

# WVEIS Account Coding

A copy of the Local Educational Agencies Chart of Accounts – Effective July 1, 2014 can be found on the WVDE Office of School Finance page at <http://wvde.state.wv.us/finance/> under the option of Manuals > Chart of Accounts. This publication will be updated over the next few months to create a version for FY15. A document summarizing any changes will be provided when the new version is released.

## How is a basic account code structured?

For each type of transaction, the specific account code is made up of a combination of classifications called dimensions. The dimensions utilized are as follows:

| (1) | (2)   | (3)   | (4) | (5) | (6)  | (7)  | (8) |
|-----|-------|-------|-----|-----|------|------|-----|
| XX  | XXXXX | XXXXX | XXX | XXX | XXXX | XXXX | XX  |

**(1) FUND** - The first dimension is a two-digit field that identifies the type of fund. The first digit identifies the basic type and the second digit identifies the sub-fund.

**(2) PROJECT** - The second dimension is a five-digit field that identifies the project. The first two digits identify whether the project is an unrestricted or restricted project and, if restricted, the basic type of project. Unrestricted projects are identified by zeroes in the first two elements; restricted projects are identified by significant digits in these two elements. For unrestricted projects, the third digit is also a zero; for restricted projects, the third digit identifies the fiscal year's funding source. The fourth and fifth digits identify sub-projects.

**(3) REVENUE SOURCE, PROGRAM/FUNCTION, OR BALANCE SHEET ACCOUNT** - The third dimension is a five digit field which is used to identify three basic types of accounts; revenue source, program/function (expenditure), or balance sheet account. The type of account is distinguished by the first two digits of the field. Revenue accounts begin with a zero and the second digit of the dimension identifies the type of revenue. Expenditure accounts begin with a one through nine; the first digit of the dimension identifies the program and the second digit identifies the function. For balance sheet accounts, the first two digits are zero and the dimension identifies the balance sheet account to which the transaction is being posted.

**(4) OBJECT** - The fourth dimension is a three-digit field that identifies the basic type of account, such as a revenue account, an expenditure account, or a balance sheet account. For expenditure accounts, the dimension also identifies the service or commodity obtained as a result of the specific expenditure.

(5) **LOCATION** - The fifth dimension is a three-digit field that identifies the location. The first digit identifies the type of building and the second two digits identify the specific building.

(6) **COST CENTER** - The sixth dimension is a four-digit field that can be used to identify the cost center. The use of this dimension is optional at this time, but its usage is recommended.

(7) **SUBJECT** - The seventh dimension is a four-digit field that can be used to identify the subject area being taught in instructional programs. The use of this dimension is also optional at this time.

(8) **EXPANSION** - The eighth dimension is a two-digit field whose use has been reserved for future expansion.

## **Why is utilizing the correct WVEIS Account Code important for LEAs?**

Utilizing the correct WVEIS Account Code is important to LEAs for many reasons. It is important that the account codes used by LEAs properly reflect the transactions that were actually incurred. The financial data is utilized at the LEA level for things including but not limited to the following:

- Monitoring budgeted versus actual expenditures and revenues on an ongoing basis
- Preparing monthly financial reports for the local Board
- Preparing annual GAAP-based financial statements
- Developing budgets for future years based on historical data
- Providing project financial reports to project directors
- Preparing annual indirect cost rate applications

Mistakes in coding transactions makes the data being utilized for these functions inaccurate and less reliable. It could result in overspending budgets, inaccurately forecasting future needs, erroneous financial reports, etc.

## **Why is proper LEA coding important to WVDE?**

LEA financial data is utilized by WVDE for many purposes, including but not limited to the following:

- Calculation of Step 4 under the Public School Support Program
- Federal reporting (NPEFS, F-33)

- Calculation of Per Pupil Expenditures
- Calculation of Maintenance of Effort
- Preparation of the Child Nutrition Annual Report
- Review of LEA proposed budgets
- Preparation of responses to legislative data requests
- Preparation of fiscal notes for proposed legislation
- Monitoring of deficit counties and counties trending towards a deficit and corresponding monthly report to the State Board Finance Committee
- Calculation of which counties qualify for MIP projects through the SBA

It is very important that LEA financial data be accurate so that WVDE can prepare accurate reports, provide the correct amount of state aid funding to LEAs, etc.

## **Why do we have a standardized Chart of Accounts?**

The National Center of Education Statistics (NCES) has a publication entitled “Financial Accounting for Local and State School Systems” which contains general guidelines for account codes to be utilized by LEAs (ex: Balance Sheet Account Numbers, Object Codes, Program Codes, Function Codes, Revenue Codes, etc.) Because NCES is also the agency that specifies the content of the federal reports prepared by WVDE (NPEFS, F-33), those reports follow the NCES general guidelines for account coding. Many years ago, WVDE determined that following the NCES guidelines was in the best interest of both WVDE and the LEAs. Utilizing the standard account codes from NCES avoids the need for a crosswalk between our codes and the standard codes. It allows for our data to be comparable not only among LEAs in West Virginia, but also comparable with other LEAs across the nation.

## **What are some common coding errors that require correction?**

- **Continued Utilization of Discontinued Codes:** It is very common for LEAs to continue to use codes that have been discontinued. Some examples are below:
  - Beginning with the 2012-13 school year, per West Virginia Code, WVDE began sending PEIA funding directly to PEIA instead of to the LEAs. The revenue source code changed from 03181 to 03918 and was effective. Our review of revenue data for FY14 showed that 5 counties continued to utilize the old code in even the second year beyond the change.
  - One county continues to utilize a revenue source code of 01622, which is no longer a valid code. That code used to be for breakfast sales for meals

considered non-reimbursable meals by the USDA and lunch sales were a separate code. However, lunch and breakfast were combined into one code of 01621 several years ago.

- Six counties are utilizing a revenue source code of 01999 for accrued/unearned local revenue. However, going back as far as 2004, that code was not included in the chart of accounts. 01991 should be used for accrued local revenue. 01992 should be used for unearned local revenue.
- **Incompatible Code Combinations:** The Office of School Finance frequently finds instances where a Revenue Source Code is utilized with an expense object code (100-900 instead of 009) or where an Expense Program Function Code is utilized with a revenue object code (009 instead of 100-900). When the Office of School Finance receives a WVEIS financial data file, the object code is what drives a field on that report that classifies each combination as either Revenue or Expense. These incompatible combinations make it difficult when we prepare schedules such as Revenues Classified by Source or Expenses Classified by Function since data is misclassified. There were several manual adjustments required in our spreadsheets this year to fix such coding errors.

The Office of School Finance will be working with the Office of Data Management and Analysis for a way to prevent these incompatible account combinations. Until such time that controls can be put into place in WVEIS, it is recommended that all LEAs run reports to identify and correct such issues prior to closing the fiscal year and preparing annual financial statements.

- **Operations and Maintenance Expenditure Coding:** Please be sure to fully utilize the detailed program/function codes from the Chart of Accounts for Operations and Maintenance Expenditures. At the USDE NCES Data Conference in July 2014, the federal officials indicated that they may begin requiring operations and maintenance expenditures to be split out on the NPEFS and F-33 reports. Operations and maintenance expenditures are currently combined for these federal reports, but they are exploring interest in seeing the breakdown between the two. Also, when reviewing potential changes in the MIP calculations, it came to our attention that a few counties code everything to X2611. When we tried to run pivot tables on the data file for the maintenance only categories, those few counties had no budgeted or actual maintenance expenditures. It is important that all counties review their expenditure coding and their budget and make adjustments as necessary for the 2014-15 school year.

For reference, the applicable codes from the Chart of Accounts are listed below:

- X26 Support Service O&M 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. These include the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools.

- X2611**      **Operation of Buildings.** Activities concerned with keeping the physical plant clean and ready for daily use. They include operating lighting, HVAC systems, and doing minor repairs. Also included are the costs of building rental and property insurance.
- X2621**      **Maintenance of Buildings.** Activities associated with keeping buildings at an acceptable level of efficiency through repairs and preventative maintenance.
- X2631**      **Care and Upkeep of Grounds.** Activities involved in maintaining and improving the land (but not the buildings). These include snow removal, landscaping, grounds maintenance and the like.
- X2641**      **Care and Upkeep of Equipment.** Activities involved in maintaining equipment owned or used by the LEA. They include such activities as servicing and repairing furniture, machines, and movable equipment.
- X2651**      **Vehicle Operation and Maintenance.** Activities involved in maintaining general purpose vehicles such as trucks, tractors, graders, and staff vehicles. These include such activities as repairing vehicles, replacing vehicle parts, cleaning, painting, greasing, fueling, and inspecting vehicles for safety, i.e. preventive maintenance.
- X2661**      **Security.** Activities concerned with maintaining a secure environment for students and staff, whether they are in transit to or from school, on a campus or administrative facility, or participating in school-sponsored events. These include costs associated with security plan development and implementation, installation of security monitoring devices (e.g. cameras, metal detectors), security personnel (e.g., campus police, security guards), purchase of security vehicles and communication equipment, and related costs. Costs associated with in-service training related to school safety, drug and violence prevention training, and alternative schools should not be accounted for under this function.
- X2671**      **Safety.** Activities concerned with maintaining a safe environment for students and staff, whether they are in transit to or from school, on a campus or administrative facility, or participating in school-sponsored events. These include costs associated with installing and monitoring school fire alarm systems and providing school crossing guards, as well as other costs incurred in an effort to ensure the basic safety of students and staff. Costs associated with in-service training related to school safety, drug and violence prevention training, and alternative schools should not be accounted for under this function code.
- X2691**      **Other.** Operations and maintenance of plant services which cannot be classified elsewhere in the X26XX series.

- **Property Tax Revenue Coding:** The Office of School Finance again reminds LEAs to review their coding for property taxes. The codes of 01113 and 01114 related to Supplemental Taxes have not been utilized by many boards over the years. These codes are important to help counties compare back to their original property tax estimates from the levy order and rate sheets. Supplemental tax tickets aren't included in the assessed valuations provided by the county assessors so these taxes are in addition to the amounts on the levy order and rate sheets. Also, revenue source code 01131 (Public Utilities Loss Restoration Fund) has been used improperly in the past. That code is only for revenue received from the WV State Auditor's Office under WVC §11-6-27. Some counties have utilized this code for normal property tax collections on public utility property, but those belong in the 0111X series.
- **Coding of Inappropriate Expenditures to X23XX:** During the review of the indirect cost proposals for LEAs, it is fairly common to find things that have been inappropriately coded to X23XX in some capacity. For example, we have seen the full amount of liability insurance coded to X2321 – Superintendent for convenience instead of splitting the cost out among the appropriate codes. If during the preparation of your indirect cost proposal you identify miscodings for the prior year which require a negative adjustment of unallowable costs in order to make the indirect cost pool be the appropriate amount, please adjust the coding for the current and future years as needed.
- **Coding of Unrestricted State Aid to Fund 61:** It came to our attention through the Office of Child Nutrition's review of LEA Annual Child Nutrition Reports that there were two counties that do not make a transfer into Fund 61 Project 88YXX. Instead, those counties have been receipting unrestricted state aid directly into the project. That accounting treatment is inconsistent with other counties. All unrestricted state aid should be receipted directly into Fund 11 and the child nutrition sponsor contribution should be handled as a transfer.