



LOUISIANA DEPARTMENT OF EDUCATION

August 13, 2013

MEMORANDUM

TO: City/Parish/Local School System Business Managers
Type 2 and Type 5 Charter School Business Managers
Recovery School District Business Manager
Office of Juvenile Justice Accounting Manager
New Orleans Center for Creative Arts Business Manager
Louisiana School for Math, Science, and Arts Business Manager

FROM: Charlotte Stevens, Director
Division of Education Finance

SUBJECT: FY 2013-14 AFR Reporting Guidance for State & Local Funds

Revenue and expenditure data reported in the Annual Financial Reports (AFRs) of the Recovery School District (RSD), charter schools, and the school district of prior jurisdiction/school district of residence must be reported in a uniform manner in order to avoid the duplication of revenues and expenditures at the state level, and to accurately reflect revenues and expenditures for each entity. To ensure consistent reporting, the following guidelines must be followed:

School District of Prior Jurisdiction/School District of Residence

Revenue

- Reimbursement of Expenditures from RSD – payments received from the RSD for expenditures billed by the school district to the RSD must offset the expenditures of the school district and be recorded as a reduction to each applicable expenditure.
- Reimbursement of Expenditures from a Charter School – payments received from a Charter School for expenditures billed by the school district to the charter school must offset the expenditures of the school district and be recorded as a reduction to each applicable expenditure.
- MFP Revenue Received – MFP Revenues received must be “grossed up” to include the amount deducted from MFP Payments for Local Revenues transferred to the RSD, Type 2 charter schools, the Office of Juvenile Justice (OJJ.), Louisiana Schools for Math, Science and the Arts (LSMSA), New Orleans Center for Creative Arts (NOCCA), (The amounts deducted are included on Table 2A of the MFP Budget Letter)

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Expenditure

- Local Revenue Transfers to the RSD, Type 2 Charter Schools, OJJ, LSMSA, NOCCA, LSDVI, or SSD – local revenue transfers must be “grossed up” to include the administrative fee and recorded as “transfers out” using keypunch code 51140 (function 5300, object 940). (The amounts deducted are included on Table 2A of the MFP Budget Letter)

Recovery School District

Revenue

- Local Revenue Transfers From the School District of Prior Jurisdiction – local revenue transfers from the school district of prior jurisdiction must be recorded by the RSD as miscellaneous local revenue in keypunch code 3350 (revenue code 1994). Record only the local revenue for the RSD operated schools; the charter schools report local revenue individually.
- MFP Revenue Received – MFP Revenues must be recorded only for the RSD Operated schools; the charter schools report MFP dollars individually.
- Reimbursement of Expenditures from Type 5 Charters – payments received from the Type 5 charters for expenditures billed by the RSD to the Type 5 charter must offset the expenditures of the RSD and be recorded as a reduction to each applicable expenditure.
- Administrative Fee – The revenue received from the administrative fee charged to the Type 5 Charters should be recorded in keypunch code 3000 (revenue code 1950), *Miscellaneous Revenues from other LEAs*.

Expenditure

- Reimbursement of Expenditures to the School District of Prior Jurisdiction – payments made by the RSD to the school district of prior jurisdiction for the reimbursement of expenditures paid by the school district must be recorded to the applicable expenditure.

Type 5 and Non-Legacy Type 2 Charters (NOCCA, LSMSA and OJJ)

Revenue

- Local Revenue Transfers from the School District of Prior Jurisdiction/District of Residence – local revenue transfers from the school district of prior jurisdiction/district of residence must be recorded by the charter school as miscellaneous local revenue in keypunch code 3350 (revenue code 1994) and must be “grossed-up” to include the administrative fees paid to the RSD and the Department.
- MFP Revenues – State MFP Revenues must be recorded in keypunch code 4300 and must be “grossed-up” to include the administrative fees paid to the RSD and the Department.

Expenditure

- Reimbursement of Expenditures to the RSD – payments made to the RSD for the reimbursement of expenditures paid by the RSD must be recorded to each applicable expenditure.
- Reimbursement of Expenditures to School District of Prior Jurisdiction/District of Residence – payments made for the reimbursement of expenditures paid by the school district must be recorded to the applicable expenditure.
- Administrative Fee – The administrative fees paid to the RSD and the Department should be recorded by the charter school in keypunch code 38765, *Dues and Fees* (function 2400, object 810).

If you have any questions, contact Christel Fulton (christel.fulton@la.gov) at (225) 342-0180, or at our toll free number below.

CS/kw

- c: City/Parish/Local School Superintendents
Type 2 and Type 5 Charter School Board Presidents
Patrick Dobard, Recovery School District
Mary Livers, Office of Juvenile Justice
Kyle Wedberg, New Orleans Center for Creative Arts
Pat Widhalm, LA School for Math, Science and the Arts

Louisiana Believes



LOUISIANA DEPARTMENT OF EDUCATION

MEMORANDUM

TO: Parish and City Business Managers
Charter School Business Officials
RSD-LDE Business Manager
SU and LSU Lab School Business Managers
Office of Juvenile Justice Accounting Administrator
New Orleans Center for Creative Arts Business Manager
Louisiana School for Math, Science, and Arts Business Manager

FROM: Charlotte Stevens, Director
Education Finance

DATE: August 13, 2013

SUBJECT: 2013-2014 LAUGH Coding Guidelines

The Louisiana Accounting and Uniform Governmental Handbook (LAUGH) serves as a vehicle for program cost accounting at the state and local level and provides a comprehensive and compatible set of standardized terminology for use in education management and reporting. The LAUGH was amended by the Louisiana Department of Education (LDOE) to facilitate its ability to capture and subsequently report specific data as required by the National Center for Education Statistics (NCES). The amended LAUGH is effective beginning with the reporting period ending June 30, 2012 and can be viewed using the following link: <http://www.louisianaschools.net/lde/uploads/18078.pdf>.

As conflicts may exist in the coding between the AFR and PEP, utilize the following guidance as clarification about where to code specific activities. To review the LAUGH in its entirety, use the link provided above.

- **Object Code 100** – Employee compensation or salaries

An employee is an individual employed by the LEA and the LEA will prepare an IRS Form W-2 for this individual. Non-public expenditures should not be coded to this object, but to object code 895.

- **Object Code 200** – Employee benefits

These benefits are related directly to the amounts budgeted/reported in object code 100. Reimbursements to an employee for **tuition** or payments made to a university on behalf of LEA staff related to tuition, textbooks, testing fees, and certification fees should be coded to object 240. Payments to speakers for in-service employee training programs or workshops should not be coded to object 200, but should be coded to object 320.

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- **Object Code 300** – Professional and technical services

These services may or may not be in the form of a contract and can only be performed by persons or firms with specialized skills and knowledge. **Speakers** for in-service training and workshops for LEA staff that are provided by an organization or university should be coded to object 320. **Software support services** (software maintenance and support) should be coded to object 340.

- **Object Code 400** – Purchased property services

This includes services such as **maintenance, cleaning, repairs**, etc., which may or may not be in the form of a contract, and are performed by persons other than LEA employees.

- **Object Code 500** – Other purchased services

This includes services such as **student transportation, advertising, instructional services provided to students, food service management, communication**, etc., which may or may not be in the form of a contract, and are performed by organizations or personnel not on the payroll of the LEA. Also included in this object code is **staff travel and purchased services from other local educational agencies both within (596) and outside (597) of the State**. Payments to universities on behalf of employees should not be charged to 500 (as done in the past), but to either 240 (tuition) or 320 (in-service workshops, speakers) depending on the specific type of expenditure.

Communication (530) includes items such as **access licenses, subscription fees, and internet or web portals**, regardless of whether they are **instructional or non-instructional**. Blackboard is an example of a web portal.

- Software licenses that facilitate the purchase of software should not be coded to object 500 as communications, but to either supplies (615) or equipment (735), depending on the unit cost.
- An access license is a service that assists in transmitting or receiving information by providing access to a web-based program, training site, or software that is not owned by the LEA. The cost for this license may be incurred on a recurring basis, and should be categorized as communication and coded to 530. The costs for these licenses are not for software, but for access to programs/software that are not owned by the LEA.

- **Object Code 600** – Supplies (items with a unit cost below the district's capitalization threshold that are consumed, worn out, or deteriorated)

Items included in this object are **food, books, technology-related supplies**, and other items that are generally consumed, used, or worn out after use.

Technology-related supplies include **software licenses** and **software** such as QuickBooks, Microsoft Office, and other similarly purchased items that are either downloaded or

purchased off the shelf. These are one-time purchases where ownership is established upon the initial purchase of the software and are not subject to renewal fees. Software licenses can be purchased as part of the software and included in the initial cost (may not be separately identifiable as a license but is considered part of the software purchase); or they can be purchased separately to allow the originally purchased software to be installed on more than a single computer. Upon purchasing a separately identifiable software license, ownership of that license has been established and is now a purchased supply. However, if the unit cost for any technology-related software exceeds the capitalization threshold, it is not a supply but equipment, which is coded to 735.

Mobile labs (cart and laptops) can be considered supplies or equipment depending on the unit cost.

- Each individual component of the mobile lab has its own unique identifiable unit cost and does not lose its identity through fabrication or incorporation into the more complex unit. Additionally, the mobile lab remains operational even if individual components are missing; therefore, each individual component should be coded and tracked separately as either a supply (615) or equipment (734).

For specific guidance on determining if an item should be coded as equipment or as supplies, see page 93 of the LAUGH.

- **Object Code 700** – Property (assets with a unit cost that meet or exceed the district’s capitalization threshold)

This includes **land and land improvements, buildings, infrastructure, and equipment**. Equipment includes **technology-related hardware and software**, if the unit cost meets or exceeds the capitalization threshold. For specific guidance on determining if an item should be coded as equipment or as supplies, see page 93 of the LAUGH.

- **Object Code 800** – Debt service and miscellaneous.

Included within this object are **dues and fees** associated with **professional organization memberships, debt-related expenditures**, and all costs paid directly to or on behalf of non-public employees (*stipends, benefits, tuition reimbursements, and travel*). Non-public payments are vendor payments and an IRS Form 1099 is issued to vendors if the total amount paid is equal to or greater than \$600. All other expenditures should be coded in accordance with the LAUGH Guide.

- **Object Code 900** – Other uses of funds and transfers

This includes **interfund transactions** and **local transfers out**.

Attached to this memo are responses to specific coding questions that we have received. Should you require assistance with the guidance provided in this memo or the attachment, please contact either Keya Williams via email at Keya.Williams@la.gov or Jameka.Henderson@la.gov, or you may call either contact at (225) 342-4989 or the toll free phone number below.

Attachment

c: RSD-LDE Chief Fiscal Officer
SU and LSU Lab School Principals
Jameka Henderson, State Audit Supervisor
Keya Williams, State Auditor
Rashaunda Matthews, Grants Management Budget Administrator

ATTACHMENT

Common and/or Frequent Coding Questions and Answers

- 1 If all of the schools within your district are listed by the LDOE as at-risk schools, then why do you need to show at-risk expenditures?**

Act 310 of the 2009 Regular Session mandates that beginning in FYE 11 and continuing thereafter BESE require the LEAs to expend funds generated by applying the weighted factors contained in the formula for at-risk students, etc. that serve the unique needs of the students who generate such funds and to submit annually a written report to the BESE that details the types of activities on which these funds were expended to serve the needs of the weighted students at all schools that serve such students.

For MFP purposes, at-risk funding is generated by those students who are eligible to receive free and reduced lunch. These funds must be spent on activities that serve at-risk students and must be reflected accordingly throughout the primary AFR, as well as at the project level of reporting.

- 2 When paying janitors overtime, a teacher a stipend for additional responsibilities, and bonuses for all staff, should all of these be coded to object 130?**

Yes for all except for bonuses. Bonuses are prohibited, but employee supplements paid from funds dedicated for such purposes are considered part of the employees' regular salaries and should be coded as their salary is coded.

- 3 What is the difference between asset code 181 (prepaid expenses) and asset code 192 (deferred expenses)?**

Prepaid expenses are payments for benefits not yet received (more like a timing difference at the end of the fiscal year for generally regularly recurring costs of operation). Deferred expenses are payments made in one period and more appropriately reflected as an expense in the next fiscal year (such as the payment for textbooks that will not be used until next year).

Definitions for these are provided in the LAUGH Guide (see page 84).

- 4 When traveling to a seminar outside of your immediate area, why is it appropriate to code travel to object 582 instead of seminars/training?**

Object 582 identifies the expense as travel. Use of object 582 with the 2230 function series identifies the purpose of the travel. Note that the cost for the substitutes who are filling in for the instructional staff attending professional development should be coded to the 2230 function series, also.

- 5 Should software license for anti-virus software be charged to object 735 (technology software)?**

This expense should be coded to either object 615 or object 735, depending on if the unit cost for this software meets or exceeds the district's capitalization threshold. However, the annual updates/maintenance related to the anti-virus software should be coded to object 340 (software support services); and periodic license renewals of the anti-virus software should be coded to object 530 (communication).

6 If internet use is needed for end-of-course testing, can the payment for the internet be charged to instructional function codes? If not, why?

Internet service is coded specifically to object 530; therefore, end-of-course testing, which is an instructional activity, should be coded to the appropriate instruction function code and may require a roll-up of the object to the general object code of 500 on the AFR.

7 What function goes with Special Education teacher aides?

The function could be 1211 through 1216, 1220, or 2170, depending on the capacity of the aide. The object code would be 115. If the aide falls within the function range of 1211 through 1216, these expenses should be rolled up into function 1210 on the AFR.

8 Since function 2113 excludes SPED social workers, what function should be used?

These expenses should be coded to function 2140. Function code series 2140 through 2170 are for special education expenses only.

9 (A) How do you determine whether to use function 2132 or 2140? (B) Is only IDEA charged to function 2140? (C) Is the entire function 2140 series for SPED only? (D) Where should you code regular education diagnosticians and behavior interventionists?

(A)Function 2130 is for non-special education expenses and function 2140 is for special education only. (B) Yes. Function 2140 is only for IEP special education. (C) Yes. (D) Activities performed by education diagnosticians include identifying educational strengths and weaknesses of students who may be in need of special education services; therefore these expenses should be coded to the combination of object 113 and function 2145. The Profile of Educational Personnel System (PEP) considers behavior interventionists as instructional staff training services since they work with the teacher and student, providing training to the instructional staff. Therefore, the proper coding for regular education behavior interventionists should be the combination of object 113 and function 2231.

10 Does the 4570 revenue code for TANF include TANF Adult Education?

We are unaware of any TANF adult education programs; however, there is another program passed through to the LEAs by the LCTCS called Strategies to Empower People (STEP), CFDA Number 93.558. These revenues should be coded to revenue code 4570.

There is a state portion and federal portion of adult education that is passed through the Louisiana Community and Technical College System (LCTCS) to the LEAs. The state portion of these funds should be coded to revenue code 3225 and the federal portion of these funds should be coded to revenue code 4520.

11 Should LA-4 TANF be coded to revenue code 4570?

Yes. All TANF grant awards with CFDA No. 93.558 should be coded to code 4570. The State funding for LA-4 should be coded to revenue code 3240.

12 How are revenues and expenditures coded when services are provided by one LEA for students that are counted in the MFP formula by another LEA (LEA of Jurisdiction)?

The LEA of Jurisdiction (Parent LEA) receiving MFP Funding for the student(s) should code as follows: Revenues should be appropriately coded to the correct revenue account. The corresponding expenditures should be coded to the object 320 (for AFR reporting it must be rolled up into object 300).

The LEA providing services for these students should code as follows: Payments from the LEA of Jurisdiction (Parent LEA) will not be coded to a revenue account, instead it will be coded to Operating Transfers In (kpc 50940). The corresponding expenditures will be reported as incurred. Upon receipt of payment, the expenditures will be shown as Operating Transfers Out (kpc 51115). This will ensure that per pupil revenues and expenditures are not overstated.

13 What expenditure function code should Head Start Program expenditures be coded?

These expenditures are coded to 1531 in the LAUGH and rolled up to 1530 on the AFR.

14 What expenditure function code should Special Education social workers be coded?

PEP requires these expenditures to be coded to 2146; however, there is not a 2146 expenditure function code in the LAUGH or on the AFR. These expenditures will be coded to 2149 and rolled up to 2140 on the AFR.

15 Where should the salaries for the Dean of Students be coded?

These expenditures are coded to function 2329 and rolled up to 2320 in the AFR.

16 Where are non-instructional staff professional development expenditures coded?

These expenditures should be coded to expenditure function 2834 and rolled up to 2830 on the AFR using either object 500 or 590. Object 320 is used only in conjunction with instructional expenditures.

17 Where on the AFR do we report expenditures coded to expenditure function 2900?

These expenditures must be rolled up to the function that most closely relates to the actual expenditure and must be paired with expenditure object 800.