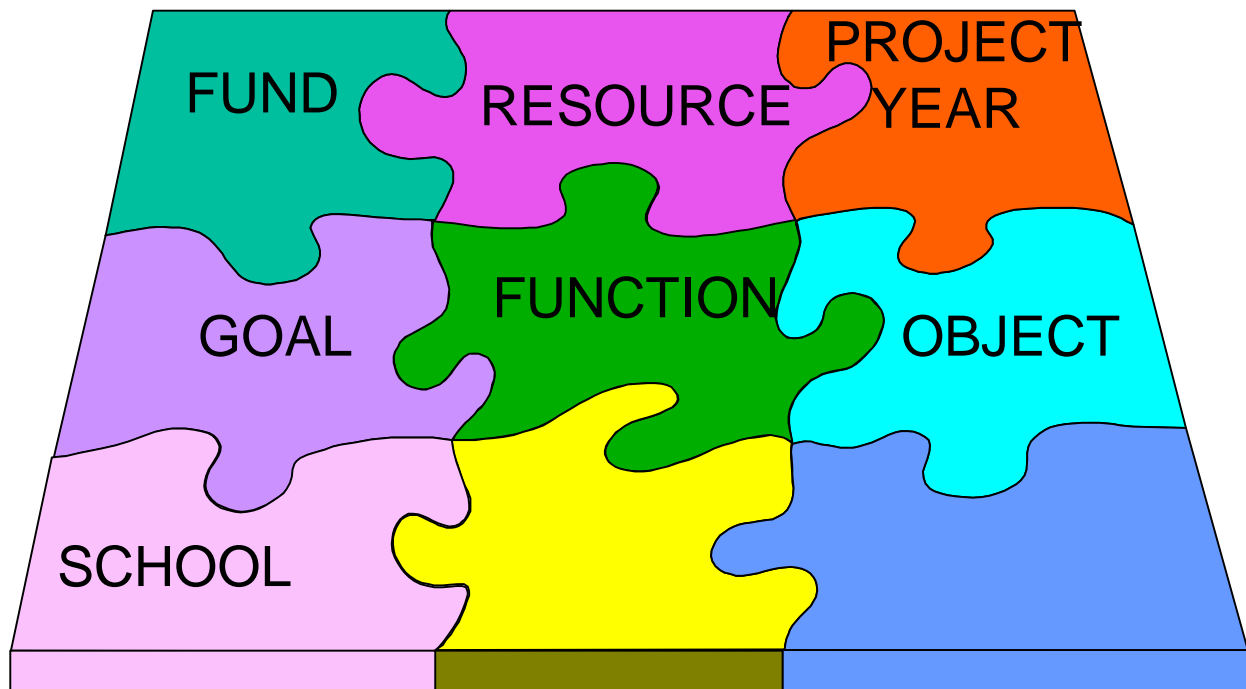
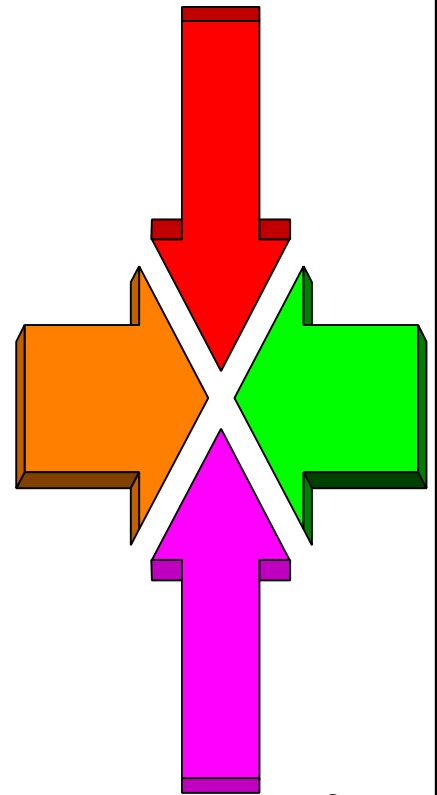


Standardized Account Code Structure (SACS)

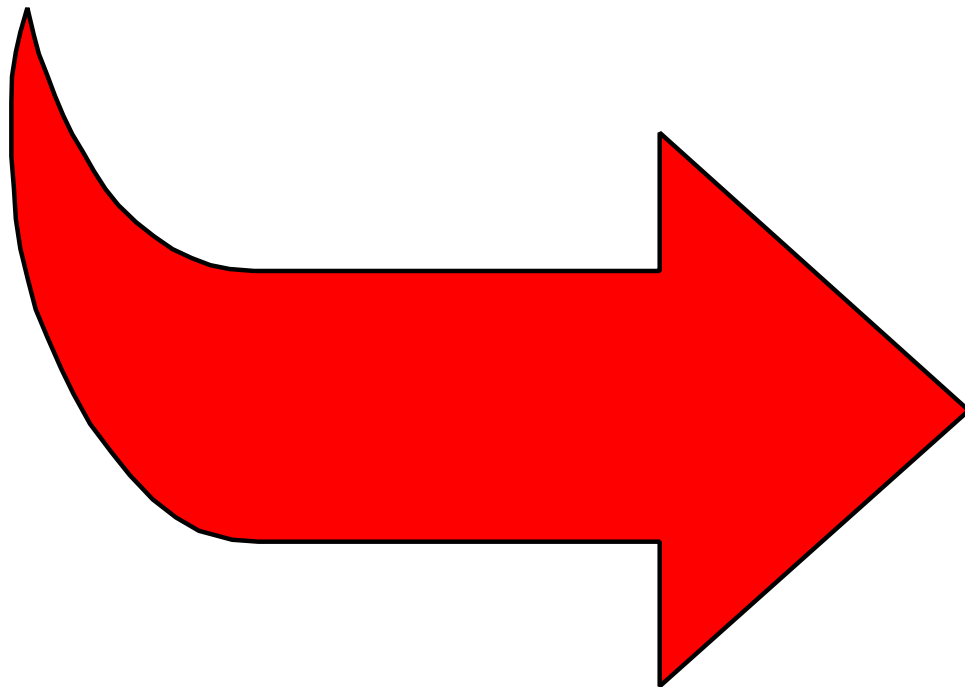


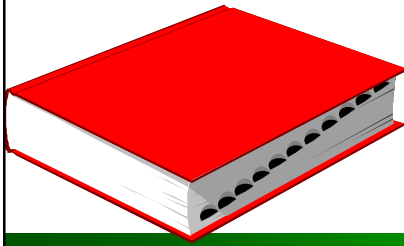
Standardized Account Code Structure (SACS)

- How We Got to This Point
- Introduction to the Structure
- Benefits of SACS for LEAs
- Benefits of SACS for the State
- Get Ready to Implement SACS
- Apply for Funding
- What CDE is Doing to Facilitate Implementation

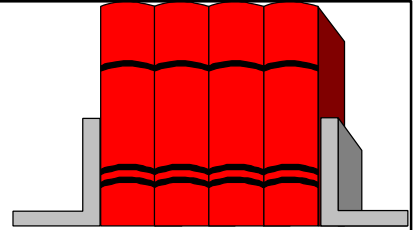


How We Got to This Point





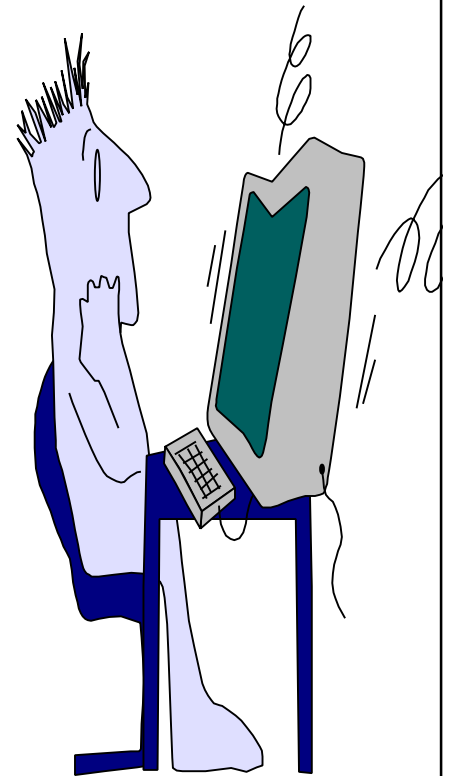
SACS History

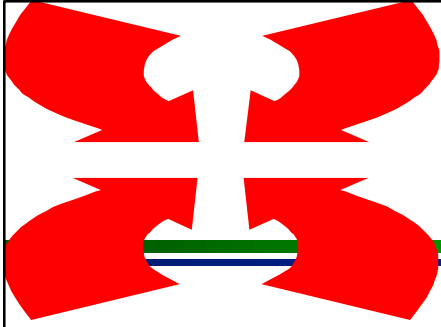


- Statute passed in 1993 and 1995 calling for
 - » Development of a model accounting and budget structure
 - » Plan for conversion statewide
- Prior to statute, extensive research and input from the field over several years
- Ernst & Young study published in 1995
 - » Developed the structure
 - » Prepared plan for conversion

Problems That Led to SACS

- California one of few states which could not report properly to the federal government
- Many individual accounting structures
 - » Reported data not uniform
 - » Timely information not available
- Difficulty producing multitude of detailed reports required by state and federal government





Legislature's Expectations

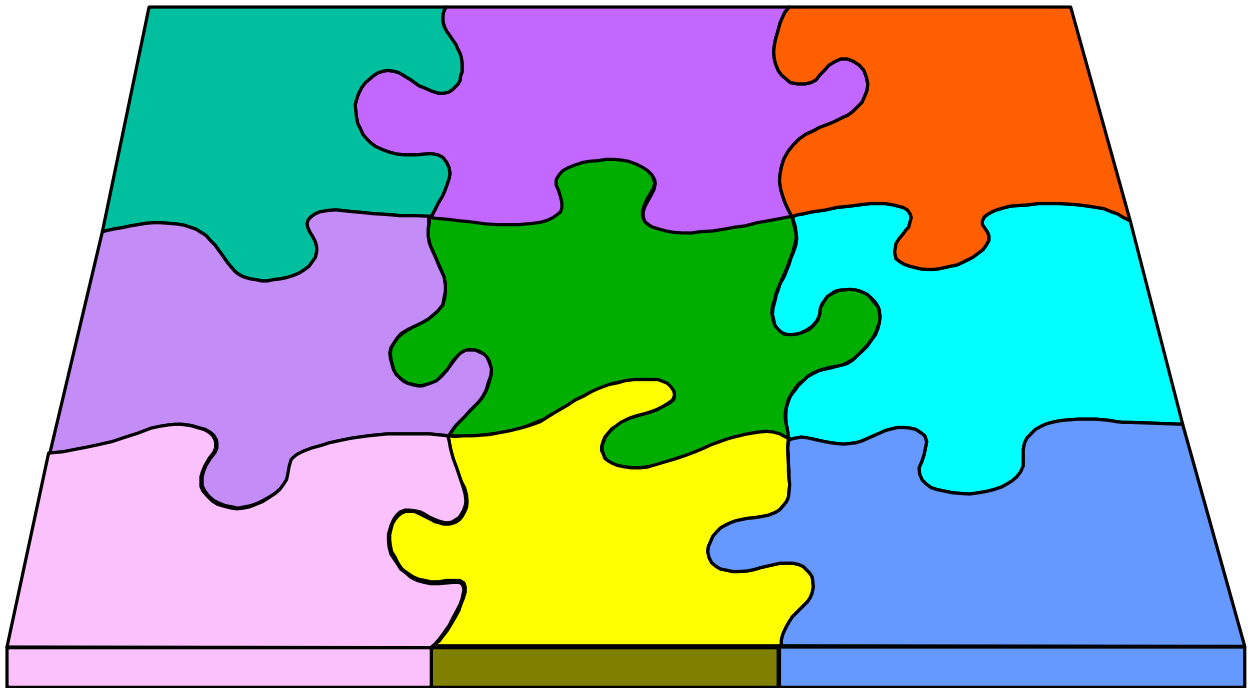
The Legislature expects:

- » Better information for the public; therefore, increased local participation
- » Reduced administrative burden on school districts and county offices to prepare the many financial reports
- » Compliance with federal reporting requirements
- » Improved decision making at the state and local levels

From Legislation to Today

- The Standardized Account Code Structure--STANDARDIZED, uniform, comprehensive, consistent data
- Stream of data to be provided to the State
- Technical and Policy committees instrumental in development of SACS
- Four consortia now implementing SACS, referred to as Phase I
 - » Using \$6 million appropriated in 1995 legislation and the 1996 Budget Act
 - » Comprise 50% of the LEAs and 28% of the ADA
 - » Phase II participants will benefit immensely from their efforts and experience
 - » More than 100 LEAs developed their 1997-98 budgets using SACS

Introduction to the Structure

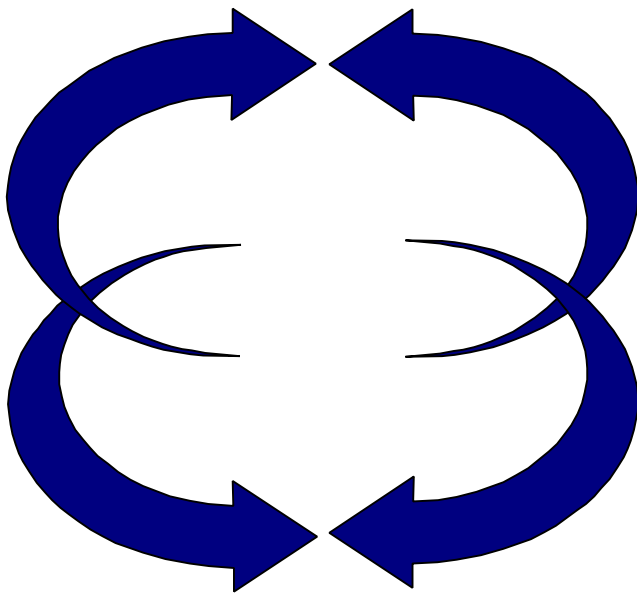


The Structure

- **7** fields with a total of **22** digits
- At this time, **6** fields and **19** digits must be coded
- In addition to the 7 fields, LEAs *probably* need one or two discretionary fields for local management

STANDARDIZED ACCOUNT CODE STRUCTURE						
FUND	RESOURCE	PROJECT YEAR	GOAL	FUNCTION	OBJECT	SCHOOL
XX	XXXX	X	XXXX	XXXX	XXXX	XXX

SACS Requires That You Think Differently



- For the most part, you should NOT try to match new fields to your existing fields on a one-to-one basis

FUND/ACCOUNT GROUP -- 2 DIGITS



XX

- Fund
 - » Must be coded for revenues, expenditures and balance sheet accounts
 - » Self-balancing set of financial accounts established to carry on specific activities
 - » No change from existing fund structure
- Account Group
 - » Self-balancing group of accounts to account for general fixed assets or general long-term debt

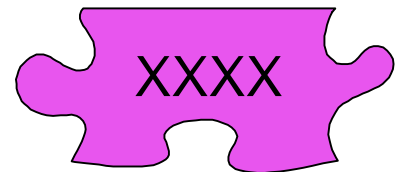
*Important
New Field*

RESOURCE (Project/Reporting) 4 DIGITS

XXXX

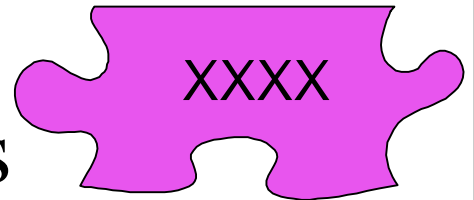
- Must be coded for revenues, expenditures and balance sheet accounts
- Tracks activities funded with revenues that have financial reporting requirements
 - Example: Class Size Reduction, 9-12
- Tracks activities funded with revenues that have restrictions on how the funds are to be spent
 - Example: Title I

RESOURCE (Project/Reporting)



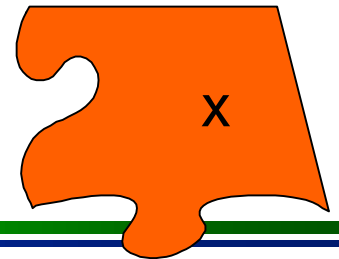
- Separates unrestricted from restricted
 - » Unrestricted codes are Resource Codes 0000-1999
 - » Restricted codes are Resource Codes 2000-9999
- When “unaudited actuals” are submitted, data must be balanced by resource (in the same way that data must be balanced by fund)

Examples of Resource Codes



- **0000** (*Unrestricted and no reporting requirements*)
- **1200** Class Size Reduction, 9-12 (*unrestricted but has a reporting requirement*)
- **3310** Special Ed-IDEA Basic Grant Entitlement PL 94-142 (*restricted*)
- **6520** Special Ed - Project Workability (*restricted*)

PROJECT YEAR 1 DIGIT



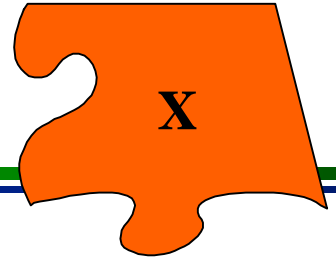
- Must be coded for revenues and expenditures BUT ONLY IN INSTANCES where it is needed to distinguish the following:

- » Distinguishes the activities of the same federal grant with different project years within the LEA fiscal year

EXAMPLE OF PROJECT
YEAR CODES

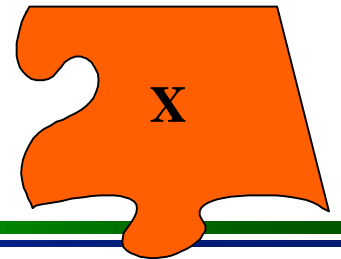
Code	Federal Project Year
7	1996-97
8	1997-98
9	1998-99
0	1999-00

PROJECT YEAR



- Since most funds are provided for the LEA July-June fiscal year this field usually is not coded.
- Examples of Resource Codes which NEED to have this field coded:
 - » 3040 IASA Migrant Education
 - » 3330 Special Ed IDEA Infant Discretionary

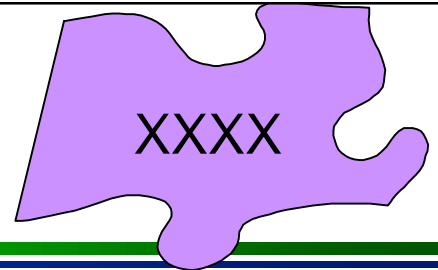
PROJECT YEAR



- In those instances where the field is NOT needed to distinguish federal grants, LEAs may use the field for internal purposes. The State will ignore all coding in this field EXCEPT where it is needed to distinguish federal grants.

*Important
New Field*

GOAL -- 4 DIGITS



- This field defines an objective related to an instructional setting or a special population; for example:
 - » 1110 Regular Education K-12
 - » 3100 Alternative Schools
 - » 4850 Migrant Education
 - » 5000-5999 Special Education

GOAL



XXXX

- Coding requirements:
 - » Coding is required for expenditures
 - » Coding is optional for revenues
EXCEPT coding is required at a
general level for Special Ed revenues
 - » Coding is optional for balance sheet
accounts

GOAL



XXXX

- This field allows you to account for the cost of instruction and other services
 - » Provides the framework for directly charging costs to the benefiting goals
 - Instructional costs
 - Support Costs

Examples of Goal Codes

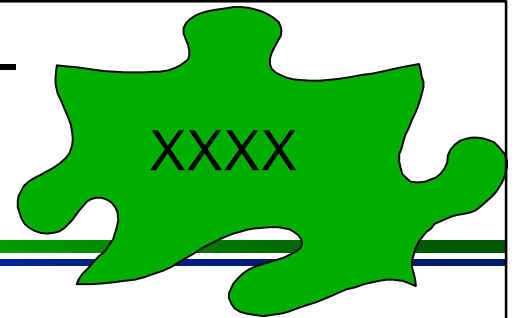


XXXX

- 0000 Undistributed
- 0001-7999 Instructional
 - » 1110 Regular Education K-12
 - optional detail for local definition
 - » 3100 Alternative Schools
- 8000-9999 Other Goals
 - » 8500 Child Care Services

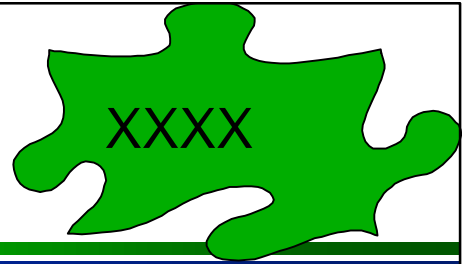
*Important
New Field*

FUNCTION -- 4 DIGITS



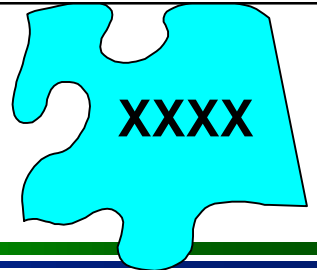
- Coding is required for expenditures and is optional for revenues
- This field designates a general operational area and/or type of activity that is taking place
- Function field in conjunction with certain Goals--important in determining indirect cost rate

Examples of Function Codes



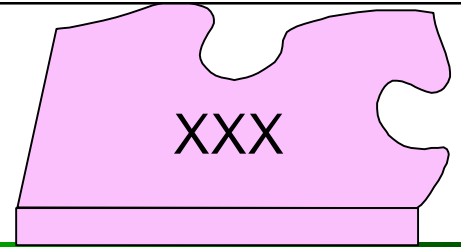
- 1000 Instruction
- 2700 School Administration
- 3110 Guidance and Counseling Services
- 4000 Ancillary Services
- 5000 Community Services
- 8100 Plant Maintenance and Operations

OBJECT -- 4 DIGITS



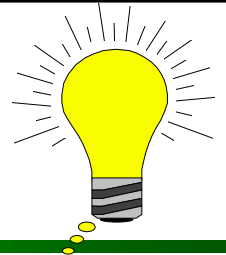
- Coding required for expenditures, revenues and balance sheet accounts
- Classifies revenues by general sources and types such as
 - » 8011 Revenue limit state aid
 - » 8590 All other state revenue
- Classifies expenditures according to types of items purchased or services obtained
 - » Familiar concept but some changes in code numbers

SCHOOL -- 3 DIGITS



- Designates a specific physical site.
- Your system must include capacity for this field; HOWEVER, at this time, the State does NOT require that the field be coded and the State is not collecting data coded in this field.
- Codes may be defined locally.
- In the future when the State requires this field, LEAs will provide a translation table to map the LEA-assigned code to the CDS code.

To code, think through:



- Fund: No change from current definitions
- Resource (Project/Reporting):

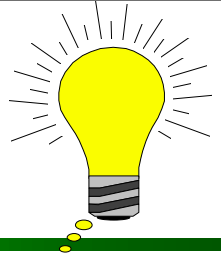
Where have the funds come from? Examples:

- 1100 Lottery
- 3010 IASA - Title I Basic Grants Low Income
- 6660 Tobacco Use Prevention Program

What is the project? Examples:

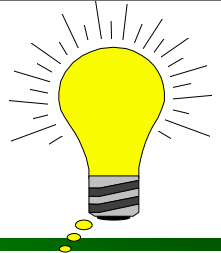
- 5310 Child Nutrition--School Programs
- 6350 ROC/P Apportionment

(think through continued)



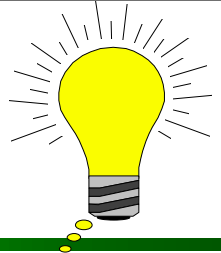
- Project Year: Are there two identical federal grants (therefore, having identical resource codes) that occur in the LEA fiscal year? If so, distinguish between them by coding the project year.

(think through continued)



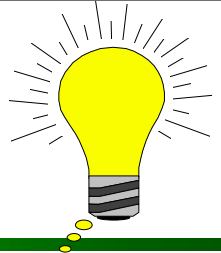
- Goal: What is the broad objective? What is the institutional setting or special population? Examples:
 - » 1110 Regular Education K-12
 - » 3400 Opportunity Schools
 - » 4110 Regular Education Adult
 - » 4760 Bilingual
 - » 4850 Migrant Education
 - » 5100 Special Education SDC
 - » 5300 Special Education Resource Specialist
 - » 8500 Child Care Services

(think through continued)



- Function: On what type of activity or service will the funds be spent? Examples:
 - » 1000 Instruction
 - » 2100 Supervision of Instruction
 - » 2420 Instr. Library, Media, and Technology
 - » 2700 School Administration
 - » 3160 Pupil Testing
 - » 4000 Ancillary Services
 - » 6000 Enterprise

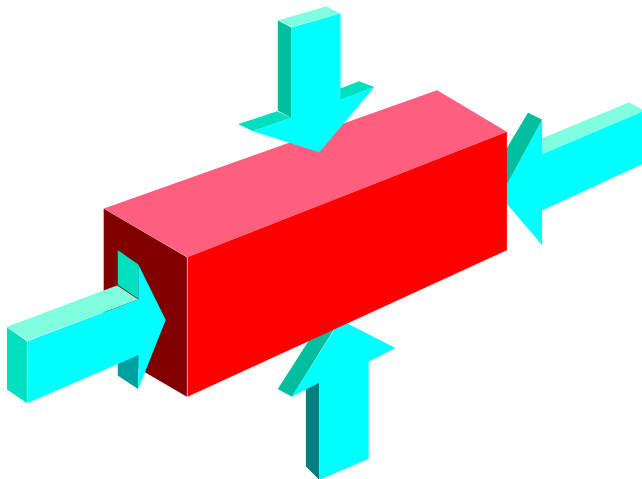
(think through continued)



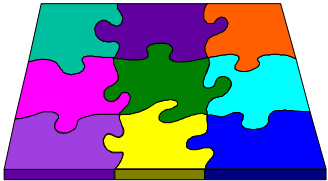
- Object:

- » For expenditures, what specific good or service is being purchased?
- » For revenues, what type of revenue is it? (i.e. federal, interest, state apportionment....)

Connection to the Familiar



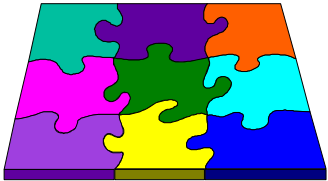
Data required by the J 380 is embedded in the SACS codes--predominantly in the Resource, Goal and Function fields.



Examples of Coding Using SACS

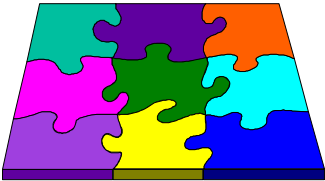
- Remember--the structure has these fields and digits

STANDARDIZED ACCOUNT CODE STRUCTURE						
FUND	RESOURCE	PROJECT YEAR	GOAL	FUNCTION	OBJECT	SCHOOL
XX	XXXX	X	XXXX	XXXX	XXXX	XXX



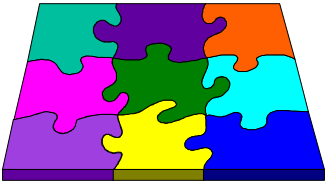
Code the Receipt of Instructional Materials \$

- Fund: 01 General Fund
- Resource: 7155 Inst. Mat. - Direct
Order K-8
- Project Year: 0
- Goal: 0000
- Function: 0000
- Object: 8590 All other state revenues



Buy Textbooks with Instructional Materials \$

- Fund: 01 General Fund
- Resource: 7155 Inst. Mat. - Direct
Order K-8
- Project Year: 0
- Goal: 1110 Regular Education K-12
- Function: 1000 Instruction
- Object: 4100 Textbooks

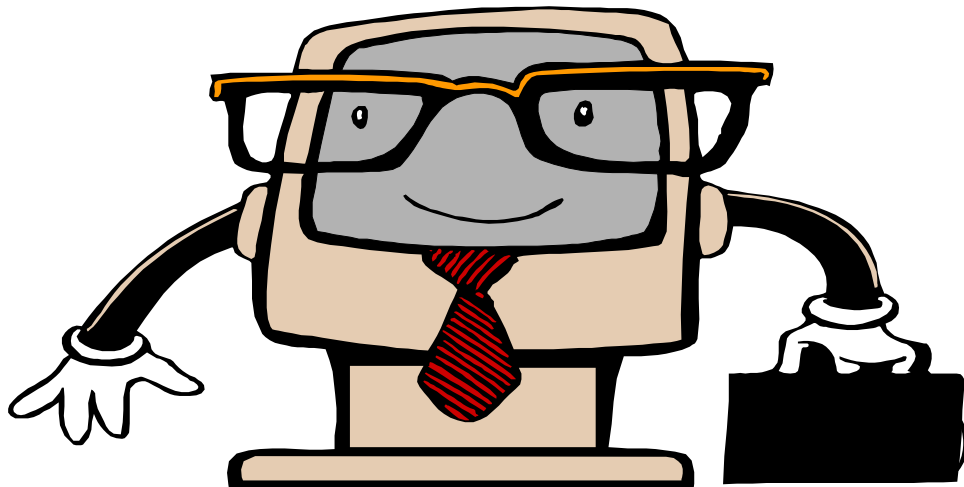


Special Education Coding Example

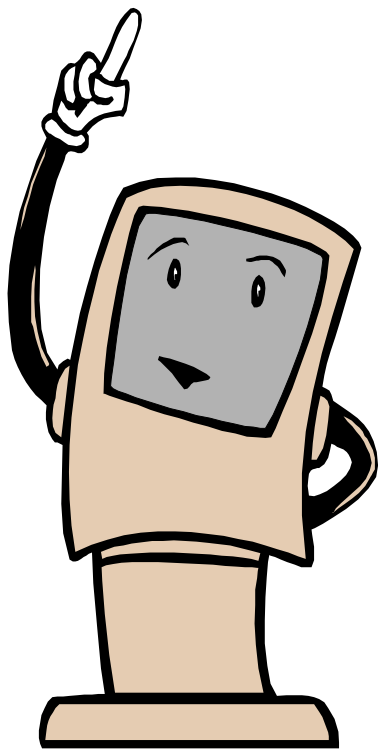
Fund: 01
Project Year: Usually defaults to zero
School Field: Not yet required

Resource	Goal	Function	Object
6500 Special Education	5001 Spec.Ed. - Unspecified	default to zero (because coding revenue)	8311 Other state Apportionment
6500 Special Education	5001 Spec.Ed. - Unspecified	default to zero (because coding revenue)	8980 Contribution from Unrestricted
3310 Special Education IDEA Basic Gr. PL94-142	5100 SDC	1000 Instruction	2100 Salary of TAs
3310 Special Education IDEA Basic Gr. PL94-142	5100 SDC	1000 Instruction	3XX2 Benefits of TAs
6500 Special Education	5200 DIS	1000 Instruction	1100 Salary of Teachers
6500 Special Education	5200 DIS	1000 Instruction	3XX1 Benefits of Teachers
6500 Special Education	5001 Spec.Ed. - Unspecified	7200 Other General Admin.	7310 Indirect Cost

BENEFITS FOR SCHOOL DISTRICTS AND COUNTY OFFICES OF EDUCATION



Richer, more detailed and more uniform accounting information



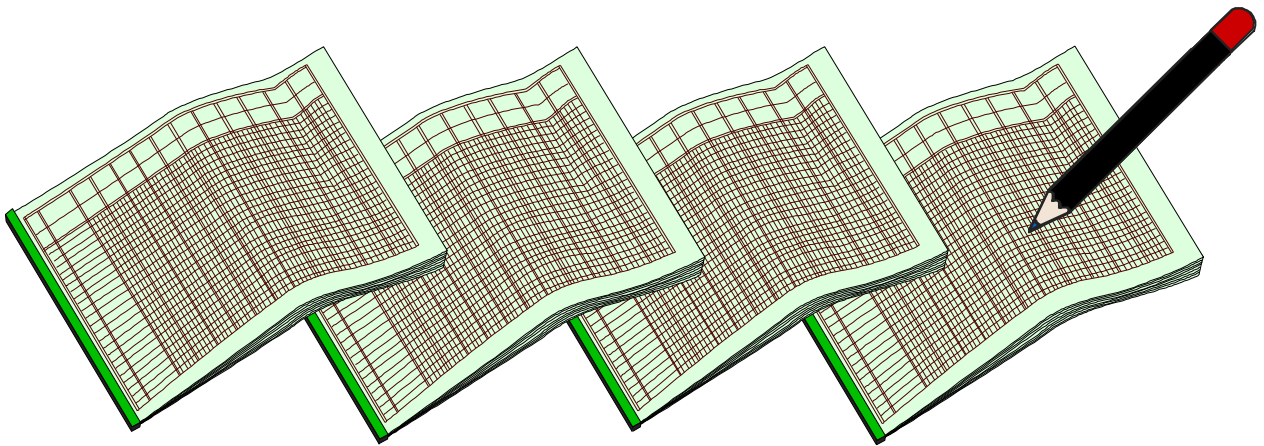
- ❖ Goals, such as Special Education, with multiple funding sources can be easily summarized to show General Fund encroachment.
- ❖ Ease in reporting to public on “What did you do with all that lottery money?”
- ❖ The new structure provides the ability to directly charge support costs to instructional goals.
 - ❖ For example: Phone charges can be charged directly to the Special Education Goal.

Data for audits and reports at the local, state and federal levels; Recruiting and training staff

- ❖ Auditors, and others who work with multiple school districts will become knowledgeable of SACS account codes and related requirements.
- ❖ Common report formats developed by one district can be used by multiple districts.
- ❖ Better public relations tool for understanding school funding.
- ❖ Recruiting and training staff should be easier because people from other districts will already know valid SACS account codes that are common throughout the State.

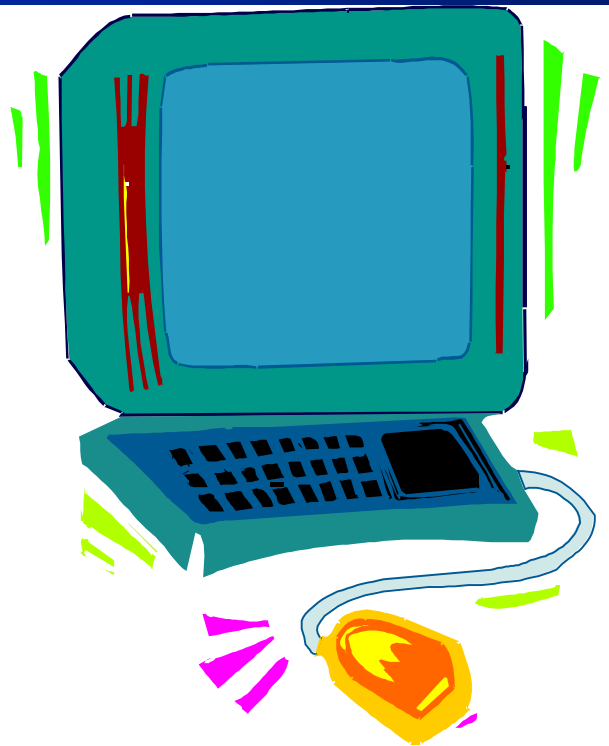
Reduced administrative burden in reporting to the State

- ❖ The J380 not required for those on SACS in 1997-98.
- ❖ CDE is systematically reviewing all program, budget and supplemental reports for possible elimination or reduction.

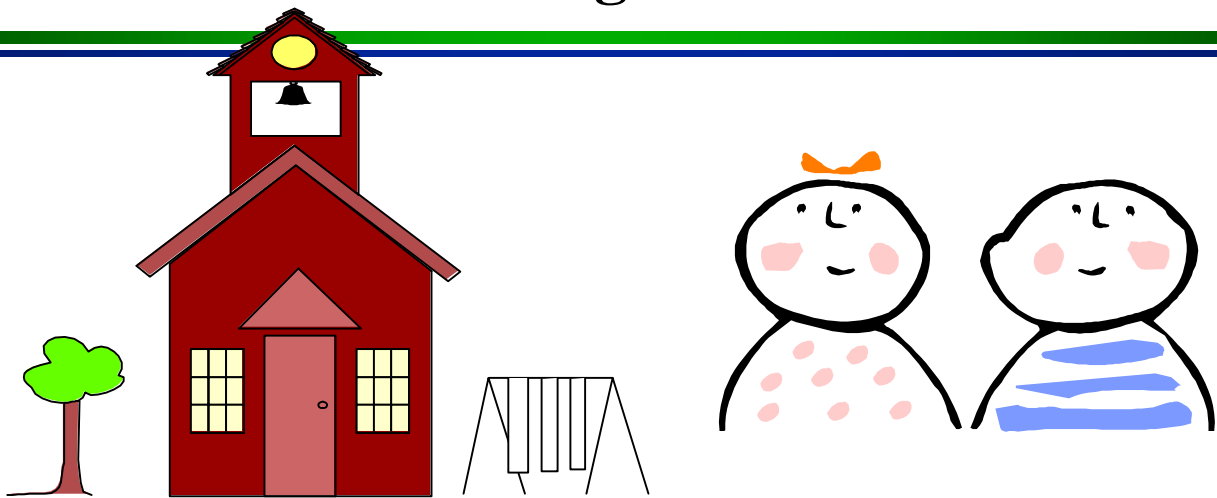


Opportunity to upgrade financial reporting systems

- **State incentive grants for SACS implementation help support costs of upgrades.**



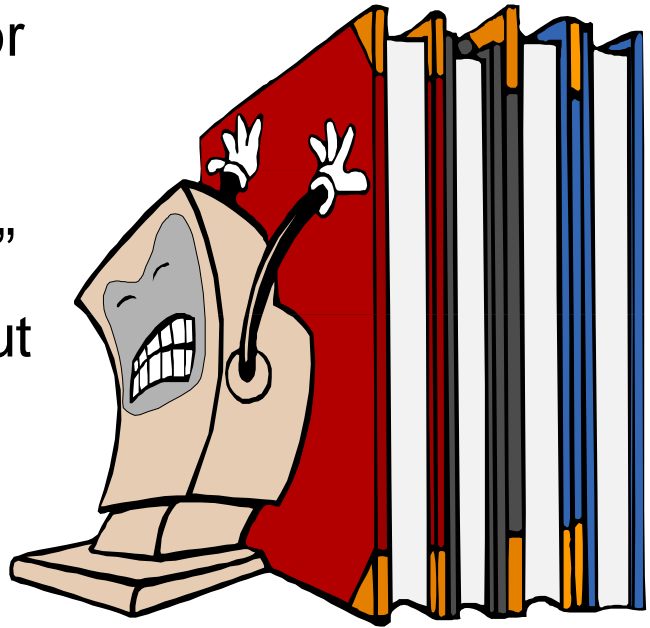
Facilitate the oversight of school district budgets



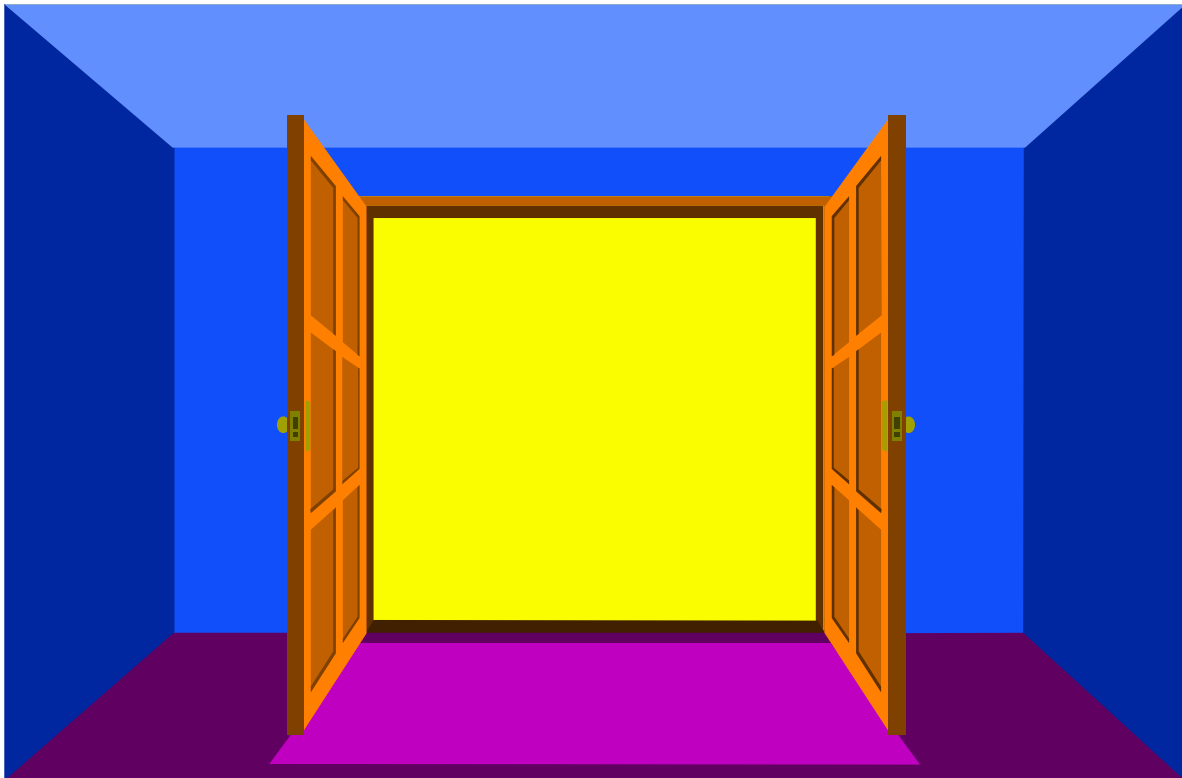
- ❖ The adoption of standard, statewide account codes provides school districts and county offices of education with additional valuable information for complying with their fiscal oversight responsibilities.

Benefits of School Districts Using Their County Office Accounting and Budgeting System

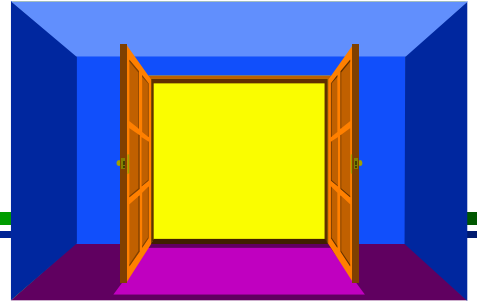
- Eliminates the need for time consuming monthly reconciliation to the “county’s books”
- Eliminates double input of information
- Provides a check and balance



Benefits of SACS for the State



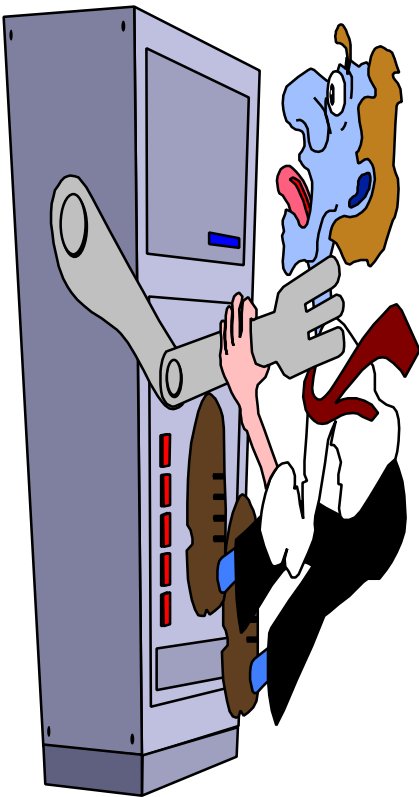
Better Data for Better Outcomes



Because of the increased quality, quantity and comparability of the data the State can:

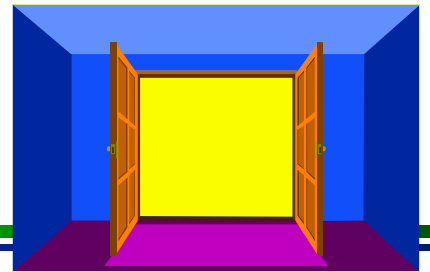
- » More effectively manage
- » More effectively demonstrate accountability for the \$30 billion spent on K-12 public education
- » More effectively advocate for policy and funding changes

Flexibility



- Due to standardization and flexibility of SACS, the State will be able to respond quickly to future demands for data.
- There will always be changes in account codes but with SACS we have a deliberative, systematic process which assesses costs and benefits of change.

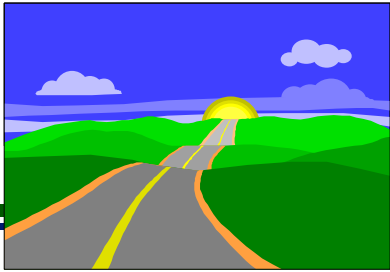
Reduction in Reports and in Paper Flow



- Fewer reports will be submitted by LEAs because the State will be able to sort data directly from the “stream of data” submitted by LEAs.
- As mentioned earlier, CDE is systematically reviewing program reports, budget reports and supplemental reports to simplify or possibly eliminate.

What Next?

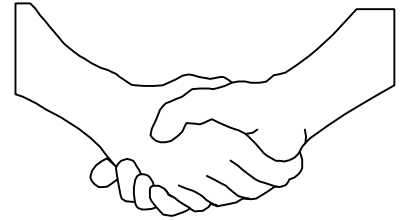




Get Ready to Implement

- Talk to:
 - » county offices of education and other districts, especially those who have begun to implement
 - » CDE staff
- Develop an implementation plan

Keep in Mind

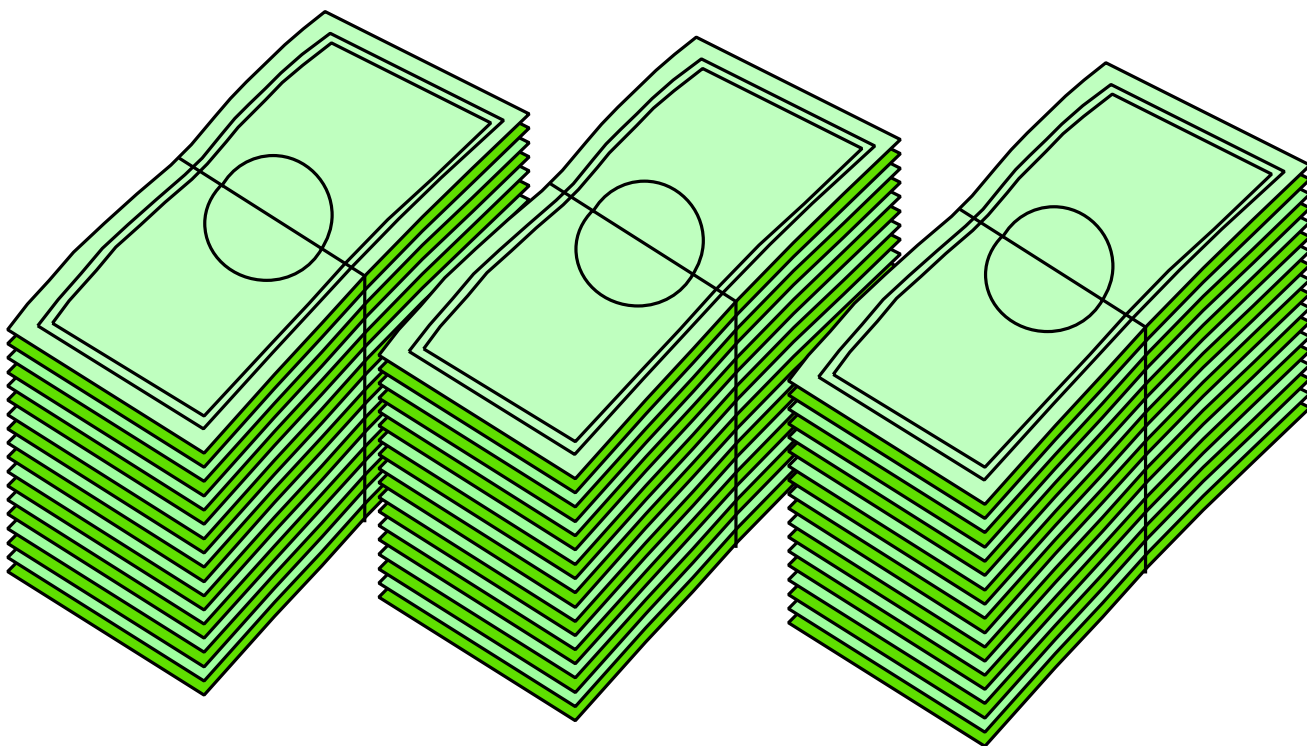


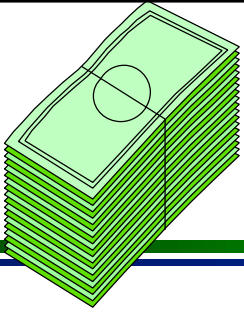
- County Office of Education AB 1200 responsibilities continue--
 - » districts need to be able to communicate what the county needs
 - » plan ahead and coordinate
- SACS implementation requires involvement of both information services and business services

What Information Do You Need ?

- How does SACS relate to what you already do?
- What else do you need in order to manage?
 - » Enhance the SACS string to meet your needs

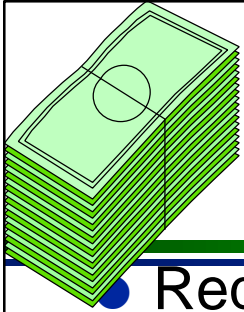
FUNDING





Incentive Funding Available Now

- (For details and application forms see the September 8, 1997 letter from CDE to Superintendents and CBOs: "SACS: Funding and Procedures for Statewide Implementation")
- The 1997-98 Budget Act provides \$17 million for incentive funds for grants for county offices of education and school districts to implement SACS
 - » Phase II \$5 per ADA allocation
 - » Phase I equity
- County office of education/school district agreement for districts not using county system



SACS Funding Terminology

- Request Funds--submit application to receive incentive grant funds (and then receive funds within a couple months).
- Reserve Funds--submit notification that you intend to apply for grant funds and therefore want funds reserved for you BUT you do not want to receive the funds yet.
- Full Implementation--applying SACS to the recording and budgeting of all expenditures and revenues for annual budget, interim financial reports and year-end financial statement.

Funding and Implementation Timeframe

- **Now through June 1999**

Period for any LEA to **request** funds to implement SACS

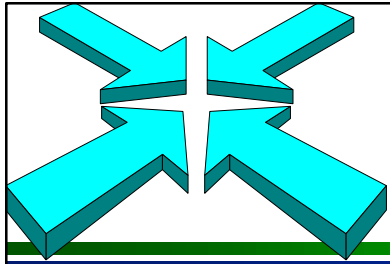
- **Now through January 1, 1999**

For those LEAs which will **request** funds after January 1, 1999, this is the period to **reserve** funds

- **Once LEA receives funds**

LEA has three years in which to implement

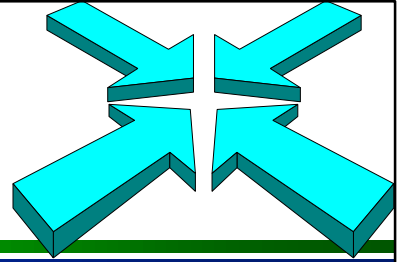
- **June 2002--all LEAs should have fully implemented SACS**



What CDE is Doing to Facilitate

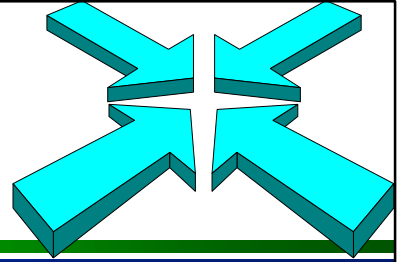
- Refined SACS for distribution in Fall 1997
 - » Refinements are the result of work of the Accounting and Principals' Committees and CDE
- Incorporated SACS into the California School Accounting Manual effective Fall 1997
- Reviewing Cost Allocation rules
- Revising CSAM
- Holding statewide meetings for all SACS participants

(Facilitate continued)



- Evaluating reports currently required by CDE to assess whether reports can be simplified or eliminated
- Working with CDE Budget and Accounting Units
 - » Developed PCA/Resource Relationship Table and Query System on the Web site
 - » Will Improve Remittance Advice to provide SACS Resource and Revenue Object codes on the Advice
- Training--in cooperation with CASBO and FCMAT
 - » Workshops were provided in Spring 1997
 - » Developing videotapes and possibly teleconference
 - » Developing Web site guidance for your LEA's training plans

(Facilitate continued)



- Maintaining SACS Web site
 - » <http://www.cde.ca.gov/ftpbranch/sbsdiv/>
 - » Significant Correspondence
 - » SACS, Part II California School Accounting Manual
 - » Committee Agendas and Notes
 - » Frequently Asked Questions (FAQS)
 - » Technical Information regarding file format, coding and reporting
 - » PCA/Resource Relationship Table and Query System
 - » Examples of Training Materials
- **FCMAT Bulletin Board mirrors our Web site**

Time to Get Started

