

CONTENTS

<u>Topic</u>	<u>Page</u>
INTRODUCTION.....	III-A-1
ACCOUNT CODE STRUCTURE.....	III-A-1
Project.....	III-A-1
Balance Sheet Classifications.....	III-A-1
Revenue and Gain Classifications.....	III-A-1
Expense and Loss Classifications.....	III-A-2
ACCOUNT CODE FORMAT.....	III-A-3
COST ALLOCATION.....	III-A-4
INDIRECT COST REPORTING.....	III-A-5
PROJECT CODES.....	III-B-1
BALANCE SHEET OBJECT CODES.....	III-C-1
Assets.....	III-C-1
Liabilities.....	III-C-3
Equity.....	III-C-5
REVENUE AND GAIN OBJECT CODES.....	III-D-1
EXPENSE AND LOSS CODES.....	III-E-1.1
Program.....	III-E-1.1
Function.....	III-E-2.1
Object.....	III-E-3.1
Unit.....	III-E-4
EXAMPLE ENTRIES.....	III-F-1
CAPITAL CODING TOOL.....	III-G-1

CHART OF ACCOUNTS

INTRODUCTION

This Chart of Accounts prescribed for charter schools provides for the establishment of a complete accounting system, including the recording of assets, liabilities, equity, revenues, and expenses.

The standardized account code structure for use by charter schools has been developed to accomplish several key objectives.

- To ensure charter schools comply with generally accepted accounting principles (GAAP).
- To establish a uniform, comprehensive, minimum chart of accounts to improve financial data collection, reporting, transmission, accuracy, and comparability among Arizona charter schools, Arizona school districts, and schools nationwide. The *Uniform System of Financial Records for Arizona Charter Schools* (USFRCS) Chart of Accounts meets the requirements of the U.S. Department of Education’s account classifications.
- To reduce the administrative burden on schools in preparing required financial reports.
- To create a logical framework that can be used to determine where monies for education originate and how they are used.
- To provide better information for administrators, parents, board members, legislators, and other interested parties.

Charter schools operated by governmental organizations (such as a tribal government or community college district) may find it beneficial to follow the *Uniform System of Financial Records for Arizona School Districts* Chart of Accounts, which is based on governmental accounting, rather than the USFRCS Chart of Accounts, which is based on private business accounting. According to Arizona Revised Statutes (A.R.S.) §15-183(E)(6), any exceptions to the requirements of the USFRCS must be approved by the sponsor and documented in the charter. Charter schools that are exempt from all or part of the USFRCS in accordance with A.R.S. §15-183(E)(6) must use an accounting system that allows them to report financial data in the Annual Financial Report standard expense types and functional uses.

ACCOUNT CODE STRUCTURE

The account code structure provides a basis for financial and legal reporting and budgeting and consists of the following required elements.

1. **PROJECT**—This element separately identifies the financial activity and position of federal and state projects providing the information necessary to demonstrate compliance with federal and state requirements. Additionally, at the school’s option, this element may be used to account for other special projects (project codes 1500-1999). **(III-B)**
2. **BALANCE SHEET CLASSIFICATIONS**—Corresponds to items normally appearing on the balance sheet. The primary account classifications are Assets, Liabilities, and Equity. **(III-C)**

CHART OF ACCOUNTS

3. **REVENUE AND GAIN CLASSIFICATIONS**—Segregates revenues by source. The source classifications are Local, Intermediate, State, and Federal. Gains are also classified here. **(III-D)**

4. **EXPENSE AND LOSS CLASSIFICATIONS:**

Program—A plan of activities and procedures designed to accomplish a predetermined objective or set of objectives. The primary programs are Regular Education, Special Education, Special Education Disability Title 8 PL 103-382 Add-On, Pupil Transportation, and Programs Requiring Separate Budgets. **(III-E-1)**

Function—Describes the activity for which a service or material is acquired. The function classifications are Instruction, Support Services, Operation of Noninstructional Services, Facilities Acquisition and Construction, and Debt Service. **(III-E-2)**

Object—Describes the service or material obtained as the result of a specific expense. The primary object codes are Personal Services—Salaries, Personal Services—Employee Benefits, Purchased Professional and Technical Services, Purchased Property Services, Other Purchased Services, Supplies, Property, and Other Expenses and Losses. **(III-E-3)**

Unit—Segregates expenses by instructional level (e.g., elementary, high school, and schoolwide) and individual campuses. **(III-E-4)**

Optional Elements—Each required element of the account code contains a specified number of digits in a specific configuration as illustrated on the next page. However, for internal management purposes, schools may assign additional, nonrequired elements, such as course or job classification. If such elements are used, they should be added after the unit code element in the account code.

Course—To accumulate costs of providing instruction in particular courses or subject groups (e.g., English, math, or science). As an alternative to using a separate optional element for course codes, schools may establish course codes under function 1000—Instruction.

Job Classification—To further break down costs of salaries and benefits by purpose, bargaining unit, or otherwise (e.g., office/clerical, administrative, professional-education, technical, or laborer).

Besides Course and Job Classification, schools may choose to categorize transactions by time of year, bus route, construction project, or any other classification useful to the school.

CHART OF ACCOUNTS

ACCOUNT CODE FORMAT

The table below illustrates the required account code format. Each required element must contain the specified number of digits and must be in the specified location in the account code structure. Balance sheet and revenue and gain accounts consist of project and object code elements only. Other elements are generally zero filled. However, a school may choose to use program, function, and unit codes to better track revenues. Expense and loss accounts consist of project, program, function, object, and unit code elements.

Required account code numbers are shown in the Chart of Accounts in bold type. Optional numbers are italicized and not bolded. Schools are required to record transactions to the most detailed bold level for all areas.

BALANCE SHEET:					
<u>Project</u>	<u>Program</u>	<u>Function</u>	<u>Object</u>	<u>Unit</u>	
XXXX	000	0000	0XXX	000	
REVENUES AND GAINS:					
<u>Project</u>	<u>Program</u>	<u>Function</u>	<u>Object</u>	<u>Unit</u>	
XXXX	000	0000	1XXX	000	Revenue from local sources
XXXX	000	0000	2XXX	000	Revenue from intermediate sources
XXXX	000	0000	3XXX	000	Revenue from state sources
XXXX	000	0000	4XXX	000	Revenue from federal sources
XXXX	000	0000	5XXX	000	Net assets released from restrictions
EXPENSES AND LOSSES:					
<u>Project</u>	<u>Program</u>	<u>Function</u> ¹	<u>Object</u>	<u>Unit</u> ²	
XXXX	XXX	XXXX	6XXX	XXX	(place optional elements here)
<p>¹ The first and second digits are required. Generally, the third and fourth digits may be used at the school's option to provide additional function detail.</p> <p>² The first digit is required for charter schools containing elementary and high school grade levels. The second and third digits are required for schools with two or more campuses.</p>					

CHART OF ACCOUNTS

COST ALLOCATION

Expenses specifically assignable to two or more programs, functions, or units must be allocated among those programs, functions, or units. For example, the salary of a teacher who teaches both regular education and special education must be allocated among programs 100 and 200; the salary of an individual who works in the school warehouse and also drives a school bus must be allocated between functions 2500 and 2700; and the salary of a maintenance worker who works at two schools must be allocated between the applicable school unit codes.

Schools may use an allocation base to allocate specifically assignable expenses for which actual cost apportionment is not easily determinable. Commonly used allocation bases include average daily membership, time spent, full-time equivalent teaching staff, number of transactions, floor space occupied, labor hours, meals served, miles driven, and driver hours. The allocation base used can greatly affect the accuracy of cost allocation; therefore, schools should choose an allocation base that will most closely approximate actual costs incurred. Costs requiring allocation that are not allocated when incurred must be allocated by journal entries before the accounting records are closed at fiscal year-end.

Indirect costs such as utilities and building rent are not allocated among the various programs or functions, but must be allocated at the unit code level (i.e., schoolwide expenses must be allocated among individual schools and instructional levels by year-end). However, this allocation is required only for the school's annual report cards in accordance with A.R.S. §15-746 and is not required to be recorded in the school's accounting records.

CHART OF ACCOUNTS

INDIRECT COST REPORTING

The United States Department of Education (US DOE) allows the Arizona Department of Education (ADE) to establish the indirect cost rates for schools receiving federal grants through an approved delegation agreement. The revised delegation agreement prepared in December 2014 updated the indirect cost calculation based on guidance received from US DOE. As a result, several changes were made to the Chart of Accounts to increase the required detail for expenditure classification at the function and object code level.

One area of increased reporting detail is for the costs of executive administration and functional area administration (heads of components). Descriptions of executive administration and heads of components adapted from the federal guidelines to more specifically relate to charter schools have been included below. These descriptions should be used to determine how to classify the expenditures in the related function codes included throughout the Chart of Accounts. Expenditures associated with executive administration should be classified in function **2310**. Expenditures associated with employees that are considered heads of components, including their office support staff (e.g., administrative assistants, secretaries), should be classified in the required heads of components detailed function codes within the functional area they direct.

Executive Administration—The Superintendent and any administrators with key decision making authority over all or one or more parts of school operations. Costs associated with Executive Administration, including any office support staff (e.g., administrative assistants, secretaries) working directly for these administrators are classified in function **2310—Executive Administration**.

Heads of Components—Administrators that directly report to a member of the school’s executive administration (see definition above). These administrators are generally shown on an organizational chart as one management level below the executive administration. Costs associated with heads of components, including any office support staff (e.g., administrative assistants, secretaries) working directly for these administrators are classified in the heads of components detailed functions provided throughout the chart.

For example, an administrator over business operations, such as a Chief Financial Officer that has the authority to make key decisions for school business operations would be classified in **2310** as an executive administrator. An administrator that directs the business office staff and reports to that executive administrator, such as a business manager, would be classified in **2510** as a head of component rather than **2500—Central Services** to allow for correct treatment of those costs in the indirect cost rate calculation.

1000 SCHOOLWIDE PROJECT—Accounts for all financial activities of the school, including those required to be accounted for separately (e.g., federal and state projects).

Updated

1010 Classroom Site—Accounts for the portion of state sales tax collections and permanent state school fund earnings charter schools receive. The monies in this project must be used to supplement, and not supplant, existing monies. Monies can be used for class size reduction; teacher compensation increases, including a base pay and performance pay component; assessment intervention programs; teacher development; dropout prevention programs; teacher liability insurance premiums; and student support services (as defined in function **2100—support services—students**). Expenses for class size reduction, assessment intervention, and dropout prevention programs must be appropriate expenses under function **1000—instruction**, excluding athletics. A.R.S. §15-977

1011-1019 Charters may establish subprojects in this range, that roll up to 1010 for reporting purposes, to account for carryover balances or monies received that are restricted for different purposes by A.R.S. §15-977.

1020 Instructional Improvement—Accounts for monies received from gaming revenue. Up to 50 percent of these monies may be used for teacher compensation increases and class size reduction as provided in A.R.S. §15-977. The expenses for class size reduction, if any, must be appropriate expenses under function 1000 (other than athletics). The remaining monies must be used for the following maintenance and operation purposes: dropout prevention programs and instructional improvement programs including programs to develop minimum reading skills for students by the end of third grade. The monies in the project may not be used to supplant existing state and local monies. A.R.S. §15-979

1071 English Language Learner—Accounts for monies received from the English Language Learner Fund. Monies received are to provide for the incremental cost of instruction to English language learners (ELLs) and must be used to supplement existing programs. In accordance with A.R.S. §15-756.03 and .04, monies must not be used to supplant federal, state, or local monies previously used for ELLs, or used to pay for the normal costs of conducting programs for English proficient students. As defined in §15-756.01, incremental costs are the costs that are associated with a structured English immersion program pursuant to A.R.S. §15-752 or an alternative English instruction program pursuant to A.R.S. §15-753 and that are in addition to the normal costs of conducting programs for English proficient students. Incremental costs do not include costs that replace the same types of services provided to English proficient students or compensatory instruction. A.R.S. §15-756.04

1072 Compensatory Instruction—Accounts for monies received from the Compensatory Instruction Fund. Monies received are to be used for compensatory instruction for programs in addition to normal classroom

instruction that may include individual or small group instruction, extended day classes, summer school, or intersession school. These programs are limited to improving the English proficiency of current ELLs and students who have been reclassified from ELL to English proficient within the previous 2 years. Monies must not be used to supplant federal, state, or local monies previously used for ELLs. A.R.S. §15-756.11

1100-1399

Federal Projects—A group of codes used to account for revenues and expenses of federally-funded projects. A separate code should be established for each individual project. If a federal project is not specifically listed or included in a code range below, an unassigned code number in the 1310-1399 range should be assigned for that project.

- 1100-1130** ESEA Title I—Helping Disadvantaged Children Meet High Standards
- 1140-1150** ESEA Title II—Professional Development and Technology
- 1160** ESEA Title IV—21st Century Schools
- 1170-1180** ESEA Title V—Promote Informed Parent Choice
- 1190** ESEA Title III—Limited English and Immigrant Students
- 1200** ESEA Title VII—Indian Education
- 1210** ESEA Title VI—Flexibility and Accountability
- 1220** IDEA Part B
- 1227** ARP-IDEA Preschool
- 1228** ARP-IDEA Basic
- 1230** Johnson-O’Malley
- 1240** Workforce Investment Act
- 1250** AEA—Adult Education
- 1260-1270** Vocational Education—Basic Grants
- 1280** ESEA Title X—Homeless Education
- 1290** Medicaid Reimbursement
- 1300** Charter School Implementation Project (Stimulus)
- 1310-1399** Other Federal Projects

New

1400-1499

State Projects—A group of codes used to account for revenues and expenses of state-funded projects. A separate code should be established for each individual project.

- 1400** Vocational Education
- 1410** Early Childhood Block Grant
- 1420** Extended School Year—Pupils with Disabilities (A.R.S. §15-881)
- 1425** Adult Basic Education (A.R.S. §15-234)
- 1430** Chemical Abuse Prevention Programs (A.R.S. §15-712)
- 1435** Academic Contests (A.R.S. §15-1241)
- 1450** Gifted Education (A.R.S. §15-779.03)
- 1455** Family Literacy Program (A.R.S. §15-191.01)

CHART OF ACCOUNTS

PROJECT CODES

1456	College Credit Exam Incentives (A.R.S. §15-249.06)
1457	Results-based Funding (A.R.S. §15-249.08)
1460	Environmental Special Plate (A.R.S. §37-1015)
1465	Charter School Stimulus Fund (A.R.S. §15-188)
1484	Failing Schools Tutoring Grant (A.R.S. §15-241)
1470-1499	Other State Projects
1500-1999	Other Special Projects —Schools may, at their own option, elect to use these project codes to track the financial activity of various other school projects (e.g., bookstore, athletics, food service, gifts and donations, construction projects, and extracurricular activities fees tax credit).

ASSETS

- 0100 CASH**—Currency, coins, checks, warrants, postal and express money orders, and bank drafts on hand, in transit, on deposit in a financial institution, or on deposit with an official or agency designated as custodian of cash and deposits.
- 0101 Cash on Hand**—Cash physically located at the school or in the possession of its representative (e.g., cash from sales of student lunches that has not been deposited in the bank).
- 0102 Cash in Bank**—Cash on deposit with a bank or savings and loan institution.
- 0110 INVESTMENTS**—Investments held for earning income in the form of interest or dividends.
- 0111 Unamortized Premiums**
- 0112 Unamortized Discounts (Credit)**
- 0130 RECEIVABLES**—Amounts due from individuals or other entities.
- 0132 Accounts Receivable**—Amounts due on open account from individuals or other entities for goods and services furnished by the school.
- 0134 Interest Receivable**—Amount of interest receivable on investments.
- 0135 Refundable Deposits**—School monies held by business entities or individuals as security or as a prerequisite to receiving goods or services.
- 0136 Notes Receivable**—Amounts due from a note or mortgage received from the sale of school buildings or property.
- 0137 Grants Receivable**—Contributions or gifts of cash or other assets due from another entity.
- 0140 ASSETS RESTRICTED TO INVESTMENT IN CAPITAL ASSETS**—Cash and receivables that have been restricted by an outside party to be used for investment in capital assets.
- 0150 PREPAID EXPENSES**—Cash outlays for benefits that have not been received (e.g., insurance or rent).
- 0160 INVENTORY OF SUPPLIES FOR CONSUMPTION**—Supplies on hand, valued at cost, that will be used for school operations (e.g., general supplies, gas, and oil).
- 0170 INVENTORY OF SUPPLIES FOR SALE OR RENTAL**—Inventory on hand, valued at cost or market, that will be sold or rented (e.g., bookstore inventory, food, and milk).
- 0180/0190 CAPITAL ASSETS**—Assets of the school such as intangibles, land and improvements, buildings and improvements, equipment. For discussion of capital asset valuations, see subsection **VI-E**. The following criteria should be met for an item to be included in this account.

New

1. The useful life of the item must equal or exceed 1 year.

2. The unit cost or value assigned should meet the capitalization thresholds established by the school. In accordance with subsection **VI-E**, such threshold may not exceed \$5,000 for equipment or \$5,000 for land, buildings, and related improvements.
3. Improvements do not include repairs or maintenance performed on assets to restore them to operating condition.
4. If the terms of a lease agreement meet certain criteria as outlined in subsection **VI-E**, the lease should be considered in substance a purchase of an asset, and the item being leased should be capitalized.

New

0181 Intangible Assets—Account that reflects the value of capital assets that lack physical substance. Intangible assets may be purchased or licensed, acquired through nonexchange transactions, or internally generated. Examples of intangible assets are easements, contractual rights, patents, trademarks, and computer software. Because these assets decrease in their value and usefulness over time, it is appropriate to amortize these assets. Therefore, all capitalized intangible assets should be amortized over their expected useful lives.

New

0182 Accumulated Amortization of Intangible Assets—Accumulated amounts for the amortization of intangible assets.

0191 Land and Land Improvements—Land owned by the school, including legal fees, razing, filling, excavation, and other associated costs that are incurred to put the land in condition for its intended use. Further, permanent improvements to land, such as grading and fill, should be accounted for in this account. Land and land improvements are considered nonexhaustible assets due to their significantly long expected useful life and should not be depreciated. Therefore, these assets will not result in a depreciation expense.

0192 Site Improvements—Account that reflects the value of nonpermanent improvements to building sites, other than buildings, that add value to land. Examples of such improvements are fences, retaining walls, sidewalks, pavements, gutters, tunnels, and bridges. Because these improvements decrease in their value and usefulness over time, it is appropriate to depreciate these assets. Therefore, all capitalized site improvements should be depreciated over their expected useful lives. Leasehold improvements to land are also included here.

0193 Accumulated Depreciation on Site Improvements—Accumulated amounts for the depreciation of site improvements.

0194 Buildings and Building Improvements—Account that reflects the acquisition value of permanent and relocatable structures used to house persons and property owned by the school. This account includes the value of all permanent buildings and the fixtures attached to and forming a permanent part of such buildings. This account includes all building improvements, including upgrades made to building wiring for technology. Leasehold improvements to buildings are also included here.

- 0195 Accumulated Depreciation on Buildings and Building Improvements**—Accumulated amounts for the depreciation of buildings and building improvements.
- 0196 Equipment**—Account that reflects the value of machinery, vehicles, computers, software, furniture, and other equipment, including specialized electronic and athletic equipment.
- 0197 Accumulated Depreciation on Equipment**—Accumulated amounts for the depreciation of equipment.
- 0198 Construction in Progress**—Account that reflects the value of construction undertaken but not yet completed. When completed, the cost must be transferred to the appropriate asset account.

LIABILITIES

- 0200 NONPAYROLL PAYABLES**—Amounts owed for goods or services received and monies borrowed; also, refundable deposits held by the school.
 - 0201 Accounts Payable**—Amounts owed on open accounts for goods or services received, such as maintenance agreements, professional services, rentals, and operating leases.
 - 0202 Refundable Deposits**—A liability of the school for amounts received as a prerequisite to providing goods or services, such as deposits made by students on textbooks and lab deposits.
 - 0203 Bank Revolving Line of Credit Payable**—Liability for monies borrowed through a revolving line of credit.
 - 0204 Notes/Loans Payable**—Obligations in the form of written promissory notes.
 - 0205 Taxes Payable**—Liability for nonpayroll taxes of the school.
- 0210 DUE TO GOVERNMENTAL ENTITIES, STUDENT GROUPS, AND OTHERS**—Amounts due to a governmental unit, student group, or another entity.
 - 0212 Local**
 - 0213 County**
 - 0214 State**
 - 0215 Federal**
 - 0216 Student Groups**
 - 0217 Others**
- 0220 ACCRUED PAYROLL AND RELATED BENEFITS**—Salary and fringe benefit costs incurred but not yet paid during the current accounting period.
 - 0221 Salaries and Wages (Gross)**—Gross amount of salaries and wages earned by employees but not due until a later date.

- 0222 Social Security—OASDI (Employer’s Portion)**—Amount of matching social security taxes incurred as a result of salaries and wages earned by employees.
- 0223 Medicare—Hospital Insurance (Employer’s Portion)**—Amount of matching Medicare taxes incurred as a result of salaries and wages earned by employees.
- 0224 Retirement Plan Contributions (Employer’s Portion)**—Amount of matching retirement plan contributions incurred as a result of salaries and wages earned by employees. Include both retirement and related long-term disability contributions, if applicable.
- 0225 Employee Insurance**—Amount incurred for premiums on insurance for employees (health and accident, medical, life, etc.) provided by the school.
- 0226 Unemployment Insurance**—The school’s liability for unemployment insurance taxes.
- 0227 Workers’ Compensation**—The school’s liability for workers’ compensation premiums.
- 0229 Compensated Absences**—The school’s liability for accrued vacation and sick leave benefits.
- 0230 OTHER ACCRUED ITEMS**—Costs incurred but not yet paid during the current accounting period.
 - 0231 Interest**—Interest costs incurred but not yet paid during the current accounting period.
 - 0233 Self-Insurance Claims**—Amounts owed for claims and judgments payable to other than employees.
- 0240 PAYROLL DEDUCTIONS AND WITHHOLDINGS (EMPLOYEES)**—Amounts deducted from employees’ salaries that have not yet been paid to the respective agencies.
 - 0241 Federal Income Taxes**
 - 0242 State Income Taxes**
 - 0243 Social Security—OASDI**
 - 0244 Medicare—Hospital Insurance**
 - 0245 Retirement Plan Contributions**—Amounts deducted from employees’ salaries for retirement plan contributions. Any portion representing long-term disability contributions should be recorded under object code 0246.
 - 0246 Long-Term Disability**—Amounts deducted from employees’ salaries for long-term disability benefits.
 - 0247 Voluntary Deductions**—Amounts of voluntary deductions, such as annuities and dependent health insurance premiums that have not yet been paid.
 - 0248 Court-Ordered Assignments**—Amounts garnished from the salaries or wages of employees for child support or spousal maintenance pursuant to a court-ordered assignment of earnings. A.R.S. §§25-504 and 25-505.01

- 0250 UNEARNED REVENUES**—Revenues collected before they are earned.
- 0260 CONTRACTS PAYABLE**—Amounts due on written contracts for assets received by a school.
- 0261 Capital Leases**—Amounts due on capital lease agreements. (Capital leases payable should be initially recorded at the lower of the fair market value of the leased asset or the present value of the minimum lease payments.)
- 0262 Construction**—Amounts due on construction contracts.
- 0270 BONDS AND LOANS PAYABLE**
- 0271 Current**—Liabilities for redemption of bonds and loans that are payable within 1 year.
- 0272 Long-Term**—Liabilities for redemption of bonds and loans that are not payable within 1 year.

EQUITY

- 0300 UNAPPROPRIATED RETAINED EARNINGS**—Undistributed earnings of the school that have not been restricted or appropriated for any specific purpose.
- 0310 APPROPRIATED RETAINED EARNINGS**—Undistributed earnings of the school that have been restricted by law or appropriated by the school governing board to meet contractual restrictions, protect against expected losses, or some other reason, making part of retained earnings unavailable for distribution. One example would be funds reserved for the future purchase of equipment.
- 0320 NET ASSETS**—The excess of the book value of assets of the school over its liabilities. **(Used only by not-for-profit schools)**
- 0321 Without Donor Restrictions**—The part of net assets that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).
- 0322 With Donor Restrictions**—The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Revenue object code 1920 includes subobject codes to be used by not-for-profit schools for revenue with and without donor restrictions. Any other revenues or gains that are restricted by donors must also be classified as such by not-for-profit schools.

1000 REVENUE FROM LOCAL SOURCES

1300 Tuition—Revenue from individuals, private sources, other schools or districts, and government sources for education provided by the school. The portion of tuition representing transportation fees should be recorded under revenue code 1400 Transportation Fees.

1310 Tuition from Individuals

1320 Tuition from Other Arizona Schools or Districts

1330 Tuition from Out-of-State Schools or Districts

1340 Tuition from Other Private Sources (Other than Individuals)

1350 Tuition from Other Government Sources Within Arizona (such as the Arizona State Schools for the Deaf and the Blind)

1360 Tuition from Other Government Sources Outside Arizona

1400 Transportation Fees—Revenue from individuals, private sources, other schools or districts, and government sources for transporting students to and from school and school activities.

1410 Transportation Fees from Individuals

1420 Transportation Fees from Other Arizona Schools or Districts

1430 Transportation Fees from Out-of-State Schools or Districts

1440 Transportation Fees from Other Private Sources (Other than Individuals)

1450 Transportation Fees from Other Governmental Sources Within Arizona

1460 Transportation Fees from Other Governmental Sources Outside Arizona

1500 Earnings on Investments—Revenue from short-term and long-term investments. Included is interest revenue earned on temporary or permanent investments, such as U.S. treasury bills or other interest-bearing investments, gains realized from the sale of investments, and revenue from rental and use charges on real property held for investment purposes.

1600 Food Service—Revenue from dispensing food to students and adults.

1700 School Activities—Revenue from school-sponsored and student activities including bookstore sales, miscellaneous fees, concerts, and athletic events.

1750 Revenue from Enterprise Activities—Revenue from vending machines, school stores, soft drink machines, etc., not related to the food service program.

1790 Extracurricular Activities Fees Tax Credit—Revenue collected in support of extracurricular activities to be taken as a tax credit by the taxpayer in accordance with A.R.S. §43-1089.01.

- 1800 Revenue from Community Services Activities**—Revenue from community services activities operated by a school. For example, revenue from operating a swimming pool or civic center as a community service would be recorded here. Multiple accounts may be established within the 1800 series to differentiate various activities.
- 1900 Other Revenues and Gains from Local Sources**—Other revenue from local sources not classified above.
- 1910 Rentals**—Revenue from the rental of either real or personal property owned by the school. Revenues from the short-term rental of school property, such as daily use fees, should be recorded under account 1800. Rental of property held for income purposes is not included here, but is recorded under account 1500.
- 1920 Contributions and Donations from Private Sources**—Revenue associated with contributions and donations made by private organizations. These organizations include, but are not limited to educational foundations, PTA/PTO organizations, campus booster clubs, and private individuals. Not-for-profit schools **must** use the following **subject** codes to classify these revenues. Revenues received as donations in support of extracurricular activities to be taken as a tax credit by the donor in accordance with A.R.S. §43-1089.01 are recorded under account 1790.
- 1921 Without Donor Restrictions**
- 1922 With Donor Restrictions**
- 1930 Gain or Loss on Sale of Capital Assets**—Amount of revenue over (under) the book value of the capital assets sold.
- 1950 Miscellaneous Revenues from Other Schools or Districts**—Revenue from services provided to other schools or districts other than tuition and transportation services. These services could include data processing, purchasing, maintenance, cleaning, and consulting.
- 1960 Miscellaneous Revenues from Local Governmental Units**—Revenue from services provided to local governmental units. These services could include data processing, purchasing, maintenance, cleaning, cash management, and consulting.
- 1980 Refund of Prior Year's Expenses**—Expenses that occurred last year that are refunded this year, including voided stale-dated checks where another check is not issued. If both expense and refund occurred in current year, reduce this year's expenses, as prescribed by GAAP.
- 1990 Miscellaneous**—Revenue from local sources not provided for elsewhere.

2000 REVENUE FROM INTERMEDIATE SOURCES

- 2100 Unrestricted**—Revenue from the county that can be used for any legal purpose without restriction.
- 2200 Restricted**—Revenue from the county that must be used for a categorical or specific purpose.
- 2900 Revenue for/on Behalf of the School**—Commitments or payments made by the county for the benefit of the school, or contributions of equipment or supplies. Separate accounts may be maintained to identify the specific nature of the revenue item.

3000 REVENUE FROM STATE SOURCES

- 3100 Unrestricted**—Revenue from the State that can be used for any legal purpose without restriction.
- 3110 State Equalization Assistance**—Revenue received from the State under the provisions of A.R.S. §15-185.
- 3130 Certificates of Educational Convenience**—Revenue received from the State pursuant to certificates of educational convenience for pupils who reside in state rehabilitation or corrective institutions; foster homes, child care agencies, or institutions licensed and supervised by the Department of Economic Security or the Department of Health Services; residential facilities operated or supported by the Department of Economic Security or the Department of Health Services; residences supervised by the Department of Juvenile Corrections pursuant to the Interstate Compact on Juveniles; or unorganized territories. A.R.S. §15-825
- 3140 Institutional Vouchers**—Revenue received from the State pursuant to institutional vouchers for special education students who reside in the Arizona State School for the Deaf and the Blind; Arizona Training Program Facilities as provided in A.R.S. §36-551, or the Arizona State Hospital. A.R.S. §15-1204
- 3150 State Impact Assistance**—Revenue received from the State for pupils whose parents or legal guardians are employed by and live at the Arizona State Hospital, the Arizona State School for the Deaf and the Blind, intellectual disability centers, port of entry inspection stations, and institutions and facilities maintained by the Department of Corrections. A.R.S. §15-976
- 3200 Restricted**—Revenue from state funds that must be used for a categorical or specific purpose (e.g., Classroom Site Project and Instructional Improvement Project).
- 3900 Revenue for/on Behalf of the School**—Commitments or payments made by the State for the benefit of the school, or contributions of equipment or supplies. Separate accounts may be maintained to identify the specific nature of the revenue item.

4000 REVENUE FROM FEDERAL SOURCES

- 4100 Unrestricted Revenue Received Directly from the Federal Government**—Revenues received directly from the federal government to the school that can be used for any legal purpose without restriction.
- 4200 Unrestricted Revenue Received from the Federal Government through the State**—Revenues received from the federal government through the State that can be used for any legal purpose without restriction.
- 4300 Restricted Revenue Received Directly from the Federal Government**—Revenue received directly from the federal government to the school that must be used for a categorical or specific purpose. If such money is not completely used by the school, it usually is returned to the governmental unit.
- 4500 Restricted Revenue Received from the Federal Government through the State**—Revenues received from the federal government through the State to the school that must be used for a categorical or specific purpose, including federal food service reimbursements.
- 4700 Revenue Received from the Federal Government through Other Intermediate Agencies**—Revenues received from the federal government through other intermediate agencies, such as counties (e.g., National Forest Fees) and Indian tribes (e.g., Johnson O’Malley assistance).
- 4800 Federal Impact Aid**—Revenues received from the federal government to help educate federally connected children.
- 4900 Revenue for/on Behalf of the School**—Commitments or payments made by the federal government for the benefit of the school, or contributions of equipment or supplies. Such revenues include E-rate projects paid directly by the Schools and Libraries Corporation and foods donated by the federal government to the school. Separate accounts may be maintained to identify the specific nature of the revenue item.

5000 NET ASSETS RELEASED FROM RESTRICTIONS—Used to record the release of assets from donor restrictions through the satisfaction of program restrictions, satisfaction of equipment acquisition restrictions, and the expiration of time restrictions. **(Used only by not-for-profit schools)**

- 5100 Satisfaction of Program Restrictions**
- 5101 Without Donor Restrictions**
 - 5102 With Donor Restrictions**
- 5200 Satisfaction of Equipment Acquisition Restrictions**
- 5201 Without Donor Restrictions**
 - 5202 With Donor Restrictions**
- 5300 Expiration of Time Restrictions**
- 5301 Without Donor Restrictions**
 - 5302 With Donor Restrictions**

CHART OF ACCOUNTS EXPENSE AND LOSS PROGRAM CODES

- 100 REGULAR EDUCATION**—Activities that provide students in kindergarten through grade 12 with learning experiences to prepare them for further education or training and for responsibilities as citizens, family members, and workers. Regular programs should be distinguished from special education programs that focus on adapting curriculum or instruction to accommodate a specific disability, from vocational and technical programs that focus on career skills, and from 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. Expenses not specifically assignable to other programs should be classified here (e.g., school office and food service expenses).
- 200 SPECIAL EDUCATION**—Special programs include activities for elementary and secondary students (kindergarten through grade 12) receiving services outside the realm of “regular programs” in accordance with disability classifications defined in A.R.S. §15-761; and programs for gifted, remedial, English immersion, and vocational, technical, and career education.
- 240 Gifted Education**
 - 250 Remedial Education**
 - 260 English Language Learners Incremental Costs (A.R.S. §15-756 et seq)**
 - 265 English Language Learners Compensatory Instruction (A.R.S. §15-756 et seq)**
 - 270 Vocational and Technical Education**
 - 280 Career Education**
- Updated** **400 PUPIL TRANSPORTATION**—Accounts for expenses relating to transporting students to and from school and school activities (e.g., field trips, competitions, conferences, athletics, etc.).
- 430 English Language Learners Incremental Costs**
 - 435 English Language Learners Compensatory Instruction**
 - 470 Vocational and Technical Education**
- 500 PROGRAMS REQUIRING SEPARATE BUDGETS**—Accounts for expenses required by statute to be accounted for separately.
- 530 Dropout Prevention Programs**—Accounts for expenses for dropout prevention programs approved by the State Board of Education.
 - 540 Joint Career and Technical Education and Vocational Education Center**—Accounts for expenses for a jointly owned and operated career and technical education and vocational education center as provided in A.R.S. §15-910.01.
 - 550 K-3 Reading Program**—Accounts for expenditures from the amount generated by the K-3 Reading support level weight to be used only for instructional purposes intended to improve reading proficiency for pupils in Kindergarten and grades one, two, and three with particular emphasis on pupils in Kindergarten and grades one and two. A.R.S. §15-211
- 600 OTHER INSTRUCTIONAL PROGRAMS**—Activities that add to a student’s educational experience. These activities typically include events and activities that take place outside the traditional classroom. Some examples of such activities are athletics, band, choir, and debate.

CHART OF ACCOUNTS EXPENSE AND LOSS PROGRAM CODES

- 610 School-Sponsored Cocurricular Activities**—School-sponsored activities, under the guidance and supervision of school staff, designed to provide students such experiences as motivation, enjoyment, and improvement of skills. Cocurricular activities normally supplement the regular instructional program and include such activities as band, chorus, choir, speech, and debate. Athletics are classified as program 620.
- 620 School-Sponsored Athletics**—School-sponsored activities, under the guidance and supervision of school staff, that provide opportunities for students to pursue various aspects of physical education. Athletics normally involve competition between schools and frequently involve offsetting gate receipts or fees.
- 630 Other**—Activities that provide students with learning experiences not included in the other program 600 codes.
- 700 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 enrich the aesthetic qualities of life. Adult basic education programs are included in this category.
- 800 COMMUNITY COLLEGE EDUCATION PROGRAMS**—Activities for students attending an institution of higher education that usually offers the first 2 years of college instruction. If the school has the responsibility of providing this program, all program costs should be classified here.
- 900 COMMUNITY SERVICES PROGRAMS**—Activities that are not directly related to providing educational services in a school. 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 school for the community as a whole or some segment of the community.

CHART OF ACCOUNTS EXPENSE AND LOSS FUNCTION CODES

1000 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 cocurricular activities and school-sponsored athletics. It may also be provided through some other approved medium such as television, radio, computer, Internet, multimedia, telephone, and correspondence that is delivered inside or outside the classroom or in other teacher-student settings. Include salaries and benefits of teachers and technology used by students in the classroom or that has a student instruction focus. As an alternative to using a separate optional element for course codes in the accounting string, schools may establish course codes under this function. *(See additional bold code below)*

1900 Other Instructional Staff—Include salaries and benefits of classroom aides or assistants of any type that assist in the instructional process.

2000 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 objectives of instruction, community services, and enterprise programs, rather than as entities within themselves.

2100 Support Services—Students—Activities designed to assess and improve the well being of students and to supplement the teaching process: including attendance and social work services; guidance services; health services; psychological services; speech pathology and audiology services; and occupational/physical therapy related services.

2110 Heads of Components Support Services—Students—Activities associated with the overall administration of Student Support Services below the executive level. See description of heads of components on page [III-A-5](#). *Used in the indirect cost calculation.*

2200 Support Services—Instruction—Activities associated with assisting the instructional staff with the content and process of providing learning experiences for students, instruction-related technology, and academic student assessment. This function also includes curriculum directors, special education directors, or others who supervise staff performing these functions.

2210 Heads of Components Support Services—Instruction—Activities associated with the overall administration of Instructional Support Services below the executive level. See description of heads of components on page [III-A-5](#). *Used in the indirect cost calculation.*

2220 Improvement of Instruction—Activities primarily for assisting instructional staff in planning, developing, and evaluating the process of providing learning experiences for students. These activities include curriculum development, developing instruction techniques, child development and understanding, and staff training.

Effective
7/1/21

CHART OF ACCOUNTS EXPENSE AND LOSS FUNCTION CODES

Effective
7/1/21

- 2230 Library/Media Services**—Activities concerned with directing, managing, and supervising educational media services, as well as activities such as selecting, acquiring, preparing, cataloging, and circulating books and other printed materials; planning for the use of the library by students, teachers, and other members of the instructional staff; and guiding individuals in their use of library books, reference guides and materials, catalog materials, special collections, and other materials, whether maintained separately or as a part of an instructional materials center. These activities include developing and acquiring library materials and operating library facilities. Textbooks should be coded to function 1000.
- 2300 Support Services—General Administration**—Activities concerned with establishing and administering policy for operating the school, including governing board services and lobbying.
- 2310 Executive Administration**—Activities associated with overall general administration or executive responsibility for the school. This function includes the office of the superintendent/charter representative and related office support staff (e.g., administrative assistant, secretary), community relations, and state and federal relations services. Activities of administrators with key decision making authority and their related office support staff are also included here regardless of the specific job title used. Activities of directing operations below the level of such administrators may be coded to another support services function if they fit within that function. *Used in the indirect cost calculation.*
- 2320 Retiree Health**—Payments made to provide retiree health benefits. If a retired employee returns to employment, only classify health related costs in the detailed function below if the costs result from an agreement made when the employee retired. Classify health related costs for employees in the same function as their compensation and benefits. *Used in the indirect cost calculation.*
- 2321 Executive Administration and Heads of Components**—Retiree health payments for retired executive administrators or heads of components. See description of executive administration and heads of components on page [III-A-5](#). *Used in the indirect cost calculation.*
- 2400 Support Services—School Administration**—Activities concerned with overall administrative responsibility for a particular campus.

CHART OF ACCOUNTS EXPENSE AND LOSS FUNCTION CODES

- 2410 Office of the Principal**—Activities concerned with directing and managing the operation of a school. This function includes the activities performed by the principal, assistant principals, and other assistants while supervising all school operations, evaluating staff members, assigning duties to staff members, maintaining the school records, and coordinating school instructional activities with those of a school. This function should be used to report all heads of components within Support Services—School Administration for the indirect cost calculation. See description of heads of components on page [III-A-5](#). *Used in the indirect cost calculation.*
- 2500 Central Services**—Activities that support other administrative and instructional functions, including fiscal services; purchasing; warehousing and distributing services; printing, publishing, and duplicating services; personnel services; and administrative technology services.
- 2510 Heads of Components Support Services—Central**—Activities associated with the overall administration of Central Support Services below the executive level.
- See definition of heads of components on page [III-A-5](#). *Used in the indirect cost calculation.*
- 2520 Planning, Research, Development, and Evaluation Services**—Activities associated with conducting and managing system-wide programs of planning, research, development, and evaluation for a school system. *Used in the indirect cost calculation.*
- Planning Services—Activities concerned with selecting or identifying the overall, long-range goals and priorities of the organization or program. They also involve formulating various courses of action needed to achieve these goals. This is done by identifying needs and the relative costs and benefits of each course of action.
- Research Services—Activities concerned with the systematic study and investigation of the various aspects of education, undertaken to establish facts and principles.
- Development Services—Activities in the deliberate evolving process of improving educational programs.
- Evaluation Services—Activities concerned with ascertaining or judging the value or amount of an action or an outcome. This is done through careful appraisal of previously specified data in light of the particular situation and the goals previously established.

CHART OF ACCOUNTS EXPENSE AND LOSS FUNCTION CODES

- 2530 Public Information Services**—Activities concerned with writing, editing, and otherwise preparing educational and administrative information for dissemination to students, staff, managers, and the general public through direct mailing, the various news media, email, the Internet, websites, and personal contact. The information services function code includes related supervision and internal and public information services. *Used in the indirect cost calculation.*
- 2600 Operation and Maintenance of Plant**—Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition and state of repair. This function includes activities related to operating and maintaining buildings, care and upkeep of grounds, care and upkeep of equipment, vehicle operation and maintenance (other than student transportation vehicles), security, and safety.
- 2610 Heads of Components Operation and Maintenance of Plant**—Activities associated with the overall administration of Plant Operations and Maintenance below the executive level. See description of heads of components on page [III-A-5](#). *Used in the indirect cost calculation.*
- 2700 Student Transportation**—Activities concerned with conveying students to and from school, as provided by state and federal law, and trips to school activities. This includes vehicle operation, monitoring services, and vehicle servicing and maintenance services.
- 2710 Heads of Components Student Transportation**—Activities associated with the overall administration of Student Transportation below the executive level. See description of head of components on page [III-A-5](#). *Used in the indirect cost calculation.*
- 2900 Other Support Services**—All other support services not classified elsewhere in the function 2000 series.
- 2910 Heads of Components Support Services—Other**—Activities associated with the overall administration of Other Support Services below the executive level. See definition of heads of components on page [III-A-5](#). *Used in the indirect cost calculation.*
- 3000 OPERATION OF NONINSTRUCTIONAL SERVICES**—Activities concerned with providing noninstructional services to students, staff, or the community.
- 3100 Food Service Operations**—Activities concerned with providing food to students and staff at a campus or school. 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-A-5](#). *Used in the indirect cost calculation.*

CHART OF ACCOUNTS EXPENSE AND LOSS FUNCTION CODES

- 3300 Community Services Operations**—Activities concerned with providing community services to students, staff, or other community participants. Examples of this function would be the operation of a community swimming pool, a recreation program for the elderly, a childcare center for working parents, etc. Activities related to counseling students and parents as described in function **2100** should be coded there.
- 3310 Heads of Components Community Service Operations**—Activities associated with the overall administration of Community Services Operations below the executive level. See definition of heads of components on page **III-A-5**. *Used in the indirect cost calculation.*
- 3400 Bookstore Operations**—Activities concerned with bookstore operations.
- 3410 Heads of Components Bookstore Operations**—Activities associated with the overall administration of Bookstore Operations below the executive level. See definition of heads of components on page **III-A-5**. *Used in the indirect cost calculation.*
- 4000 FACILITIES ACQUISITION AND CONSTRUCTION**—Activities concerned with acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, initially installing or extending service systems and other built-in equipment, and improving sites. Expenses recorded under this function that should be included as part of the capitalized cost of an asset must be reclassified to the applicable asset account by fiscal year-end.
- 4100 Heads of Components Facilities Acquisition and Construction**—Activities associated with the overall administration of Facilities Acquisition and Construction below the executive level. See description of heads of components on page **III-A-5**. *Used in the indirect cost calculation.*
- 5000 DEBT SERVICE**—Activities related to servicing the long-term debt of the school including payments of both principal and interest. This function should be used to account for capital lease payments and other long-term notes. Interest on short-term notes or loans repayable within 1 year of receiving the obligation is charged to function 2500.

6100 PERSONAL SERVICES—SALARIES—Amounts paid to both permanent and temporary school employees, including personnel substituting for those in permanent positions. This includes gross salary for personal services rendered while on the payroll of the school.

Used with functions 1000-4000. Used with function 1900 if salaries are for Other Instructional Staff (e.g., classroom aides).

6110 Certified Salaries—Amounts earned by employees certified by the Arizona Department of Education.

6111 Administrators

6112 Teachers

6113 Substitute Teachers

6114 Other

6150 Noncertified Salaries—Amounts earned by employees who are not certified by the Arizona Department of Education.

6151 Administrators

6152 Teachers

6153 Substitute Teachers

6154 Other

6200 PERSONAL SERVICES—EMPLOYEE BENEFITS—Amounts paid on behalf of employees; these amounts are not included in the gross salary, but are in addition to that amount. Such payments are fringe benefit payments, whether paid directly to the employee or not, and are part of the cost of personal services.

Used with functions 1000-4000. Used with function 1900 if benefits are for Other Instructional Staff (e.g., classroom aides).

6210 Employee Insurance—Amounts for the employer's share of any insurance plans, such as life, health, dental, and accident insurance.

6220 Social Security Taxes—Employer's share of amounts paid for social security. (Schools must maintain adequate records to separately identify OASDI and Medicare.)

6230 Retirement Plan Contributions—Employer's share of amounts paid for retirement and long-term disability contributions to the school's retirement plan. (Schools must maintain adequate records to separately identify retirement and long-term disability.)

6240 Tuition Reimbursement—Amounts reimbursed by the school to any employee qualifying for tuition reimbursement on the basis of school policy.

6250 Unemployment Insurance—Amounts paid to provide unemployment insurance for employees. These charges may be distributed to functions in accordance with the salary budget or may be charged to function 2300.

6260 Workers' Compensation—Amounts paid to provide workers' compensation insurance for employees. These charges may be distributed to functions in accordance with the salary budget or may be charged to function 2300.

- 6270 Health Benefits**—Amounts paid by the school to provide health benefits, other than insurance, for its current or former employees.
- 6280 Unused Leave and Severance Payments**—Amounts paid for unused leave and severance pay when employees separate from employment. **(Although expenditure object codes 6281 through 6283 are optional, schools must maintain adequate records to be able to report these categories for use in the indirect cost calculation.)**
- 6281 Unused Leave Payments**—Amount paid for unused leave when an employee retires or separates from employment.
- 6282 Normal Severance Payments**—Amounts paid other than leave payments, if any, when an employee retires or separates from employment. Do not include amounts for abnormal or mass severance payments here as those are classified in 6283 below.
- 6283 Abnormal or Mass Severance Payments**—Amounts paid as separation incentives when offered to all employees or all employees in an employee group or class. Include payments such as lump sum payments that may be linked to years of service, increased pension benefits, and payments of unused leave beyond normal amounts.
- 6290 Other Employee Benefits**—Employee benefits other than those classified above, including fringe benefits such as automobile allowances, housing or related supplements, moving expenses, and paid parking. Schools may establish subcodes for various accrued amounts.
- 6300 PURCHASED PROFESSIONAL AND TECHNICAL SERVICES**—Services that by their nature can be performed only by persons or firms with specialized skills and knowledge. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided. Included are the services of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, teachers, counselors, technicians, therapists, accountants, etc. It is recommended that a separate account be established for each type of service provided to the school. Services in conjunction with the purchase or construction of capital assets should be capitalized as part of the asset's cost. Costs related to conference fees, employee training, and professional development are also included here.
- Usually used with functions 1000 and 2000.*
- 6310 Audit Services**—Audit Services associated with financial and compliance audits of a school. Do not include amounts related to audits of federal programs. Federal program audit costs should be coded to expenditure object code 6300. *Used in the indirect cost calculation.*
- Usually used with function 2300.*
- 6325 Contract Teachers**

Effective
7/1/21

6330 Technical Services—Services that are not regarded as professional, but require basic scientific knowledge, manual skills, or both. Include data processing and coding services, data entry, formatting, and processing services other than programming; purchasing and warehousing services; and graphic arts.

6400 PURCHASED PROPERTY SERVICES—Services purchased to operate, repair, maintain, and rent property owned or used by the school. These services are performed by persons other than school employees. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

6410 Utility Services—Costs for nonenergy utility services supplied by public or private organizations including water and sewage services. Telephone and facsimile services should be classified under object code 6530.

Used only with function 2600.

6420 Cleaning Services—Services purchased to clean buildings and grounds, including disposal, snow removal, custodial, and lawn care services (apart from services provided by school employees).

Used only with function 2600.

6430 Repairs and Maintenance Services—Costs for repairs and maintenance services not provided directly by school personnel.

6431 Nontechnology-Related Repairs and Maintenance—Contracts and agreements covering the upkeep of buildings and nontechnology equipment. Costs for renovating and remodeling should be coded to object code 0194.

6432 Technology-Related Repairs and Maintenance—Costs for repairs and maintenance services for technology equipment that are not directly provided by school personnel. This includes ongoing service agreements for technology hardware.

6440 Rentals—Costs for renting or leasing land, buildings, and equipment. For capital leases, use object code 6850 to record interest expense and 0261 to record the principal payment.

Usually used with functions 1000 and 2000.

6441 Rental of Computers and Related Equipment—Costs for leasing or renting computers and related equipment for both temporary and long-term use.

6490 Other Purchased Property Services—Purchased property services that are not classified above. Costs for telephone and facsimile services should be included in object code 6530.

Usually used with function 2600.

6500 OTHER PURCHASED SERVICES—Costs for services rendered by organizations or personnel not on the school payroll, but not included in Purchased Professional and Technical Services (6300) or Purchased Property Services (6400). Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

Effective
7/1/21

Effective
7/1/21

- 6510 Student Transportation Services**—Costs for transporting students to and from school and other activities.
- 6511 Student Transportation Purchased From Other Arizona Schools or Districts**—Amounts paid to other Arizona schools or districts for transporting children to and from school and school-related events.
Used only with function 2700.
- 6512 Student Transportation Purchased From Out-of-State Schools or Districts**—Payments to schools or districts outside Arizona for transporting children to and from school and school-related events.
Used only with function 2700.
- 6519 Student Transportation Purchased From Other Sources**—Payments to persons or agencies other than schools or districts for transporting children to and from school and school-related events. These include payments to individuals who transport themselves or their own children or for reimbursement of transportation expenses on public carriers. Expenses for the rental of buses that are operated by personnel on the school payroll are not recorded here but under object code 6440.
Used only with function 2700.
- 6520 Insurance (Other than Employee Benefits)**—Costs for all types of insurance coverage, including property, liability, and fidelity. Insurance for group health is not charged here but is recorded under object code 6200.
Used with functions 2300, 2600 or 2700.
- 6530 Communications**—Costs of services provided by persons or businesses that assist in transmitting and receiving messages, such as postal communication services to establish or maintain postage machine rentals, postage, express delivery services, or couriers.
Usually used with function 2500.
- 6531 Telecommunications**—Expenses for telephone and voice communication services, and voicemail; data communication services to establish or maintain computer-based communications, networking, and Internet services; video communication services to establish or maintain one-way or two-way video communications via satellite, cable, or other devices provided by a service provider.
Usually used with function 2600. Used with functions 1000 and 2200 for supporting instruction.
- 6540 Advertising**—Costs for announcements in professional publications, newspapers, or broadcasts over radio and television. These expenses include advertising for such purposes as personnel recruitment, legal ads, new and used equipment, and sale of property. Costs for professional advertising or public relations services are not recorded here but are charged to object code 6300.
Usually used with functions 2300 or 2500.

Updated

New
Effective
7/1/21

- 6550 Printing and Binding**—Costs for job printing and binding, usually according to specifications of the school. This includes designing and printing forms and posters as well as printing and binding school publications. Preprinted standard forms are not charged here but are recorded under object code 6610.
Usually used with function 2500.
- 6560 Tuition**—Expenditures to reimburse other educational institutions. *Used in the indirect cost calculation.*
Used only with function 1000.
- 6570 Food Service Management**—Costs for the operation of a local food service facility by other than employees of the school. Included are contracted services, such as food preparation, associated with the food service operation. Direct expenses paid for food, supplies, labor, and equipment would be charged to the appropriate object codes.
Used only with function 3100.
- 6580 Travel**—Costs of transportation, meals, lodging, and other expenses associated with traveling on business for the school (including nonemployees traveling for a school purpose). This includes public transportation fares or private vehicle reimbursement, subsistence, and other permissible travel expenses. Payments of set amounts on a monthly or other periodic basis, regardless of actual travel time, are not considered travel expenses but should be treated as employee compensation, object code 6100.
Used with functions 1000–4000.
- 6590 Miscellaneous Purchased Services**—Purchased services other than those coded elsewhere in the expenditure object code 6500 range.
- 6591 Services Purchased from Other Arizona Schools or Districts**—Payments to another school or district within the State for services rendered, other than tuition and transportation fees. Examples of such services are data processing, purchasing, nursing, and guidance. If a question arises as to whether to classify such payments to the 6300 series of object codes or to this code, 6591 should be used so that *all* interschool payments can be eliminated when consolidating reports from multiple schools at state and federal levels.
Usually used with function codes in the 2000 range.
- 6592 Services Purchased from Out-of-State Schools or Districts**—Payments to another school or district outside the State for services rendered, other than tuition and transportation fees. Examples of such services are data processing, purchasing, nursing, and guidance. If a question arises as to whether to classify such payments to the 6300 series of object codes or to this code, 6592 should be used so that *all* interschool payments can be eliminated when consolidating reports at the federal level.
Usually used with function codes in the 2000 range.

6600 SUPPLIES—Amounts paid for items that are consumed, worn out, or deteriorated through use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances.

6610 General Supplies—Costs for all supplies for operating the school, including freight and tax.

Used with functions 1000-4000.

6620 Energy—Costs for energy, including gas, oil, coal, gasoline, and services received from public or private utility companies.

6621 Natural Gas—Costs for gas utility services from a private or public utility company.

Usually used with functions 2600 and 3100.

6622 Electricity—Costs for electric utility services from a private or public utility company. Schools that maintain separate meters for powering food service operations or electric vehicles may choose to split expenses between function codes, as appropriate.

Usually used with functions 2600, 2700, and 3100.

6623 Bottled Gas—Costs for bottled gas, such as propane gas received in tanks.

Usually used with functions 2600 and 3100.

6624 Oil—Costs for bulk oil normally used for heating.

Usually used with function 2600.

6625 Coal—Costs for raw coal normally used for heating.

Usually used with function 2600.

6626 Gasoline—Costs for gasoline purchased in bulk or periodically from a gasoline service station.

Usually used with functions 2600 and 2700.

6630 Food—Costs for food used in the school food service program. Food used in instructional programs is charged under object 6610.

Used only with function 3100.

6631 USDA Commodities (Excluding Freight)—The fair market value of commodities donated by the U.S. Department of Agriculture (USDA).

6632 USDA Commodities (Freight Only)—Expenses for freight charges for USDA commodities.

6633 Other Food—Costs for food other than USDA commodities.

Updated

6640 Books, Periodicals, and Instructional Aids—Costs for books, textbooks, and periodicals prescribed and available for general use, including reference books. This category includes the cost of workbooks and textbooks that are purchased to be resold or rented. This category also includes the cost of bookbinding or repairs to textbooks and school library books.

Used with functions 1000–4000.

6641 Library Books—Expenses for regular purchases of library books and related items available for general use by students, including reference books, films, cassette tapes, periodicals, and computer databases used in the library/media center.

6642 Textbooks—Expenses for textbooks or educational systems for each course of study, including books, kits, videocassettes, films, instructional computer software, or workbooks that function as part of the basic program. This code is not intended to cover costs of teaching supplies normally consumed, such as paper, pencils, scissors, crayons, and tape.

6643 Instructional Aids—Expenses for materials, such as instructional computer software, workbooks, films, kits, and magazines that supplement the school's adopted program.

6644 Other Books, Periodicals, and Media—Expenses for books, periodicals, and other media such as DVDs purchased for nonstudent users or for noncredit enrichment programs.

6650 Supplies—Technology-Related—Technology-related supplies that are typically used in conjunction with technology-related hardware or software. Some examples are writable CDs/DVDs, parallel cables, and monitor stands.

Used only with functions 2200 and 2500.

6700 PROPERTY—Expenses for capital asset depreciation and impairments.

6740 Depreciation—The portion of the cost of a capital asset that is charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is apportioned over the estimated useful life of such an asset, and each period is charged with a portion of such cost. Through this process, the cost of the asset is ultimately charged off as an expense.

Used only with function 4000.

6750 Capital Asset Impairments—Used to record impairment losses on capital assets. An asset is considered impaired when its carrying amount exceeds its fair value. An impairment loss should be recognized only if the carrying amount of a capital asset is not recoverable and exceeds its fair value.

Used only with function 4000.

6800 OTHER EXPENSES AND LOSSES—Expenses and losses not otherwise classified above.

6810 Dues and Fees—Costs or assessments for membership in professional or other organizations, personnel certification/licensing fees, or payments to a paying agent for services rendered, such as bank fees.

Usually used with functions 1000 and codes in the 2000 range.

6820 Judgments Against the School—Costs for all judgments against the school that are not covered by liability insurance, but are of a type that might have been covered by insurance. Only amounts paid as the result of court decisions are recorded here. Judgments against the school resulting from failure to pay bills or debt service are recorded under the appropriate expense accounts as though the bills or debt service had been paid when due.

Used only with function 2300.

6830 Pass-through Payments—Payments to another entity for monies received by the school on their behalf or as required by legal agreement. Such payments are paid to the other entity without directly controlling how the monies are spent by that entity. *Used in the indirect cost calculation.*

6840 Sub-awards—Sub-awards are awards provided by a school to a subrecipient to carry out part of the services for which the award was received by the school. Sub-awards do not include payments to a contractor or payments to an individual that is a beneficiary of the program paid for by the award. A sub-award may be provided through any form of legal agreement or contract. **(For indirect cost reporting, schools must maintain adequate records to be able to report the portion of each individual sub-award exceeding \$25,000.)**

6850 Interest—Interest expense on revolving lines of credit, capital leases, and account balances not paid in full within 30 days.

6860 Nonpayroll Taxes

6861 Federal

6862 State

6863 Local

6864 Property

6870 Loss on Sale of Investments—Losses realized on the sale of investments. Losses represent the excess of the cost or any other basis at the date of sale over the sale proceeds. The basis at the date of sale is the cost less amortization of premiums or plus amortization of discounts, as applicable.

6890 Miscellaneous Expenses—Expenses not properly classified in one of the object codes included above. Students' food and hotel costs associated with student travel, as well as student entrance fees paid by the school should be coded here.

Used with functions 1000-4000.

6900 OTHER OBJECTS

6910 Indirect Costs—Overhead costs associated with operating federal projects that cannot be easily identified with a specific project. Such costs are usually recorded in project 1000—Schoolwide Project. Indirect costs are calculated using an indirect cost rate approved by ADE.

This object code is neither a revenue nor an expense code. It serves as an internal management tool used primarily for ADE reporting purposes. It should be used with a project code; however, a program and function code are not required. It should not be used in preparing the school's audited financial statements. (See Example Entry 13 on page [III-F-2](#).)

This element identifies expenses by instructional level and school. The first digit of the three-digit unit code identifies the instructional level and is required for charter schools containing both elementary and high school grades. The second and third digits of the unit code are used to account for expenses of particular campuses and are required for schools with two or more campuses. The following numbers should be used as the first digit. Schools should add subaccounts (i.e., 110, 120, etc.) within the elementary and high school codes to identify particular campuses.

- 100 Elementary**—A school organized as an elementary school with a grade level of kindergarten through eighth grade.
- 200 High School**—A school organized as a high school with a maximum grade level span of 9 through 12.
- 300 Schoolwide**—Assigned to any expense that applies to the entire school and is not clearly assignable to an instructional level. Expenses charged to this unit code must be allocated among individual campuses and instructional levels by fiscal year-end. However, this allocation is only required for the school’s annual report cards and is not required to be recorded in the school’s accounting records.

CHART OF ACCOUNTS

EXAMPLE ENTRIES

The following journal entries are examples of double-entry account coding for various transactions. The examples do not include the unit code element, which is required only for charter schools with both elementary and high school grade levels and schools with two or more campuses.

	Account Codes	Description	DEBIT	CREDIT
1.	1000 000 0000 0102	Cash in Bank	\$90,000	
	1000 000 0000 3110	Revenues—State Equalization Assistance		\$90,000
	(To record receipt of state equalization assistance.)			
2.	1000 200 1000 6112	Certified Salaries—Teachers	\$ 1,000	
	1000 200 1000 6220	Social Security Taxes—Employer Matching	76	
	1000 200 1000 6210	Employee Insurance—Employer	100	
	1000 000 0000 0222	Social Security—OASDI Payable—Employer		\$ 62
	1000 000 0000 0243	Social Security—OASDI Payable—Employee		62
	1000 000 0000 0223	Medicare Payable—Hospital Insurance—Employer		14
	1000 000 0000 0244	Medicare Payable—Hospital Insurance—Employee		14
	1000 000 0000 0225	Employee Insurance Payable		100
	1000 000 0000 0241	Federal Income Taxes Payable		120
	1000 000 0000 0242	State Income Taxes Payable		24
	1000 000 0000 0247	Voluntary Deductions (Insurance)		50
	1000 000 0000 0102	Cash in Bank		730
	(To record the biweekly salary of a certified teacher who teaches children in the gifted program.)			
3.	1000 000 0000 0196	Equipment	\$7,500	
	1000 000 0000 0102	Cash in Bank		\$7,500
	(To record the purchase of a copier for use by the accounting department.)			
4.	1000 000 0000 0102	Cash in Bank	\$1,000	
	1000 000 0000 1922	Contributions and Donations from Private Sources— With Donor Restrictions		\$1,000
	(To record receipt of a donation that has been restricted by the donor to be used for the purchase of textbooks. Not-for-profit schools only.)			
5.	1000 000 0000 5302	Net Assets Released from Time Restrictions—With Donor Restrictions	\$ 500	
	1000 000 0000 5301	Net Assets Released from Time Restrictions— Without Donor Restrictions		\$ 500
	(To record the release of assets from donor restrictions by the passage of time. Not-for-profit schools only.)			
6.	1000 000 0000 0216	Due to Student Groups	\$ 150	
	1000 000 0000 0102	Cash in Bank		\$ 150
	(To record a student club disbursement.)			

CHART OF ACCOUNTS

EXAMPLE ENTRIES

	Account Codes	Description	DEBIT	CREDIT
7.	15XX 000 0000 0102	Cash in Bank	\$3,000	
	15XX 000 0000 1700	Revenue—School Activities		\$3,000
	(To record gate receipts from a school basketball game for a school electing to use a separate project code to track the financial activity of its athletic program.)			
8.	15XX 000 0000 0102	Cash in Bank	\$ 600	
	15XX 000 0000 1600	Revenue—Food Service		\$ 600
	(To record school lunch sales for a school electing to use a separate project code to track the financial activity of its food service program.)			
9.	1000 000 0000 0150	Prepaid Insurance	\$10,000	
	1000 100 2600 6520	Property Insurance	10,000	
	1000 000 0000 0102	Cash in Bank		\$20,000
	(To record the purchase of a 2-year property insurance policy.)			
10.	1000 400 2700 6626	Gasoline for Student Transportation	\$ 1,500	
	1000 000 0000 0201	Accounts Payable		\$ 1,500
	(To record the purchase of gasoline for school buses used for regular education on account. It is expected to be used up during the current period.)			
11.	1000 000 0000 0194	Buildings	\$50,000	
	1000 000 0000 0261	Capital Leases Payable		\$45,000
	1000 000 0000 0102	Cash in Bank		5,000
	(To record the school's entry into a capital lease to obtain a building, including a cash down payment.)			
12.	1000 400 4000 6740	Depreciation	\$15,000	
	1000 000 0000 0197	Accumulated Depreciation on Equipment		\$15,000
	(To record the annual depreciation of school buses.)			
13.	1000 000 0000 0102	Schoolwide Project—Cash in Bank	\$500	
	1XXX 000 0000 6910	Federal Projects—Indirect Costs	500	
	1000 000 0000 6910	Schoolwide Project—Indirect Costs		\$500
	1XXX 000 0000 0102	Federal Projects—Cash in Bank		500
	(To record indirect costs in a federal project. Not-for-profit schools will also need to make a journal entry in the federal project similar to Example Entry 5 if the revenue was recorded as restricted when it was received.)			

CHART OF ACCOUNTS

EXAMPLE ENTRIES

Account Codes	Description	DEBIT	CREDIT
14. 1000 400 2700 6511	Student Transportation Purchased from Other Arizona Schools or Districts	\$1,000	
1000 000 0000 0102	Cash in Bank		\$ 1,000
(To record the payment made to another Arizona school or district for transporting the paying school's students.)			
15. 1000 000 0000 0196	Equipment	\$30,000	
1000 000 0000 0102	Cash in Bank		\$30,000
(To record the purchase of a van to be used to transport disabled students.)			
16. 1000 620 1000 6643	Instructional Aids	\$ 1,000	
1000 000 0000 0102	Cash in Bank		\$ 1,000
(To record the purchase of athletic instructional aids.)			

New

CAPITAL CODING

Use this graphic to help determine the appropriate function and object codes¹ for capital purchases, including equipment and construction meeting a charter school’s capitalization threshold² and having a useful life of 1 year or more. A charter school’s capitalization threshold may not exceed \$5,000. For federal grant reporting, only items with unit costs of \$5,000 or more purchased with federal monies should be reported as capital.

¹ Charter schools that are exempt from all or part of the USFRCS in accordance with A.R.S. §15-183(E)(6) must use an accounting system that provides for the proper recording and reporting of financial data using USFRCS function and object codes.

² Purchases that do not meet a charter school’s capitalization criteria should be recorded as a supply using an expense and loss object code 6XXX (section III-E-3).

