

CHAPTER 6 – General Fund Expenditure Accounts

- Beginning at page 6-1, the **Introduction** section of Chapter 6 is modified. Narrative describing other Funds is removed. Narrative describing the General Fund subsidiary account code structure is added and reads as follows:

INTRODUCTION

This chapter illustrates the subsidiary expenditure account structure and contains the listing of expenditure accounts for the school district's General Fund. Because expenditure account structures and account numbers are not uniform for all funds, this chapter is dedicated to the General Fund.

The user can find expenditure information on other funds by referring to other chapters dedicated to that purpose. Information about the Capital Projects Fund and the Transportation Vehicle Fund Accounting is found in Chapter 10; Debt Service Fund Accounting is Chapter 11; The Associated Student Body (ASB) Fund is Chapter 12; and Fiduciary Activity is Chapter 13.

In each fund, subsidiary expenditure accounts are summarized in General Ledger Account 530 Expenditures and controlled by establishing estimates in Account 900 Appropriations for Expenditures.

Each district shall maintain general ledger accounts that show the amount appropriated and the amount expended. The purpose of this requirement is to guard against the creation of liabilities in excess of the appropriations approved by the board of directors. General ledger accounts are also provided for the purpose of creating a formal accounting record of encumbrances. At the end of the year, outstanding encumbrances are closed to Account 820 Committed to Encumbrances. At the start of the next fiscal year, encumbrances should be reestablished, if still valid (GASB Cod. Sec. 1700.128).

See Chapter 7 General Journal Entries for recording examples and the Administrative, Budgeting, and Financial Reporting (ABFR) Handbook for the note disclosure requirements.

General Fund Account Structure

The account structure for general fund expenditures is summarized in the following table format: Fund – Sub-Fund – Program – Activity – Object/NCES Object – Location:

The General Fund Account Structure for Revenues and Expenditures						
Fund / Sub-Fund	GL Code	Program	Revenue	Activity	Object/NCES	Location
1 / 1	530	2		2	1 / 3	4
1 / 1	960	2	2			

Fund and Sub-Fund

For reporting purposes to OSPI, the Fund segment is a single integer. Beginning in fiscal year 2018–19, a local revenue sub-fund of its general fund is established to account for the financial operations of a school district that are paid from local revenues per RCW 28A.320.330. The Sub-Fund element was added to the account code structure and is also a single integer.

Beginning in fiscal year 2019–20 the Fund and Sub-Fund segment will be combined for F-196 reporting purposes and the two-digit segment will be reported to OSPI.

The sub-fund represents a sub-set of the General Fund and is only applicable to revenues 960 and 965 and expenditures 530, 535, and 536. There is only one General Fund Balance Sheet; but the sub-fund concept will be segregated on the Statement of Revenues, Expenditures, and Changes in Fund Balance in a subsidiary financial statement to report the Sub-Fund Activities to OSPI. The sub-fund concept is described in the Introduction section at the beginning of the Accounting Manual.

Program and Revenue Codes

The program codes classify revenues and expenditures into the plan of activities and procedures designed to accomplish a predetermined set of objectives. Eight broad areas are identified in this chapter intended to capture similar instructional services delivered to public schools: Regular Instruction; Special Education; Vocational Education; Skill Centers; Compensatory Education; Other Instructional Programs; Community Services; and Support Services. Specific programs are described later in this chapter.

Revenue codes are explained in Chapter 5: The first two digits of a revenue code reflects the source of the funds; the program code is represented in the last two digits of the revenue codes. The table below is a cross-reference for program codes to revenues.

Activity Codes

The activity describes the function for which a service or material object is acquired. The activities of a school district are classified into nine broad areas: Administration; Instruction; Instructional Support; School Food Services; Pupil Transportation; Maintenance and Operation; Other Services; Debt Service; and Public Activities. Activities are described later in this chapter.

Object Codes and NCES Object Codes

Object codes are used to describe the service or commodity obtained as the result of a specific expenditure. Beginning in fiscal year 2019–20, school districts will report expenditures using a four digit Object Code to OSPI.

Object of expenditures are classified by the first integer into nine broad areas used in school district accounting:

- (0) Debit Transfer
- (1) Credit Transfer
- (2) Salaries—Certificated Employees
- (3) Salaries—Classified Employees
- (4) Employee Benefits and Payroll Taxes
- (5) Supplies, Instructional Resources, and Non-capitalized Items
- (7) Purchased Services
- (8) Travel
- (9) Capital Outlay

The object code is further classified by a specific three-digit code. These three-digit codes are modelled after National Center for Education Statistics (NCES) object codes to provide detailed expenditure information necessary for federal reporting and comparability across districts. Object codes are described later in this chapter.

Location Codes

Location codes permit expenditures to be segregated to educational sites. Beginning in fiscal year 2019–20, school districts will report expenditure information using approved, four-digit Location Codes to OSPI on the F-196. If the school district’s accounting software does not contain four-digits in its location code segment, districts must create cross-walks to upload information for F-196 reporting.

In general, the approved location codes are provided to school districts by OSPI to support the flow of education-related information back to the state. The location codes are commonly used by school districts in other fiscal reporting platforms including personnel and enrollment reporting. For the purpose of reporting expenditure information to OSPI, the approved location codes are classified into two broad categories:

- **K–12 Instructional**: locations that record student enrollment counts from P-223 and other Enrollment Reports.
- **Non-Instructional**: locations that do not record student enrollment such as district administration, maintenance facilities, and bus barns.

Allocating Non-Instructional Costs to Instructional Locations

Under the Every Student Succeeds Act (ESSA), Section 1111 (h), the state must produce annual reports on the per-pupil expenditures of federal, state, and local funds for each school district and for each school in the state. The reporting requirements prescribe district-level, non-instructional location costs be allocated to the school level to provide uniformed results.

Non-Instructional cost allocation should begin at the school district level. At year end, school districts should evaluate specific non-instructional expenditures and allocate those expenditures to the applicable school locations. For example, if the district has itinerant staff expenditures in a non-instructional location, and the staff works in three of the district’s eight school locations, the district should consider allocating the itinerant expenditures to only the three school locations they visit. The allocation of costs to the three school sites can be based on a methodology designed to attribute those costs to the school level in a uniformed manner such as a per-pupil served by location. If a school district identifies other program-specific expenditures in non-instructional locations, the district should assign those costs to the appropriate school locations that provide the program. For example, if the school district has CTE director expenditures in a non-instructional location,

those program-related expenditures should be allocated to the appropriate school locations served by the program.

Other non-instructional expenditures, such as the superintendent's office, the business office, and human resources can be allocated to instructional locations in a uniformed methodology such as AAFTE at each school.

Non-instructional expenditures submitted on the annual F-196 will be allocated by OSPI to instructional locations using similar uniformed methodologies.