Uniform Chart of Accounts
Frequently Asked Questions
Account Structure

1. What is a Chart of Accounts and for what purpose it is used?

A Chart of Accounts is a uniform system of account numbers used to categorize School District revenues, expenditures, assets, liabilities, and fund equity. A chart of accounts provides the framework to capture original transactions, organize that data logically, and provide a robust basis for reporting on the results. A well-designed chart of accounts satisfies these requirements by providing the ability to isolate the data into segments or "buckets" and by using tools to combine data from selected segments to allow for meaningful analysis and reporting. A segment in UCOA is one component of the account number which contains a total of seven required segments.

2. What is the main objective of the UCOA?

The UCOA is meant to ensure all public school providers are using a uniform accounting system so that data is comparable across RI. A primary objective of the UCOA is to meet both the internal and external reporting needs of the districts, charter schools and the State by providing consistent detail in the general ledger to address questions and informational needs of stakeholders at all levels. For example, the UCOA will answer questions such as: "How much did we spend on salaries and benefits for math teachers in our middle schools?" because teacher salaries are captured using matching codes for salaries, job class (title) and subject.

3. What is a Uniform Chart of Accounts ("UCOA") and what will it provide?

An accounting system is the means by which financial transactions are:

- Captured during the actual operation of the District or charter school;

- Recorded in the books of accounts; and

- Analyzed to produce the various reports for management, financial status, and accountability.

The structure outlined provides a classification structure that will meet the needs of School Districts and Charter Schools and will provide comparable data when combining reports from the different Districts and Charter Schools.

The UCOA provides an accounting and financial reporting framework to Districts and Charter Schools in Rhode Island that satisfies the requirements of fiscal integrity and accountability to taxpayers and other stakeholders.

The UCOA establishes a complete fund accounting system, including the recording of assets, liabilities, fund balance (fund equity for business-type funds), revenues, and expenditures. Its standardized account code structure has been designed to accomplish the following key objectives:

- To establish a uniform, comprehensive, minimum chart of accounts statewide to improve financial data collection, reporting, transmission, accuracy, and comparability among Rhode Island School Districts and Charter Schools;

- To meet the needs of both small and large Districts and Charter Schools while retaining comparability of collected and reported data;

- To ensure Districts and Charter Schools comply with generally accepted accounting principles (GAAP) developed by the Governmental Accounting Standards Board;

- To allow for timely and accurate recording of financial transactions;

- To create a logical framework that can be used to determine where monies for education originate and how they are used;

- To provide comprehensive, full disclosure of the financial position of the reporting District or charter school to parents, administrators, board members, RIDE, legislators, and other interested parties; and

- To reduce the administrative burden on Districts and Charter Schools, as well as RIDE, in preparing required financial reports. The uniformity of coding will reduce the number of additional financial reports which districts provided in the past since much of the information can now be pulled directly from the UCOA data files.

4. What benefits are derived from using the UCOA?

The benefits include:

- Uniformity of Format and Application

- Isolation of Data in Segments creating Granularity of Data. This includes detailed school level data which can be queried in any or all of the data segments.

- Power of Combining Segments to address specific questions

- Comparability of Data

- Numbering Methodology enhances ad hoc Reporting and Data Warehouse Searches

- Allows for more effective analysis when combined with non-accounting data

5. **What "Development Rules" were employed to guide the development of the UCOA?**

The design and development of the UCOA was based on the following key principles or "Rules":

- The NCES ("National Center for Educational Statistics") Handbook framework as published in the Financial Accounting for Local and State School Systems 2003 Edition, will serve as a guideline for structure and methodology, however the UCOA may differ from these guidelines if the UCOA design, structure, and methodologies are better supportive of the reporting requirements

- RIDE will continue to retain financial data as currently reported to RIDE by Districts

- The UCOA will allow for expanding reporting capabilities

- The reporting capabilities using the UCOA will be enhanced for School Districts and Charter Schools

- Codes from existing data systems within RIDE will be reviewed for capabilities and will be used wherever possible and practical

- The structure will provide for future expansion for additional segments

- Standardized Fund sources will be identified and standard codes established

- Standardized Location codes will be included in the structure to provide comparative reporting capabilities by location

- Standardized Function codes will be included in the structure to provide comparative reporting capabilities by function

- Standardized Program codes will be included in the structure to provide program reporting

- Standardized Subject codes will be included in the structure to provide subject-level reporting

- Standardized Object codes will be included in the structure to provide consistent object reporting

- Standardized Job Classification codes will be included in the structure to provide reporting capabilities by specific job classifications

- Flexibility will be provided to allow Districts to employ lower levels of detail where practical

- The proposed structure will support compliance with GAAP

- "XBRL" technology was investigated to determine its possible use in conjunction with the UCOA and the Data Warehouse. XBRL (Extensible Business Reporting

Language) is an emerging XML-based standard to define and exchange business and financial performance information. XBRL is a standards-based way to communicate business and financial performance data. These communications are defined by metadata set out in taxonomies.

6. How do we know that the UCOA is well constructed?

The key is a well-constructed Chart of Accounts. The chart of accounts supports these four goals through the following features:

- Use of segments that divide data into logical groupings such as the Funding source, the Program benefited, and the appropriate Location. The UCOA has seven (7) such segments. This provides both the ability to segregate by and also the ability to aggregate data with multiple segments.

- Use of a numbering system within each segment that contains a "*generational hierarchy methodology*", that provides further ability to isolate and combine data.

- Use of a consistent numbering system for each District in the state such that data, when provided to the Data Warehouse, has a common address.

7. What are the key objectives fulfilled by the UCOA Account Structure?

The structure and hierarchy of the UCOA is presented below. This structure provides Districts the ability to report accurately and effectively on financial activities, and to segregate and group accounts with the greatest amount of flexibility resulting in the ability to produce the most useful financial reports.

The standardized account code structure fulfills these key objectives.

- Provide more transparent information for administrators, parents, board members, legislators, and other interested parties;
- Develop uniformity of content, methodology, and application;
- Increase accountability by enhancing the quality and quantity of financial information;
- Improve financial data collection, reporting, transmission, accuracy, and comparability among Rhode Island districts;
- Provide isolation of data in segments creating enhanced granularity;
- Utilize the ability to combine segments to address specific questions;
- Enhance comparability of data;
- Allow for more effective analysis when combined with non-accounting data;
- Aid in the creation and development of standard and ad hoc reports within the UCOA and for use in a Data Warehouse by using "wildcard" capabilities via the generational hierarchical numbering methodology;

- Create a logical framework that can be used to determine where monies for education originate and how they are used;

- Reduce the administrative burden on districts in preparing required financial reports; and

- Enable Districts to better comply with U.S. generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board.

The required UCOA structure is composed of seven required segments. In addition, two segments, one at the beginning and one at the end of the string, were created and identified for optional use.

8. **What are the components (segments) of the UCOA and what do they represent?**

The structure for the UCOA is presented below. Segments 1 and 9 are usable by Districts at their option. Segments 2 through 8 are required for all Districts.

Segment	Description	Numbering Methodology Rules	Length	Reportable	Optional
1	ID Field	User-defined	1		1
2	Fund/Subfund	Fixed	8	8	
3	Location	Fixed and Validated	5	5	
4	Function	Fixed	3	3	
5	Program	Fixed	2	2	
6	Subject	Fixed and Validated	4	4	
7	Object	Fixed and User-defined	5	5	
8	Job Classification	Fixed and Validated	4	4	
9	District Defined	User-defined	2 - ??		2 - ??
	TOTAL		34 - ??	31	3 - ??

The content of each Segment and examples of each are provided below:

Description	Contents	Examples
ID Field	User-defined	
Fund	Type of Source of money	Federal or State Agency
Sub-Fund	Source of money	Title 1, Rhode Island Foundation
Location	School or Department for which money is being used	ABC Elementary, Superintendents Office
Function	Activity for which money is being used	Face-to-Face Teaching, Transportation
Program	Broad Objective for which money is being used	Regular Education, Special Education

Description	Contents	Examples
Subject	Curriculum or Detailed Objective for which money is being used	Foreign Language, Baseball, and Chorus
Object	Budget Classification for which money is being used	Assets, Liabilities, and Equity; Local Taxes, Grants, and Food Services; and Salaries, Benefits, and Telephone
Job Classification	Job Classification for which money is being used for Compensation and Benefits only	Teachers, Aides, Principals, Controllers, and Custodians
District Defined	User-defined	

9. What is the "structure and hierarchy" to the UCOA and why is it important?

Each segment within the UCOA has varying numbers of components within the segment. Some segments also maintain several numbering methodologies and logical hierarchy structures. Within these segments and components, there are three types of Coding and Number Methodology Rules that are used.

Fixed Code (Fixed) – Codes are defined in the UCOA and cannot be changed.

Validated Flexible (Validated) – Codes can be defined for use by a District, but are subject to pre-use validation by RIDE for purposes of establishing and maintaining consistency of the data for use by all Districts.

User-defined Flexible (User-defined) – Codes that can be defined for use by any District at its discretion.

Key Design Considerations

Two key design features for a uniform chart of accounts are to provide for adequate segment (or field) lengths and a logical, hierarchy-based numbering methodology. Adequate segment lengths are necessary to accommodate all of the items that will be tracked and also to provide for internal expansion of those items without modifying the segment length in the future.

A uniform chart of accounts should be restricted to numbers only to reduce the potential for input errors. By doing so, the segment length is necessarily limited as follows:

1 character   10 items   (0 to 9)
2 characters 100 items   (0 to 99)
3 characters 1,000 items   (0 to 999)

4 characters 10,000 items   (0 to 9,999) etc.

A second, but closely related issue is the logic of the numbering methodology used within each segment. Each segment should have a hierarchy established so that "generational" relationships are created by the numbering methodology. By "generational hierarchy relationships", we refer to Parent, Child, Grandchild (often called Header, Account, and Sub Account or Summary, Intermediate, or Detail) type of accounts. This relationship can be illustrated like an outline as follows:

Parent   100
   Child   120
      Grandchild   121
      Grandchild   122
      Grandchild   123
   Child   160
      Grandchild   167
      Grandchild   168

The goal for the Grandchild is to be related to the Child and Parent such that a logical roll-up of information is possible. The relationship between the Child and the Parent is similar. In the example above, note the commonality of the first digit in all codes (1) for the Parent and the commonality to the second digit to each Grandchild to its higher level Child (2 and 6) for each Child.

The Grandchild is the lowest level of data and represents the most detail available. When this data is "rolled up" to the next level, Child, summarization can be done on a slightly higher level, with details becoming less available. The next level up, Parent, represents the highest roll-up of summary data available. The District or the need to gather information in the Data Warehouse will dictate which level of information is appropriate to the analysis to be performed.

Most accounting systems and the Data Warehouse have "wild card" reporting capabilities. Wild-card capabilities enable the user to isolate the data for reporting purposes. In the example above, one could isolate the Parent by entering a look up code of 1??. The first Child above could be isolated by entering a look up code of ?2?.

An example of this is provided by the Object codes for Revenues. Under the Revenue from Local Sources (Parent) we find two Children and five Grandchildren as follows:

41000 Revenue from Local Sources

This is a Header account for accumulation of totals. Entries are not posted to this

account, but to the accounts listed below.

41200　　Revenue from Local Governmental Units other than School Districts

This is a Header account for accumulation of totals. Entries are not posted to

this account, but to the accounts listed below.

41210　　　Other Taxes – Other Local Governmental Units

41211　　　Supplemental Taxes – Other Local Governmental Units

Note the commonality of the first two digits in all codes (41) for the Parent and the commonality to the third digit to each Grandchild to its higher level Child (10 and 11) for each Child.

The segment lengths and numbering methodology previously used by the Districts was based on the specific needs of those individual Districts. When developing a uniform chart of accounts to provide uniform reporting and analysis of comparable data, the segment lengths used by Districts often need to be expanded to address the larger number of items to be reported by the larger number of reporting entities.

In summary, in order to accomplish the goals and objectives of the UCOA, the length of individual segments must be of sufficient size to provide necessary flexibility.

Further, the content and numbering methodology used in the UCOA must be of sufficient breadth to accommodate the varied needs of both RIDE and each individual District. In most instances, the Districts were required to increase segment lengths, change descriptions, and/or modify the numbering methodology to adopt the UCOA.

10. Is there significance of the order of the segments in the UCOA?

Yes and no. The Fund segment was placed first as it is most commonly found in the first position in Chart of Account structures in most accounting systems. Logically, it also makes sense since it primary purpose it to identify the source of the funds being utilized. Following that, there were no design or development requirements and the order was determined based on the details of existing accounting system configurations previously gathered.

11. With so many segments to the UCOA, is there redundancy or overlap of information?

A cursory review of the UCOA might suggest there may be duplication or redundancy within the UCOA structure or methodology. For example, within the Location segment we note the use of the terms Finance and Administration as major categories. We also note the same terms used in the Job Classification segment.

On the surface, while this may appear to be redundant because of the use of the same terms, a detailed study of each segment will reveal that there is no duplication of purpose. One must remember that one goal of the UCOA is to capture data in such a way that data can be both isolated and combined in a logical fashion. The following summarizes the content and intent of each required segment.

Segment	Content	Purpose or Intent
Fund	Funding source and/or funding purposes such as General Fund, Special Revenue Fund, and Trust Fund	Segregates or isolate types of funding and activities aligned to the fund types.
Subfund	Specific funding sources such as Title 1, Food Service, and State Aid	Each Subfund aligns with a specific Fund. Isolates sources of funding and activities in accordance with laws, restrictions, requirements, etc.
Location	Internal departments, School types and School locations	Isolates certain costs associated with specific departments, school types (e.g. elementary), and by school.
Function	Group of activities aimed at accomplishing a major purpose such as Face-to-Face Teaching, School Management, and Legal Obligations	Isolates labor, materials, and other operating costs associated with the specific functions.

Segment	Content	Purpose or Intent
Program	Different types of educational programs on a macro level, such as Regular Education, Special Education, and Community Service	Isolates labor, materials, and other operating costs associated with identified programs.
Subject	Specific subject groups such as English, Mathematics, and Music	Isolates labor, materials, and other operating costs associated with identified subjects.
Object	Category of revenues such as Federal or State funds, local funds, and earned revenue	Revenues are segregated by sources and specific categories.
	Category of expenditures such as salaries, benefits, books, and fuel	Expenditures are segregated by type such as compensation, purchased services, debt service, and property costs, etc.
	Category of assets, liabilities, and equity accounts	
Job Classification	Categories such as Teachers, Custodians, and School Administrators, etc.	Isolates the cost of employees associated directly with two types of Object codes – Compensation and Benefits.

The UCOA, by its nature, will necessarily use common names in many segments. This is due to the related nature of the segments and the commonality of intent: the business of education. The overlap, though, is limited to names and descriptions and not to actual content. The isolation of data into the various segments provides content that is more specific within each segment and is combinable in logical fashion with other segments.

With this understanding, we can address the example noted previously wherein we noted the use of the terms Finance and Administration in both the Location segment and the Job Classification segment. Using the Finance and Administration category of the Location segment we will gather costs associated with direct and indirect labor, materials, services, textbooks, etc.; essentially every cost related to the operations of the Finance and Administration

department. In contrast, the Finance and Administration category of the Job Classification segment will only gather costs associated with direct labor to provide these services.

As can be seen, the Job Classification Finance and Administration category cost is a subset of the Location Finance and Administration category cost; however one that is only isolatable using the Job Classification segment.

To answer the question, "How much were our compensation costs for Teachers?", one must access the data from the Job Classification segment, supported by the detail from the Object segment. This could not be answered by accessing the Function segment. Accordingly, although there was both commonality in naming convention and overlap of selected data, the specific question could only be answered by the isolated data from another segment.

Other examples to illustrate this point are these questions:

How much did we spend for instruction for Math classes at our high school? Function 111(Instructional Teachers), Subject 1500 (Math), and Location 05xxx (High School).

We might also want to know how much we spent for instructional materials and textbooks for Math at the high school – how can we find that? Function 122 (Instructional Materials), Object 56101 (Supplies and Materials), Object 56401 (Textbooks), Subject 1500 (Mathematics), and Location 05xxx (High School)

The first can be answered by analyzing the data from the intersection of the Function segment, Location, and the Subject segment. You may also want to add the job class to ensure that you have only classroom teachers in the category.

The second can be answered from the intersection of the specific Object segments with Function, Location and Subject.

If one wanted to know how much was spent on Teachers in Special Education from Federal funds, one would need to access data from the intersection of these segments: Subfund, Program, Subject, and Job Classification.

As illustrated, the structure supports the goal of providing for isolation as well as combining of data. Therefore the structure and methodology used does not lead to redundancy, but rather to classifying expenditures to enhance segregation and analysis.

12. **While reviewing some of the charts I noticed that some districts do not show expenditures in summer school, after school programs, or out of district transportation lines – why is that?**

These are areas where new coding was recently added for this tracking which was optional, rather than mandatory. Although you would allows want to follow up with the district on a question of this nature, it is also possible to look at another segment of the account number to see if the expenses are shown. In this example both summer school and after school programs have separate program codes which allow you to query for revenue and expenses related to those programs. Transportation could be queried through the specific function code for transportation.

Contacts

13. If I have questions about specific accounts, should I contact RIDE or my district?

Please visit the RIDE website http://www.ride.ri.gov/Finance/funding/Uniform%20Chart%20of%20Accounts/Default.aspx which includes additional information about the UCOA including a link to the UCOA Users manual. You may also e-mail your questions or concerns to UCOA.efficiencies@ride.ri.gov. Call the business manager in your district or charter school if you have a specific question regarding their financial data.