

Understanding the USFR Chart of Accounts

Presented by:

Jennifer L. Shields, CPA, CGFM

April 14, 2022

Today's Agenda

-
- Chart of Accounts – Navigating and Understanding the Elements
 - Funds – General Overview
 - Expenditure Account Code Structure
 - Object Element
 - Function Element
 - Program Element

Accessing the USFR Chart of Accounts

- <https://www.azauditor.gov/>
- Hover over Resources, then click **School Districts**,
Manuals/Memorandums
- Click on link for most recent chart of accounts
- Typically updates each summer, occasionally mid-year updates occur

Why Do We Have the COA?

Consistency

Federal Alignment

Fund Accounting
System

Generally
Accepted
Accounting
Principles

Lessen Reporting
Burden

Is Everyone's Chart of Accounts the Same?

yes	no
<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

However...

Is Everyone's Chart of Accounts the Same?

- The Arizona Auditor General's Office prescribes the minimum level of coding requirements
- Some LEAs follow the minimum
- ...Some LEAs implement much more detail



Do We Have to Follow the Chart of Accounts?

yes	no
<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

Are there codes referenced you will never see in your General Ledger?

yes	no
<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

Differences Between School District and Charter School Chart of Accounts

- Project code (4 digits) vs Fund code (3 digits)
- Charter doesn't have as many asset and revenue codes
- Some terminology differences (fund balance vs equity)
- Charters don't have the italic coding direction like School Districts are provided (more to come on this)
- Some bolded object codes vary
- Capital coding object codes are different

USFR Chart of Accounts

How to Read the Chart of Accounts

Bold vs.
Italics

No Bold
or Italics

Updated
Date

Date of
Update

Guidance

Bold vs. Italics

Bold



Italics



6200	PERSONAL SERVICES—EMPLOYEE BENEFITS <i>(Use detailed codes below)</i>
6210	Employee Insurance —Amounts paid for the employer’s share of any insurance plans, such as life, health, dental, and accident insurance.
6220	Social Security Taxes —Amounts paid for the employer’s share of social security. Although expenditure object codes 6221 and 6222 are optional, districts must maintain adequate records to separately identify Social Security and Medicare.
6221	<i>Social Security—OASDI</i>
6222	<i>Medicare—Hospital Insurance</i>
6230	State Retirement System Contributions —Amounts paid for the employer’s share of retirement and long-term disability contributions to the Arizona State Retirement System. Although expenditure object codes 6231, 6232, and 6235 are optional, districts must maintain adequate records to separately identify State Retirement, Long-Term Disability, and the Alternative Contribution Rate amounts.
6231	<i>State Retirement</i>
6232	<i>Long-Term Disability</i>
6235	<i>Alternative Contribution Rate A.R.S. §38-766.02</i>
6240	Tuition Reimbursement —Amounts reimbursed to any employee qualifying for tuition reimbursement on the basis of district policy.
6250	Unemployment Insurance —Amounts paid to provide unemployment insurance for its employees. These charges may be distributed to functions in accordance with the salary budget or may be coded to function 2310 .

NO Bold or Italics

6200	PERSONAL SERVICES—EMPLOYEE BENEFITS <i>(Use detailed codes below)</i>
6210	Employee Insurance—Amounts paid for the employer's share of any insurance plans, such as life, health, dental, and accident insurance.
6220	Social Security Taxes—Amounts paid for the employer's share of social security. Although expenditure object codes 6221 and 6222 are optional, districts must maintain adequate records to separately identify Social Security and Medicare.
6221	<i>Social Security—OASDI</i>
6222	<i>Medicare—Hospital Insurance</i>
6230	State Retirement System Contributions—Amounts paid for the employer's share of retirement and long-term disability contributions to the Arizona State Retirement System. Although expenditure object codes 6231, 6232, and 6235 are optional, districts must maintain adequate records to separately identify State Retirement, Long-Term Disability, and the Alternative Contribution Rate amounts.
6231	<i>State Retirement</i>
6232	<i>Long-Term Disability</i>
6235	<i>Alternative Contribution Rate A.R.S. §38-766.02</i>
6240	Tuition Reimbursement—Amounts reimbursed to any employee qualifying for tuition reimbursement on the basis of district policy.
6250	Unemployment Insurance—Amounts paid to provide unemployment insurance for its employees. These charges may be distributed to functions in accordance with the salary budget or may be coded to function 2310.

Updated Reference

6521	Current Year Insurance—Expenditures for insurance coverage, including property, liability, and fidelity, for the current fiscal year. Insurance for group health should be coded to expenditure object code 6210.	Only 2310 2610 2700	Updated
6522	Prepaid Insurance—Expenditures in the current year for insurance coverage, including property, liability, and fidelity, to be provided in subsequent fiscal years. Insurance for group health should be coded to expenditure object code 6210. For financial statement reporting purposes, prepaid insurance should be coded to balance sheet object code 0151.	Only 2310 2610 2700	Updated

Updated Date – Lower Left Corner

CHART OF ACCOUNTS

GOVERNMENTAL FUNDS

Code	Description
420	Ext. School Yr.—Pupils with Disabilities (A.R.S. §15-881)
425	Adult Basic Education (A.R.S. §15-234)
430	Chemical Abuse Prevention Programs (A.R.S. §15-712)
435	Academic Contests (A.R.S. §15-1241)
450	Gifted (A.R.S. §15-779.03)
456	College Credit Exam Incentives (A.R.S. §15-249.06)
New 457	Results-based Funding (A.R.S. §15-249.08)
460	Environmental Special Plate (A.R.S. §37-1015)
484	Failing Schools Tutoring Grant (A.R.S. §15-241)
465-499	Other State Projects
500	School Plant —Accounts for monies received from the sale, lease, or condemnation of school property and used as specified in A.R.S. §15-1102. However, monies received from the sale of land originally purchased with School Facilities Board monies must be returned to the State in accordance with A.R.S. §15-2041(F). Districts may establish subfunds 501-504, that roll up to 500 for reporting purposes, to account for monies received that are restricted for different purposes by A.R.S. §15-1102.
510	Food Service —Accounts for the financial operations of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions. A.R.S. §15-1154
515	Civic Center —The district's governing board may permit the use of school facilities under its direction for civic activities as defined in A.R.S. §15-1105, such as parent-teacher association meetings, public forums, lectures, and clubs. Monies received for use of school facilities and the related expenditures must be accounted for in this fund. In accordance with A.R.S. §15-342(29), if program needs are met, excess monies may be used for maintenance and operation or unrestricted capital outlay purposes. Upon termination of the civic center school program, any unused monies must be transferred to the School Plant Fund (500).
520	Community School —Accounts for revenues and expenditures for purposes of academic and skill development for all citizens in accordance with A.R.S. §15-1141 et seq. In accordance with A.R.S. §15-342(30), if program needs are met, excess monies may be used for maintenance and operation or unrestricted capital outlay purposes. Upon termination of a community school program, any unused monies must be transferred to the Maintenance and Operation Fund (001). A.R.S. §15-1143

Guidance

Function code	Description	Program guidance
3000	OPERATION OF NONINSTRUCTIONAL SERVICES <i>(Use detailed codes below)</i>	
3100	Food Service Operations —Activities concerned with providing food to students and staff in a school or district not properly coded to function 3110. This function includes preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery.	
3110	Heads of Components Food Service Operations —Activities associated with the overall administration of Food Service Operations below the executive level. See definition of heads of components on page III-5. Used for indirect cost reporting.	
3200	Enterprise Operations —Activities that are financed and operated in a manner similar to private business enterprises, where the stated intent is to finance or recover the costs primarily through user charges not properly coded to function 3210. Food service operations should be coded to function 3100.	
3210	Heads of Components Enterprise Operations —Activities associated with the overall administration of Enterprise Operations below the executive level. See definition of heads of components on page III-5. Used for indirect cost reporting.	
3300	Community Services Operations —Activities concerned with providing community services to students, staff, or other community participants not properly coded to function 3310. Examples of this function would be offering parental training or operating a community swimming pool, a recreation program for the elderly, or a childcare center for working parents.	Only 900
3310	Heads of Components Community Services Operations — Activities associated with the overall administration of Community Services Operations below the executive level. See definition of heads of components on page III-5. Used for indirect cost reporting.	Only 900
3400	Bookstore Operations —Activities concerned with bookstore operations not properly coded to function 3410.	

Account Code Structure

Chart of Accounts Code Structure

Required Elements

- Fund
- Program
- Function
- Object
- Unit

Optional Elements

- Course
- Project

XXX.XXX.XXXX.XXXX.XXX.XXX.XXXX

Fund. Program. Function. Object. Unit. Course. Project

School District Chart of Accounts Code Structure

Fund

XXX.XXX.XXXX.XXXX.XXX

- A sum of money or other resources set apart for a specific objective in accordance with specific regulations, restrictions and limitations. Accounting records must operate on a fund basis.

Program

XXX.**XXX**.XXXX.XXXX.XXX.

- Framework for classifying expenditures

Function

XXX.XXX.**XXXX**.XXXX.XXX

- The activity for which a service or material is acquired

Object

XXX.XXX.XXXX.**XXXX**.XXX

- The service or material obtained (expenditures) or type revenue received/balance sheet account

Unit

XXX.XXX.XXXX.XXXX.**XXX**

- Segregates expenditures by school type or individual school

Charter School Chart of Accounts Code Structure

Project

XXXX.XXX.XXXX.XXXX.XXX

- A sum of money or other resources set apart for a specific objective, separated to determine compliance with state and federal requirements. Certain funds are optional

Program

XXX.**XXX**.XXXX.XXXX.XXX.

- Framework for classifying expenditures

Function

XXX.XXX.**XXXX**.XXXX.XXX

- The activity for which a service or material is acquired

Object

XXX.XXX.XXXX.**XXXX**.XXX

- The service or material obtained (expenditures) or type revenue received/balance sheet account

Unit

XXX.XXX.XXXX.XXXX.**XXX**

- Segregates expenditures by school type or individual school

Funds

What is Included in a Fund?

FUND

Revenue

Expenditure

Liability

Assets

Fund
Balance

Federal and State Funds

CHART OF ACCOUNTS

GOVERNMENTAL FUNDS

Code	Description
<i>Federal Projects</i>	A group of funds used to account for revenues and expenditures of federally funded projects. A separate fund should be established for each individual program. If a federal project is not specifically listed or included in a fund range below, an unassigned fund number in the 300-399 range should be assigned for that project.
100-130	ESEA Title I—Helping Disadvantaged Children Meet High Standards
140-150	ESEA Title II—Professional Development and Technology
160	ESEA Title IV—21st Century Schools
170-180	ESEA Title V—Promote Informed Parent Choice
190	ESEA Title III—Limited English & Immigrant Students
200	ESEA Title VII—Indian Education
210	ESEA Title VI—Flexibility and Accountability
220	IDEA Part B
230	Johnson-O'Malley
240	Workforce Investment Act
250	AEA—Adult Education
260-270	Vocational Education—Basic Grants
280	ESEA Title X—Homeless Education
290	Medicaid Reimbursement
349	National Forest Fees
353	Taylor Grazing Fees
374	E-Rate (A.R.S. §15-1261)
378	Impact Aid [A.R.S. §15-905(R)]
300-399	Other Federal Projects

ADE administered COVID-19 federal relief grants:	
227	ARP-IDEA Preschool
228	ARP-IDEA Basic
326	ESSER I
336	ESSER II
346	ESSER III
Governor's Office administered COVID-19 federal relief grants:	
328	Enrollment Stability Grant Program
See Chart of Accounts FAQ #21 for a list of other COVID-19 federal relief grants that are not assigned a fund number but must be tracked separately.	

<i>State Projects</i>	A group of funds used to account for revenues and expenditures of state-funded projects. If a state project is not specifically listed below, an unassigned fund number in the 465-499 range should be assigned for that project.
400	Vocational Education
410	Early Childhood Block Grant
420	Ext. School Yr.—Pupils with Disabilities (A.R.S. §15-881)
425	Adult Basic Education (A.R.S. §15-234)
430	Chemical Abuse Prevention Programs (A.R.S. §15-712)
435	Academic Contests (A.R.S. §15-1241)

12/21

Codes in bold are required. *Codes in italics are optional.*

III-7

Chart of Accounts – Expenditures

Expenditures

Account Structure

XXX.XXX.XXXX.XXXX.XXX

Fund

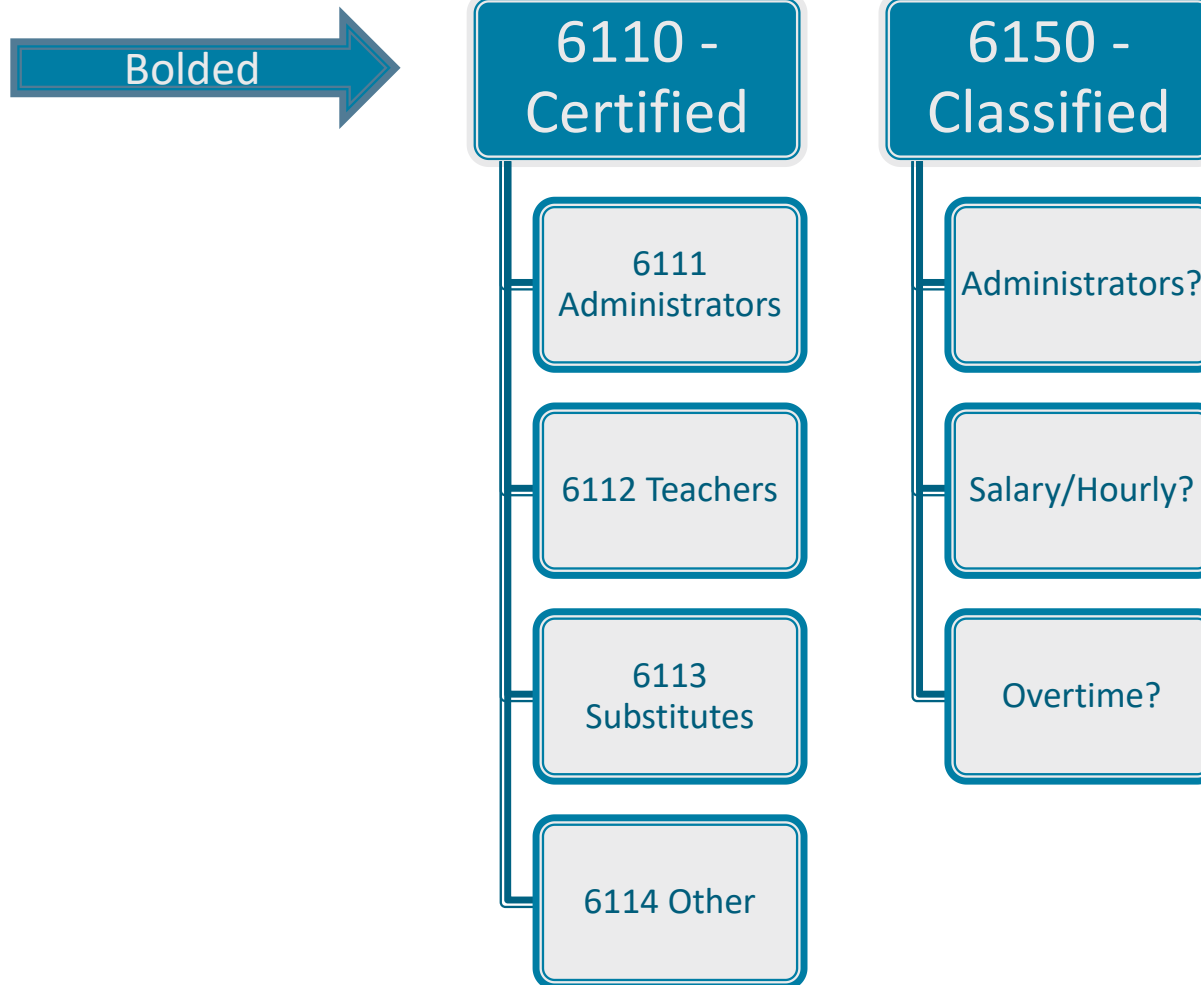
Function

Unit

Program

Object

Object Codes - 6100



Object Code – 6200 - Bolded

6210

6220

6230

6240

6250

6260

6270

6280

6290

Object Code – 6300-6500

Purchased Professional Services

- 6320 – Professional Educational Services
- 6330 – Purchased Professional Services
- 6340 – Technical Services**
- 6350 – Audit Services**
- 6360 – Employee Training and PD

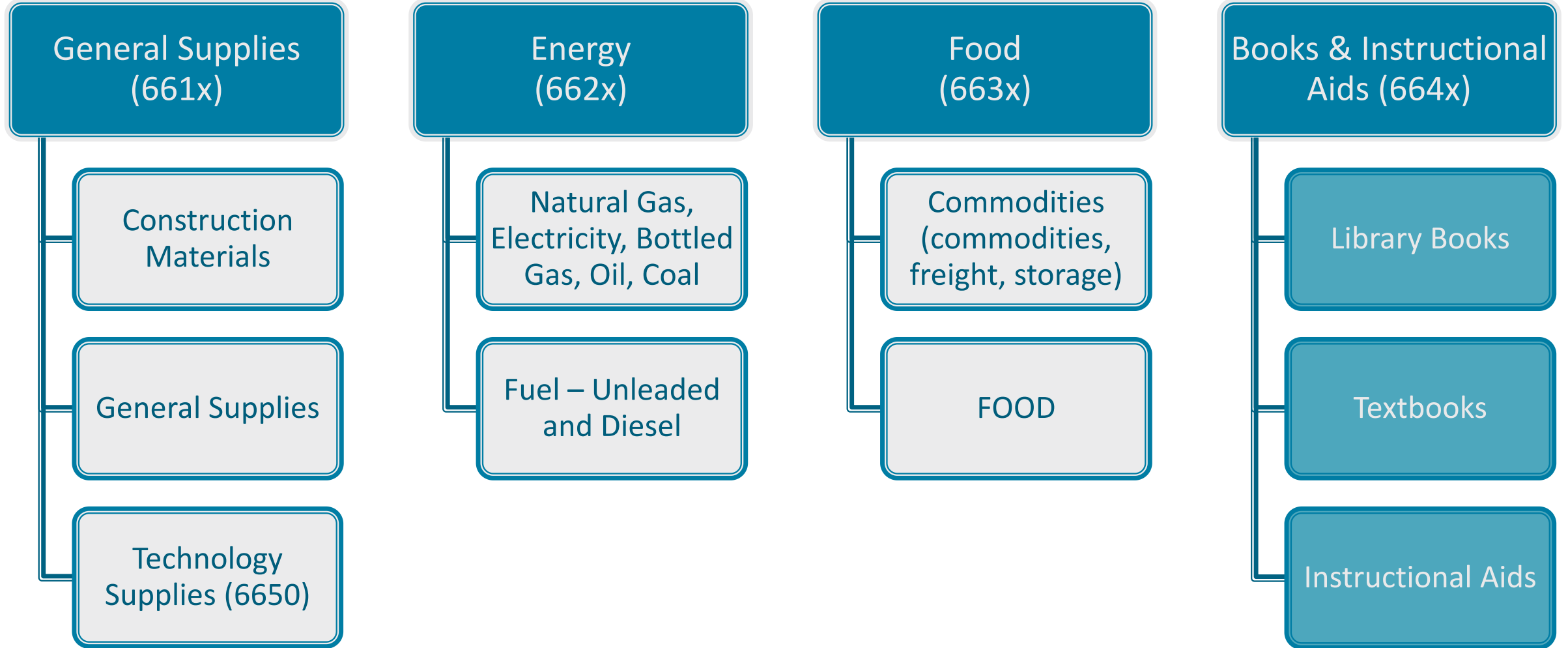
Purchased Property Services

- 6410 - Utilities
- 6411 – Water/Sewage
- 6420 - Cleaning
- 6430 - Repair
- 6450 - Construction

Other Purchased Services

- 6510 – Student Transportation
– note: 6511 & 6512
- 6520 – Non-Employee Insurance – note 6521 & 6522
- 6530 - Communications
- 6560 - Tuition
- 6570 – FS Management
- 6580 – Employee/Board Travel**

Object Code - 6600



Object Code – 6700

6731-6739

Equipment Categories

6731-6733

Furniture and Equipment

- Page III-51

6734-6736

Vehicles

- Buses, White Fleet, Forklifts, Trucks

6737-6739

Technology Hardware and Software

- Laptops, I-pads, Chrome-books, Projectors, Printers, Scanners, Non-Instructional Software

Object Code – 6700

Typically has a useful life of at least one year

Typically repaired rather than replaced when worn or damaged

An independent unit that retains its original shape, appearance, and character with use and does not lose its identity through fabrication or incorporation into a different or more complex unit or substance

Object Code – 6800

- 6810 – Dues and Fees
- 6820 - Judgements
- 683x – Bonds & Other Principal Payments
- 684x – Interest on Bonds and other Debt
- 6890 – Miscellaneous Expenditures

Object Codes – 6900

- **6900 Other Financing Uses**
 - Indirect Costs
 - Transfer Out

Chart of Accounts Code Structure

XXX.XXX.XXXX.XXXX.XXX.XXX.XXXX

Program Object

- **Program** - framework for classifying expenditures

Program Codes

- Regular Education (100)
- Special Education (200)
- Career Technical Education (CTED) (300)
- Pupil Transportation (400)
- Programs requiring separate budgets
 - Desegregation (510)
 - K-3 Program (550)
- Other Instructional Programs
 - Co-curricular activities (610)
 - School sponsored athletics (620)
- Adult/Continuing Education Programs (700)
- Community College Education Programs (800)
- Community Service Programs (900)

Chart of Accounts Code Structure

XXX.XXX.XXXX.XXXX.XXX.XXX.XXXX

Program Object
Function

- **Function** - the activity for which a service or material is acquired

Instruction vs. Non-Instruction

Instruction

- 1000

Non-Instruction

- 2100
- 2200
- 2300
- 2400
- 2500
- 2600
- 2700
- 3000
- 4000

In GME = Support Services – Students, Instr., Operation, Transport

In GME = Support Services – General, School, Central Services, Other

Instruction Function - 1000

Direct interaction
between teachers
and students

Direct materials
and equipment
used by students

Instruction Function - 1900

Classroom
assistants

Non Certified
Coaches

Non-Instruction Function

2100 – Student
Support

2200 – Instruction
Support

2300 – General
Administration

2400 – School
Administration

2500 – Central
Administration

2600 – Operations
& Maintenance of
Plant

2700 – Student
Transportation

Non-Instruction Function

3100 – Food
Service Operations

3200 – Enterprise
Operations

3300 – Community
Services
Operations

3400 – Bookstore
Operations

4000 – Facilities
Acquisition &
Construction

5000 – Debt
Service

Function Code

- **5000 Debt Service**
- **6000 Other Financing Uses**

Function Code – Head of Component Units

- Federal Guidelines
- Executive Administration
 - The Superintendent and any administrators with key decision making authority over all or one or more parts of district operations
- Functional Area Administration
 - Administrators that directly report to a member of the district's executive administration

Chart of Accounts Code Structure

XXX.XXX.XXXX.XXXX.XXX.XXX.XXXX

Program Object
Function **Unit**

- **Unit-** segregates expenditures by school type or individual school

Unit Codes

- Elementary (100)
- High School (200)
- District-wide (500)

Dig Deep – Common Questions

Dig Deep – Professional Development

Instructional Staff
– Function Code
2213

Non-Instructional
Staff – Function
2570

Head of
Component Unit
– Function 2320

Parents –
Function 2100

Community
members –
Function 3300

Dig Deep – Conference Costs

Registration fees – Object
Code 6360

Travel costs – Object Code
6580

Dig Deep – Expense Reimbursements

Taxable
6290

Non-Taxable
6580

Dig Deep – FOOD!

Food for Adults
(professional
development)
2200-6610

Food for Adults
(parent involvement)
2100-6610

Food for Students
2100-6610

6633?
NO! Only with USDA
Meal Programs

Dig Deep – Software

Annual license fees, fees for updates/upgrades, or online access. Fee to access the software.

Fund: 610

Object Code: 6643 if instructional

Object Code: 6737 if non-instructional

If maintenance for the software can be separated on invoice

Object Code: 6432

Online access to research or assessment materials (not software)

Object Code: 6340

Dig Deep – Teachers Who Aren't Teaching

Mentors, Teacher Coaches, those who assist in the planning, developing and evaluating the process of teaching

Function Code: 2200

Community School Staff – Non-SPED Preschool

Certified
Teachers
3300-6112

Classified Staff
3300-6150

Dig Deep – Capital Purchases

Library Books

Object - 6641

Function - 2200

Textbooks

Object - 6642

Function - 1000

Instructional Aids

Object - 6643

Function - 1000

Dig Deep – Capital Purchases

Furniture & Equipment

6731-32 – < \$5,000

6733 – > \$5,000

Vehicles

6734-35 – < \$5,000

6736 – > \$5,000

Technology

6737-38 – < \$5,000

6739 – > \$5,000

Resources

- Chart of Accounts

<https://www.azauditor.gov/sites/default/files/USFR092016.pdf>

- AG's Office FAQs

<https://www.azauditor.gov/reports-publications/school-districts/faqs/chart-accounts>

- AG's Office Video Tutorials

<https://www.azauditor.gov/available-resources-help-new-users-chart-accounts>

- Classroom Spending Report

https://www.azauditor.gov/sites/default/files/Classroom_dollar_percent_calc_2014.pdf

Questions?

Jennifer L. Shields, CPA, CGFM

623-237-7950

jennifer.shields@hm.cpa