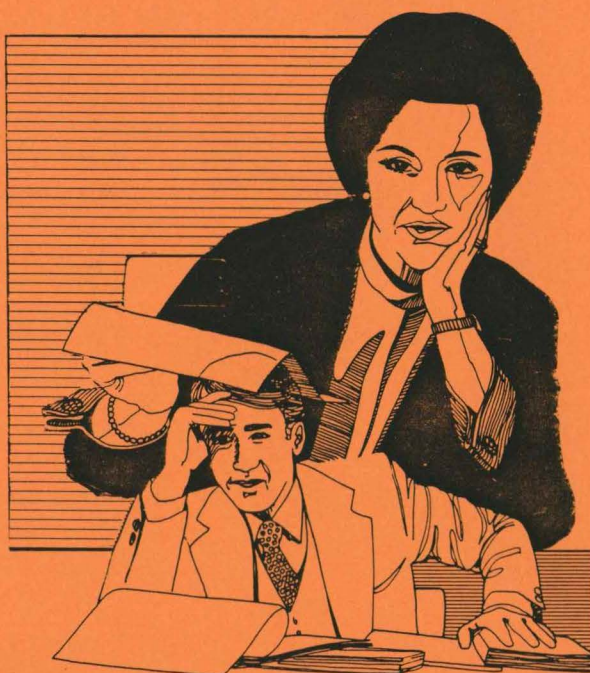


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Uniform Financial Accounting for Area Education Agencies

January 1985



Iowa Department of Public Instruction

3-510

State of Iowa
DEPARTMENT OF PUBLIC INSTRUCTION
Grimes State Office Building
Des Moines, Iowa 50319

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PREFACE

The purpose of this manual is to develop and publish the accounting standards for area education agencies, provide guidance to AEA officials, and assure an organized method to maintain a uniform financial accounting system that abides with generally accepted accounting principles. This publication is to be considered an authoritative description of the area education agencies' accounting system. Although the system is comprehensive and specific, it does allow for flexibility.

As area education agencies, independent auditors, and other interested parties use this manual, it is important to keep in perspective its authoritative and its suggestive nature. For example, it is clear that operation and maintenance expenditures are to be classified under the 970 program category. On the other hand, the manual does not determine how an AEA uses the operation and maintenance subnumbers of 971 through 979

If user questions are not answered by the manual or by authoritative governmental accounting sources, please contact the Administration and Finance Division of the Department of Public Instruction.

ACKNOWLEDGEMENTS

Persons and groups, other than those listed on the title page, participated in the development of the Uniform Financial Accounting for Area Education Agencies. The work of these people is appreciated and their efforts have helped assure the publication of a manual that is useful to the area education agencies, the Department of Public Instruction, and other interested parties.

The AEA business managers, as a group, thoroughly reviewed and reworked a rough draft edition. A special two day session was devoted to this task, along with many hours back at the office.

A business managers' committee, chaired by Dennis Scudder, and including Ron Bowers, Jim Heikens, and Dave King gave the final draft edition another review and did the "fine tuning". An AEA administrators committee, composed of Richard Hansen, Bill Clark, and business manager Dennis Scudder, made the final review and accepted the manual for use by the AEAs effective January 1, 1985.

Gretchen Armstrong, with assistance from Bonnie Larsen, of the DPI Administration and Finance Division, formatted and typed the report.

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CHAPTER I

INTRODUCTION

The contents of this publication are presented in a precise manner, with the emphasis on what is to be done and how it is to be done. Very little space is devoted beyond the first two chapters as to why something is done. In that this is a technical manual designed for business managers, accountants, auditors, and other professional business personnel, it is assumed that users understand and appreciate the value of an accounting system that fulfills statutory requirements, abides by generally accepted accounting principles, and provides a useful management tool.

A. Department of Public Instruction Authority

The statutory authority of the Department of Public Instruction to require uniform financial accounting and reporting for area education agencies is set forth in Section 273.3(3) describing the duties of the AEA board to "Provide data and prepare reports as directed by the superintendent of public instruction and the state board." The authority is further expanded as Section 273.3(13) requires the AEA board to "Prepare an annual budget..." to "...be submitted to the state board of public instruction, on forms provided by the department..." Then Section 257.18(11) gives the state superintendent the responsibility "...to insure uniformity...in...cost accounting..." for area education agencies.

The budgeting and reporting forms required of the AEA's by the Department are derived from the Uniform Financial Accounting System. The authoritative system assures that the forms collect uniform data.

B. Statutory Requirements

One of the major purposes of the Uniform Financial Accounting (UFA) system, is to assure compliance with statutory requirements. The vast majority of the Code references to AEA finances are contained in Chapters 273, 281, and 442.

C. Authoritative Accounting Sources

The body of knowledge that governs acceptable accounting practices are referred to as "generally accepted accounting principles." Certain publications are called "authoritative sources." There are several sources for governmental accounting standards.

An AEA is advised to have a copy of each of the following publications:

1. Governmental Accounting and Financial Reporting Principles (Statement 1), Municipal Finance Officers Association, Chicago, Illinois, 1979, L.C. No. 79-87496.

2. Governmental Accounting, Auditing, and Financial Reporting (GAAFR), Municipal Finance Officers Association, Chicago, Illinois, 1980, L.C. No. 80-84747.
3. Audits of State and Local Governmental Units (Industry Audit Guide), American Institute of Certified Public Accountants, New York, N.Y., 1975.
4. Financial Accounting for Local and State School Systems, U.S. Department of Education, Washington, D. C. 1980.
5. Principles of Public School Accounting, (Educational Terminology Handbook II B) U. S. Department of Education, Washington, D. C., 1980.

D. Management Needs

The Uniform Financial Accounting system is intended to help meet the needs of the area education agency officials as they administer their agency, the needs of AEA personnel as they direct their programs, and the needs of taxpayers and patrons as they use and pay for the services of the AEAs. The accounting system is prescriptive, but also flexible enough for business managers to convert the complexities of governmental finances into meaningful information. AEA officials are encouraged to make the accounting system meet the needs of their agency.

E. State Reporting Requirements

State reporting requirements are largely governed by the budget document and the annual financial report document. There are a few other reports collected by the DPI. Among them are the juvenile home report and the budget amendment form.

The documents collected by the DPI are correlated with the UFA system. If reporting needs change and deviate from the accounting system, the manual will be updated.

CHAPTER II

ADMINISTRATION OF MANUAL

This chapter describes the method for developing and updating the Uniform Financial Accounting Manual.

A. Development Of Manual

The responsibility for the development of the Uniform Financial Accounting Manual rested with the Administration and Finance Division of the Department of Public Instruction, and approval of the manual was the responsibility of the associate superintendent of the Department's School Administration Branch. Area education agency personnel, Department staff, and other interested parties participated in the development of the manual.

The original accounting system manual pertained to both AEAs and local school districts. A separate publication for AEAs was developed in 1983-84 for a January 1, 1985 effective date.

B. Updating Manual

The manual is in loose leaf form, with each chapter numbered separately, and each page dated. These features are intended to allow for orderly revisions.

As was the case with the development of the manual, the responsibility for making changes also rests with the Administration and Finance Division, and approval is the responsibility of the associate superintendent of the School Administration Branch.

The need for specific changes are to be brought to the attention of the Administration and Finance Division. The manual will be updated as determined by the Division and replacement pages will be distributed to the AEAs and individuals who have "official" copies of the publication. Official copies outside of the School Administration Branch are provided to:

- AEAs - 2 copies each
- State Superintendent
- DPI Deputy Superintendent
- DPI Administrative Support Staff
- DPI Alternative Program Section
- DPI Instruction and Professional Education Branch
- DPI Support Services Section
- DPI Program and Fiscal Services Section
- DPI Field Services and Supervision Division
- Auditor of State
- State Comptroller

C. Authority of the Manual

The Uniform Financial Accounting for Area Education Agencies is the official handbook for the area education agency's accounting systems. Following are qualifications:

1. If a topic is not included in the above manual, refer to the original 1975 publication, Uniform Financial Accounting System for Public School Districts and Area Education Agencies.
2. If information in the manual needs to be updated prior to the publication of an official change, a "Uniform Financial Accounting Bulletin" from the Administration and Finance Division will supersede the outdated material in the manual.
3. If a user feels a section of the manual is in conflict with "generally accepted accounting principles," he or she is to notify the Administration and Finance Division. If the Division agrees with the user, it will either correct the manual or amend the manual to include an explanation of the discrepancy.

CHAPTER III

FUNDS

This chapter, which is largely copied from Financial Accounting for Local and State School Systems, with detail added to account for the requirements of Iowa's area education agencies, defines fund, outlines the funds available for AEA use, and defines the individual funds. The overall purpose of this chapter is to mesh the legal requirements of the AEA's uniform financial accounting system with "generally accepted accounting principles."

A. Definition of Fund

Governmental accounting systems should be organized and operated on a fund basis. The diverse nature of governmental operations and the necessity of assuring legal compliance preclude recording and summarizing financial transactions in a single accounting entity. Instead, the required accounts are organized on the basis of funds, each of which is completely independent of any other. Each fund must be so accounted for that the identity of its resources, obligations, revenues, expenditures, and fund equities is continually maintained. These purposes are accomplished by providing a complete self-balancing set of accounts for each fund which shows its assets, liabilities, reserves, fund balances or retained earnings, revenues, and expenditures or expenses.

A fund is a fiscal and accounting entity, with a self-balancing set of accounts recording cash and other resources, together with all related liabilities and residual equities or balances, or changes therein. If one were to compare fund accounting with commercial accounting, each fund would equate to an independent business, with a separate set of records owned by one entity, the AEA.

B. Funds Compared to Bank Accounts

It is not necessary to establish a separate bank account simply to account for the cash in any particular fund. Clearing accounts are not to be used.

As will be shown in the following chapters, it is possible to keep track of many particular activities or purposes within a fund. One does not need to establish a "fund" simply to account for all of the particular activities, expenditures, and receipts. In fact, the use of too many fund entities may result in such fragmentation of accounting data that it is more difficult to prepare useful financial reports for the entire organization.

Bank accounts are inventories of appropriable cash whose resulting statements provide an accounting audit trail for deposits and

withdrawals without regard for detailed identification of sources and uses of this inventory or cash. Bank accounts, therefore, have uses and purposes different than funds.

C. ● Governmental Funds

The funds through which most AEA functions are typically financed. The reporting focus of these funds is upon determining financial position rather than net income. Included among the governmental funds for use by area education agencies are:

● General Fund (FALS-1)

Accounts for all financial resources of the AEA except those required to be accounted for in another fund. The sub funds for AEA use are:

11 Operating Fund

This fund must be established by all agencies. This fund is used to account for all financial transactions involving the current operations of agencies and not properly accounted for in any other fund. The operations of the agencies include activities related to supporting services and some instruction.

29 Library Fund

Is to account for revenues and expenditures relating to the purchase of books and materials for the media centers from revenue that is received as provided under Section 292.2 of the Code of Iowa.

34 Debt Service Fund (FALS-4)

Accounts for the accumulation of resources for, and the payment of, general long-term debt, principal and interest pursuant to the Code of Iowa, Section 273.2, second paragraph.

Two other governmental funds defined in Financial Accounting for Local and State School Systems, that are not available for AEA reporting are:

● Special Revenue Funds (FALS-2)

Account for the proceeds of specific revenue sources (other than expandable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. Some examples of special revenue might include:

- Restricted state or federal grants-in-aid;
- Restricted tax levies.

A separate fund may be used for each restricted source, or one fund may be used supplemented by the dimension Project/Reporting code.

- Capital Projects Funds (FALS-3)

Account for financial resources used to acquire or construct major capital facilities (other than those of proprietary funds and trust funds). The most common source of revenue in this fund would be the sale of bonds. A separate fund may be used for each capital project or one fund may be used, supplemented by the dimension Project/Reporting code.

If it becomes necessary for an AEA to use the special revenue fund or the capital projects fund, it is required that the agency contact the Administration and Finance Division of the Department of Public Instruction. For reporting purposes, the AEA might be required to report transactions in the above mentioned funds as a part of already established and authorized funds.

D. 40 Proprietary Funds

The funds used to account for AEA activities that are similar to business operations in the private sector; or where the reporting focus is on determining net income, financial position and changes in financial position.

The proprietary fund is not intended for use by all agencies nor for a group of transactions that are not material in nature. If financial transactions of activities that fit the proprietary definition distort the operating fund, it is advised that they be included in the proprietary fund.

Financial Accounting for Local and State School System identifies two separate funds in the proprietary classification. AEAs may use these funds; however, for reporting purposes they are to be included as one in the proprietary fund.

- Enterprise Funds (FALS-5)

Account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (expenses, including depreciation and indirect costs) of providing goods or services to the students or general public on a continuing

basis are financed or recovered primarily through user charges. Enterprise funds are also used to account for operations where the board or state regulatory agency has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Examples of enterprise funds might include vending machines, and possibly teacher centers.

- Internal Services Funds (FALS-6)

Account for the operations of AEA functions that provide goods or services to other AEA functions, other AEA's, or to other governmental units, on a cost-reimbursable basis. Some examples of internal service funds could include those used for cooperative warehousing and purchasing, central data processing, central printing and duplicating, equipment repair, and special education instructional programs.

E. 50 Fiduciary Funds

Account for assets held by an AEA as trustee or agent. Each trust fund is treated for accounting measurement purposes in a manner similar to either a governmental fund or a proprietary fund. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Non-expendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations.

The fiduciary fund is not intended for use by all agencies nor for a group of transactions that are not material in nature. If financial transactions of activities that fit the fiduciary definition distort the operating fund, it is advised that they be included in the fiduciary fund.

Financial Accounting for Local and State School Systems identifies two separate funds in the fiduciary classification. AEA's may use these funds; however, for reporting purposes they are to be included as one in the fiduciary fund.

- Trust and Agency Funds (FALS-7)

Account for assets held by an AEA in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds would include nonexpendable trust funds and expendable trust funds such as large gifts or donations. Agency funds could include funds for an employee organization or a parent-teacher organization.

F. 60 Account Groups

Groups of accounts used to record and control the AEA's general fixed assets and unmatured general long-term liabilities. Long-term liabilities or proprietary and trust funds should not be accounted for here but should be kept within those individual funds.

61 General Fixed Assets Account Group (FALS-8)

Records the costs of all property, plant and equipment other than those accounted for in the proprietary funds or fiduciary funds. General fixed assets could include sites, site improvements, buildings and building improvements, machinery, and equipment.

62 General Long-Term Debt Account Group (FALS-9)

Records the principal amount of all long-term liabilities, excluding those of the proprietary funds or fiduciary funds. The long-term liabilities could include general obligation bonds, capitalized lease obligations, legal judgments, special assessments payable to cities or other governmental units, unfunded pension liabilities, and notes and warrants which are not due within one year.

G. Summary of FALSSS Classifications and Numbers

- Governmental Funds
 - 1. General Fund
 - 2. Special Revenue Funds
 - 3. Capitol Projects Funds
 - 4. Debt Service Funds
- Proprietary Funds
 - 5. Enterprise Funds
 - 6. Internal Service Funds
- Fiduciary Funds
 - 7. Trust and Agency Funds
- Account Groups
 - 8. General Fixed Assets
 - 9. General Long-Term Debt

H. Summary of UFA Classifications and Numbers

- Governmental Funds
 - General Fund
 - 11 Operating Fund
 - 29 Library Fund
 - 34 Debt Service Fund
 - 40 Proprietary Fund
 - 50 Fiduciary Fund
- Account Groups
 - 61 General Fixed Assets
 - 62 Long-Term Debt

CHAPTER IV

EXPENDITURE ACCOUNTS

The general guidance for accounting for expenditures and other uses is provided by GAAFR and Financial Accounting for Local and State School Systems. However, Uniform Financial Accounting for Area Education Agencies provides the specific account code structure for AEAs and gives the definitions of the various expenditure accounts within each dimension. The expenditure accounts defined in this chapter are intended to set certain specific standards, yet allow each AEA to provide for its own unique financial management needs.

A. Definition of Expenditures

Expenditures are charges incurred, whether paid or unpaid, that are to benefit the organization, including current expenses, capital outlay and debt service. Expenditures act to decrease the balance or equity of a fund.

A current expense represents costs incurred without acquiring an asset or reducing a liability. Capital outlay represents costs incurred in acquiring fixed assets; and debt service represents costs incurred for the retirement of debt and interest on debt.

Cash paid to reduce a liability is not considered an expenditure, since the expenditure should be entered at the time the liability is created.

The term "expenditures and other uses" is used if expenditures and expenditure transfers are combined.

B. Expenditure Account Code Structure

The UFA system uses five dimensions in each expenditure account. Four of these dimensions are represented by codes of three digits and one by a code of two digits in the following sequence:

- | | |
|----------------|-----|
| 1) Fund | XX |
| 2) Cost Center | XXX |
| 3) Program | XXX |
| 4) Project | XXX |
| 5) Object | XXX |

Each dimension has a number of codes defined for reporting purposes.

Page A-2 of "Appendix A" illustrates the type and content of the five dimensions of the expenditure accounts.

It is important to note that "Appendix A" sets the standards for the expenditure account code structure. "Appendix A" is updated annually and might include changes that have not been incorporated into this chapter.

C. Fund Definitions

The first dimension of all expenditure account numbers is the fund. See Chapter III for definitions.

D. Cost Center Definitions

The cost center dimension is that part of the total account code necessary to differentiate expenditures by division, building, and/or any other areas where cost segregation is desired. The cost center dimension is for internal use and is not required for external reporting.

E. Program Definitions

The program code is a three digit number with the hundreds digit indentifying the major program area and the tens and units digits indentifying more detail within the major program.

300-399 SPECIAL EDUCATION INSTRUCTION (FALS-200)

Instructional activities designed primarily to deal with students requiring special education. The special program service area includes preschool, elementary, and secondary services for all identified programs, pursuant to Chapter 281 of the Code of Iowa.

310 Supplemental Assistance (1.7)

(Special Adaptations) An educational program for pupils, who through the utilization of special adaptations, can be appropriately served in the general education classroom. Such adaptations may include: intensive short-term special education instructional intervention; interpreters for hearing impaired pupils; readers for visually impaired pupils; educational aides; aides for physically disabled pupils or other handicapped pupils for assistance in and about school; materials; and, specialized or modified equipment for use in the school.

320 Resource Teaching Program (1.7)

An educational program for pupils requiring special education who are enrolled in a general education curriculum, but who require special education in specific skill areas on a part

time basis. Part time meaning at least (30) minutes per day and not more than one third of the school day as defined in Section 670—3.2(11), Iowa Administrative Code . Programs of this type may be operated on a multicategorical basis, and have (1) one teacher to (18) eighteen pupils. A teacher of a resource teaching program shall serve in no more than two attendance centers.

330 Special Class with Integration (1.7)

An educational program for pupils requiring special education, who have similar educational needs and who can benefit from participation in the general education curriculum. Participation in the general education is not less than one third and does not exceed two thirds of the school day as defined in Section 670—3.2(11), Iowa Administrative Code. Programs of this type may be operated on a multicategorical basis with the approval of the AEA Director of Special Education, with the following conditions maximum class size is (12) twelve pupils, served pupils have comparable educational needs and the chronological age range does not exceed (6) six years; and, the number and type of handicapped pupils within the local school district does not warrant the provision of categorical special classes with integration.

340 Self-contained special class with little integration (2.2)

An instructional program serving pupils with similar educational needs who require special education, but who can benefit from limited participation (integration) in the general education curriculum with nonhandicapped pupils. Participation in the general education curriculum is less than one third of the school day as defined in Section 670—3.2(11), Iowa Administrative Code. Programs of this type are operated on a (1) one teacher to (8) eight pupils ratio at the elementary level and up to (10) ten pupils at the secondary level.

350 Preschool Handicapped (2.2)

Special instructional programs and services for children less than seven years of age who require special education programs and services, and who are not appropriately provided for within the scope of general education or other special education programs. Programs of this type are operated on a (1) one teacher and (1) educational aide to (8) eight pupils.

360 Preschool Handicapped (3.6)

Special instructional programs and services for children less than seven years of age who require special education programs and services and who are not appropriately provided for within the scope of general education or other special education

programs. Due to the severity of the pupils' disabilities, programs of this type are operated on a (1) teacher and (1) educational aide, to (5) five pupils.

370 Self-contained class (3.6)

An educational program for pupils requiring special education, with similar educational needs who are severely handicapped and whose instructional program is provided by a special education teacher. Due to the severity of the disabilities of these pupils, programs of this type are operated on a (1) one teacher and (1) educational aide, to (5) five pupils.

500-599 SPECIAL EDUCATION SUPPORT SERVICE (FALS-2100)

Provides identification, remediation, consultation, inservice, and referral services for preschool, elementary, and secondary pupils. Program established pursuant to Section 273.5 of the Code of Iowa.

510 Administrative Support

Activities concerned with directing and managing the operation of the division. They include activities performed by the director, assistant director, and other assistants while they supervise all operations of the division, evaluate the staff members of the division, assign duties to staff members, supervise and maintain the records of the division, and coordinate division activities with those of the AEA. These activities also include the work of the clerical staff in support of the administrative duties. Expenditures charged to division administration are redistributed at the end of the year to the division's individual programs.

511 Special Education Division Support

Expenditures associated with the division's programs that cannot easily be assigned to the individual program when incurred. Examples are secretarial pools, postage, and telephone. These expenditures are to be redistributed periodically or at the end of the year. It is important to note that the portion of the 511 program attributable to the division administration program is to be redistributed to administration before administration is redistributed to the other programs.

520 Social Work

School social worker serves children requiring special education through group or individual casework practice, consultation with school personnel, and counseling with parents and pupils.

530 Psychology

School Psychologist provides psychological services for the identification, planning, referral, and counseling of children requiring special education programs and services, and consultation with school personnel and parents.

540 Speech

Speech clinician provides clinical language and speech services necessary for identifying, planning, coordinating, and carrying out programs and services for pupils with deficits in language, voice, articulation and fluency.

550 Hearing

Hearing clinician provides services necessary for the identification and diagnostic evaluation of pupils having hearing impairments and for the planning and providing of special education programs and services for them.

560 Vision

Provides instruction for visually handicapped pupils enrolled in regular education programs.

570 Consultant

The instructional program specialist who provides ongoing support to instructional programs for children requiring special education through the supervision and evaluation of curriculum and methodology.

581 Hospital or Homebound Teacher

Provides instruction for pupils who are homebound or hospitalized and unable to attend classes.

582 Itinerrant Teacher

Provides supportive instruction on an itinerant basis to children requiring special education.

583 Work Experience Instructor

Plans and implements a sequential secondary school program which provides on and off campus work experience for children requiring special education.

584 Occupational Therapist

Provides those specific therapeutic activities needed by handicapped children.

Physical Therapist

Provides those specif therapies prescribed by a physician that are needed by children requiring special education.

585 Special Education Nurse

School nurse who shall provide professional nursing services only to children requiring special education.

586 Preschool

The instructional program specialist who provides ongoing support to instructional programs for children requiring special education through the supervision and evaluation of curriculum and methodology.

588 Educational Statelist

Provides assistance to regular classroom teachers in developing intervention strategies for pupils who are mildly handicapped in obtaining an education but can be accommodated in the regular classroom environment.

592 Special Education Media Specialist

Provides correlation of media services only for children requiring special education and provides for the development, availability, maintenance and effective utilization of media for special education programs and support services.

600-699 MEDIA SERVICES (FALS-2220)

Media services shall include those services mandated by 273.1 and 273.6 of Iowa Code and Chapter 40 of the Iowa Administrative Code. They shall supplement and stimulate, but not supplant building level library media services.

610 Administration - Media

Activities concerned with directing and managing the operation of the division. They include activities performed by the director, assistant director, and other assistants while they supervise all operations of the division, evaluate the staff members of the division, assign duties to staff members, supervise and maintain the records of the division, and coordinate division activities with those of the AEA. These activities also include the work of the clerical staff in support of the administrative duties. Expenditures charged to division administration are redistributed at the end of the year to the division's individual programs.

611 Media Division Support

Expenditures associated with the division's programs that cannot easily be assigned to the individual program when incurred. Examples are secretarial pools, postage, and telephone. These expenditures are to be redistributed periodically or at the end of the year. It is important to note that the portion of the 511 program attributable to the division administration program is to be redistributed to administration before administration is redistributed to the other programs.

620 Curriculum Laboratory

Curriculum laboratory shall mean a facility where professional assistance is provided instructional staff members in planning and preparing for instruction. It includes, at least on a temporary basis, any pertinent materials in print, nonprint, or other formats, and their support equipment, which will help the user to develop curriculum or instructional plans.
(IAC 670.40.3(3))

The AEAMC shall supply a curriculum laboratory which shall provide for storage and display of curriculum materials and may circulate these materials. The AEAMC shall purchase, accept on long-term loan, borrow, or transfer from its lending library whatever curriculum materials are needed to maintain a functional collection. Spaces shall be provided for educators to work with these materials. Professional assistance shall be available. Current lists of materials available for use in the center or for loan shall be maintained. (IAC 670.40.5(3))

630 Materials Lending Library

Materials lending library shall mean those materials, regardless of format, which are purchased for or otherwise designed for loan to school systems being served by the AEA, the storage space, and the preparation, circulation, and borrower services related to the materials. (IAC 670.40.3(5))

The AEAMC shall provide a materials lending library which shall contain print and nonprint materials which may include, but not be limited to, 8mm and 16mm films, filmstrips, slides, transparencies, art and study prints, models, sculpture, realia, framed pictures, multimedia kits, audio and video recordings, books, periodicals, pamphlets, microforms and programmed materials. The AEAMC shall provide for repair and maintenance of all material collections and for each school media center in each local school district with a minimum of one per attendance center. Additional catalogs may be provided at the discretion of the AEAMC. The catalog shall be updated at least once every three years. (IAC 670.40.5(1))

640 Professional Library

A professional library includes both books and other print and nonprint media on subject area, methodology, and other related topics of value to the educational specialist or practitioner. It further includes space for the use of these materials on the premises, provision for borrowing for use off the premises, opportunity for expansion of the collection through various types of interlibrary loan, and professional assistance for the borrower. (IAC 670.40.3(7))

The AEAMC shall provide a professional library which shall contain those print and nonprint materials necessary to provide basic reference and research materials. Each AEAMC shall supplement its own professional collections as needed by the use of state and regional information services. Each AEA may also co-operate or contract with other agencies for supplemental services. Such contracts shall be subject to approval by the Department. Space shall be provided for educators to use these collections. Professional media assistance shall be available. There shall be one catalog for this collection for each local school media center in each school district with a minimum of one per attendance center. Additional catalogs may be provided at the discretion of the AEAMC. The catalog may be separate or a part of the materials lending library catalog. The catalog shall be updated at least annually by supplements or revision and shall be totally revised at least once every three years. (IAC 670.40.5(2))

650 Delivery Services

The AEAMC shall provide for delivery and return by AEA operated or contracted vehicles of all AEAMC circulating materials to each local school district attendance center on at least a twice-a-week basis during the regular school year. The AEA may contract for local delivery services with any school district that has established at least twice-a-week delivery to each attendance center in its district. (IAC 670.40.5(14))

660 Production

Production of media-oriented instructional materials shall mean production, reproduction, or other preparation, of print or nonprint instructional materials. (IAC 670.40.3(6))

Each AEAMC shall have the capability to provide basic media-oriented materials production services, including but not limited to: dry mounting and laminating; slide photography; transparency production (in both thermal and diazo methods); audio tape duplication; enlarging or reducing teacher materials; offset print services. These services shall not be contracted and shall be provided at the actual cost of materials used.

Each AEAMC shall provide, contract, or subcontract to provide, quality and quantity reproduction services and other more sophisticated media services including but not limited to: microfilming services; photography services; TV production and cable programming; motion picture production; video tape duplication; graphic and print services; maintenance of media hardware. The AEAMC may charge actual costs incurred in providing these services. (IAC 670.40.5(4))

661 Printing

Printing shall mean that part of production that relates to offset and other printing services whether basic or "quality and quantity".

670 Consultants

Consultative services shall mean those one-to-one and one-to-group professional services related to the AEAMC and offered by AEAMC personnel to its patrons, and, similar services off the premises or concerning local school programs, offered by AEAMC personnel. (IAC 670.40.3(2))

The AEAMC shall provide appropriate consultative services. The primary function of the AEAMC consultative services shall be to provide center-related consultation and in-service training. Within the limits of funds available, an AEAMC may also provide other qualified media professionals for related consultation and in-service training which may include but not be limited to:

- a. Providing leadership and working with local school personnel in the planning and equipping of media centers, the selection of the materials and equipment, including planning general facilities for effective use of print and nonprint materials.
- b. Working closely with administrators, consultants, and teachers at the local, area, and state levels in providing workshops in the evaluation, selection, and use of materials and equipment.
- c. Co-operating with merged area schools, colleges and universities and other agencies, on preservice, extension and visitation activities.
- d. Participating with professional education and media associations in planning, developing and implementing media activities in improving instruction. (IAC 670.40.5(16))

690 Media Services

Other shall mean all media services not included in categories 610-689.

691 Maintenance

Maintenance shall mean the provision of maintenance service for media hardware for local education agencies directly or by contract as mandated by Chapter 40.1 5(4)b of the Iowa Administrative Code.

700-799 EDUCATIONAL SERVICES

Those services and programs established by the area education agency pursuant to Sections 273.2, 273.3(10), and 273.7 of the Code of Iowa.

710 Administration -- Educational Services

Activities concerned with directing and managing the operation of the division. They include activities performed by the director, assistant director, and other assistants while they supervise all operations of the division, evaluate the staff members of the division, assign duties to staff members, supervise and maintain the records of the division, and coordinate division activities with those of the AEA. These activities also include the work of the clerical staff in support of the administrative duties. Expenditures charged to division administration are redistributed at the end of the year to the division's individual programs.

711 Educational Services Division Support

Expenditures associated with the division's programs that cannot easily be assigned to the individual program when incurred. Examples are secretarial pools, postage, and telephone. These expenditures are to be redistributed periodically or at the end of the year. It is important to note that the portion of the 511 program attributable to the division administration program is to be redistributed to administration before administration is redistributed to the other programs.

720 Guidance

Activities supporting, assisting, and enhancing the guidance services of local school districts. Programs include, but are not limited to, substance abuse, peer counseling, and career vocational — if taught to staff and students.

730 Curriculum Development

Activities that aid teachers, administrators, and other local school personnel in developing the curriculum, preparing and utilizing special curriculum materials, and understanding and appreciating the various techniques which stimulate and motivate students. Services include assistance in all subject matter areas.

740 Research, Planning, Development, and Education

Activities associated with conducting and managing programs of planning, research development, and evaluation. The services may be provided directly to school districts or for other AEA staff and other educational institutions providing services to LEAs. Services include but are not limited to, needs assessment, project measure, statistical reports, school reorganization, redistricting, and grant writing.

750 Staff Development: Inservice

Activities that contribute to the professional or occupational growth and competence of employees of school districts and AEAs. Services include, but are not limited to, college courses, recertification course, MeRel, VESA, M. Hunter, inservice days, administrator retreats, newsletters, etc.

760 Computer Services

Activities providing administrative data processing services to local school districts and activities providing computer instruction services. Services include, but are not limited to, IECC, MECC, IISC, hardware and software support, etc.

770 Supplemental Projects

Activities supporting temporary projects not readily coded under other program account numbers.

780 Gifted and Talented

Services provided to local schools for gifted and talented students and services provided directly to gifted and talented students. Activities include, but are not limited to, future bowl, math bee, etc.

791 Cooperative Purchasing

Activities concerned with purchasing supplies, furniture, and equipment for resale to local school districts.

792 Juvenile Home

Activities concerned with Juvenile Home programs established pursuant to Sections 273.3(10) and 273.11 of the Code of Iowa.

799 Other

Other Educational Services programs not readily identified in the above listed programs. Use of this program account number requires sufficient division of classification in order to footnote each separate project or sub program on the budget and AFR documents.

800-899 GENERAL ADMINISTRATION (FALS-2300)

General Administration includes activities concerned with establishing and administering policy for operating the AEA.

810 Executive Administration Services (FALS-2320)

Classify here activities associated with the overall general administration of or executive responsibility for the entire AEA. Office of the Administrator Services are activities performed by the administrator and such assistants as deputy, associate, and assistant administrators in generally directing and managing all affairs of the AEA. These include all personnel and materials in the office of the chief executive officer. Activities of the offices of the deputy administrator should be charged here, unless those activities can be placed properly into a service area. In this case, they would be charged to service area direction in that service area.

Included in this program are community relations services, state and federal relations services, and other executive administration services which cannot be recorded under the preceding functions. Other central services included here are staff relations, information services, and staff services.

820 Board of Directors Services (FALS-2310)

Coded here are activities of the elected body which has been created according to state law and vested with responsibilities for educational activities in a given administrative unit, and activities concerned with directing and managing the general operation of the Board of Directors. These include the activities of the members of the Board of Directors. They also include any activities of the agency performed in support of meetings of the Board. Legal activities in interpretation of the laws and statutes and general liability situations are charged here, as are the activities of external auditors.

Included in this program are board secretary services, negotiation services, board treasurer services, election services, and tax assessment and collection services.

850 Business (FALS-2500)

Pertains to activities concerned with paying, transporting, exchanging, and maintaining goods and services for the AEA. Included are the fiscal and internal services necessary for operating the AEA.

Fiscal services are the activities concerned with the fiscal operations of the AEA. This function includes budgeting, receiving and disbursing, financial and property accounting, payroll, inventory control, internal auditing and managing funds. Supervising fiscal services are the activities of directing, managing and supervising

the fiscal services area. They include the activities of the assistant administrator, director, or agency business official who directs and manages fiscal activities.

Other functions are purchasing services which are activities concerned with purchasing supplies, furniture, equipment and materials used in schools or school system operations; and warehousing and distributing services which are the activities of receiving, storing, and distributing supplies, furniture, equipment, materials, and mail. They include picking up and transporting cash from agency facilities to the central administration office or bank for control, deposit, or both.

900-999 CENTRAL SUPPORT SERVICES (FALS-2600 and 5100)

Central Support Services includes activities other than general administration, which support each of the other major programs and supporting services programs. These activities include operation and maintenance, facilities acquisition and central support functions not classified elsewhere.

910 Debt Service (FALS-5100)

This program is for servicing the debt of the AEA, including payments of both principal and interest. Normally, only long-term debt service (obligations exceeding one year) is recorded here. Interest on current loans (repayable within one year of receiving the obligation) is charged to program 800. The receipt and payment of principal on current loans is handled as an adjustment to a balance sheet liability account.

960 Facilities Acquisition and Construction Services (FALS-4000)

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. Specific activities are site acquisition, site improvement, architecture and engineering, building acquisition and construction, and building improvement.

970 Operation and Maintenance of Plant Services (FALS-2600)

Code to this function 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 the agency. Also assigned here are the activities involved in directing, managing, and supervising the operation and maintenance of AEA plant facilities.

Operating buildings services are the activities concerned with keeping the physical plant clean and ready for daily use. They include operating the heating, lighting, and ventilating systems, and repairing and replacing facilities and equipment. Also included are the costs of building rental and property insurance. Other activities included in this program are care and upkeep of grounds, care and upkeep of central equipment, vehicle operation and maintenance costs (other than student transportation vehicles), and security services.

980 Central Support-Other (FALS-2800)

The central support-other program is used to account for central support activities not included in the previous programs. (Examples are central word processing, central copier, central purchasing of telephone service, consumable supplies, postage, etc.)

F. Project Definition

This dimension, as part of the expenditure account, has several possible uses. The use of the project dimension is not required as part of any expenditure account, but its use is recommended whenever an expenditure can be better defined, or when otherwise unrelated expenditures need to be associated or linked.

Many expenditures are adequately defined by the fund, cost center, program, and object dimensions required of all expenditure accounts. However, the AEA may simplify the overall accounting effort or provide more definitive expenditure reporting with the judicious use of another dimension. For these reasons, the system described includes the multi-purpose "project" dimension.

The frequency of use of this dimension as part of an expenditure account is dependent on two factors:

1. The number of expenditure transactions within an AEA that need to be related to a specific source of revenue. Many categorical programs require that only certain objects of expenditure related to certain purposes (programs) are allowable and that these expenditures be subsequently reported on reimbursement claims.
2. The desire or need to further define expenditures into more detailed categories than permitted by the program category dimension alone or the interest to aggregate costs over various objects and/or programs (a project).

Use of a single dimension for any one of the several purposes proposed is more economical than the incorporation of two or more additional dimensions, which would require adding to the expenditure code length for all transactions. As this single dimension can only be used for one purpose in any one expenditure account, the resulting compromise permits adequate account definition for most expenditures most of the time.

See Appendix A for suggested categories.

G. Object Definitions

This dimension of the expenditure account identifies the commodity or service obtained from a specific expenditure.

100-199 SALARIES (FALS-100)

Gross salary or wages paid to employees on the agency payroll.

See Appendix A for specifically assigned object codes.

100-109 Administrators

Gross salary payments to regular employees whose assignments require the various skills needed to perform management activities, such as developing broad policies for the AEA and executing these policies through direction of staff members at all levels of the AEA. Those activities performed directly for policymakers are also included here.

Included in this category, using Section 20.4 of the Code of Iowa as a guide are "... the administrative officer, director or chief executive officer of a public employer or major division thereof as well as his deputy, first assistant and..." certain "supervisory employees." Excluded from the following definition of supervisor are those employees who share some authority over other employees, but who are not categorized as professional administrators. These supervisors are coded in the 190-199 object range, and examples are some board secretaries, clerical supervisors, print shop supervisors, etc. Supervisors of professional employees are generally included in the 100-109 range.

Considering the above exclusion, administrator-supervisors are the individuals "... having authority in the interest of the public employer to hire, transfer, suspend, lay-off, recall, promote, discharge, assign, reward, or discipline other public employees, or the responsibility to direct them, or to adjust their grievances, or effectively to recommend such action, in connection with the foregoing exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment."

Administrator is defined as the administrator or chief executive officer of an area education agency, major division director as well as his/her assistant(s) and supervisory employees having authority in the interest of the agency to hire, transfer, suspend, lay-off, recall, promote, discharge, assign, reward, or discipline other employees, or to adjust employee grievances.

Some specific examples of AEA administrators are the chief administrator, his/her assistants, and central staff members

acting in lieu of the administrator. Also included are the division directors and assistant directors, coordinators who manage people or serve in lieu of the director, and program supervisors (psychological supervisor, speech supervisor, etc.) The business manager, board secretary, board treasurer, and other staff may be administrators -- depending upon the levels of authority and responsibility included in their job descriptions.

110-119 Professional - Instructors

Gross salary payments to regular employees whose assignment require a high degree of knowledge and skills acquired through at least a baccalaureate degree (or its equivalent obtained through special study and/or experience), requiring skills in the field of instruction.

120-129 Professional - Other

Gross salary payments to regular employees whose assignments require a high degree of knowledge and skills acquired through at least a baccalaureate degree (or its equivalent obtained through special study and/or experience), but not requiring skills in the field of instruction.

130-139 Professional - Other

See 120 above. A coordinator (non-administrator) is an individual who coordinates a project rather than people, and who is not acting in lieu of an administrator as an "arm" of the administrator.

140-149 Professional - Other

See 120 above. The object ranges 120-129, 130-139, and 140-149 are not intended to have specific relations to the special education, media or educational services divisions.

150-159 Office - Clerical

Gross salary payments to regular employees whose assignments are to perform the activities of preparing, transferring, transcribing, systematizing, or preserving communications, records, and transactions, regardless of the level of skills required.

Employees assigned administrator authority and responsibilities are coded in the 100-109 area. Business manager (in most cases) is an example.

160-169 Other Regular Staff

Gross salary payments to regular employees whose assignments do not fall into the groupings described above.

170-179 Other Regular Staff

See 160 above.

180-189 Temporary Help

Gross salary payments for work performed by employees who are hired on a temporary basis to perform work in positions of either temporary or permanent nature.

190-199 Supervisors - (non-administrator)

Gross salary payments to a supervisory employee who meets the supervisor definition in object range 100-109, but who has been excluded from the administrator classification by the definition in the 100-109 section. Examples are board secretaries who are not considered administrators, clerical supervisors, print shop supervisors, etc.

NOTE: The assignment of individual gross salary payments may be divided among object codes according to full-time equivalency (FTE). For example, a psychological supervisor who carries a half-time case load and supervises half-time may be coded one-half to object code 108 and one-half to object code 123.

200-299 EMPLOYEE BENEFITS (FALS-200)

Amounts paid by the employer on behalf of employees; these amounts are not included in the gross salary, but are over and above. Such payments are fringe benefit payments, and, while not paid directly to employees, nevertheless are part of the cost of salaries and benefits.

- 200 General Employee Benefits
- 210 Public Employees Retirement
- 220 Local Retirement/Annuities
- 230 Social Security - Employer's Share
- 240 Workmen's Compensation
- 250 Unemployment Compensation
- 260 Hospital Medical
Include Employee Physicals
- 270 Life Insurance
- 280 Disability Insurance
- 290 Employee Benefits Contra Account

Used if benefits are to be prorated out of a central program.

300-399 PURCHASED SERVICES (FALS 300-399)

Amounts paid for personal services rendered by personnel who are not on the payroll, and other services which may be purchased. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

310-319 Professional and Technical Service

Services which by their nature can be performed only by persons with specialized skills and knowledge. Included are the services of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, teachers, accountants, etc.

320-329 Property Services

Services purchased to operate, repair, maintain, insure, and rent property owned and/or used by the AEA. These services are performed by persons other than AEA employees.

330-339 Public Utilities

Expenditures for services usually provided by public utilities such as water, sewerage, electricity, gas, and garbage collection. This includes those same services whether the utility company is public or private. Costs for telephone are not included here, but are included in Communications.

340-349 Rentals

Expenditures for leasing or renting land, buildings, and equipment for both temporary and long-range use of the AEA. This includes bus and other vehicle rental when operated by AEA personnel, lease of data processing equipment, lease-purchase arrangements, and similar rental agreements. Costs for single agreements covering equipment as well as

operators are not included here, but are considered elsewhere under Purchased Services.

350-359 Transportation Service

Expenditures for transporting children.

360-369 Travel Expense

Expenditures for travel of AEA employees and officials. This includes transportation, lodging, meals, and miscellaneous travel costs.

370-379

Communications Services

Services provided by persons or businesses to assist in transmitting and receiving messages or information. This category includes telephone services as well as postage machine rental, postage, expenditures for printed announcements, and broadcast by radio and television networks. These expenditures also include advertising for such purposes as personnel recruitment, bond sales, used equipment sales, and other objects. Costs for professional fees for advertising or public relation services are not recorded here but are charged to Professional Services.

380-389

Tuition, Dues and Fees

Expenditures to reimburse other educational agencies for instructional services rendered to students residing in the legal boundaries described for the paying education agency, and fees paid for individuals and for the agency.

390-399

Services from Other Educational Agencies

Expenditures to reimburse other educational agencies for services (other than tuition) rendered to the AEA.

400-499 SUPPLIES AND MATERIALS- (FALS 600-699)

Amounts paid for materials items of an expendable nature that are consumed, worn out, or deteriorated in use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances.

410-419 General Supplies

Expenditures for all supplies for the operation of an AEA, including freight and cartage. If such supplies are handled for resale, only the net cost of supplies is recorded here.

420-429* Textbooks

Expenditures for prescribed books which are purchased for pupils or groups of pupils, and resold or furnished free to them. This category includes the costs of workbooks, textbook binding or repairs, as well as the net amount of textbooks which are purchased to be resold, rented, or loaned.

430-439* Library Books

Expenditures for regular or incidental purchases of library books available for general use by students, including any reference books, even though such reference books may be used solely in the classroom. Also recorded here are costs of binding or other repairs to school library books. The initial purchase of books for a new school library or any material accessions involving an expansion of the library are recorded under Capital Outlay as 560.

440-449* Periodicals

Expenditures for periodicals and newspapers for general use by the AEA. A periodical is any publication appearing at regular intervals of less than a year and continuing for an indefinite period.

450-459* Audiovisual Aids

Filmstrips, slides, and video tapes.

460-469 Foods

Staple foods, perishables, dairy products, and meats.

470-479 Repair and Maintenance

Cleaning agents, light bulbs, paints, lumber, nails, etc.

480-489 Transportation

Gasoline, oil, tires, grease, spark plugs, etc.

490-499 Inventory Adjustments

Expenditures which are the result of a deficit usually are found in an audit or count of items held in a store or warehouse inventory. Expenditures for the purchase of these items are generally debited to an asset account, Inventory of Supplies, and are charged to the proper appropriation as they are requisitioned. Only a loss should be charged to this account. If the physical inventory reflects an overage in items, the excess is debited to the asset account, Inventory of Supplies.

500-599 CAPITAL OUTLAY (FALS 700-799)

Expenditures for the acquisition of fixed assets or additions to fixed assets. They are expenditures for land or existing buildings; improvement of grounds; construction of buildings; initial equipment; additional equipment; and replacement of equipment.

510-519 Land

Expenditures for the purchase of land.

520-529 Buildings

Expenditures for acquiring buildings and additions, either existing or to be constructed. Included are expenditures for installment or lease payments (except interest) which have a terminal date and result in the acquisition of buildings, except payments to public schoolhousing authorities or similar agencies. Expenditures for major permanent structural alterations and the initial or additional installation of heating and ventilating systems, electrical systems, plumbing systems, fire protection systems, and other service systems in existing buildings are also included.

530-539 Improvements

Expenditures for the initial and additional improvement of sites and adjacent ways after acquisition by the AEA. These consist of such work as grading, landscaping, seeding, and planting of shrubs and trees; constructing new sidewalks, roadways, retaining walls, sewers and storm drains; installing hydrants; initial surfacing and soil treatment of athletic fields and tennis courts; furnishing and installing for the first time, fixed playground apparatus, flagpoles, gateways, fences, and underground storage tanks which are not parts of building service systems; and demolition work. Special assessments against the AEA for capital improvements, such as streets, curbs, and drains are also recorded here.

540-549 Equipment

Expenditures for the initial, additional, and replacement items of equipment, such as furniture and machinery.

550-559 Vehicles

Expenditures for the purchase of conveyances to transport persons or objects.

- 550-559 Vehicles
Expenditures for the purchase of conveyances to transport persons or objects.
- 560-569* Library Books
Expenditures for books which constitute the initial furnishing of a newly-constructed building. These include any books outside the library if they are capitalized, and any appreciable accession involving an expansion of the library.
- 570-579* Textbooks
Expenditures for textbooks which constitute the initial furnishing of a newly-constructed facility.
- 580-589* Audiovisual Aids
Expenditure for films, small media, etc.
- 590-599* Computer Software
Expenditures for computer software.

*Material processed for placement in the media collection are considered capital outlay and not supplies, except periodicals, which are always supplies.

600-699 OTHER EXPENSES (FALS 800)

Expenditures included in the following classifications.

- 610-619 Redemption of Principal
Expenditures which are from current funds to retire serial bonds and loans.
- 620-629 Interest
Expenditures from current funds for interest on: serial bonds, lease with option to buy, and loans.
- 640-649 Casualty Insurance
Expenditures for insurance coverage of property owned by the AEA.
- 650-659 Liability Insurance
Expenditures for insurance coverage of the AEA or its officers, against losses resulting from judgments awarded against the AEA.
- 660-669 Fidelity Bond Premiums
Expenditures for bonds guaranteeing the AEA against losses resulting from the actions of the treasurer or other employees of the AEA. Also, record here any expenditures (not judgments) in lieu of fidelity bonds.
- 670-679 Judgments Against AEA's
Expenditures from current funds for all judgments against the AEA that are not covered by liability insurance. Only amounts paid as the result of court decisions are recorded here. Judgments against the AEA resulting from failure to pay bills or debt service are recorded under the appropriate expenditure accounts as though the bills or debt service has been paid when due.
- 680-689 Other Insurance
Payments for insurance not classified elsewhere.
- 690 Taxes
Expenditures for taxes paid by the AEA to other government agencies.

695

Refunding Prior Year's Expenditures

A credit entry to a program where money is refunded for expenditures incurred in a prior year. If the refund is made in the year the expenditure is incurred, the regular expenditure object would have been credited.

700-799 FUND MODIFICATION (FALS 900)

This category represents transactions of conveying money from one fund to another. Generally, this takes the form of payments from the General Fund to some other fund and should so be recorded. They are not recorded as expenditures.

These object categories do not represent a purchase; rather, they are used as accounting entries to show that funds have been handled without having goods and services rendered in return. Included here are transactions for interchanging money from one fund to the other -- categorized as expenditure transfers.

800-899 INTERNAL SERVICE CHARGE AND EXPENDITURE REDISTRIBUTION

Accounting transactions for redistributing expenditures from one program within a fund to another program within the same fund. Internal service charges are used for specific service rendered or specific material supplied. The 896-898 objects are used for general services provided, and are redistributed by a pro-ration formula.

CHAPTER V

REVENUE ACCOUNTS

The general guidance for accounting for revenues and other sources is provided by GAAFR and Financial Accounting for Local and State School Systems. However, Uniform Financial Accounting for Area Education Agencies provides the specific account code structure for AEAs and gives the definitions of the various revenue accounts.

A. Definition of Revenues

Revenues are defined as additions to assets which do not increase any liability, do not represent the recovery of an expenditure, do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or decrease in assets and do not represent contributions of fund capital in proprietary funds.

As each fund (described in Chapter III) is completely independent of any other, it has its own resources, obligations, revenues, expenditures and fund balances that are continually maintained. Using the definition of revenue indicated above, it is apparent that some distinction must be made between revenue of an individual fund and revenue of an AEA.

With this definition of revenue as used in accrual accounting practice, distinctions made by terminology such as receipts, revenue receipts, and nonrevenue receipts, are not valid. Conversion of assets from one type into cash is not a "revenue" but simply an exchange of assets.

The term revenues and other sources is used if revenues and "fund revenues" are combined. See Source Code 580 for a definition of fund revenues.

B. Revenue Account Code Structure

The UFA system uses four dimensions in each revenue account. Three of these dimensions are represented by codes of three digits and one by a code of two digits in the following sequence:

- | | | |
|----------------|-----|-----|
| 1) Fund | XX | |
| 2) Cost Center | XXX | |
| 3) Program | | XXX |
| 4) Source | | XXX |

A fifth dimension may be required by some computer accounting system if all account numbers need to be the same length.

As is true with expenditures, and as is detailed in Chapter VIII, the revenue codes defined in this chapter and listed in Appendix A, set a standard for reporting. Superfluous numbering may be eliminated if it does not hamper proper reporting, and additional coding may be added if the additions do not hamper combinations for returning to reporting standards.

It is important to note that "Appendix A" sets the standards for the revenue account code structure. "Appendix A" is updated annually and might include changes that have not been incorporated into this chapter.

C. Fund Definitions

The first dimension of all revenue account numbers is the fund. See Chapter III for definitions.

D. Cost Center Definitions

The cost center codes for revenues are the same as those for expenditures. See Section D, Chapter IV.

E. Program Definitions

The program codes for revenues are the same as those for expenditures. See Section E, Chapter IV.

In general, AEAs are required to account for revenue according to major program:

300 special education instruction
500 special education support
600 media services
700 educational services

Some types of revenue (for example, interest) may be recorded to a central program and prorated at year end. The only type of revenue to the general fund that may be recorded and kept separate from the four major programs is interest earned by "inherited funds."

F. Source Definitions

The primary dimensions in the revenue account structure are fund and source. All revenue accounts must utilize both dimensions which are mandatory for all AEAs.

This section contains all definitions and codes for sources of revenue usable at the AEA for adequate accounting and reporting for local internal purposes.

500-579 REVENUE FROM LOCAL AND INTERMEDIATE SOURCES (FALS 1000)

Revenue from local sources is the amount of money received from sources other than federal or state sources. Money collected in the same amount by another governmental unit as an agency of the AEA (less collection costs) is recorded as revenue from local sources. Shared revenue (revenue levied by another governmental unit but shared in proportion to the amount collected in the AEA) is also recorded as revenue from local sources.

The following pages list individual sources of revenue within major groups. See Source Codes 580 and 590 for definitions of fund revenue and intermediate revenue.

510-519 Other Local Tax Sources

Classify here the portion of AEA flowthrough received from the state that is attributable to local property tax. The other portion is classified as state aid. The division between state aid and property tax for special education support is determined according to the controlled funding formula. The entire media and educational services portions are property tax.

If a program code is a part of an agency's revenue number, the more general 510 property tax source code may be used. Otherwise, it is necessary to use the more specific 511, 512, and 515 source codes.

520-539 Tuition

Enter here revenue received from individuals, local school districts, and intermediate agencies for instructional services provided to students. The most prominent examples are the revenues paid by local schools for the instruction of special education students.

540-549 Transportation

Enter here revenue received from individuals, local school districts, and intermediate agencies for transportation services provided to students.

550-559 Nutrition Program

Enter here revenue received from individuals, local school districts, and intermediate agencies for needs provided to students.

NOTE: Current state reporting documents do not provide for this as a viable source code. If the use of Codes 550-559 should become necessary, contact the DPI.

560-579 Other AEA Revenue

Record here revenue from local and intermediate sources that are not included in the previous source code definitions. The specific codes listed in "Appendix A" are the only ones in this category available for reporting purposes. If other codes in the 560-579 grouping are used according to an AEA's individual needs, the ability must be kept in the system to consolidate back to the available numbers.

572 Sale of Services to Others/Printing

Enter revenue derived from the sale of printing services.

573 Sale of Services to Others/Data Processing

Enter revenue derived from the sale of data processing services.

574 Sale of Services to Others/Other Sales

Enter revenue derived from the sale of services not included in 572 and 573.

576 Interest on Investments

Enter interest received on temporary or permanent investments in the United States Treasury bills, bonds, repurchase agreements, savings accounts, time certificates of deposit, and other interest-bearing obligations in the appropriate fund.

Gains and losses realized from the sale of U. S. Treasury bills represent interest income (or loss) and should be credited (or debited) to this account.

578 Gifts and Donations

Enter revenue received from a philanthropic foundation, private individuals or organizations for which no repayment or special service to the contributor is expected.

Conditions attached to the gift or donation by the donor may require entering this revenue in an existing (or new) trust fund. The preferred treatment is to use the operating or other normal funds, if possible.

579 Miscellaneous Local Revenue

Enter any other miscellaneous local income not classified in this section.

580-589 FUND REVENUE (FALS 5000)

This group of revenue accounts does not represent revenue to the AEA.

The result of certain transactions necessary in fund accounting temporarily increases both the assets and the liabilities of a fund or may increase the assets of one fund and the liabilities of another fund simultaneously. The necessity to record these transactions requires their differentiation from all other revenues for accounting and reporting purposes. Following are the specific types of fund revenue:

582 Sales of Equipment and Materials

Enter revenue from the sales of equipment and materials in the Operating Fund of the General Fund Group or in a Proprietary Fund. See Section D of Chapter 3 for definition of "proprietary fund." This revenue code must be associated with the program code that describes the type or intended use of the equipment and materials.

584 Compensation for Loss of Fixed Assets

Enter revenues realized from recovery for loss of school property in the appropriate fund. To the extent possible, proceeds from these recoveries should be prorated to the fund(s) from which the replacement will be charged. All recoveries not readily identifiable to any other fund should be credited to the Operating Fund of the General Fund Group.

587 Refund of Prior Year's Revenue

Enter payments made to refund a revenue credited to a prior year's budget in the appropriate fund. This account will have a debit balance.

Refunds or other debits of a revenue made in the current year's fiscal operation should be debited to those revenue accounts originally credited which will then reflect the net credits to those revenue accounts. Failure to reverse these revenues may distort program revenues or require unnecessary budgetary amendments.

588 Revenue Transfers

Enter revenue received unconditionally (permanently transferred) from another fund or program without expectation of repayment to that fund or program. Such transfers are revenues of the receiving fund but not of the AEA as a whole. Temporary fund transfers are neither recommended nor desirable. Negative fund

balances may exist.

Fund transfers affect only funds or programs within an AEA and as such do not increase the total assets available to the agency. Fund transfers may affect the "Due to Other Funds" and "Due from Other Funds" in the respective funds' balance sheet accounts.

589 Other Receipts-Nonrevenue

Enter receipts to a fund (not revenue to an AEA) resulting from the closure of accounts in a fund appropriate to the activity.

590-599 REVENUE FROM INTERMEDIATE SOURCES (FALS 2000)

Revenue from intermediate sources is revenue from funds collected by an intermediate administrative unit, or a political subdivision between the AEA and the state, and distributed to AEAs in amounts that differ in proportion to those which were collected within such systems.

Note: Current state reporting documents do not provide for this as a viable source code. If the use of Codes 590-599 should become necessary, contact the DPI.

600-699 REVENUES FROM STATE SOURCES (FALS 2000)

Revenues from state sources is revenue from funds collected by the state and distributed to the AEAs in amounts different proportionally from those which were collected within such AEAs.

610 State Foundation Aid/Special Education Support Services

Classify here the portion of AEA flowthrough received from the state that is attributable to state aid. The division between state aid and property tax for special education support is determined according to the controlled funding formula. The basis for state aid is in Chapter 442 of the Code of Iowa.

612 Juvenile Home Reimbursement

Classify here the state reimbursement calculated pursuant to Section 273.2(10) and 273.11 of the Code of Iowa.

641 Drug Abuse

Classify here revenue received from the state for drug abuse programs. The funding originates from both federal and state sources; however, the administration of the funding becomes intertwined to the extent that the federal and state portions are indistinguishable. If at some time an agency should operate a drug abuse program that relates directly to a specific federal source, a federal account code in the 700 or 800 series should be used.

660 State Vocational Aid

Enter revenue received from state sources for reimbursement of career education programs.

682 Library Aid Fund

Classify here to the library fund state revenue received pursuant to Chapter 292 of the Code of Iowa.

690-699 Miscellaneous State Income

Record here revenues from state sources not classified in this section. Note: Seldom should this category be used. Considering that state revenue results from enabling legislation, and the DPI is close to the legislative process, the account code numbers normally would be updated to include source codes added by new state legislation. Agencies must be aware that federal money often comes from the state, but the money is easily identified with specific programs developed between the AEA and one of the state departments or agencies. These funds are to be credited to a federal source.

700-899 REVENUE FROM FEDERAL SOURCES (FALS 4000)

Revenue from federal sources is revenue from funds collected by the federal government and distributed to AEAs in amounts that differ in proportion from those collected within such AEAs. It is unimportant whether the funds are distributed directly to the AEA by the federal government or through some intervening agency such as the state. When an AEA does not have a method for determining the pro rata share of federal, state and other sources of revenue in a commingled grant, it is recommended that the distributing agency provide this information to the intermediate agency.

The 700-799 series is used for federal aid received through the state. Federal aid received directly from the federal government is credited to series 800-899.

This section of the accounting manual does not further define the federal source codes. The names assigned in "Appendix A" are intended to be self-explanatory. It is not feasible for the DPI to keep a complete list and define all types of federal aid and all federal programs.

The list in Appendix A is adequate for the large majority of all federal funds. If federal programs are added or deleted, users of this manual at both the AEA and state level are encouraged to inform the Administration and Finance Division of the changes.

CHAPTER VI

BALANCE SHEET ACCOUNTS

The general guidance for balance sheet account definitions is provided by GAAFR and Financial Accounting for Local and State School Systems. However, Uniform Financial Accounting for Area Education Agencies provides the specific account code structure for AEAs and gives the definitions of the various accounts.

A. Definition of Balance Sheet Accounts

Balance sheet accounts are those that normally appear on the year-end or interim balance sheet and include assets, liabilities, fund equity, and budgeting accounts and other debits.

B. Balance Sheet Account Code Structure

The UFA system uses three dimensions in each balance sheet account. Two of these dimensions are represented by codes of three digits and one by a code of two digits in the following sequence:

1. Fund xx
2. Account xxx
3. Subaccount xxx

Definitions for the fund and account dimensions are included in this manual. The subaccount definition is optional to the user and no definitions are provided. It is important to note that balance sheet fund and account dimensions defined in the UFA manual are intended to be all inclusive, and individual variations may be accounted with use of the subaccount. If an agency needs to expand upon the account dimension, such action shall be cleared through the Administration and Finance Division of the DPI. "Appendix A" sets the standards for the balance sheet account code structure. The appendix is updated annually and might include changes that have not been incorporated into this chapter.

The subaccount is used with the "unreserved Fund Balance Account", and the associated definitions are to be viewed as mandatory. The reason for this is that the original account structure did not allow a large enough block of numbers in the 990-999 category, and when the need for more accounts became apparent, the DPI assigned subaccounts. Had a large group of accounts been available, the subaccounts would not have been used.

C. Fund Definitions

The first dimension of all balance sheet accounts is the fund. See Chapter III for definitions.

D. Account Definitions

900-949 Assets and Other Debits

Assets and other debits include what is owned and what is not owned (as of the date of the balance sheets) but is expected to become fully owned at some future date. Also included are other budgeting and offsetting accounts which normally have debit balances.

900-929 CURRENT ASSETS

Cash or anything that can be readily converted into cash.

901 Cash in Banks (FALS 101)

This account consists of amounts on deposit in officially designated banks or depositories. Iowa Code, Chapter 453, requires that official depositories be approved by the board (see 453.1 and 453.2). This account balance must be reconciled with the bank statement balance by accounting for outstanding deposits and checks. The treasurer shall also provide a sworn statement from each depository by August 15 (as of June 30) according to 279.33. Debits to this account originate with case deposits. Credits to this account originate from creation of general and payroll warrants. Exclude any form of cash on hand (not deposited) which will be accounted for in Code 902, Petty Cash, and Code 903, Cash Change Funds. Subaccounts may be used if cash is deposited in more than one bank account.

902 Petty Cash (FALS 103)

This account represents a sum of money on hand which has been set aside for the purpose of paying small obligations for which an issuance of a formal voucher and check would be excessively expensive and time consuming. The sum of money is kept on an imprest basis. On the imprest basis the total of cash (in hand) plus recorded, paid-out vouchers always equals a fixed amount of money.

Debits to this account will originate when a warrant is written on the bank to establish the fund or replenish this fund. Credits to this account will originate when paid-out vouchers are recognized as expense or when the petty cash account is closed and the money is deposited in the bank. Exclude currency in a cash change fund (see Code 903). Subaccounts may be established by location or organization.

903 Cash Change Funds (FALS 104)

This account represents a sum of money set aside for the purpose of providing change. Debits originate when a warrant is written on the bank to establish the cash fund and, if necessary, to

recognize the expense resulting from a cash change fund shortage. Credits to the account originate when the cash change fund is closed and the money deposited in the bank. Subaccounts may be established by location or organization.

906 Investments (FALS 111)

This account represents amounts temporarily deposited, and the cost of short-term (less than one year) and long-term (greater than one year) investments and securities. Deposits and investments include savings accounts, CDs, bonds or instruments issued, assumed or guaranteed by the U.S. or any of its agencies as further indicated in 453.10 and 452.10, Code of Iowa.

Debits to this account originate with a deposit or the purchase of the investment and credits in equal amount resulting with the sale of the investment. For any one investment, the debits and credits are in equal amounts as all investments are carried on a cost basis.

Any difference between the proceeds of the sale and the amount debited (cost) should be attributed to revenue account 576. Sale proceeds that exceed the corresponding debit (cost) are recognized as revenue in revenue account 576, Interest on Investments. Sale proceeds that are less than the corresponding debit (cost) should be recorded in revenue account 576, Interest on Investments.

907 Accrued Interest Receivable on Investments (FALS 114)

This account represents the amount of interest receivable on investments exclusive of interest purchased which was included in the original cost. Debits originate when the interest income has been recognized by crediting revenue code 576, Interest on Investments. Credits originate with the deposit of cash when the interest income is actually received. Subaccounts may be established for individual long or short-term investments.

915 Other Educational Agency Receivables (FALS 141)

This account represents revenues earned but not received from Iowa school districts, out-of-state school districts, and other AEAs. Exclude receivables from the Federal Office of Education which will be recorded in account 917. Debits to this account are created with the recognition of revenue from other education agencies as defined above. Credits to this account result from the receipt and/or cancellation of revenues previously recognized. Subaccounts may be established by AEA and/or by revenue account.

916 State Aids Receivable (FALS 141)

This account represents amounts due the AEA from state aids that

have been deemed subject to accrual. Debits to this account will originate with the recognition of state sources of revenue. Credits to this account result from the collection of any state aids revenue previously accrued. Subaccounts may be established by revenue category (i.e., state foundation aid, special education aids, etc.)

917 Other Governmental Receivables (FALS 141)

This account represents amounts due from other governments such as county, Federal Office of Education, and any other non-state or non-education agency governmental unit. Debits to this account result from the recognition of such sources as federal aids, whether or not received through the Department of Public Instruction as delineated in Chapter VII, Section 745, Revenue from Federal Sources. Credits to this account result from the collection (or cancellation or adjustment) of applicable revenues. Subaccounts may be established by individual or related groups of applicable revenues.

918 Accounts Receivable (FALS 153)

This account represents amounts due from private persons, firms, corporations or organizations (other than governmental units) for goods and services furnished by the district. Exclude amounts owed by other district funds which are to be recorded in Code 925, Due from Other Funds, and amounts due from any level of government agency or non-profit education agency which should be attributed to other receivable accounts. Debits to this account originate with the recognition of the revenue due from the persons or organizations indicated. Credits to this account result from the collection (or cancellation or reduction) of the indicated revenues. Subaccounts may be established for individual firms or organizations and for persons grouped by source of revenue.

920 Inventory (FALS 171 and 172)

This account represents the value (at cost) of supplies, equipment, materials, and textbooks on hand (commonly in a central stores facility) that have not been issued to other AEA units or school district. Debits to this account result from inventory acquisitions (purchases or donations) or adjustments to valuations as may be periodically required. Credits to this account result from issues (expenditures) and adjustment due to shortages or decreasing value of the inventory. Subaccounts should be established for receipts, issues, clearing and adjustments only. The character or purpose of inventory is normally differentiated by "classes" in automated inventory subsystems. For local convenience, more than one subsidiary or control account may be established as needed. For state reporting purposes, aggregate inventory assets by fund will suffice.

925 Due From Other Funds (FALS 131 & 132)

This account represents amounts owed to a particular fund by another fund in the same agency for loans, goods sold, or services rendered. Debits to this account (within this fund) are created simultaneously in equal amounts when the corresponding obligation (due to other funds) is established in the obligated fund within the agency. Credits to this account are created with the repayment of the obligation as indicated above. Subaccounts must be established as needed in each fund to differentiate the obligated fund (see also Liability Account 961, Due to other Funds).

926 Prepaid Expenses (FALS 181)

This account represents amounts paid for benefits not yet received. This asset will be reduced (credited) with the recognition of these expenses which are regularly recurring costs of operations. Prepaid expense may include rent and unexpended insurance payments deemed significant and/or that qualify for accrual. Normally an expense is not accrued unless the benefit is not to be received within the next fiscal year or unless the payment is not to be received within the next fiscal year or unless the payment and benefit sequence have deviated from the normal pattern. Debits to this amount occur with the cash payment for the indicated purposes. Credits to this account occur with the future recognition of the expense.

929 Other Current Assets (FALS 199)

This account represents any asset expected to be converted to cash in less than one year other than those indicated above. Debits to this account occur with the acquisition of any such miscellaneous asset. Credits to this account occur with the expense of this asset or conversion to any other asset.

930-939 GENERAL FIXED ASSET GROUP OF ACCOUNTS

The general fixed asset group of accounts reflect resources the AEA has invested in prior years in such categories as plant and equipment. The amounts recorded have been expended in prior years or accounted for in the regular funds. These accounts are reflected in AEA records as a group of accounts not associated with a fund. Fixed assets are those assets which the AEA intends to hold or continue in use over a long period of time.

These accounts have the following characteristics:

1. Reflect the historical cost of the expenditure that led to the acquisition of these assets.
2. Are debit balance accounts.
3. Uniform procedures for debiting and crediting these accounts should be established in each AEA. Debits to these accounts could either be done annually (as a reconciliation of the capital expenditures in the regular funds) or at some other time period or frequency. Credits which result from the sale, destruction or other loss could be posted annually or on some other period of frequency.
4. Use of any property accounting system should be integrated with the necessity to record debits and credits to the general fixed asset group of accounts.
5. Accounting and management information needs relating to other than historical costs for these same assets (such as appraised value for tuition and possibly insurance purposes) must be handled on a memorandum basis external to these accounts.

931 Sites (FALS 211)

This account reflects the acquisition value of land owned by an AEA. If the land was purchased, this account includes the purchase price and costs such as legal fees, filling and excavation costs, and other associated improvement costs which are incurred to put the land in condition for its intended use. If the land was acquired by gift, the account reflect its appraised value at time of acquisition.

932 Construction in Progress (FALS 251)

This account represents the cost of construction work undertaken but not yet completed.

933 Buildings (FALS 231) (FALS 231)

This account reflects the acquisition value of permanent

improvements or buildings which add value to land. Examples of such improvements are fences, retaining walls, sidewalks, pavements, gutters, tunnels, and bridges. The amounts debited reflect the purchase or contract price or, if improvements are obtained by gift, reflect the appraised value at time of acquisition.

934 Improvements to Other Than Buildings (FALS 221)

This account reflects the acquisition value of permanent improvements other than buildings, which add value to land. Examples of such improvements are fences, retaining walls, sidewalks, etc.

936 Equipment - Local (FALS 241)

This account includes the historical costs of all equipment purchased with local (non-state or federal) funds. Equipment is defined as tangible property of a more or less permanent nature other than land, buildings, or improvements thereto which are useful in carrying on operations. Examples include machinery, tools, trucks, cars, furniture and furnishings.

937 Equipment - State (FALS 241)

This account represents the historical costs of equipment purchased with state level funds. For further definition, see account code 936.

938 Equipment - Federal (FALS 241)

This account represents the historical costs of equipment purchased with federal funds. For further definition, see account code 936.

939 Library Books and Films

This account includes the costs of materials placed in the lending collection.

940-949 BUDGETING ACCOUNTS AND OTHER DEBITS

Budgeting accounts and other debits are budgeted and actual amounts for revenues as well as offsetting accounts which normally have debit balances.

941 Budgeted Revenues (FALS 301)

This account consists of the sum of all budgeted (or estimated) amounts in individual revenue accounts to be received or to become receivable during the fiscal period. The amount(s) initially recorded in this account may be that initially adopted and/or properly authorized revised budget. Some automated systems possess the capability to retain, on an individual account basis, both the initially "adopted" budget and the latest or subsequent "revised" budget. With this capability, this account is used as a summary and the information contained is useful for management decisions and control purposes. This account always has a debit balance. Debits to this account originate with the adoption of the budget at the beginning of the fiscal period and/or as revisions are authorized depending on the capability of the systems involved. Credits to this account consist of closing entries made at the end of the fiscal period offsetting the existing amount(s) to create a zero balance for the subsequent fiscal period. Subaccounts, when this account is used as a control account, may be inappropriate. Subaccounts exist in effect with every revenue item budgeted when used as a summary account.

942 Revenue Received (FALS 302)

This account includes the total of all revenues received and/or recorded during the fiscal period. The balance of this account, which is always a credit balance, is simply the sum of all individual revenue account balances in the fund (budgeted and unbudgeted) at the end of the reporting period. Credits to this account originate when the individual revenue items are received and/or recorded. The single debit to this account originates with the closing entries made at the end of the fiscal period to create a new zero balance for the next fiscal period.

945 Amount to be Provided for Payment of Lease/Purchase (FALS 304)

This account reflects the difference between the amount eventually needed to retire all long-term debts and the amounts currently available for the same purpose. This account is normally a debit balance during periods when debt is outstanding, but may become a credit balance when the last obligations are nearly mature, due to better than expected collections and/or higher than expected returns on invested funds. All debits and credits are simply balancing entries, created to offset amounts posted to code 979 (Lease Payable).

Subaccounts are inappropriate. This account always has a credit or zero balance. Credits originate with the issuance of the note or lease. Debits originate with the transfer of matured lease payable and matured interest payable to the Debt Service Fund. Interest payable on leases or notes not maturing in the current year must be appropriated or current assets of the Debt Service Fund utilized. Subaccounts are not applicable. A detailed schedule of all long-term obligations outstanding to support the lease payable amounts recorded is required.

946 Amounts Available in Debt Service Fund (FALS 303)

This account reflects amount (also recorded in the Debt Service Fund) of assets currently available (all current assets less all current liabilities) for the retirement of long-term obligations. This double recording of identical amounts representing a singular set of assets illustrates the inappropriateness of consolidating all balance sheet accounts into one grand total presentation.

950-978 CURRENT LIABILITIES

Current liabilities are those debts the AEA expects to pay within a short period of time, usually within a year or less.

951 Bank Overdraft (FALS 423)

This is the amount a checking account is overdrawn. During this fiscal year, an overdraft may be represented by a negative cash balance; however, for year-end reporting, the overdraft is to be shown as a credit balance current liability.

952 Accounts Payable (FALS 424)

This account represents obligations incurred for goods and services received by the AEA as evidenced by vendors' invoices or amounts owed on open accounts to private pensions, firms, or corporations. Credits to this account originate with the receipt of the vendors' invoice, statement, or other document. Debits to this account originate with the payment of the obligation.

955 Construction Contracts Payable (FALS 433)

This account includes all charges for any school construction, plant, or grounds. Credits to this account originate with the receipt of the contractor's invoice, statement, or other document.

956 Construction Contracts (Retained Percentage) (FALS 432)

This account represents the unpaid portion of completed construction that is being held until satisfactory completion and acceptance of the whole project by the school board or their designee.

960 Contracts Payable (FALS 431)

Amounts due on contracts for assets, goods, and services received by an AEA.

961 Due to Other Funds (FALS 401 & 402)

This account indicates amounts owed by this particular fund to any other fund within the AEA for loans, goods sold and/or services rendered. Credits originate with the recognition of the obligations of this fund to any other fund. Debits originate with the repayment or cancellation of this obligation. Subaccounts must be established to identify the particular fund owed. Subaccount numbers should relate to the numerical designation of the fund owed (see also account 925, Due from Other Funds).

962 Due to Other Educational Agencies (FALS 411)

This account represents unpaid obligations of this area education agency to any school district (within or without the state) or area education agency. Credits to this account originate with the receipt of a school district or area education agency bill, statement or obligation indicating payment is due. Debits to this account originate with the payment or cancellation of the indicated obligation.

963 Due to Other Governmental Agencies (FALS 411)

This account reflects obligations to any unit of government (other than a school district or an area education agency) for goods or services received, for repayment of loans or other legal obligations. Credits to this account originate with the recording of expenditures for such goods and services, receipt of the loan, or under terms or other agreements stating this legal obligation. Debits to this account originate with the liquidation (payment or cancellation) of this obligation. Subaccounts may be established by governmental agencies and/or expenditure character or loan.

965 Loans Payable (FALS 451)

Short term obligations representing amounts borrowed for short periods of time, usually covered by notes payable or warrants payable.

966 Interest Payable (FALS 455)

Interest due within a year is credited to this account.

968 Judgments Payable (FALS 422)

This represents the liability incurred by a court issued judgment against the agency.

971 Revenues Collected in Advance (FALS 481)

This account is used to record amounts of unearned revenue collected that is not applicable to this fiscal year. These revenues may consist of unexpended advances from federal programs, any taxes or advances from other governmental agencies, tuition payments or collection of any other amount that will become revenue in a subsequent accounting period. Credits occur with the receipt of any advance or revenue collected in advance. Debits to this account occur in the subsequent fiscal period when these advances are either returned or recognized as revenue.

973 Salaries and Wages Payable (FALS 461)

This account represents the gross amount of salaries and wages payable to persons on the AEA's payroll that have been earned but remain unpaid. Credits to this account arise from the recognition of the accrued salaries and wages. Debits to this account occur with the amounts paid for salaries and wages. Subaccounts may be established by salary object classification.

975 Payroll Deductions and Withholding (FALS 471)

This account represents amounts already deducted and withheld from employees' salaries for the employees' share of payroll taxes, health insurance, IPERS, other insurance payments, contributions to charitable and other organizations or purposes. Exclude the employer share of FICA, health insurance and other benefits. Credits to this account consist of the amounts of the payroll deductions computed at the time of the payroll processing. Debits to this account occur when the AEA has remitted these amounts to the governmental units and organizations involved. Subaccounts may be established to reflect the character of the amounts withheld.

976 Accrued Expenses

This account consists of all expenses incurred during the accounting period but not payable until a subsequent accounting period such as the employer's share of employee benefits. Credits to this account originate with the recognition of these expenses. Debits to this account occur with the payment of these expenses. Subaccounts may be established to reflect the character of the expenditures involved.

977 Other Current Liabilities (FALS 499)

This account reflects other current liabilities not provided for elsewhere.

979 LONG-TERM LIABILITIES

This account includes debt with a maturity of more than one year after the date of issuance is credited to this account.

979 Lease Payable (FALS 531)

Amounts remaining to be paid on lease purchase agreements are included in this account.

980-989 EXPENDITURE CONTROLS

These categories represent accounts which reflect budgeted and actual amounts related to expenditures and encumbrances.

981 Budgeted Expenditures (FALS 601)

This account (also known as appropriated expenditures) includes the total amount of expenditures resulting from the budgetary recommendation, review and certification process for the fiscal year. This account is always a credit balance. Credits originate with the adoption of the budgeted expenditures for the fiscal year in question.. The single debit originates with the posting of the offsetting closing entries at fiscal year-end to establish a new zero balance for the next fiscal period. Subaccounts, when used as a control account, are inappropriate. Subaccounts exist in effect with the expenditure accounts used at the budgeting level.

985 Encumbrance Commitments (FALS 603)

This account represents the outstanding obligations in the form of purchase orders, contracts, and requisitions prior to their recognition as expenditures during the current fiscal year. This account is related to, but differentiated from, account 996, Reserve for Encumbrances. Generally accepted governmental accounting practice recommends the recognition of requisitions during the fiscal year as appropriate to budgetary control. Requisitions outstanding at the end of the fiscal year must be either identified more fully in terms of quantities, prices, and vendor in purchase order form or cancelled.

988 Expenditures Chargeable Against Reserve for Encumbrances (Prior Year)

989 Expenditures to Date (FALS 602)

This account represents the total of all realized expenditures to date for the current fiscal year. The amounts in this account exclude amounts indicated in account 985, Encumbrance Commitments. The total of this account and account 985 represents the total realized and contingent obligations in this budget year. The amount recorded in the account 981, Budgeted Expenditures, less the sum of accounts 985 and 989, represents the uncommitted amounts available within the budgeted expenditures. Debits to this account originate with the recognition of any expenditure. Credits to this account may occur with the adjustment of any current year expenditure and always are made as part of the closing entries at the end of the fiscal year to create a zero balance for the next fiscal year.

990-999 FUND EQUITY

These are accounts showing the excess of a fund over its liabilities. Portions of that balance may be reserved for future use.

991 Investments in General Fixed Assets (FALS 711)

This account, which always has a credit balance, reflects an amount equal to the total of all the other general fixed asset accounts. This balancing account is always offset in equal amount to any debit or credit posted in the accounts 930 through 939.

992 Contributed Capital (FALS 721)

This is an equity account in the proprietary funds showing the amount of fund capital contributed by the governmental unit from general government revenue and resources. Annual subsidies to cover operating deficits are not recorded here. These amounts are recorded as other sources (interfund transfers) and closed to the unreserved retained earnings account.

993 Retained Earnings (FALS 730 & 740)

The accumulated earnings of the proprietary funds that have been retained in the fund.

994 Reserve for Inventories (FALS 751)

A reserve representing that portion of a fund balance segregated to indicate that assets equal to the amount of the reserve are tied up in inventories and are, therefore, not available for appropriation. The use of this account is optional.

995 Reserve for Prepaid Expenses (FALS 752)

A reserve representing that portion of a fund balance segregated to indicate that assets equal to the amount of the reserve are tied up in prepaid expenses and are, therefore, not available for appropriation. The use of this account is optional.

996 Reserve for Encumbrances (FALS 753)

This is a reserve representing that portion of a fund balance segregated to provide for unliquidated encumbrances. Separate accounts may be maintained for current encumbrances and prior-year encumbrances.

During the fiscal year, this account serves as a budgetary account offsetting account 985, Encumbrance Commitments; and at the year end, serves as a reservation of fund balance.

997 Reserve for Special Purposes (FALS 760)

A reserve representing that portion of a fund balance segregated to indicate that assets equal to the amount of reserve are tied up and are, therefore, not available for appropriation. It is recommended that a separate reserve be established for each special purpose.

Funds reserved by this account are not generally considered within management prerogative; for example, court judgments.

998 Unreserved Fund Balance (FALS 770)

This account is the excess of the assets of a fund over its liabilities and reserves.

Subaccounts 003-007 Unreserved

Subaccounts 003, 005, 006, and 007 are to be used to segregate unreserved fund balance among the divisions.

Note: These subaccounts also apply to the various reserves.

Subaccount 009 County Inherited

Subaccount 009 is to be used to keep separate the balance of the county inherited funds. Funds classified here originate from balances of the old county school systems. The only increase in this account comes from interest earned on the balance, and any use of this balance must be approved by the Department of Public Instruction.

Subaccount 010 Unreserved Fund Balance -- Designated for Special Purpose (GAAFR, Page 31)

Unreserved fund balance -- designated for special purpose is the portion of unreserved fund balances that may be set aside for specific special purposes. In order for fund balance to be classified in this manner, it must meet the following criteria:

1. Sub 010 -- Unemployment

AEAs that do not contribute on a regular basis to the unemployment program may designate for this purpose.

a. An AEA may designate no more in one year than the amount that would have been "contributed."

b. The maximum amount that may be accumulated is five times the current annual calculation as provided in (1) above.

- c. The designation shall be by division.
- d. The use of the designated balance shall be by division.
- e. Payments to be made in a fiscal year shall reduce the designated balance.

2. Sub 020 -- Replacement of Equipment

- a. Designation shall be for specific items, and not for general contingency.
- b. The designation shall be the result of a written purchase plan which includes:
 - (1) Description of specific item.
 - (2) Estimated cost less estimated trade-in.
 - (3) Approval by the AEA Board and the Administration and Finance Division of the Department of Public Instruction.
 - (4) Number of years needed to accumulate sufficient funds -- maximum of five years.
 - (5) Assignment to the proper division(s).
- c. No minimum amount is set, except that the planned purchase dollar amount must represent an extraordinary expenditure if it were to be made in a single year.
- d. No maximum amount is set, except it must be reasonably expected that the amount accumulated will be sufficient to make the purchase.
- e. Upon purchase of the item, the designation is to be depleted.

3. Sub 030 -- Initial Purchase of Equipment

The same criteria applies for this category as for the (Sub 020) category, except trade-in value is not a consideration for initial purchase.

4. Sub 040 -- Building Remodeling and Construction

The same general criteria applies for building remodeling and construction as did for equipment purchase, with the additional considerations.

- a. The remodeling or construction must satisfy legal requirements of the Code that apply to remodeling and construction.
- b. If the building is leased and the owner is to pay for the remodeling or construction, the designated category may not be used in that the owner has the ability to spread the cost over several years.
- c. If the building is leased and the AEA is to pay for the remodeling or construction, the designation plan must include a written agreement between the AEA and the owner.
- d. If the building is owned by the AEA, the designated category may be used in a manner similar to equipment purchase.

5. Sub 050 -- Building Purchase

The designated classification may only be used after State Board approval has been given to enter into a building lease-purchase agreement.

If debt results from building purchase, the agency may use the debt service fund.

999 Budgeted Fund Balance

This account (may have been referred to as "Appropriated Surplus") represents the difference between the Budgeted Revenues (Code 941) and the Budgeted Expenditures (Code 981). At the adoption (or revision) of the budget, the balance may be either a debit amount, zero or a credit amount. If the budgeted expenditures equal the budgeted revenues, this account balance will be zero. If the budgeted revenues exceed the budgeted expenditures, it is anticipated that the ending fund balance will reflect an improvement in financial condition. In this case, this account balance would be a credit. If the budgeted revenues are anticipated to be less than the budgeted (or allowable) expenditures, existing resources available to this fund must be used to make up the deficit, and the fund balance at fiscal year-end is expected to have deteriorated. In this case, this account will indicate a debit balance during the fiscal period. The original entry to this account may be a debit, zero or credit, depending on the budgetary conditions as indicated above. The closing entry to this account at the end of the fiscal year offsets the original entry. For budget approval purposes, it is assumed that although the accounting system allows for revenues to exceed expenditures, the AEA does not normally budget for an excess of revenue.

E. Summary of Balance Sheet Accounts

1. Year-end Fund Accounts

901-929 Current Assets	950-977	Current Liabilities
	992-998	Fund Equity

2. Budgeted Accounts

941 Budgeted Revenue	901 Budgeted Expenditures
985 Encumbrance Commitments	941 Revenue Received
989 Expenditure to Date	
999 Budgeted Fund Balance	

3. General Fixed Assets

930-939 General Fixed Assets	991 Investments in G.F.A.
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4. Long-Term Debt Group of Accounts

945 Amount to be Provided for Payment	979 Lease Payable
946 Amount Available in Debt Services	

CHAPTER VII

BUDGETING REQUIREMENTS AND PROCEDURES

This chapter summarizes the legal aspects of area education agency budgeting, outlines the steps to be taken in the budgeting process, and concludes with the significance of the budget approval.

A. General Legal References

Chapter 8, "Budget and Financial Control Act," of the Code of Iowa establishes certain legal requirements for the state and its political subdivisions. Specific duties of the state comptroller shall be "To insure uniformity, accuracy and efficiency in the preparation of budget estimates by municipalities subject to chapter 24, the comptroller shall prescribe the procedures to be used and instruct the appropriate officials of the various municipalities on the implementation of the procedures." (8.6(4d)). Municipality is defined to include school corporations.

Chapter 24, "Local Budget Law," of the Code of Iowa specifies the procedures and timeline for certifying budgets. Although budget requirements applicable to AEAs are included in Chapter 24, several of the provisions do not apply since AEAs do not levy taxes.

Chapter 273, the "Area Education Agency," chapter of the Code of Iowa sets forth in greater detail the budgetary procedures and requirements for AEAs. In this chapter the authority and responsibility of the State Board of Public Instruction for AEA budgeting is defined.

Chapter 442, the "School Foundation Program," chapter of the Code of Iowa delineates the controlled funding of the AEAs. The calculation of controlled funding serves as the basis for the financial budget.

B. Budgeting Procedures

Although this section of Chapter VII provides a reasonably detailed outline of the budgeting procedure, several specifics from Chapter 442 of the Code will not be listed. Chapter 442 has had many amendments and if changes continue to take place the UFA manual would need frequent revision. As changes in Chapter 442 occur, the DPI will inform AEA personnel through periodic bulletins.

The following list of procedures combine the required legal steps and steps suggested by the Administration and Finance Division:

1. The budgeting process is an ongoing procedure that varies from agency to agency, and no effort is being made to set a date for beginning the process.

2. "...a state percent of growth for the budget year shall be computed by the state comptroller prior to September 15 in the base year and forwarded to the superintendent of public instruction."
3. The Department of Public Instruction staff will annually prepare budget forms and instructions. This budget packet will be presented to the AEAs by September 15.
4. The AEA board shall "Prepare an annual budget estimating income and services as provided in Sections 273.1 to 273.9 and Chapter 281 within the limits of funds provided under Section 281.9 and Chapter 442." (273.2(3))
5. "The board shall give notice of a public hearing on the proposed budget by publication in an official county newspaper in each county located wholly or partially in the territory of the area education agency." (273.2(13))
6. "The notice shall specify the date which shall not be later than November 10 of each year, time and location of public hearing." (273.2(13)).
7. "The proposed budget as approved by the board shall then be submitted to the state board of public instruction, on forms provided by the department, no later than December 1 preceeding the next fiscal year for apoproval." However, since State Board approval of budgets in December requires that budget summaries be submitted to individual board members in advance of the meeting, and that time is required by DPI staff to review the budgets, the DPI will annually set a date earlier than December 1 for submission. The date will be specified in the annual instructions and will be within one week of the November 10 hearing deadline. (273.2(13))
8. The budgets will be reviewed by the Administration and Finance Division for general considerations, and then distributed to other DPI divisions for review of the special education, media, and educational services programs. Program plans submitted to the DPI by the AEAs are to be coordinated with the budget submitted to the DPI. Requirements for program plans will be communicated directly from the responsible Department staff to the AEA division directors.
9. The budget document will be coordinated by the AEAs, reviewed by the DPI for such coordination with the annual program plan for educational data processing.
10. If problems are noted by the DPI with the budgets, every effort will be made by DPI staff to communicate with AEA officials in order to prevent a delay in budget approval.

11. The reviewed, summarized, and duplicated budgets will be presented by the DPI administration and Finance Division to the DPI Administrative Support Staff two weeks prior to the date set by the State Board for its December meeting.
12. Budgets not ready for recommendation to the State Board will be held back for the January meeting, and notation of such action will be recorded in the Board's December minutes.
13. "The state board shall review the proposed budget of each area education agency and shall prior to January 1 either grant approval or return the budget without approval with comments of the state board included." (273.(13))
14. The returned approved budgets will be stamped "Approved" and specify the approval date.
15. "Any unapproved budget shall be resubmitted to the state board for final approval." The appropriate DPI staff will work with the AEA officials to resolve problems that require action, and will make known the deadline for resubmission of the budget.

C. Amending Procedures

1. The budgets may be amended for state board approval at any time after the original approval and up until the final state board meeting in the budget year.
2. A budget amendment request form is provided to the AEAs by the DPI. The amendment form, along with a resubmitted budget document and a narrative summary, are to be presented to the DPI Administration and Finance Division.
3. The DPI staff will begin the review process as soon as possible; however, the reviewed, summarized, and duplicated copies of the proper budget documents must be submitted to the DPI Administrative Support staff two weeks prior to the State Board meeting. Dates may be verified with the DPI Administration and Finance Division, and special care should be exercised by an AEA if an amendment is expected to be approved by the State Board at its last meeting in a budget year.
4. The Code does not specify that a public notice should be issued nor that a public hearing be held for action on a budget amendment. Therefore, the AEA board's action on an amendment should be treated like other normal board business, with proper notice, inclusion on an agenda, and action at an open meeting.
5. Upon receipt of the budget documents, the DPI staff will follow the same steps outlined in the original budget section.

6. After action by the State Board, the DPI Administration and Finance Division will return a copy of the documents signifying approval or non-approval.

D. Need for Amending Budget

Area education agency budgets need to be amended under three general conditions:

1. If state or federal action substantially alters the financial structure of a fiscal year to the extent an amendment is requested by the DPI.
2. If the most recently approved budget for the fiscal year does not provide for authorized expenditures in an amount sufficient to cover the anticipated actual expenditures for the agency as a whole or for any of the divisions.
3. If any program is modified to the extent the approved budget does not adequately reflect the program budget for the fiscal year. Contact the responsible DPI personnel for assistance in determining this criteria.

E. Budgeting Documents and Records

1. As noted earlier, the budget document and the amendment document, along with instructions and worksheets will be provided by the DPI.
2. A final stamped copy of the approved budget or amended budget will be retained by the DPI Administration and Finance Division, and this copy will be the official version.
3. Budget summaries and state total budget summaries will be developed by the DPI as necessary.

F. Significance of State Board Approval

State Board approval of an AEA budget signifies positive acknowledgement of the combined program plans and financial budget. It is presumed that the completed documents clearly reflect the essence of the agencies financial plan for the budget year. During the budget approval process the State Board sets three major parameters:

1. The approval indicates the maximum authorized expenditures for each major division — special education support, media, and educational services

2. The approval sets the controlled funding and the controlled budget expenditures within the framework of Chapter 442 of the Code. Due to the frequent changes in Chapter 442, it is not logical to include specifics in this publication, but in general the State Board has had the ability to reduce allowable growth for special education support, increased allowable growth to the extent it was reduced the prior year, and reduce unreserved fund balances.

It is important to note that the State Board budget approval process does not automatically serve to remove fund balance from the unreserved category for inclusion in a reserved or a designated category. In other words, if a budget estimates the expenditures to exceed the revenue, the difference, or budgeted deficit, is not viewed as a method to shelter unreserved balances. For further details, see the accounting requirements and procedures chapter of this publication.

3. The approval, in a general way, approves the programs within each division. If questions arise in this area, clarification can be supplied by the appropriate program personnel at the DPI.

G. Coordination with Accounting System

The budget document and supporting material will reflect the account code structure of the "UFA Manual" particularly Appendix A. The Annual Financial Report completed after the end of a fiscal year will coordinate with the account code structure set at the beginning of the year.

CHAPTER VIII

ACCOUNTING REQUIREMENTS AND PROCEDURES

This chapter sets forth the basic legal and accounting references for the AEA accounting system, then elaborates upon several accounting principles and procedures that are not defined by authoritative sources to the degree necessary for use by AEAs. As was written in Chapter I of this publication, the "UFA Manual" is technical and does not address the basic accounting procedures that are understood and appreciated by the type of business official employed by AEAs. Therefore, accounting topics such as fund accrual accounting versus cash accounting, and double entry accounting are not a part of this chapter.

A. Legal References

The basic legal references for the development of the area education agency accounting systems are contained in Sections 273.3(3), 273.3(13) and 257.18(11). In general, the authority to implement the system rests with the Department of Public Instruction. See Chapter I, Parts A and B of this publication.

B. Authoritative Accounting Sources

As the accounting system is developed, modified, and used, the Department, the, AEAs, and other interested groups shall make every effort to comply with the "Generally Accepted Accounting Principles" (GAAP), as they are set forth in the major authoritative accounting sources. For a list of these publications refer to Chapter I, Part C.

C. Generally Accepted Accounting Principles

The publications listed in Chapter I as authoritative accounting sources are considered to be an integral part of the AEA accounting system. Therefore, further reference to fund accounting, modified accrual accounting, double entry accounting, etc. need not be made in this manual. Users of this manual are expected to use the authoritative sources in conjunction with the "UFA Manual."

References to accounting sub-systems, such as payroll, accounts payable, etc. are not within the scope of this publication in that they are considered to be a part of any system and are more or less elaborate, depending upon the needs of an agency. Data processing for accounting is also out of the scope of this manual and is already recognized in other publications, such as the "Annual Program for Educational Data Processing."

D. Account Code Structure

The account code structure is printed in detail in Appendix A, and definitions are included in Chapters III, IV, V, and VI of this manual.

Basically it is a system of five dimension, fourteen digits, with separate applications to revenue, expenditure and balance sheet accounts.

It is important to note that Appendix A is a standard chart of accounts that may be expanded upon. However, if an agency chooses to add more dimensions, more digits, or more sub-accounts, it must be able to compress its expanded system back to the basic fourteen digit format for year end reporting and for other reporting requirements.

The Appendix A standard fourteen digit format may also be compressed during the fiscal year and expanded for reporting purposes. However, due to the size of the AEA operations, it would not seem practical to use less than fourteen digits and five dimensions.

E. Selected Accounting Requirements and Procedures

Included in this section are explanations of accounting principles that are contained in the major governmental accounting references but need further elaboration for use by the AEAs.

1. Account Group The authoritative sources define the "General Fixed Asset Account Group" and the "General Long-Term Debt Account Group," as well as provide sample entries. The area education agencies are required to use the account groups and report the year end balances on the Annual Financial Report.

2. Lease-Purchase of Property A lease-purchase agreement approved by the State Board and entered into according to Chapter 273.2, Code of Iowa, requires the following accounting practices:

a. Open two new funds.

34 - Debt Service Fund

62 - General Long-Term Debt Account Group

b. At time of lease-purchase agreement, account for entire principal to be paid:

61-933 Buildings \$510,000.00

61-991 Investments in General Fixed Assets
\$510,000.00

Record equity in lease-purchase

62-945 Amount to be provided for payment
of lease \$510,000.00

62-979 Lease payable \$510,000 00

c. Funds for payment of principal and interest are raised in

the operating fund. Payments are made from the debt service fund; therefore, requiring a transfer from the operating fund to the debt service fund.

- d. The following entires are necessary to record the down payment or periodic payment:

11-010-910-588 Revenue Transfer	\$44,133.30	
11-901 Cash		\$44,133.30
Transfer cash to debt service fund		
34-901 Cash	\$44,133.30	
34-000-000-588 Revenue Transfer		44,133.30
Transfer cash from operating fund		
34-000-000-000-610 Principal pymt.	\$40,000.00	
34-000-000-000-620 Interest expense	4,133.30	
34-901 Cash		\$44,133.30
Payment of lease principal and int.		
62-979 Lease payable	\$40,000.00	
62-945 Amt. to be provided for payment of lease		\$40,000.00
Record reduction of lease payable		

*If there is no interest expense in downpayment, record principal payment only.

- e. If a balloon payment is required, the following entries are necessary to account for the annual accumulation to make the payment:

11-010-910-588 Revenue Transfer	\$35,000.00	
11-901 Cash		\$35,000.00
Transfer cash to debt service fund		
34-901 Cash	\$35,000.00	
34-000-000-588 Revenue Transfer		\$35,000.00
Transfer cash from operating fund for balloon payment		

- f. The balance represented by the accumulation of funds for making the balloon payment are closed into unreserved fund balance.

34-000-000-588 Revenue Transfer	\$79,133.30
34-998 Unreserved Fund Balance	\$79,133.30
Close Revenue Transfer Account	
34-998 Unreserved Fund Balance	\$44,133.30
34-000-000-000-610 Principal Payment	\$40,000.00
34-000-000-000-620 Interest Expense	4,133.30
Close expenditure accounts	

- g. Accumulation of funds in the debt service fund (item e) must be recognized in the general long term debt account group.

62-946 Amount available in Debt Service Fund	\$35,000.00
62-945 Amount to be provided for payment of lease	\$35,000.00
Recognize accumulation of assets in Debt Service Fund	

3. Lease-Purchase of Equipment Statement 1 requires that fixed assets acquired through lease-purchase contracts be recorded in both the fixed asset account group and the long-term debt account group. Refer to the preceding section of this chapter, to GAAFR, and to Handbook IIB for more information and examples.
4. Year-End Fund Balance The division of the year-end fund balance into its various reserved, designated, and unreserved categories is very important considering the authority given to the State Board of Public Instruction concerning balances. Appendix A contains a complete listing of all divisions of fund balance, and the definitions are in Chapter VI.

It is important to note that the balances as constituted on June 30, or modifications of the June 30 balance made by September 1, are the only balance amounts considered when balances are reviewed by the DPI. Deficit budgeted fund balances are not included as a part of the reserves or designations listed in Appendix A and are not considered in the calculations if the State Board Acts upon balances.

5. Supply Inventories

a. Definitions:

- (1) Supplies: Supplies, for this accounting procedure, are the consumable supplies--paper, pens, tape, rulers, staplers, etc.
- (2) Material Inventories: Material inventories, for this accounting procedure, means inventories insignificant quantity and/or volume. As an example, a large accumulation of unopened boxes or cartons of supplies in a central location are considered significant; whereas, paper, pens, tape, etc., contained in a storage unit located in the employees' work area are not considered significant. Inventories may be either supplies on hand for use in operation or merchandise for resale.
- (3) Consumption Method: The consumption method of accounting requires that inventories are recorded as expenditures when they are used.
- (4) Purchase Method: The purchase method of accounting requires that inventories are recorded as expenditures when they are acquired.

b. AEs are to use the consumption method of accounting for supply inventories. This procedure requires that "material" collections of supplies are to appear on the year-end balance sheet as an asset; inventories are recorded as expenditures when consumed, and the year-end balance sheet is to contain a reserve account that matches the inventory asset account.

c. There are two accounting techniques that may be used:

(1) Consumption Method through Fiscal Year

Purchase of supplies

11-920 Inventory	\$2,000.00
------------------	------------

11-901 Cash	\$2,000.00
-------------	------------

Consumption of supplies

11-030-660-000-410 Supplies	500.00
-----------------------------	--------

11-920 Inventory	\$ 500.00
------------------	-----------

Adjust reserved end-of year (upward in this example)

11-998-006 Unreserved Fund Balance
(Media) \$ 975.00

11-997-006 Reserve for Inventories
(Media) \$ 975.00

NOTE: If there is a discrepancy between the book inventory and the physical inventory, an adjustment to expenditures and inventory is necessary.

- (2) Adjustment from purchase method to consumption method at end of year.

Purchase of supplies

11-030-660-000-410 Supplies \$2,000.00

11-901 Cash \$2,000.00

Year-end adjustment to inventory (upward in this example)

11-920 Inventory \$ 975.00

11-030-660-000-410 Supplies \$ 975.00

Year-end adjustment to reserve (upward)

11-998-006 Unreserved Fund Bal.-Media 975.00

11-997-006 Reserve for Inventory -Media 975.00

NOTE: The adjustment is to the supply account originally charged when the supplies were purchased.

6. Prepaid Expenditures - According to Statement 1, Governmental Accounting and Financial Reporting Principles, "Other alternative expenditure recognition methods in governmental fund accounting, usually of a relatively minor nature, include: ... (3) Expenditures for insurance and similar services extending over more than one accounting period need not be allocated between or among accounting periods, but may be accounted for as expenditures of the period of acquisition."

GAFFR, page B-70, defines prepaid items as "An asset account reflecting charges entered in the accounts for benefits not yet received." It further states "Examples of prepaid items are prepaid rent, prepaid interest, and unexpired insurance premiums."

Pages 37 and 40, of Financial Accounting for Local and State School Systems, recognizes the accounts "prepaid expenses" and

"reserve for prepaid expenses" as balance sheet accounts "frequently found" in the general and other funds.

The above references indicate a degree of permissiveness, and in order to provide guidance to the AEAs and to develop some uniformity, consider the following as an expansion of the previous definitions.

- a. If an expenditure for insurance or similar services provides for benefits in more than one accounting period, if the amount is material, and if the transaction is not routine and repetitive in nature, it is to be allocated between or among the appropriate accounting periods.
- b. If an expenditure for insurance or similar service provides for benefits in more than one accounting period, and is repetitive in that it occurs at the same time(s) each fiscal year, it is not to be allocated between or among accounting periods.
- c. The prepaid expense concept as defined here refers to year-end balances. On June 30, a balance in the prepaid expense account is to be matched by an equal amount in the reserve for prepaid expense account.

Another factor to consider is the method of handling prepaid expenses for interim financial reports. The Department of Public Instruction primarily develops accounting procedures for year end reporting; however, each agency must have policies for situations that arise at times other than year-end reporting. This is particularly true if an auditing firm works with an agency's interim financial records.

7. Encumbrances - Encumbrance accounting is explained in detail in the several authoritative references, and sample entries are included in Handbook II B. Budgets need not be amended to include the provision to expend encumbered reserves from the prior year, if such expenditures would not cause the agency of a major program to exceed the latest approved budget. An agency will need to make the decision as to whether a like amount of encumbrances will remain at the end of the budget year compared to the amount reserved at the beginning of the budget year. This decision may influence the need for an amendment.

CHAPTER IX

REPORTS — LOCAL, STATE, AND FEDERAL

The purpose of this chapter is to present the relationship between the Uniform Financial Accounting System for Area Education Agencies and the three levels of financial reporting. The accounting system is designed to meet the specific reporting requirements of the state, yet allow flexibility for completing federal reports and for developing management prerogative reports for local needs.

A. Local Reports

The accounting system does not prescribe local reports; however, the state mandated reports were designed with the intent that they could be used for local needs as well as state requirements. AEA business officials are encouraged to expand upon the state reports in order to assist the board, administration, and staff as they make program and financial decisions. The use of summary reports, bar graphs, pie charts, and other pictorial reports are especially suited for presenting information to the public.

In general, the UFA system lends itself to uses well beyond bookkeeping and state reporting. The Administration and Finance Division of the DPI intends to make it clear that the scope of format for state reporting is not to be viewed as a limiting factor for more extensive reporting.

B. State Reports

The Administration and Finance Division requires annual, other periodical, and special reports to be submitted by the area education agencies. Other reports—generally non-financial—required by other divisions of the DPI, are not included in this chapter.

The narrative of this chapter, describing the various financial reports, is very brief in that each blank report document is supplied with complete directions. The following report numbers, although sequential, leave numerical gaps. The numbers correspond with the numbers of the report documents, and there are currently seven documents numbered one through ten. Sections eleven and twelve of this chapter relate to items in addition to the documents coded with the (AF-AEA—) symbols.

1. Budget Document

The budget document is annually completed and presented at a public hearing according to the Code of Iowa, on or before November 10 of the calendar year prior to the budget year. The document is then submitted to the State Board of Public Instruction for approval at the December meeting.

The budget document is reviewed and updated annually by the DPI in order to reflect the account code needs for the budget year. See Chapter VII for detailed information about budgeting requirements and procedures.

2. Annual Financial Report (AFR)

The AFR is annually completed by the AEAs and submitted to the DPI on or before August 15. The AFR reflects the budgeting documents account numbers used for that year.

3. AFR Supplement

The supplementary portion of the AFR includes the special education report and year-end reports collected by the DPI as needed. The supplementary reports might or might not be necessary for full disclosure, but rather serve specific needs of the Department.

4. Contract Approval

The contract approval forms are used by AEAs to submit contracts to the DPI whenever the contracts require approval. The majority of contracts do not need state approval. It is generally the joint responsibility of the agency's respective director and the business manager to decide which contracts need approval. They are to then submit the form to the proper person at the DPI for state action.

6. Indirect Cost Rate

The Indirect Cost Rate form is annually required after the end of the fiscal year in order for federal indirect cost rates to be set for the subsequent year.

7. Juvenile Home Reimbursement

AEAs are required by the Code to provide services to students in juvenile homes. If an AEA supports a juvenile home program, it is expected to complete the form after the end of the fiscal year and submit it to the DPI for reimbursement approval.

10. Budget Amendment

An AEA may amend its budget by submitting the form to the DPI, along with revised copies of the regular budget document and narrative.

11. Worksheets

Worksheets are included with several of the state forms. They are designed to assist the AEAs in completing forms and need not be returned to the DPI if so stated.

12. Checklists

The Administration and Finance Division uses several checklists when reviewing reports. Often these completed checklists are sent to an AEA in order to demonstrate errors the AEA made on the report. The checklists are for information purposes only; however, an AEA may use checklists as guides in order to anticipate the DPI review of its report.

C. Federal Reports

The Administration and Finance Division does not collect federal reports; however, it does make every effort to assure that the accounting system is compatible with federal requirements.

CHAPTER X

AUDIT REQUIREMENTS AND PROCEDURES

The purpose of this chapter is to provide basic information for AEA officials as they engage auditing services. Information regarding auditing procedures is beyond the scope of this manual.

A. Legal Basis for Audits

Chapter 11 of the Code of Iowa provides the legal basis for the mandated annual audits of area education agencies. This chapter is more germane to the needs of the auditor than the AEA.

Section 11.18, Code of Iowa, specifies the need for AEAs to have an annual audit. Also stated is the provision for AEAs to engage the services of the State Auditor or a certified and registered accountant in the State of Iowa. If the AEA is to use a private auditing firm, it must notify the State Auditor within sixty days after the close of the fiscal year to be audited.

B. Engagement Letter

The engagement letter is the agreement between the AEA and the State Auditor or auditing firm, specifying the services to be performed. It is during the drafting of this letter that directions are given to the auditor concerning auditing needs that go beyond Chapter 11 of the Code and beyond "Generally Accepted Accounting Principles." Other than calling for special examinations and reports needed for local purposes, the engagement letter should order the number of copies of the audit report needed and to whom they are to be sent. Another item to be requested is an A-102 audit for federally funded programs.

C. A-102 Audits

All area education agencies are required to obtain an A-102 audit according to guidelines of the DPI. See Appendix B for the Department's correspondence regarding A-102 Audits. The sample audit provided by the State Auditor is to be used as a guide by the auditor for developing the A-102 reports.

D. Items to Audit

Auditors are to examine the agency's Annual Financial Report. If the AFR balances are different than the audit balances, the auditors are to present the AEA with a copy of the necessary adjustments for the year audited and the subsequent year. The AEA must notify the Administration and Finance Division if the AFR balance needs adjustment. If deemed appropriate by the DPI, an amended copy of the AFR may be sent to the DPI. After consulting with the auditor, the AEA officials should either make adjusting entries through the revenue

and expenditures accounts, or adjust the balance by using the adjusting line on next year's AFR.

The auditor is to review the AEA's budget document. The latest approved amendment should be made available.

The other DPI financial documents listed in Chapter IX should be made available to the auditor for examination.

E. Audit Reports

Copies of the audit report are to be provided to the State Auditor and the Superintendent of Public Instruction. If the report is revised, the revision should be distributed in the same manner.

If an A-102 Audit refers to the 800 series of revenue codes, a copy of the report is sent to:

U. S. Department of Education
Office of Inspector General/Audit
324 East 11th Street, Tenth Floor
Kansas City, Missouri 64106

State of Iowa
DEPARTMENT OF PUBLIC INSTRUCTION
Administration and Finance Division
Grimes State Office Building
Des Moines, Iowa 50319

APPENDIX A
AREA EDUCATION AGENCY
SUMMARY OF SUBACCOUNT CODES

Effective
July 1, 1985

SUMMARY OF SUBACCOUNT CODES

This is a summary list of all subaccount codes and titles of the dimensions that constitute account codes for the expenditure, revenue and balance sheet accounts as further defined in Chapter III, Funds; Chapter IV, Expenditures; Chapter V, Revenues; and Chapter VI, Balance Sheet Accounts of the AEA Uniform Financial Accounting Manual.

Expenditure, revenue and balance sheet accounts are constructed by using two to five subaccounts (dimensions) listed in this summary as explained previously in the chapters indicated. This appendix is cross-referenced to the applicable chapters that contain the full description and definition of the subaccounts listed.

AEA ACCOUNT STRUCTURE

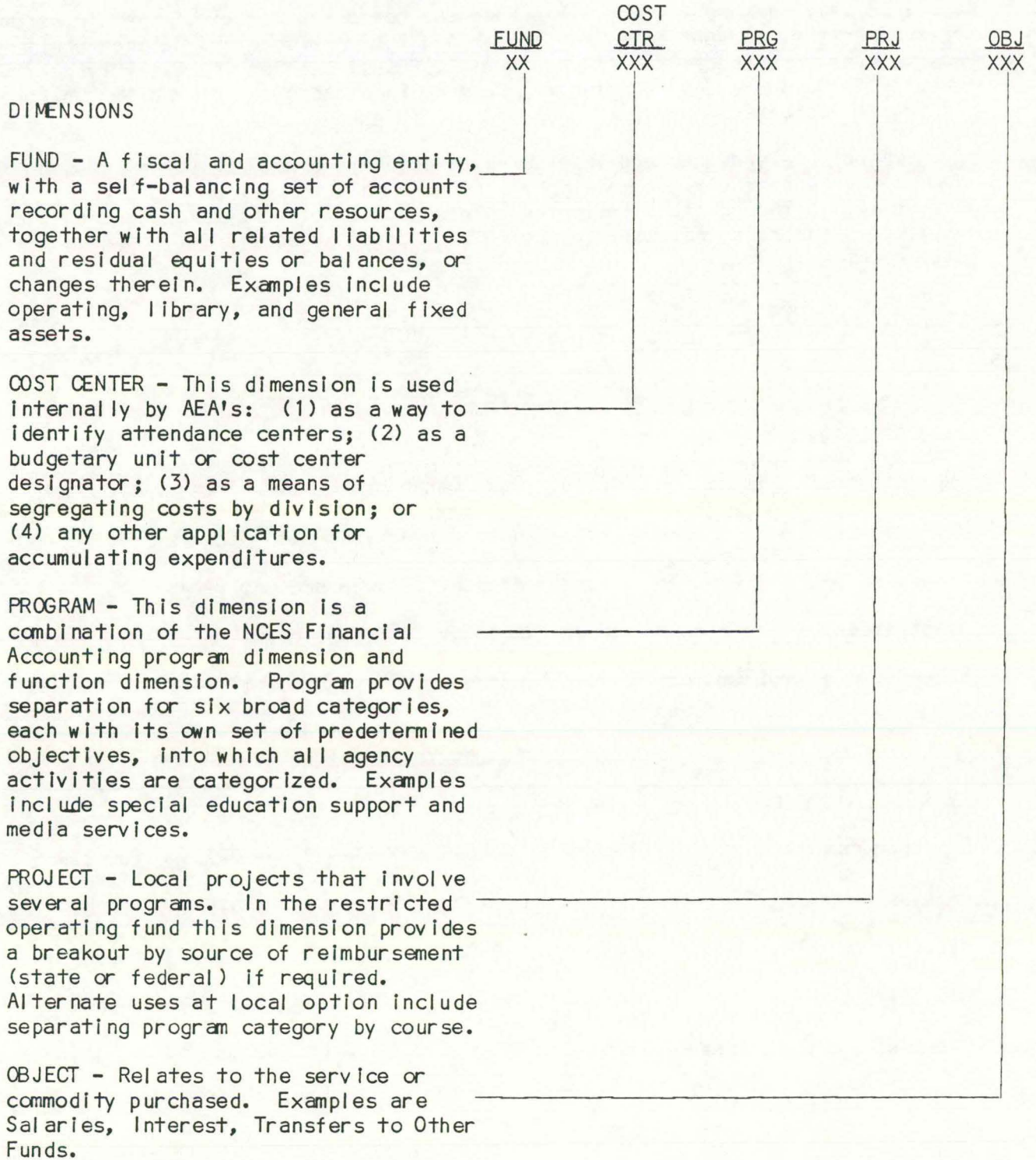
Account Number Field Terms

<u>Type of Account</u>	<u>A.</u>	<u>B.</u>	<u>C.</u>	<u>D.</u>	<u>E.</u>
Expenditures	Fund	Cost Center	Program	Project	Object
Revenue	Fund	Cost Center	Program	Source	
Assets	Fund	Account	Subaccount	---	---
Liabilities	Fund	Account	Subaccount	---	---
Reserves and Fund Balance	Fund	Account	Subaccount	---	---

Range of Valid Values

<u>Types of Account</u>	<u>A.</u>	<u>B.</u>	<u>C.</u>	<u>D.</u>	<u>E.</u>
Expenditures	01-59	000-899	000-999	000-999	100-899
Revenue	01-59	000-899	000-999	500-999	900
Assets	01-59	900-949	000-999	000	000
Liabilities	01-59	950-989	000-999	000	000
Reserves and Fund Balance	01-59	990-999	000-999	000	000

EXPENDITURE ACCOUNTS STRUCTURE



Using various combinations of codes (one in each dimension) as a set defines an account. As each code within a dimension could possibly be associated within any code in the other dimensions, a large number of individual accounts can be defined. Only a fraction of the possibilities will result in useful accounts.

FUND CODES

(See Chapter III for definitions)

<u>Code Range</u>	<u>Description</u>
<u>11-19</u>	<u>General Fund Group</u>
11	Operating Fund
12	
13	
27	
28	
29	Library Fund
<u>30-39</u>	<u>Other Governmental Funds</u>
31	
32	
33	
34	Debt Service Fund
35	
<u>40-49</u>	<u>Proprietary Funds</u>
41	
42	
<u>50-59</u>	<u>Fiduciary Funds</u>
51	
52	
<u>60-69</u>	<u>Other Account Group</u>
61	General Fixed Assets Account Group
62	General Long Term Debt Account Group

COST CENTER

(See Chapter IV for definitions)

<u>Code Range</u>	<u>Description</u>
100-899	Assign as needed (internally)
900-999	Invalid

PROGRAM CODES

(See Chapter IV for definitions)

The following pages list program codes within the major categories of Instruction and Supporting Services. Some program areas have suggested subprograms identified to help the AEA's classify their programs in a consistent manner throughout the state.

It is neither essential nor desirable that the AEA's use all of the codes identified. The most useful principle for determining specific codes to use is as follows:

If identifying expenses as a particular level will yield information that is useful and meaningful to the AEA, then the appropriate code should be used.

There are certain areas, such as special education instructional programs, where expenses are to be identified at the most detailed level because of specific reporting requirements. In other cases, the detail code should be used to help identify the proper program category.

In several places, codes have been left blank for local use. AEA should check all available codes before assigning a new code; also, check for combinations of cost center code, object of expenditure, and project code to properly identify an item of expense.

However, the minimum program code requirement is the level of detail necessary to complete the Department of Public Instruction Budget Report Forms and the Annual Report Forms. The attached list of major program areas (X00) and the associated program codes (OX0) are identified (*) for Department of Public Instruction budgeting and reporting requirements.

DESCRIPTION OF DIGIT	X	X	X
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Major Program Area

Program Code

Detailed Program Code

Major Program Areas

000	Restricted
100	Restricted
200	Restricted
300	Special Education Instruction
400	Restricted
500	Special Education Support Services
600	Media Services
700	Educational Services
800	General Administration
900	Central Support Services

PROGRAM CODES
SPECIAL EDUCATION (300-399*)

300 Special Education (The Units position described below is used for program categories where appropriate.)	380 Other
3X1 Physical Disability	381
3X2 Communication Disability	382
3X3 Hearing Disability	383
3X4 Vision Disability	384
3X5 Mental Disability	385
3X6 Behavioral Disorder	386
3X7	387
3X8 Learning Disability	388
3X9 Multi-Categorical	389
	390 AEA

- 31X Supplemental Assistance (1.7)
- 32X Resource Teaching Program (1.7)
- 33X Special Class with Integration (1.7)
- 34X Self-Contained Special Class (2.2)
- 35X Preschool Handicapped (2.2)
- 36X Preschool Handicapped (3.6)
- 37X Self-Contained Class (3.6)

- E.G. 328 Resource Teaching Program--L.D.
- 329 Resource Teaching Program--
Multi-Categorical
- 335 Special Class with Integration--M.D.

*Please note that program categories 30X-37X are mandatory reporting levels.

PROGRAM CODES
SPECIAL EDUCATION SUPPORT SERVICES (500-599)

500 Support Services

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*550 Hearing

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*510 Administration - Support

**511 Special Ed. Division Support
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*560 Vision

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*520 Social Work

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*570 Consultants

*571 Behavioral Disability
*572 Mental Disab/Severe Profound
*573 Learning Disability
*574 Preschool Handicapped
*575 Physical Disability
576
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*530 Psychology

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580 Support Services-Specialists

*581 Hospital/Homebound
*582 Itinerant Teacher
*583 Work Experience
*584 Occupational & Physical
Therapy
*585 Nurse
*586 Preschool-Early Childhood
587
*588 Ed. Strategist
589

*540 Speech

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590 Support Services-Other

591
*592 Sp. Ed. Media Specialist
593
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598
*599 Other

*Mandatory for annual budgeting and reporting.

**Prorated at year end to other programs within division.

7/1/85

PROGRAM CODES
MEDIA SERVICES (600-699)

600 Media Services	*650 Delivery Service
601	651
602	652
603	653
604	654
605	655
606	656
607	657
608	658
609	659
*610 Administration - Media	660 Production
**611 Media Division Support	*661 Printing
612	662
613	663
614	664
615	665
616	666
617	667
618	668
619	669
*620 Curriculum Laboratory	*670 Consultants
621	671
622	672
623	673
624	674
625	675
626	676
627	677
628	678
629	679
*630 Material Lending Library	680
631	681
632	682
633	683
634	684
635	685
636	686
637	687
638	688
639	689
*640 Professional Library	690 Media Services-Other
641	*691 Maintenance
642	692
643	693
644	694
645	695
646	696
647	697
648	698
649	*699 Other

*Mandatory for annual budgeting and reporting.

**Prorated at year end to other programs within Division.

PROGRAM CODES
EDUCATIONAL SERVICES (700-799)

700 Instructional Services

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*750 Staff Development: Inservice

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*710 Administration - Ed. Services

**711 Ed. Serv. Division Support
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*660 Computer Services

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*720 Guidance Services

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*770 Supplemental Projects

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*730 Curriculum Development

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*780 Gifted and Talented

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*740 Research, Planning, Develop. & Evaluation

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690 Media Services-Other

*791 Cooperative Purchasing
*792 Juvenile Home
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798
*799 Other

*Mandatory for annual budgeting and reporting.

**Prorated at year end to other programs within Division.

PROGRAM CODES
GENERAL ADMINISTRATION (800-899)

800 Central Administration

*810 Executive Administration

811
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*850 Business

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*820 Board of Directors

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*890 General Administration-Other

891
892
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895
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897
898
899 Other

*Mandatory for annual budgeting
and reporting.

PROGRAM CODES
CENTRAL SUPPORT SERVICES (800-899)

900 Central Support Services

*910 Debt Services

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912
913
914
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*950

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*960 Facilities Acquisition &
Construction

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*970 Plant Operation & Maintenance

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*980 Central Support-Other

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999 Other

*Mandatory for annual budgeting
and reporting.

PROJECT CODES
(See Chapter IV for definition)

<u>Code Range</u>	<u>Description</u>
000	Local source of funds or not used for project definition
001-499	Locally defined projects
500-599	Used only for identification of costs related to local reimbursable funds (see Chapter V)
600-699	Used only for identification of costs related to state reimbursable programs (Chapter V)
700-799	Used only for identification of costs related to federal programs managed by DPI (see Chapter V)
800-899	Used only for identification of costs related to federal programs <u>not</u> managed by DPI (see Chapter V)
900-999	Not used for expenditure accounts, reserved for expansion in the revenue accounts.

OBJECT CODES
(see Chapter IV for definitions)

SALARIES (100-199)

100 Administrator	150 Office/Clerical
101 Board Secretary	151 Secretary
102 Board Treasurer	152 Typist
103 Administrator	153 Clerk
104 Asst. Administrator	154 Bookkeeper
105 Director	155 Accountant
106 Asst. Director	156 Payroll Clerk
107 Coordinator	157 Receptionist
108 Supervisor	158
109 Manager	159
110 Professional-Inst.	160 Other Regular Staff
111 Teacher	161 Technician
112 Itinerant Teacher	162 Operator
113 Hospital/Homebound	163 Data Processing Operator
114 Work Experience	164 Aide
115	165 Custodian
116	166 General Maintenance
117	167 Van Drivers
118	168 Graphic Artist
929	169 Analyst
120 Professional-Other	170 Other Regular Staff
121 Ed. Strategist	171 Audiometrist
122 Social Worker	172 Occ. Therapist Asst.
123 Psychologist	173
124 Speech Clinician	174
125 Hearing Clinician	175
126 Vision Clinician	180 Temporary Help
127 Therapist	181 Substitute Teacher
128	182 Seasonal Help
129 Nurse	183
130 Professional-Other	184
131 Consultant	185
132 Coordinator (non-administrator)	190 Supervisor (non-administrator)
133 Programmer	191 Board Secretary
134	192 Board Treasurer
135	193 Office/Clerical Supervisor
136	194 Print Shop Supervisor
137	195
138	196
139	
140 Professional-Other	<u>EMPLOYEE BENEFITS (200-299)</u>
141 Media Specialist	200 Employee Benefits
142 Media Specialist Asst.	210 Public Employees Retirement
143 Librarian	220 Local Retirement/TSA Annuity
144 Librarian Asst.	230 Social Security
145	240 Workmen's Compensation
146	250 Unemployment Compensation
147	260 Hospital-Medical
148	270 Life Insurance
149	280 Disability Insurance
	290 Employee Benefits-Cont. Acct.

OBJECT CODES
PURCHASED SERVICES (300-399)

- 300 Purchased Services
- 310 Professional and Technical Services
 - 311 Professional Service
 - 312 Instructional Service
 - 313 Consulting Service
 - 314 Legal Service
 - 315 Audit Service
 - 316 Processing Service
 - 317 Delivery Service
 - 318 Copyright Service
- 320 Property Service
 - 322 Cleaning Service
 - 323 Repair & Maintenance Bldg.
 - 324 Repair & Maintenance Equip.
 - 325 Repair & Maintenance Vehicle
 - 326 Repair & Maintenance Grounds
- 330 Public Utilities Service
 - 331 Water
 - 332 Sewage
 - 333 Electricity
 - 334 Gas-Natural
 - 335 Garbage Collection
- 340 Rental and Leasing
 - 341 Land Rental
 - 342 Building Rental
 - 343 Equipment Rental
 - 344 Bus Rental
 - 345 Vehicle Rental
- 350 Transportation Services
 - 351 Private Contractor
 - 352 Payments to In-State LEAs
 - 353 Payments to Out-of-State LEAs
 - 355 Individual Reimbursement
 - 356 Parent Reimbursement
- 360 Travel Expense
 - 361 Employees-In-AEA
 - 362 Employees-In-State
 - 363 Employees-Out-of-State
 - 364 Board Members-In-AEA
 - 365 Board Members-In-State
 - 366 Board Members-Out-of-State
- 370 Communications & Advertising
 - 371 Telephone
 - 372 Telegraph
 - 373 Television
 - 374 Radio
 - 375 Postage
 - 376 Newspaper
 - 377 Periodicals
 - 378 Data Processing Communica.
 - 379 Data Comm. W/User Agencies
- 380 Tuition, Dues & Fees
 - 381 Student Tuition-In-State LEAs
 - 382 Student Tuition-Out-of-State LE
 - 385 Staff Tuition
 - 386 Staff Dues
 - 387 Staff Fees
 - 388 Institution Dues
 - 389 Institution Fees
- 390 Service from Other Ed. Agencies
 - 391
 - 392
 - 393
 - 394
 - 395
 - 396
 - 397
 - 398
 - 399

OBJECT CODES

SUPPLIES & MATERIALS (400-499)

CAPITAL OUTLAY (500-599)

400 Supplies

500 Capital Outlay

410 General Supplies

510 Land

411 Office Supplies

412 Instructional Supplies

413 Program Supplies

414 Data Processing Supplies

520 Buildings

522

523

524

525

526

420 Textbooks

421 Regular Textbooks

422 Workbooks

423 Textbook Binding & Repairs

424 Textbooks for Resale

530 Improvements

531

532

533

534

535

430 Library Books

431

432

433

540 Equipment

541 Furniture-Initial

542 Furniture-Additional

543 Furniture-Replacement

544 Equipment-Initial

545 Equipment-Additional

546 Equipment-Replacement

440 Periodicals

441 Newspapers

442 Magazines

443 Directories

450 Audiovisual Aids

451 Film Repair

452 Recording

453 Recording Tape

454 Video Tapes

455 Slides

456 Supplies

550 Vehicles

551 Passenger Cars

552 Trucks

553 Other Vehicles

460 Food Supplies

461

462

463

464

*560 Library Books

561

562

*570 Textbooks

581 Films

582 Small Media

583 TV Media

584 Replacement Media

470 Repair & Main. Supplies

471 Cleaning Products

472 Coal

473 Oil & Other Fuels

474 LP Gas

475 Maintenance Supplies

476 Repair Parts

590 Computer Software

591

592

480 Transportation Supplies

481 Fuels

482 Lubricants

483 Tires and Tubes

485 Maintenance Supplies

486 Repair Parts

*Materials processed for placement
in the media collection are
considered capital outlay.

490 Inventory Adjustments

OBJECT CODES

OTHER EXPENSES (600-699)

- 600 Other Expenses
- 610 Redemption of Principal
 - 611
 - 612
- 620 Interest
 - 621
 - 622 Loan Interest
 - 623 Lease with Option Interest
- 640 Casualty Insurance
 - 641 Media Insurance
 - 642
 - 643
 - 645
 - 646
- 650 Liability Insurance
 - 651 Property Insurance
 - 652 Vehicle Insurance
- 660 Fidelity Bond Premiums
 - 662 Expense in Lieu of Fidelity Bond
- 670 Judgments
- 680 Other Insurance
- 690 Taxes
- 695 Refund Prior Years' Expenditure
(A credit entry)

FUND MODIFICATIONS (700-799)

- 711-759 Expenditure Transfer:
 - 711 Operating Fund
 - 712
 - 713

- 729 Library Fund
- 734 Debt Service Fund
- 740 Proprietary Funds
- 750 Fiduciary Funds

INTERNAL SERVICE CHARGES AND
EXPENDITURE REDISTRIBUTION (800-899)

- 80X
- 81X
- 82X
- 83X Special Education
- 84X
- 85X Special Education Support Service
- 86X Media Services
- 87X Educational Services
- 88X Administrative Services
- 89X Central Services
 - 891 Data Processing
 - 892 Printing & Duplicating
 - 893 Media Production
 - 894 Transportation
 - 895
 - 896 Expenditure Redistribution-Central Support
 - 897 Expenditure Redistribution-Central Administration
 - 898 Expenditure Redistribution-Operations & Maintenance
 - 899 Expenditure Redistribution-Program Administration

REVENUE CODES
(See Chapter V for Definitions)

All revenue accounts require the use of the fund code and the source subaccount code. Some revenue accounts require a program dimension code for further definition for state reporting. When useful, the cost center codes may be used locally.

Cost Center Codes

Use of this dimension is a local option, as explained on page A-2. See Chapter IV for more details.

Program Codes

Use of this dimension may be required at times for more specific state reporting needs. See pages A-6 to A-11 of this appendix for a summary list and Chapter IV for more details.

Source Codes (See Chapter V)

The following pages list all source codes within the three major levels of sources of revenue.

SOURCE CODES

REVENUE FROM LOCAL INTERMEDIATE SOURCES (500-599)

<u>Code Range</u>	<u>Description</u>
<u>500-509</u>	<u>LOCAL LEVIES</u>
501	
502	
503	
504	
505	
506	
507	
508	
509	
<u>510-519</u>	<u>OTHER LOCAL TAX SOURCES</u>
510	Property Tax
*511	Property Tax/Support Services
*512	Property Tax/Media Services
513	
514	
*515	Property Tax/Educational Services
516	
518	
519	
<u>520-539</u>	<u>TUITION</u>
521	Tuition
522	Tuition - Price Lab
522	
523	
524	
525	
526	
527	
528	
529	
530	Special Education Contract Service/Tuition
531	
536	
539	
<u>540-549</u>	<u>TRANSPORTATION</u>
541	
542	
543	
546	
548	
549	

*Optional divisions of source code 510, if program codes are used.

SOURCE CODES

<u>Code Range</u>	<u>Description</u>
<u>550-559</u>	<u>NUTRITION PROGRAM</u>
551	
552	
553	
554	
555	
556	
557	
558	
559	
<u>560-569</u>	<u>OTHER AEA REVENUE</u>
561	
562	
563	
564	
565	
566	
567	
568	
569	
<u>570-579</u>	<u>OTHER AEA REVENUE</u>
571	
572	Sale of Services to Others/Printing
573	Sale of Services to Others/Data Processing
574	Sale of Services to Others/Other Sales
575	
576	Interest on Investments
577	
578	Gifts and Donations
579	Miscellaneous Local Revenue
<u>580-589</u>	<u>FUND REVENUE</u>
580	
581	
582	Sale of Equipment and Materials
583	
584	Compensation for Loss of Fixed Assets
585	
586	
587	Refund of Prior Year's Revenue (Debit)
588	Revenue Transfer
589	Other Receipts - Nonrevenue
<u>590-599</u>	<u>REVENUE FROM INTERMEDIATE SOURCES</u>
591	
592	
593	
599	

SOURCE CODES
REVENUE FROM STATE SOURCES (600-699)

<u>Code Range</u>	<u>Description</u>
610	State Foundation Aid/Sp. Ed. Support Services
611	
612	Juvenile Home Reimbursement
613	
631	
632	
633	
634	
635	
636	
637	
641	Drug Abuse
642	
651	
653	
655	
657	
660	State Vocational Aid
671	
672	
673	
682	Library Fund Aid
690-699	Miscellaneous State Revenue

SOURCE CODES
FEDERAL AID RECEIVED THROUGH THE STATE (700-799)

<u>Code Range</u>	<u>Description</u>
<u>700-709</u>	<u>ESEA</u>
701	
702	
<u>710-719</u>	<u>BLOCK GRANT</u>
711	ECIA, Chapter 11/97-35
<u>720-729</u>	<u>HANDICAPPED</u>
721	Educ. Handicapped Act Part B/94-142
722	Educ. Handicapped Act Part D
723	Educ. Handicapped Act Misc./94-142
<u>730-739</u>	<u>VOCATIONAL</u>
731	Guidance/94-482
732	Staff Development/94-482
733	Career Education/95-207
734	Disadvantaged and Handicapped/94-482
735	
736	
737	
<u>740-749</u>	<u>OTHER</u>
741	Comprehensive Employment & Training Act 93/203

SOURCE CODES

<u>Code Range</u>	<u>Description</u>
<u>750-759</u>	<u>CHILD NUTRITION</u>
751	
752	
753	
754	
755	
756	
757	
<u>760-789</u>	<u>UNCLASSIFIED</u>
761	
762	
763	
764	
765	
766	
781	
782	
783	
794	
<u>790-799</u>	<u>MISCELLANEOUS</u>
791	
792	
793	

SOURCE CODES

Code Range Description

800-819 ESEA

801
802
803
804
805
806
807
808
809
810
811

820-829 HANDICAPPED

821 ECIA, Chapter 11/97-35
822
823
824

830-839 MINORITY

831
832
833
834
836

850-879 UNCLASSIFIED

851
852
853
854
857
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861
862

871
872
873
875
876
878
879

881
882

SOURCE CODES
FEDERAL AID RECEIVED FROM
OTHER THAN FEDERAL OR STATE SOURCES (880-889)

Code Range Description

883
884

890-899 MISCELLANEOUS

891
892
893

BALANCE SHEET CODES
(See Chapter VI for definitions)

All balance sheet accounts require the use of a fund code and an account code. The balance sheet account structure also provides for a three-digit subaccount that may be locally defined and is not included in this summary. For further description of the balance sheet account structure, see Chapter VI, Balance Sheet Accounts.

The following page lists all balance sheet accounts. The list applies to all funds, including budgeting control accounts for budgeted funds, general fixed asset group of accounts, and general long-term debt group of accounts.

BALANCE SHEET CODES

900 Current Assets	950 Liabilities
901 Cash in Banks	*951 Bank Overdraft
902 Petty Cash	952 Accounts Payable
903 Change Cash	955 Construction Contracts Payable
906 Investments	956 Const. Contracts (Retained Percentage)
907 Investment Interest Receivable	960 Contracts Payable
	961 Due to Other Funds
911	962 Due Education Agencies
912	963 Due Other Government Agencies
913	965 Loans Payable
914	966 Interest Payable
915 Other Educational Agencies Receivable	968 Judgments Payable
916 State Aids Receivable	971 Revenue Collected in Advance
917 Other Government Receivables	973 Salaries & Wages Payable
918 Accounts Receivable	975 Payroll Deductions and Withholding
919	976 Accrued Expenses
920 Inventory	977 Other Current Liabilities
925 Due from Other Funds	979 Lease Payable
926 Prepaid Expenses	
927	980 Expenditure Controls
929 Other Current Assets	981 Budgeted Expenditures
	985 Encumbrance Commitments
930 General Fixed Assets	988 Expenditures Chargeable against Reserve for Encumbrances (Prior Year)
931 Sites	989 Expenditures to Date
932 Construction in Progress	
933 Buildings	990 Fund Equity
934 Improvements Other Than Buildings	991 Investments in General Fixed Assets
936 Equipment - Local	992 Contributed Capital
937 Equipment - State	993 Retained Earnings
938 Equipment - Federal	994 Reserve for Inventories
939 Library Books & Films	995 Reserve for Prepaid
	996 Reserve for Encumbrances 001 Prior Year
940 Budgeting Accounts & Other Debits	002 Current Year
941 Budgeted Revenue	997 Reserve for Special Purpose
942 Revenue Received	998 Unreserved Fund Balance
945 Amount to be Provided for Payment of Lease/Purchase	003 Unreserved Fund Balance --Special Education Instruction
946 Amount Available in Debt Service Fund	005 Unreserved Fund Balance --Special Education Support
	006 Unreserved Fund Balance --Media
	007 Unreserved Fund Balance --Educational Services
	009 Unreserved Fund Balance --County Inherited
	010 Designated for Special Purposes
	999 Budgeted Fund Balance

*For year end reporting.

State of Iowa
DEPARTMENT OF PUBLIC INSTRUCTION
Administration and Finance Division
Grimes State Office Building
Des Moines, Iowa 50319

APPENDIX B

PROCEDURES FOR IMPLEMENTING CIRCULAR A-102 — ATTACHMENT P
for
SCHOOL DISTRICTS AND AREA EDUCATION AGENCIES

Reprinted from March 1983 DPI Publication

PROCEDURES FOR IMPLEMENTING CIRCULAR A-102 — ATTACHMENT P

for

SCHOOL DISTRICTS AND AREA EDUCATION AGENCIES

Until recently, audits of federal programs were completed on a grant by grant basis. Many individual programs had separate audit guides with their own peculiarities. State and local officials complained about inconsistent, overlapping, and duplicative procedures and audits. This prompted two studies and reports; one by the Governmental Accounting Office, "Grant Auditing: A Maze of Inconsistency, Gaps, and Duplication that Needs Overhauling" calling for organization-wide audits as a way to prevent gaps and avoid duplication.

As a result, the Office of Management and Budget issued Attachment P, "Audit Requirements," to Circular A-102, "Uniform Requirements for Grants to State and Local Governments". The Attachment called for organization-wide audits, made in accordance with a standard guide, that should test major compliance matters as well as financial records, and that the work would be done under the supervision of one "cognizant" federal agency. It also stated that, if this work was done properly by the state or local government, it would not be duplicated by federal agencies. Thus, the purpose of the new audit procedures is to simplify the complexities of many program audits and to reduce gaps and duplication. For Iowa education the cognizant agency is the Department of Education, the recipient is the Department of Public Instruction, and the subrecipients are the local districts and the area education agencies. Each has a fundamental role to perform.

School districts and area education agencies (hereinafter agencies) are aware of the federal requirement to implement Office of Management and Budget Circular A-102 — Attachment P, commonly referred to as the "single audit concept."

The Department of Public Instruction (hereinafter Department) notified agencies of this requirement in a "DPI Special Report" dated August 1981. The special report stated, "It is the obligation of each school district and area education agency to secure an audit of all federal funds received according to A-102 standards." The Department has worked with the State Auditor's Office and the Regional Inspector General for audits in the Kansas City Office of the Department of Education in coordinating these efforts in order to be of assistance to the agencies.

An audit of a governmental agency takes on a much broader scope than the normal private sector audit in that not only does it require a financial report, but also requires a report on program compliance or a determination that the federal funds were expended according to the purposes for which they were appropriated. The term "program audit" has been used to describe certain non-financial aspects of the compliance audit to distinguish the financial audit from those newer and broader audit concepts.

The purpose of the single audit is to assess the integrity of financial transactions and compliance with federal requirements. The audit involves determining whether eligibility requirements have been met; whether federal funds have been spent in accordance with grant specifications; whether cost allocations have been proper; and whether matching, maintenance of effort, and supplement/supplant requirements have been met.

The single audit concept does not resolve all the problems of auditing federal fund recipients and the single audit concept can be expected to create some implementation problems of its own. The costs associated with the single audit will be greater than the present cost of auditing federally assisted programs. This is due to the expanded scope of some audits and also to the requirements that audits be made in addition to those that are not presently performed. Hopefully, with proper agency documentation of federal program procedures and the sampling of federal funds included in the audit, the costs may not be significantly increased. Appropriate audit costs may be charged to the federal programs directly, if allowable, or through an approved indirect cost procedure.

1.0 GENERAL REQUIREMENTS

- 1.1 All agencies receiving federal funds are required to have independent audits which include financial and program compliance required by provisions of federal law and regulations. These audits may involve a sampling of federal programs and must be on an organization-wide basis.
- 1.2 At a minimum, the audit must include an examination of the system of internal control, systems established to ensure compliance with laws and regulations affecting the expenditure of federal funds, financial transactions and accounts, and financial statements and reports of agencies.
- 1.3 These examinations are to determine whether:
 - 1.3(1) there is effective control over and proper accounting for revenues, expenditures, assets, and liabilities;
 - 1.3(2) financial statements are presented fairly in accordance with generally accepted accounting principles;
 - 1.3(3) federal financial reports contain accurate and reliable data; and
 - 1.3(4) federal funds were expended in accordance to state plans, local applications for federal funds, and federal law and regulations having a material effect on the financial statements or on the awards tested.

2.0 SPECIFIC REQUIREMENTS

- 2.1 Agencies must assure the Department on the application for federal funds that the applicant will comply with federal audit requirements.
- 2.2 Agencies must maintain and retain appropriate records in accordance with federal requirements.
- 2.3 Agencies must request from the State Auditor's Office or a private accounting firm that the annual audit be conducted in accordance with Circular A-102, Attachment P. The scope of the audit must be in compliance with: "Guidelines for Financial and Compliance Audits of Federally Assisted Programs"; "Standards for Audit of Governmental Organization, Programs, Activities and Functions"; and "Uniform Requirements for Grants to State and Local Governments - Compliance Supplement".
- 2.4 Agencies found to be not in compliance with regulations governing the use of federal funds will be required to return misused funds to the Department.

3.0 PROCEDURES

- 3.1 All agencies must request that their annual audit be conducted in accordance with Circular A-102, Attachment P. The scope of the audit must be in compliance with: "Guidelines for Financial and Compliance Audits of Federally Assisted Programs"; "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions"; and "Uniform Requirements for Grants to State and Local Governments - Compliance Supplement".
- 3.2 Agencies may request assistance from the Department to review issues which might deal with applications, state plans, and/or federal regulations. It is noteworthy to realize that agencies, Department staff, and auditors have a cooperative responsibility under the single audit concept. The appropriate Department staff works with agencies in the application process which is followed by on-site visits for consultation, monitoring, and evaluation.
- 3.3 The agency should review any exceptions and submit records to the auditors to resolve problems, if possible, before the audit report is completed.
- 3.4 The Department staff can assist in the compliance section of the audit by seeing that control systems, proper documentation of student counts and activities, and other procedures are well established and on file to assure individual federal programs are conducted as required. Documentation of this monitoring should be retained by the agency and can be reviewed by the auditors.

- 3.5 Agencies must assure the Department, if applicable, that:
- 3.5(1) funds will be expended as per the federal law and regulations;
 - 3.5(2) funds will be expended as stated in its approved application or as amended;
 - 3.5(3) participant counts are accurate and properly classified;
 - 3.5(4) programs serve appropriate participants;
 - 3.5(5) other factors determining eligibility are properly documented;
 - 3.5(6) federal funds are used to supplement, not supplant, expenditures from non-federal sources;
 - 3.5(7) proper accounting systems and record keeping procedures will be maintained;
 - 3.5(8) records are retained in accordance with federal requirements; and
 - 3.5(9) any other requirements mandated by law and/or legislation.
- 3.6 The agency must ensure that the final copy of the audit report is filed with the Department of Public Instruction and the State Auditor's Office.

4.0 RECOVERY OF FEDERAL FUNDS

- 4.1 When errors are made which result in inappropriate expenditure of federal funds, the Department will recover the funds from the agency. If the error is discovered after the fact or through the audit report, the funds will be recovered by a repayment. All recovered funds will be returned to the accounting unit, payable to the Department of Public Instruction.
- 4.1(1) Agencies may contest the aforementioned actions for the recovery of funds by making timely notice to the State Superintendent requesting an appeal hearing. The State Superintendent will grant the hearing according to Departmental Rules, Chapter 51, or federal law or state plans or applications or combinations thereof as may be deemed appropriate.
 - 4.1(2) The decision of the State Board in conjunction with the final audit report is considered final, and any further appeal by the agency shall be solely at the expense of the agency.
 - 4.1(3) All federal funds may be withheld by the Department from an agency which is in non-compliance and refuses to make proper restitution.

REFERENCES

U. S. Office of Management and Budget. Circular A-102 -- Attachment P Audit Requirements, July 11, 1979.

U. S. General Accounting Office. Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (Yellow Book), 1981 Revision.

U .S. General Accounting Office. Guidelines for Financial and Compliance Audits of Federally Assisted Programs (Red Book), February 1980.

U. S. Office of Management and Budget. Questions and Answers on the Single Audit Provisions of OMB Circular A-102 "Uniform Requirements for Grants to State and Local Governments", December 1981.

U. S. Office of Management and Budget. Uniform Requirements for Grants to State and Local Governments Compliance Supplement (Revised), December 7, 1982.

State of Iowa
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Administration and Finance Division
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APPENDIX C
GLOSSARY OF TERMS

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APPENDIX C

GLOSSARY OF TERMS

The terms defined in this glossary are those not common to routine accounting and those definitions not readily obtained from other chapters in this manual.

AFR

AFR is an acronym for Annual Financial Report, the document submitted annually by each AEA to the DPI.

CONTROLLED FUNDING

Controlled funding refers to the state aid and/or property tax generated by each AEA from the legislated per pupil cost multiplied by the pupil enrollment formula.

DIVISIONS

Divisions are the three internal AEA units created by Chapter 273 of the Code of Iowa — Special Education Division, Media Services Division, and Educational Services Division. The Special Education Division may include both the Special Education Support function and the Special Education Instruction function.

FLOWTHROUGH

Flowthrough is the funding generated through property tax and state aid by the local school districts for the AEAs. See CONTROLLED FUNDING for further definition.

MAJOR FUNCTIONS

Major functions are the four internal AEA services created by Chapter 273 and Chapter 281 of the Code of Iowa — Special Education Instruction, Special Education Support, Media Services, and Educational Services. The MAJOR FUNCTION definition separates the two special education functions; whereas the DIVISION definition combines Special Education Support and Special Education Instruction.

MAJOR PROGRAMS

Major programs are the major functions plus the two agency-wide service units — Central Administration and Central Support.

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