

TO: ADMINISTRATORS, DIRECTORS, SUPERVISORS, and OFFICE PERSONNEL

**FROM: Mark Shepard, Associate Superintendent for Business Affairs
Jill Pauley, Director of Accounting**

SUBJECT: ACCOUNT NUMBER STRUCTURE

This bulletin is intended to assist schools in maintaining appropriate accounting records for school money. It provides guidance on appropriate account number choices and how to get account numbers added to, or deleted from, your school reports.

APPROPRIATE ACCOUNT NUMBER CHOICE

Keeping track of things and complying with laws and regulations are two good reasons to make the correct account number choice when depositing or disbursing money. Account numbers have five components:

XX	XXXX	XXXXX	XXX	XXX
FUND	FUNCTION	ITEM	LOCATION	PROGRAM

The **FUND** number is important for determining how the district-wide accounts are reported in the annual financial and audit reports and in the legal budget documents. The **FUNCTION** is often used to isolate some activity within a fund. **ITEM** numbers identify the nature of a receipt or expenditure (i.e. 1XXXX is a payroll account and 4XXXX is a supply account). The **LOCATION** is the school or department number. Reports are often sorted by this part of the account number. The **PROGRAM** is used to summarize divisions, mainly for preparing internal reports for the board of education.

As a governmental entity, the district must maintain higher standards of accountability than a private business. If money is given to us for a specific purpose, our accounting records need to demonstrate that we spent the money for that purpose. We also need to be able to find records reflecting the proper transaction. Further, as noted above, in order for the district to comply fully with the budget laws, we need to correctly identify our funds for external reporting purposes.

So the time to determine the correct account numbers needed is right up front, before a deposit is made or a requisition is issued. Sometimes we have to pay for something and then be reimbursed, but if we know where the money is going to come from, we should still set up the correct set of accounts and make the disbursement in advance from the correct number. To determine the correct FUND to use to account for money, you need to know the source of the funds. The source of money relates to "who is giving us the money?" Usually that is determined in a pretty straightforward manner, but the one exception is that any money, which originates with the federal government, retains its identity as federal funds no matter how many other agencies it flows through on the way to us. Any money given to us by another governmental unit or "Not for profit agency" needs to be evaluated for the possibility that the money could be federal funds. Accounting can help you take appropriate actions when necessary to make this determination. Occasionally, it is also important to know why the money is given. This will be noted in the brief discussion of the following funds.

FUND TYPES

The fund types which the school district uses that you may be exposed to while accounting for school money is briefly discussed below in "fund number" order.

01 - General Fund

This is the district's primary "operating" fund. As a school, you have been given the authority to spend a certain amount of this type of money (your Principal's Allocation). Generally you order from these numbers, which are available on your Principal's Allocation report. You should never deposit into a General Fund account number without specific permission to do so from the Accounting Department.

17 - Carry Over Special Grants

This fund is for non-federal grants that have grant periods which do not coincide with the district's fiscal year and that have reporting requirements. Education Quest grants are accounted for in this fund.

19 - Special Grants Fund

Most money donated or granted that is not federal must be accounted for in the Special Grants or the Carry Over Special Grants fund. Accounting will determine which fund is appropriate. This includes donations from parent organizations, VIP's, businesses and the LPS Foundation. Some of the entities, which have given our schools grants, include the Nebraska Humanities Council, GTE, and the LPS Foundation. Nebraska Arts Council Grants are sometimes paid from local funds and sometimes paid from federal funds, so each individual grant needs to be verified. Money donated specifically to a student extracurricular organization may be accounted for in an Activity Fund.

20 - Federal Fund

Although we don't get very much money directly from the federal government, we do have a significant number of federal grants. Most federal grants flow through the State of Nebraska. They also come through other local political subdivisions and "Not for profit" agencies. If you need to determine if money is indeed federal funds, first review the documentation that comes with the check or warrant. If it doesn't say, contact the Accounting Department for assistance on making a determination. If the money you receive is considered federal funds, there are a number of additional laws and regulations for you to follow. The Director of Federal Programs must approve all federal grants for set-up. See Attachment #1 for more information on handling your federal grants.

25 - Nutrition Services Fund

This is the fund that operates our school cafeterias. Schools may have to refund SNAP accounts from this fund. Otherwise, the school office is not accountable for this fund.

40 - Resale Fund

This fund is used to isolate accounts where inventories are held for resale to the students. Bus passes, family and consumer science projects, and industrial arts projects are the most common reasons to have a resale fund. In order to start a new resale fund, approval must be obtained from the appropriate curriculum area specialist at LPSDO. The consultants are asked to annually monitor the inventory for these accounts. Student project resale fund expenditures should only be made to buy inventory to sell to students. No other costs can be paid from these funds. These accounts are also required to break even. If at the end of the school year, there is a deficit in the account, after inventory on hand is considered, the school will be required to cover the deficit. Community projects resale accounts must be utilized in accordance with the guidance in Business Affairs Bulletin #36.

50 - Activity Fund

Activity accounts should contain money raised by student fundraising, the revenue from vending machines, and assessments paid by students when receiving a product (i.e., cheer uniforms) in return. In addition, donations to a specific student extracurricular organization may be accounted for in an Activity Account.

55 – Student Fees Fund

All money collected from students pursuant to "The Public Elementary and Secondary Student Fee Authorization Act" should be deposited in this fund. The money must be expended only "for the purposes for which it was collected from students." Only three categories of student fees are in this fund: 1) fees for participation in extracurricular activities; 2) postsecondary education costs; and 3) summer school or night school.

Once you have determined the correct fund, the next step is to get the best function to account for the type of money collected. Many Special Grant accounts will require a separate function. This is necessary to provide the appropriate accountability for money when it is given to us for a particular reason. It also makes it easier for us to track what occurred, if a question arises at a later date. Also, many grants will have expiration dates. If grant money is not expended before the expiration period, Accounting will work with you to return the unexpended balance. Sometimes this cannot be avoided, because if money is given to you for a specific purpose, that is the only thing that can be done with that money. If it costs less than expected, the balance will usually need to be returned. It is a good idea to contact the Accounting Office before depositing new money into an existing grant with an expiration date. PEF and Fund A Need grants always have an expiration date.

We recommend that you request enough different functions to easily break down balances on your monthly reports. Generally, you can have as many accounts as you need. Account names are kept as generic as possible, because we all have to share the same set of numbers. It is a good idea to maintain the balance of your General Activity Account (3666) with only those funds

that are available at the discretion of the principal. If there are claims upon the General Activity balance, Accounting will ask you to list these on the enclosed General Activity Balance Form (AC0009, Attachment #2) annually and file this form with the Accounting Office. This is necessary to enable us to assist schools in this area in the case of staff turnover.

In order to set up new accounts the following procedures should be followed: First, obtain the principal's approval. Know the source of the funds, the use of the funds, and expiration dates if applicable. Call the Accounting Office (Matt Bellamy #1762). If the source is federal funds, you will have to go through Deila Steiner, Director of Federal Programs (Ext #1989). For all non-federal grants and other types of accounts, remember to use the correct account number, even if the expenditure is done in advance. Just be sure the money is coming.

Twice a year the Accounting Office will try to send notices on grants expiring in the next few months. From May to July the Accounting Office will work with you to close out as many grants as possible, and to return unexpended grant funds. Usually, special grant accounts that zero out will be removed from the new year automatically. If one is removed that you wanted to keep, call the Accounting Office. If you specifically want to delete some account numbers, Accounting can help you with that as well.

Grant Procedures Lincoln Public Schools Federal Programs

Deila Steiner, Director – 436-1989
Kim Schmidt, Fiscal Specialist – 436-1931
Teresa Justin, Grant Technician – 436-1988

The following is the Federal Programs office procedure for federal grant record keeping. Federal Programs staff is available to provide support to LPS staff in this process in working with federal grants.

1. All Lincoln Public Schools employees who are applying for federal/state grants are required to follow Lincoln Public Schools Policies and Procedures for submitting grants. This includes the presentation of a School Board agenda item prior to grant submission. Please refer to Regulation 1430.1 in the Policy Manual.
2. The Federal Programs office provides program and fiscal support, as needed, to staff submitting **federal** grant applications.
3. Upon completion of the application, a copy of the grant application must be on file in the Federal Programs office.
4. Upon receipt of the grant, a copy of the grant award letter, grant award notification (GAN), and program budget is submitted to the Federal Programs office.
5. The Program Administrator and Building Principal prepare a budget set up entry with assistance from the Federal Programs Grant Specialist. The Director of Federal Programs reviews the information and approves the budget.
6. A copy of the grant award documents, grant description/abstract, and budget are sent to the Accounting department for processing.
7. A federal budget setup entry is returned to the Federal Programs office and forwarded to the Program Administrator.
8. The Program Administrator is responsible for submitting requests for reimbursement of grant expenditures to the District. Typically, requests are made quarterly or bi-annually. At times, a portion of the grant funds may be requested at the beginning of the grant period.
9. Monthly, the Program Administrator will receive two copies of the grant budget reports and salary distribution reports. One copy is submitted to the funding agency with the required report(s) and one copy is to be filed with the Program Administrator's records.
10. Master copies of all current federal grants are on file in the Federal Programs office.
11. At the end of the grant period, the Program Administrator is required to provide the Federal Programs office with a copy of the final program and fiscal report filed with the funding agency.
12. The Program Administrator is responsible for closing out all outstanding grant balances on the Lincoln Public Schools accounting system. The Federal Program Grant Specialist works closely with the Accounting Department prior to fiscal year end to zero all grants which have closed.
13. Except as otherwise provided, records must be retained for three (3) years from starting date and then destroyed (34 CFR Subtitle A 80.42).

