XX.
- 006 *Deferred Inflows of Resources.* Object code suffix to be used with balance sheet codes 006XX.
- 007 *Fund Equity.* Object code suffix to be used with balance sheet codes 007XX.
- 008 *Other.* Object code suffix to be used with other types of accounts not specifically identified.
- 009 *Revenues.* Object code suffix to be used with revenue source codes.
- 100-900 *Expenditures.* Object code suffix to be used with program/function codes.
- 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 LEA.
- 200 Fixed Charges - Employee Benefits. Benefits normally paid by the employer as a direct cost of employment. Includes social security matching, workers' compensation, unemployment compensation, pension and retirement contributions, and public employees' insurance matching.
- 300 Purchased Professional and Technical Services.
- 400 Purchased Property Services.
- 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.
- 600 Supplies. Amounts paid for items that are consumed, are worn out, or have deteriorated through use, or items that lose their identity through fabrication or incorporation into different or more complex units or substances.
- 700 Property. Expenditures for acquiring fixed assets, including land, existing buildings, improvements of grounds, initial equipment, additional equipment, and replacement of equipment.
- 800 Other Objects. Amounts paid for goods and services not otherwise classified above.
- 900 Other Items. Used to classify transactions which are not properly recorded as expenditures/expenses but require control and reporting by the LEA.

LOCATION CODES

0XX	Central Office and Non-School Buildings
1XX	Combined Schools
2XX	Elementary Schools (includes kindergarten)
3XX	Middle Schools
4XX	Junior High Schools
5XX	Senior High Schools
6XX	Special Education Centers
7XX	Vocational/Technical and Adult Centers
8XX	Private
9XX	Parochial

UPCOMING REQUIREMENT TO REPORT PER PUPIL EXPENDITURES AT THE SCHOOL LEVEL

Under the new Every Student Succeeds Act (ESSA), there is a requirement to report per-pupil expenditure data in the public report card at both the LEA level and the individual school level. The first year the data is required to be publicly report is the 2017-18 data by December 31, 2018. Federal and state/local spending must be differentiated in the reporting.

WVDE has joined a national group (sponsored initially by USDE with duties subsequently transferred to the CCSSO) called the Financial Transparency Work Group to work with other states to implement this new requirement. There are currently no federal regulations regarding this new requirement, so although we desire to be consistent and comparable with other states, there is nothing that requires us to do things exactly like other states.

West Virginia LEAs are ahead of many others around the country because we use a statewide chart of accounts with a location code field. From speaking with several LEAs, all salary costs and associated fringe benefits are already being recorded at the location code level. That is approximately 80% of the costs. While there are some costs that simply make no sense to record at the location level (central office expenditures, transportation, etc.), we will be working prior to July 1, 2017 to provide guidance on other costs that do need to be recorded at the location level by all districts. Although we do not have to be consistent with other states, we do need to be consistent within West Virginia with how costs are reported to the extent possible.

There may have to be some changes made to the chart of accounts to accommodate the new reporting requirements. Those will also be determined before July 1, 2017 so they can be in place at the beginning of the fiscal year.

CHART OF ACCOUNT COMMON CODING ERRORS

1. One of the most common mistakes we discover each year is invalid combinations of revenue/expenditure codes and object codes.
 - a. Do not use revenue source codes with expenditure object codes.
 - Some examples found during FY16:

fiscal_year	fund	project	rspfbs	revenue_expenditure	object	ytd
2016	61	14610	01111	Revenue	350	4,065.00
2016	61	32601	01112	Revenue	582	210.23
2016	61	01612	01111	Revenue	535	(500.00)
2016	61	05521	01111	Revenue	891	(139.40)
2016	11	00402	01111	Revenue	261	0.43
2016	11	00402	01111	Revenue	221	10.34
2016	11	00402	01111	Revenue	132	135.20
2016	61	90603	01111	Revenue	586	330.81
2016	61	33622	01211	Revenue	262	0.03
2016	61	33622	01211	Revenue	233	0.60
2016	61	33622	01211	Revenue	221	0.60

- b. Do not use program function codes with a revenue object code.
 - An example found during FY16:

fiscal_year	fund	project	rspfbs	revenue_expenditure	object	ytd
2016	61	88516	14511	Expenditure	009	(2,991.70)

2. The correct revenue source code for PEIA Allocation payments is 03918. As of the FY16 data file, there are still 3 counties using the incorrect code of 03181.
3. Extra Pupil Pay – the correct object code to capture extra pupil pay is Object 115. It was discovered that 16 county boards did not record any expenditures to that object code for FY16. While some of those counties truly did not have any extra pupil pay to record there, it was discovered that other counties were using a different account to track those expenses. As a reminder, please use Object 115 to track these expenses moving forward.
4. Taxes – It was discovered during a trend analysis for FY15 that not all counties were breaking out the full excess levy amounts, but rather combining the excess levy with the regular levy amounts.
 - a. Please use the following revenue source codes for regular levy taxes:
 - i. 01111 – Regular Levy, Current Year
 - ii. 01115 – Regular Levy, Prior Years
 - b. Please use the following revenue source codes for regular levy taxes:
 - i. 01112 – Excess Levy, Current Year
 - ii. 01116 – Excess Levy, Prior Years
5. Extra-Curricular and Co-Curricular Activities – During the FY16 legislative session, we were asked about extra-curricular and co-curricular expenditures. There is a program code of 9XXXX that is designated for these activities. When we ran a pivot table on the data, it was discovered that the amounts coded to this account varied widely across the state. This is because a lot of the

expenditures are at the school level and not included in the data file that we receive and also because not all counties are utilizing this program/function code properly.

6. Miscellaneous errors found:
 - a. Improper program/function code: 1XX92 – there is no valid function code that ends in 92
 - b. Invalid Revenue Source Codes:
 - i. 04510
 - ii. 03181 – listed in #2 above
7. In general, please check each year to make sure that the account codes you are using in WVEIS are valid account codes per the Chart of Accounts.

CHART OF ACCOUNTS (WVDE vs NCES)

One reason it is vital for LEAs, RESAs, and MCVCs to adhere to the Local Educational Agencies Chart of Accounts (LEA COA), as issued annually by the WVDE Office of School Finance (OSF), is that it ensures consistent financial reporting across all entities for the purpose of reporting financial data to the federal government. The OSF utilizes the federal chart of accounts contained in the “Financial Accounting for Local and State School Systems: 2014 Edition,” published by the National Center for Education Statistics (NCES), as the framework for the LEA COA. This framework allows WVDE to match up LEA COA codes to the NCES codes utilized in the various annual federal reports. Without such a framework, consistent and accurate reporting could not be achieved. Furthermore, LEAs, RESAs, and MCVCs would be required to manually crosswalk their own financial data codes to agree with the NCES framework in order for the OSF to be able to complete the annual reports on their behalf. A copy of the NCES “Financial Accounting for Local and State School Systems: 2014 Edition” can be found at: <https://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2015347>.

The NCES financial accounting framework has many similarities to the LEA COA. However, a few differences do exist. Those differences are summarized as follows:

- **Account Code Framework** – The NCES account code framework does not follow the XX.XXXXX.XXXXX.XXX.XXX format that the LEA COA follows. However, each part of the LEA COA account code structure is based upon actual codes in the NCES financial accounting manual.
- **Fund Codes** – NCES prescribes only single digit fund codes, whereas the LEA COA includes two digit funds codes to allow for multiple funds within a category. For example, Funds 11 and 12 in the LEA COA both comprise the general fund, but would be reported only as Fund 1 by NCES standards. The first digit of the LEA COA fund code does not always agree to the NCES code (i.e. NCES fund 2 is the special revenue fund, while the LEA COA uses fund codes starting with 6 for special revenue funds). Such differences are cross walked from the LEA COA to the NCES prescribed format at the state level for federal financial reporting purposes.
- **Project Codes** – LEA COA project codes only loosely follow the NCES prescribed format. This is because the NCES format does not provide enough detail for WV LEAs to account for their large number of projects. NCES only prescribes a three digit code, with the last digit being the fiscal year, while the LEA COA includes a five digit code with the third/middle digit being the fiscal year. Federal reporting does NOT rely heavily on utilizing the NCES project codes.

- **Revenue Source Codes** – NCES revenue source codes contain four digits. The LEA COA adds a leading zero to the NCES code to achieve a five digit code that can fit in the account code framework at the third position (commonly referred to as the PFRSBS code). **Federal reports rely heavily on the NCES revenue source codes.**
- **Program/Function Codes** – NCES actually utilizes separate code structures for programs and functions/activities. However, WVDE utilizes the first digit of the NCES program code as the first digit of the LEA COA program/function code. The remaining four digits are made up of the NCES 4 digit function/activity codes. Again, utilizing a five digit program/function code for expenditures allows the LEA COA to utilize the same position of the WVEIS account code structure as the revenue source and the balance sheet codes. **Federal reporting relies heavily on program and function/activity reporting for expenditures.**
- **Balance Sheet Codes** – NCES utilizes three digit balance sheet codes. The LEA COA adds two leading zeros to the NCES code to arrive at a five digit code that can also be placed at the third position of the WVEIS account code structure. Federal reporting does NOT rely heavily on NCES balance sheet codes.
- **PFRSBS Codes** – The LEA COA utilizes 5 digit codes for the program/function codes, balance sheet codes, and revenue source codes. Since a single transaction can never be classified as more than one type (i.e. both a balance sheet and a revenue source), the third position of the WVEIS account code structure can be utilized for all three purposes. The NCES format does not provide for this.
- **Object Codes** – NCES utilizes three digit object codes, just as the LEA COA. There are only a few discrepancies between the two. Such differences generally arise when the LEA COA already utilizes an object code that NCES is adding. **Federal reporting relies heavily on object code reporting.**
- **Location/Level of Instruction** – NCES utilizes a two digit “level of instruction” code, while the LEA COA utilizes a three digit location code. There are very few similarities between the two, although they serve the same purpose. **Federal reporting does NOT rely heavily on location code reporting...until next year (stay tuned!)**

Federal reporting relies more heavily on certain account code types than others, as noted above. Therefore, it is vital that the LEA COA closely mirror the NCES codes for those areas. It is also vital that LEAs, RESAs, and MCVCs utilize only the codes prescribed in the LEA COA. Any discrepancies (i.e. made up account codes) must be individually investigated by OSF. **Furthermore, the LEA COA must be consistently applied by all LEAs, RESAs, and MCVCs to allow the OSF to accurately crosswalk LEA COA data to the federal reports.**

Currently, OSF prepares the following two separate federal financial reports:

The National Public Education Financial Survey (NPEFS) is used to collect financial data related to elementary and secondary education on a statewide basis. The NPEFS is utilized by the federal government to calculate a state per pupil expenditure amount that is then used in the formula for allocating a number of federal program funds to states and school districts, including: Title I, Impact Aid, and Indian Education. Other programs make use of state per pupil data indirectly because their allocation formulas are based, in whole, or in part, on state Title I allocations. The data are also used by researchers and government policymakers to address important education policy and research issues. The NPEFS reports only aggregate amounts for the state as a whole.

The Local Education Agency (School District) Financial Survey, commonly referred to as F-33, is used to provide revenue and expenditure data for all school districts in the United States. The F-33 reports revenue and expenditure data for each of the 55 school districts and 8 RESAs.

For fiscal year 2017-18, NCES will begin requiring states to report school level data; therefore, the importance of utilizing appropriate location codes will increase significantly.