FINANCIAL MANAGEMENT FOR
GEORGIA LOCAL UNITS
OF ADMINISTRATION

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NATURE AND PURPOSE

Common terminology and classifications should be used throughout the budgeting, accounting, and financial reporting activities of a Local Unit of Administration (LUA). The illustrative chart of accounts (COA) presented in this appendix has been designed for this purpose, and it follows the National Center for Education and Statistics (NCES) COA as sanctioned by the US Department of Education. The website for NCES is https://nces.ed.gov/pubs2015/fin_acct/chapter6.asp. The chart of accounts is designed to provide LUA management with a comprehensive account structure for its internal financial reporting as well as external reporting to the Georgia Department of Education (GA DOE) and other agencies. The chart of accounts, as displayed below is a replica of the DE046 Financial File layout found at:

https://www.gadoe.org/Finance-and-Business-Operations/Financial-Review/Documents/DE46%20file%20layout%20FY%202016.pdf

The COA consists of the following fields for accounting transactions:

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

TECHNICAL OVERVIEW

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

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

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

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

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

Facility Code is a four-digit code used to tie a transaction to a specific facility in the LUA if necessary. It should only be submitted by those facilities/schools/programs listed as "open" for that fiscal year in the Facilities Registry.

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

Additional Code numbers are reserved for future use by the GaDOE for specified account identifiers. However, LUAs may use this additional field for internal reporting purposes.

FUND CLASSIFICATIONS

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

Governmental Funds - The funds through which most LUA functions typically are financed. These funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities -- except those accounted for in proprietary funds and fiduciary funds. In essence, these funds are accounting segregations of financial resources.

Proprietary Funds - The funds used to account for LUA activities that are similar to business operations used in the commercial sector. All assets, liabilities, equities, revenues, expenses and transfers relating to the LUA's business and quasi-business activities are accounted for through proprietary funds.

Fiduciary Funds - The funds used to account for assets held by the LUA as trustee or agent for individuals, private organizations, other government units and/or other funds.

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

CLASSIFICATION OF BALANCE SHEET ACCOUNTS

A listing and definition of balance sheet accounts is linked below. Assets include what is owned and other items not owned as of the balance sheet but expected to become fully owned at some future date. Deferred Outflow of Resources is the consumption of net assets by the LUA that is applicable to a future reporting period. Liabilities are financial obligations of the LUA. Deferred Inflow of Resources is the acquisition of net assets by the LUA that is applicable to a future reporting period. Fund Equity accounts reflect the excess of a fund's assets over its liabilities. Portions of the fund balance may be restricted if there is a legally binding restriction, usually externally imposed, earmarking resources for a specific future use such as a reserve for Capital Outlay or Nutrition Services. In addition, there is a designation of Nonspendable fund balance that denotes funds are not available for appropriation or expenditure and is applicable only to governmental fund types, such as a reserve for inventories or prepaid insurance.

CLASSIFICATIONSOF REVENUES AND OTHER FINANCING SOURCES

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

CLASSIFICATION OF EXPENDITURES AND OTHER FINANCING USES

Multiple classifications of governmental fund expenditure data are important from both internal and external management control and accountability standpoints. It facilitates the aggregation and analysis of data in different ways for different purposes and in manners that cross fund and organization lines, for internal evaluation, external reporting, and intergovernmental comparison purposes. The major accounting classifications of

expenditures are by fund (as described above), program, function, and object class.

PROGRAMS

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

FUNCTIONS

Functions group related activities that are aimed at accomplishing a major service or regulatory program for which an LUA is responsible. The functions describe the expenditure activity for which a service or material object is acquired. The functions are classified into five broad areas: Instruction, Support Services, Operation of Non-Instructional Services, Facilities Acquisition and Construction, and Other Outlays.

OBJECTS

Finally, expenditures should be classified by object classes, that is, according to the types of items purchased or services obtained. There are nine major object categories which may be further subdivided. Examples of "Current Operating" object of expenditure classifications are personal services, supplies, and other services and charges. ("Capital Outlays" and "Debt Service" also are major objects of expenditure classifications.) Excessively detailed object classifications should be avoided since they complicate the accounting procedure and are of limited use in financial management. An LEA may consider utilizing sub-object codes for internal use only to expand the account code identifier. However, GADOE does not currently collect sub-object code information.

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

https://www.gadoe.org/Finance-and-Business-Operations/Financial-Review/Pages/LUA-Chart-of-Accounts.aspx

JOB CODES

The Certified/Classified Personnel Information (CPI) Report collected by the Data Collections Division of GaDOE requires a 3-digit job code for every employee reported. This job code relates to a specific classification of employee. Given the general description of each job code, the job codes are related to specific Object Codes as listed in the Financial Review's, *LUA Chart of Accounts* website. The Object Code/Job Code relationships on the Chart of Accounts website is to assist the finance personnel at each school district and charter school

in correctly expensing the salaries and related benefits for each employee. The relationship is intended to be used as guide. For example, the job codes for classroom teachers should be expensed to object code 110 – Teachers.

A listing of all job code categories can be found at the Data Collections and Reporting page on the GaDOE website below:

https://www.gadoe.org/Technology-Services/Data-Collections/Pages/FY2020-CPI-Resources.aspx

CODE RELATIONSHIPS

Code Relationships describe the valid account code combinations for certain account groups. Code Relationship validations ensure that certain combinations are acceptable and reasonable. For instance, in regards to the 'Function-Object' validation, any financial or budgetary submissions to GADOE for Function 1000 (Instruction) and Object 120 (Superintendent, RESA Director) would be invalid and would be rejected in the portal submissions processes. The correct Function for Object 120 is Function 2300, General Administration.

The following code relationship groups are detailed Financial Review's code relationship web page:
- Function – Object
- Function - Program
- Fund - Program
- Object - Subobject
- Object - Job Codes

The code relationship website is listed below:

https://www.gadoe.org/Finance-and-Business-Operations/Financial-Review/Pages/LUA-Chart-of-Accounts.aspx

CHART OF ACCOUNTS SUMMARY

The Financial Review Division at GADOE has prepared a 'Chart of Accounts User Guide" and it on the division's website. The user guide is updated annually, as needed, and can be found on the Financial Review website.