

CHART OF ACCOUNTS

3-0300.00

ACCOUNT STRUCTURE FOR BALANCE SHEET ACCOUNTS, REVENUE ACCOUNTS AND EXPENDITURE ACCOUNTS

3-0300.10 ACCOUNT DEFINITION

An account is defined as a descriptive heading under which are recorded financial transactions that are similar in terms of a given frame of reference, such as purpose, object, or source. The classification and structure of accounts are the framework around which an accounting and reporting system is developed. The test for adequacy of an account structure is, "Does it provide the information necessary for administrative decision making and reporting purposes?"

Balance sheet accounts, consisting of assets, liabilities, and fund equity, are referred to as real accounts and continue from year to year. Revenue and expenditure accounts are referred to as nominal accounts since these accounts accumulate activity for one accounting period only. The phrase "close the books" means that all nominal account balances have been transferred to the fund equity accounts. Nominal accounts always begin the new accounting period with a zero balance. Collectively, balance sheet accounts are referred to as the "general ledger" or "GL." Revenue and expenditure accounts are referred to as the "subsidiary ledger" or "SL."

3-0300.20 NATIONAL ACCOUNT STRUCTURE

The account structure will be a master classification of balance sheet, revenue, and expenditure accounts from which selections can be made for reporting comparable transactions on a uniform basis. In order to facilitate meaningful cost data comparisons with national educational statistics and meet reporting requirements of various federal revenue sources, the account structure will be based on the structure proposed in Financial Accounting for Local and State School Systems, published by the U.S. Department of Education. The structure is flexible and will allow for expansion to meet increased reporting needs as well as unique needs of the individual user.

3-0300.30 BALANCE SHEET ACCOUNT STRUCTURE

The account structure for balance sheet accounts consists of a three digit fund number (see Topic 3-0200.10) and a three digit balance sheet account number (see Topic 3-0400.10).

Balance Sheet Account Structure:

X X X	X X X	X X X
District/Fund	Balance Sheet Account	Project Reporter Code-Optional

Balance sheet accounts are based upon five principal groups, which are:

- (1) Accounts 100 - 200 Assets and Other Debits
- (2) Accounts 400 - 499 Budgeting/Nominal Accounts-Revenue Control
- (3) Accounts 600 - 699 Liabilities, Deferred Revenues, and Other Credits
- (4) Accounts 800 - 899 Budgeting/Nominal Accounts-Expenditure Control
- (5) Accounts 900 - 999 Equity

Within each group, the accounts are arranged in the order in which they normally appear on the balance sheet. The Budgeting/Nominal Accounts-Revenue and Expenditure Control classifications are for interim report purposes only. These accounts are not included with balance sheet accounts on year-end financial statements because they are nominal accounts; that is, they are closed to fund balance at the end of a fiscal period and relate only to that period. Their inclusion on interim financial statements is recommended, however, and so they are included with the balance sheet accounts.

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3-0300.40 REVENUE/OTHER FINANCING SOURCES ACCOUNT STRUCTURE

The account structure for revenue and other financing sources accounts consists of a three digit fund number (see Topic 3-0200.10) and a four digit source account (see Topic 3.0500.10). A three digit project reporter is also used for special accounting and reporting purposes for state and federal grants or other special reporting projects (see Topic 3-0600.50).

X X X	X X X X	X X X
District/Fund	Subsidiary Source	Project Reporter Code-Optional

The first digit of the subsidiary source account number designates the first level of reporting for one of the following six broad categories of revenue sources. The next three digits provide additional summary levels within one of the six categories.

Current or Recurring	
1000	- Revenue from Local Sources
2000	- Revenue from County Sources
3000	- Revenue from State Sources
4000	- Revenue from Federal Sources
Non-Current or Non-Recurring	
5000	- Other Financing Sources
6000	- Adjustments to Beginning Fund Balance

3-0300.50 EXPENDITURE/OTHER FINANCING USES ACCOUNT STRUCTURE

The expenditure and other financing uses account structure is the most extensive. It is designed to give the desired informational breakdown of expenditures and other financing uses without being overly cumbersome. As mentioned, the structure is flexible and will allow for expansion to meet increased reporting needs. The account structure includes the following dimensions:

A. Fund	Three digits
B. Operational Unit (Optional)	Two digits
C. Program	Three digits
D. Function	Four digits
E. Object	Three digits
F. Project Reporter	Three digits

X X X	X X	X X X	X X X X	X X X	X X X
Fund	Oper Unit (Optional)	Program	Function	Object	Project Reporter -Optional

- A. **Fund** - The fund numbers are described in detail in Topic 3-0200.10.
- B. **Operational Unit** - (optional) is used to denote an instructional center or individual school unit. Individual organization codes are not intended to be used for departments, sections or other cost centers. This level of subdivision can be accomplished using the functional category codes. A district-wide code can be used for those expenditures not applicable to other organization categories. See Topic 3-0600.10.

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3-0300.50 EXPENDITURE/OTHER FINANCING USES ACCOUNT STRUCTURE (cont'd)

- C. **Program** - A program is a plan of activities and procedures designed to accomplish a predetermined objective or set of objectives. The program dimension provides the school district the framework to classify expenditures by program for cost determination purposes. See Topic 3-0600.30.
- D. **Function** - refers to the purpose for which an activity or program exists or is used. It includes the area subfunctions, activities, and subactivities performed to accomplish general objectives. Expenditures are classified by function to provide comparability between communities and states and to assist in decision making. See Topic 3-0600.40.
- E. **Object** - refers to the good or service obtained. See Topic 3-0600.50.
- F. **Project Reporter** - The project reporter code permits a school district to accumulate expenditures to meet a variety of specialized reporting requirements at local, state and federal levels. A unique project reporter code should be assigned to the revenue and expenditure accounts used to account for each grant or project. This code permits the user to relate expenditures to a specific revenue source. It is designed specifically for state and federal grants, but may be used to track local projects within a fund. See Topic 3-0600.50.

The following table shows uses for project reporter codes:

001 - 899	To be assigned by districts as needed. For federal grants, OPI recommends using the OPI "money type" as the first two digits to designate the funding source, authority or expenditure purpose. Refer to OPI's Grants Handbook for a list of these money type codes. The third digit may be used to designate a special project or fiscal year.
900 - 909	Reserved
910 - 949	Assigned by OPI for budget amendments under MCA 20-9-161.
950 - 959	Assigned by OPI for budget transfers under MCA 20-9-208.

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3-0300.60 ACCOUNT STRUCTURE SUMMARY

The underline type in each account category represents the level of detail that will usually be required for reporting to the Office of Public Instruction on the Trustees Financial Summary (TFS). For example, a school district may use several function codes within 2300 General Administration, e.g. 2314 Election Services, 2315 Audit Services, 2321 Office of the Superintendent Services. The account balances in all of these functions beginning with 23 would be "rolled up" or subtotaled to the 23XX level (X is used here to indicate the level to roll up the account balances) for TFS purposes. Full account information at all levels may be requested for federal quarterly reports or as supplemental information to be attached to the TFS.

The smaller type represents additional informational levels that may be used at the option of the local school district administration.

Each separate block and the "X" in each block represent a summary level for reporting purposes.

Balance Sheet Accounts:

Assets, Liabilities, and Fund Equity Accounts:

X X X	X X X	X X X
District/Fund	Balance Sheet Account	Project Reporter Code-Optional

Operating Statement Accounts

Revenue Accounts:

X X X	X X X X	X X X
District/Fund	Subsidiary Source	Project Reporter Code-Optional

Expenditure Accounts:

X X X	X X	X X X	X X X X	X X X	X X X
District/Fund	Oper Unit (Optional)	Program	Function	Object	Project Reporter -Optional