Accounting Code Overview
Code Structure

The overall account code structure is designed to standardize account coding across all district/charter schools. It creates a common language for use in controlling, recording, accumulating and reporting the activities of the school districts/charter schools, as well as, allowing for a common uniform record system to allow reporting of financial data in the Annual Secretary of the Board Report (ASBR).

This account code structure is designed to satisfy many uses by segmenting the code into several dimensions. Each dimension has a set of descriptors that permits the retrieval of information in whole or in part to answer commonly asked questions. In addition, revenues and expenditures can be aggregated using one or more dimensions of the account code. The code structure described is the minimum required and the availability of additional coding fields will vary between vendors.

The code ranges of the basic system are illustrated below:

### Fund Code – 3 Digits

The Fund Code consists of two basic elements: the first two digits indicate the type of fund and the last digit indicates the fiscal year. For example, in Fund 120 the first digit indicates that the purpose of this fund is General (Incidental) Fund. The second digit indicates the operating subfund of the General (Incidental) Fund. The third digit indicates that it is for the 2019-2020 fiscal year.

### Function Code – 4 Digits

The Function Code describes the action, purpose, or program for which activities are performed. Function Code descriptions and a complete list of Function Codes can be located in Section F, Function Code Descriptions.

### Object Code – 4 Digits

The Object Code describes how the service or commodity was obtained as a result of a specific expenditure. Object Code descriptions and a complete list of Object Codes can be located in Section G, Expenditures Object Code Descriptions.

### Location Code – 4 Digits

The Location Code refers to individual campuses within a district/charter school and individual components within the administration, school service, and maintenance and operation divisions. The district/charter school must use DESE’s core data building codes to distinguish separate campuses where student data is reported. The district/charter school may assign other codes that it wishes for its other operational or “cost” units. Further examples and suggestions related to these other uses are found in Section H, Location Codes.
Source of Funds – 1 Digits

The Source of Funds Code is used to identify a subset of revenue used to fund a specific expenditure. Districts must assign a Source of Funds Code to expenditures funded by each type of revenue. Further information related to Source of Funds can be located in Section J, Source Codes.

Project Code – 5 Digits

The Project Code is used to identify an expenditure paid for with a specific source of revenue or part of a specific grant. The Project Code may also be used to aggregate costs across subfunds, such as teachers’ salaries and supplies to construct the reports necessary for various granting agencies. When used to identify a federal project, the source of funds/project code may also be associated with accounts receivable, accounts payable, and fund balance accounts pertaining to that project. With the exception of the cash account, a balance sheet for the project may be drawn from the general ledger utilizing this code dimension. The district/charter school must use DESE’s assigned Project Codes as listed in Section I, Project Codes for the project codes that will be collected in the Annual Secretary of the Board Report (ASBR).

Fund Codes

<table>
<thead>
<tr>
<th>Class</th>
<th>Detail</th>
<th>ASBR Fund</th>
<th>Fund Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>10X</td>
<td>1</td>
<td>1</td>
<td>General (Incidental) Fund - The purpose of this fund is to account for all transactions having to do with the operations of the school district’s/charter schools’ regular programs, except those required to be accounted for in another fund.</td>
</tr>
<tr>
<td>11X</td>
<td>1</td>
<td>1</td>
<td>Payroll Subfund - This subfund is an interim fund only and shall not appear on end-of-year financial statements as a separate entity, but will be merged with the General (Incidental) Fund. The use of this subfund is optional and is used mainly by larger districts.</td>
</tr>
<tr>
<td>12X</td>
<td>1</td>
<td>2</td>
<td>Operating Subfund - This subfund comprises the bulk of the school district/charter school revenues and expenditures in the General (Incidental) Fund and includes all transactions not addressed within one of the separate subfunds.</td>
</tr>
<tr>
<td>20X</td>
<td>2</td>
<td>2</td>
<td>Special Revenue (Teachers) Fund - The purpose of this fund is to account for revenue sources legally restricted for expenditures for salaries and benefits for teachers and tuition payments to other districts/charter schools, private schools, etc.</td>
</tr>
</tbody>
</table>
### Fund Title

**Debt Service Fund** - The purpose of this fund is to account for all transactions affecting the value of the unpaid principal of bond issues, value of cash on deposit in the fund, the value of any temporary investments, the amount of current interest and principal requirements of long-term debt and paying agent fees.

**Capital Projects Fund** - The purpose of this fund is to account for all facility acquisition, construction, lease purchase principal and interest payments and all other capital outlay expenditures.

**Bond Proceeds’ Capital Outlay Subfund** - This subfund comprises a school district’s capital outlay expenditures paid for with proceeds from the sale of bonds.

**Regular Capital Outlay Subfund** - This subfund comprises the bulk of a school district’s/charter schools’ annual capital outlay transactions, whether for routine capital outlay purchases, lease purchase principal and interest payments, or facility acquisition and construction paid from annual revenues and/or fund balances.

**Food Service/Enterprise Fund** - This fund is an interim fund only for those districts/charter schools operating a federally funded school lunch program consisting of local meal receipts, state matching money and federal food service funds. This is an enterprise activity with a unique set of general ledger accounts designed to determine profit and loss in a manner similar to commercial enterprises. This fund may require support from the General (Incidental) Fund. This fund will be merged with the General (Incidental) Fund for state reporting purposes.

**Student Activities/Trust Fund** - This is an interim fund only and includes all student activity transactions not identified in other funds and all athletic activities that are not a part of the regular instructional program. This fund must be merged with the General (Incidental) Fund for final state reports. At the LEA’s option, fund 60X may be subdivided to use 61X for student activities and 62X for athletics.

**Internal Service Fund** - This fund is used only by certain large districts/charter school to accomplish intradistrict billing of common services. If this is not a duplication of General (Incidental) Fund expenditures then it must be merged with the General (Incidental) Fund for final state reports.

**Capital Assets Account Group** - This set of non-revenue, non-expenditure accounts will account for specific pieces of property (capital assets), such as equipment, land and buildings, acquired by the other funds. This account group is of a continuing running-total type updated at the end of each fiscal year.

**General Long-Term Debt Account Group** - This set of non-revenue, non-expenditure accounts are used to record unmatured general long-term liabilities such as bond issues and lease purchase agreements. An approved bond register can be the source of data for the records in this account group.

*(NOTE: Smaller school districts/charter schools may not use all of the above funds or subfunds. Larger districts/charter schools funds may need to use all of the outlined above plus the project codes described in Section I, Project Code Description.)*
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