

# FINANCIAL MANAGEMENT FOR GEORGIA LOCAL UNITS OF ADMINISTRATION

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<b>1</b>	<b>October 2015</b>	<b>3</b>	<b>Chart of Accounts</b>

## NATURE AND PURPOSE

Common terminology and classifications should be used throughout the budgeting, accounting, and financial reporting activities of a Local Unit of Administration (LUA). The illustrative chart of accounts presented in this appendix has been designed for this purpose. The chart of accounts is designed to provide LUA management with a comprehensive account structure for its internal financial reporting as well as external reporting to the Georgia Department of Education (GA DOE) and other agencies. The chart of accounts consists of the following fields for accounting transactions:

DESCRIPTION	YEAR CODE	FUND NO.	FISCAL YEAR	PROGRAM TYPE NO.	REVENUE SOURCE FUNCTION OR BALANCE SHEET NO.	OBJECT NO.	SUB. OBJECT NO.	FACILITY CODE	BLDG CODE	ADDIT. CODE NOS.
REVENUES	XX	XXX	X	XXXX	XXXX	N/A	N/A	XXXX	X	XXXXXX
EXPENDITURES	XX	XXX	X	XXXX	XXXX	XXX	XX	XXXX	X	XXXXXX
BALANCE SHEET	XX	XXX	X	N/A	XXXX	N/A	N/A	N/A	N/A	XXXXXX

In order for a transaction to be processed in the standardized budgeting and financial reporting format, the following fields must contain valid codes: Year Code, Fund, Program Type, Revenue Source, Function or Balance Sheet account and Object.

DESCRIPTION	YEAR CODE	FUND NO.	PROGRAM TYPE NO.	REVENUE SOURCE FUNCTION OR BALANCE SHEET NO.	OBJECT NO.
REVENUES	XX	XXX	XXXX	XXXX	N/A
EXPENDITURES	XX	XXX	XXXX	XXXX	XXX
BALANCE SHEET	XX	XXX	N/A	XXXX	N/A

Year Code is the last two digits of the fiscal year to which the transaction is applicable.

Fiscal Year is a dormant field which is no longer used. This field may be left blank when recording transactions.

Sub-Object Number is available to those LUAs which desire to expand the object classification beyond the three-digits required for state reporting.

Facility Code is a four-digit code used to tie a transaction to a specific facility in the LUA if necessary. It is an optional field.

Building Code is a one-digit code used to tie a transaction to a specific building on a campus. It is an optional field.

Additional Code numbers are reserved for future use by the GA DOE, but may be used by LUAs at this time.

### **FUND CLASSIFICATIONS**

Governmental accounting systems should be organized and operated on a fund basis. All of an LUA's individual funds are first classified by category and then by generic fund type within each category. There are four categories as follows:

Governmental Funds - The funds through which most LUA functions typically are financed.

Proprietary Funds - The funds used to account for LUA activities that are similar to business operations used in the commercial sector; or where the reporting focus is on determining net income, financial position and cash flows.

Fiduciary Funds - The funds used to account for assets held by the LUA as trustee or agent.

A three digit code identifies the accounting entity (i.e., the fund classification). Except for Quality Basic Education (QBE) accounting in the general fund, the LUA has flexibility to establish sub-funds within a fund as needed to identify projects or programs. Fund accounting must include balance sheet, revenue and expenditure accounts for each project or program within a fund.

### **CLASSIFICATION OF BALANCE SHEET ACCOUNTS**

A listing and definition of balance sheet accounts is linked below. Most of the accounts listed are used in the balance sheets illustrated in the annual financial statements included in the illustrative comprehensive annual financial report (CAFR) in Appendix D. Assets include what is owned and other items not owned as of the balance sheet but expected to become fully owned at some future date. Liabilities are financial obligations of the LUA. Fund Equity accounts reflect the excess of a fund's assets over its liabilities. Portions of the fund balance may be reserved if there is a legally binding restriction, usually externally imposed, earmarking resources for a specific future use such as a reserve for bus replacement or as a reserve for encumbrances. In addition, there is a reservation of fund balance that denotes funds are not available for appropriation or expenditure and is applicable only to governmental fund types, such as a reserve for inventories or prepaid insurance.

### **CLASSIFICATION OF REVENUES AND OTHER FINANCING SOURCES**

LUA revenues are classified by fund, type and source (four digit code). The following link includes the different classification of revenue commonly found in an LUA. This revenue listing is intended to provide a logically structured and reasonably complete revenue classification which can be adapted to meet the management and reporting needs of Georgia LUAs.

### **EXPENDITURES AND OTHER FINANCING USES CLASSIFICATIONS**

Multiple classification of governmental fund expenditure data is important from both internal and external management control and accountability standpoints. It facilitates the aggregation and analysis of data in different ways for different purposes and in manners that cross fund and organization lines, for internal evaluation, external reporting, and intergovernmental comparison purposes. The major accounting classifications of expenditures are by fund (as described above), program, function, and object class.

### **PROGRAMS**

The program classification (four digit) provides information on the objectives of expenditures. Programs group activities, operations, or organizational units that are directed to the attainment of specific purposes or objectives. Program Codes are useful in identifying the revenue sources and expenditures for specific grants and programs. Program codes are utilized to determine

compliance with expenditures controls set forth for QBE, and for various federal grant monitoring.

## **FUNCTIONS**

Functions group related activities that are aimed at accomplishing a major service or regulatory responsibility. The functions are classified into five broad areas: Instruction, Support Services, Operation of Non-Instructional Services, Facilities Acquisition and Construction, and Other Outlays. Functions are further categorized into sub-functions and areas of responsibility.

## **OBJECTS**

Finally, expenditures should be classified by object classes, that is, according to the types of items purchased or services obtained. There are nine major object categories which may be further subdivided. Examples of "Current Operating" object of expenditure classifications are personal services, supplies, and other services and charges. ("Capital Outlays" and "Debt Service" also are major objects of expenditure classifications.) Excessively detailed object classifications should be avoided since they complicate the accounting procedure and are of limited use in financial management.

A listing of all code categories above can be found at this location on the GaDOE website:

[http://archives.doe.k12.ga.us/fbo\\_financial.aspx?PageReq=FBOFinRevCOAB](http://archives.doe.k12.ga.us/fbo_financial.aspx?PageReq=FBOFinRevCOAB)

## **JOB CODES**

The Certified/Classified Personnel Information Report collected by the Data Collections Division of GaDOE requires a 3-digit job code for every employee reported. This job code relates to a specific classification of employee. Given the general description of each job code, the job codes have been related to specific object codes. The relationship in Appendix C-1 is to assist the finance personnel at each school district and charter school in correctly expensing the salaries and related benefits for each employee. The relationship is intended to be used as guide. For example, classroom teachers should always be expensed to object code 110 – Teachers. If your district has an employee with a job description that does not appear to comply with the relationship codes presented, please contact the Financial Review Team.