

The California School Accounting Manual (CSAM) provides guidance on generally accepted accounting principles (GAAP) for all local educational agencies (LEAs) as well as specific guidance for LEAs in California. Section 15071 of Title 5 of the California Code of Regulations requires that charter schools follow the guidelines in CSAM, to the extent the guidelines apply, for reporting of financial data. Much of the guidance in CSAM is relevant to charter schools.

### GAAP for Charter Schools

Governmental agencies such as traditional school districts and county offices of education use the governmental fund accounting model and the modified accrual basis of accounting for their governmental activities. Charter schools that are governmental use this basis of accounting. The authoritative source of GAAP for this model is the Governmental Accounting Standards Board (GASB).

Not-for-profit charter schools approved under Education Code Section 47604 that operate as or are operated by a nonprofit public benefit corporation pursuant to Section 501(c) (3) of the Internal Revenue Code typically use the not-for-profit accounting model and the accrual basis of accounting. The authoritative source of GAAP for this model is the Financial Accounting Standards Board.

The not-for-profit model more closely resembles private-sector (for-profit) accounting than governmental fund accounting. Nongovernmental not-for-profit entities using this model present external financial statements consisting of a statement of financial position, a statement of activities, a statement of cash flows, and notes to the financial statements.

Governmental fund accounting and the differences between the accrual and the modified accrual bases of accounting are discussed in Procedure 101, Governmental Accounting.

### Reporting Charter School Financial Data to CDE

Pursuant to Education Code Section 42100, all LEAs, including charter schools, must report their unaudited actual financial data to the California Department of Education (CDE).

The decision as to whether a charter school should report to CDE as part of its authorizing LEA or separately should be based on whether the charter school is a part of the LEA or a separate reporting entity for purposes of GAAP. Authoritative guidance on the reporting entity is contained in GASB statements 14 and 39. A charter school that is the same reporting entity as its authorizing LEA, as defined by GAAP, will be included in the LEA's financial statements and will typically report to CDE as part of the LEA. A charter school that is a separate reporting entity, as defined by GAAP, will issue its own financial statements that are separate from those of its authorizing LEA and will typically report separately to CDE as well.

## Reporting Formats

Charter data may be reported in either the standardized account code structure (SACS) format or in the alternative format for charter schools approved by the State Board of Education and titled the Charter School Unaudited Actuals Financial Report—Alternative Form (hereafter referred to as the Alternative Form). Charter schools are encouraged to discuss the reporting options with their authorizing agencies and their independent auditors before choosing a format.

Regardless of the format used, the data submitted for each charter school must be a complete report of all of the charter school’s financial operations, including beginning balances, revenues, expenditures (or expenses), and ending balances.

### Using SACS for Charter School Financial Reporting

The main operating funds available for charter schools reporting in SACS are:

- General Fund (Fund 01) (modified accrual basis of accounting): For charter schools reporting separately from the authorizing LEA and for charter schools reporting as part of the LEA within the LEA’s general fund.
- Charter Schools Special Revenue Fund (Fund 09) (modified accrual basis of accounting): For charter schools reporting as part of the authorizing LEA but reported outside of the LEA’s general fund.
- Charter Schools Enterprise Fund (Fund 62) (accrual basis of accounting): For charter schools using the not-for-profit reporting model reporting either as part of the authorizing LEA or separately.

Only one main operating fund should be reported.

If a charter school reporting in Fund 01 uses additional funds, the charter school must report those funds in addition to their main operating fund.

If Fund 62 is used for any of a charter school’s activities, it should be used for all of the charter school’s activities. Note that fund accounting is inconsistent with the not-for-profit financial reporting model, so in this case Fund 62 serves as a financial statement for purposes of reporting to CDE rather than as a fund.

Costs reported in Fund 62 should include the function most descriptive of the activity being performed (e.g., instruction, pupil services, enterprise, plant services) rather than charging all costs to Function 6000, Enterprise, which is normally done in an enterprise fund.

Regardless of the basis of accounting, charter school financial reporting will typically be simpler than such reporting for traditional school districts because charter schools receive block grant funding in lieu of many individual categorical funds and typically operate fewer instructional programs. As with any other LEA, charter schools need use only what is necessary, required, and applicable to them. For guidance in using SACS, charter schools are encouraged to refer to applicable sections and procedures in this manual.

Charter schools using the Alternative Form for financial reporting are encouraged to set up their accounts to align with the Alternative Form. A list of accounts that correspond to the Alternative Form is presented at the end of this procedure. Written definitions of each of the accounts (objects) can be found in Procedure 330.

Charter schools using the Alternative Form for financial reporting must use the spreadsheet version provided by CDE, and the county office of education must submit the data to CDE electronically. Because of the brevity of the form, additional data necessary for compliance or other calculations may have to be submitted separately.

The Alternative Form allows for either the modified accrual basis of accounting used by governmental agencies or the accrual basis of accounting normally used by not-for-profit entities. Regardless of the basis of accounting, charter schools using the Alternative Form report all financial data on the form, using one basis of accounting or the other. The data submitted for each charter school must be a complete report of the charter school's financial operations, including beginning balances, revenues, expenditures (or expenses), and ending balances.

If a charter school maintains more than one fund in its own accounting system and uses the Alternative Form for reporting to CDE, it should consolidate all the financial data from all its funds on the Alternative Form.

For an Alternative Form, user's guide, and additional information about financial reporting, visit the following Web site: <http://www.cde.ca.gov/fg/sf/fr>.

#### 4 Listing of Codes for the Charter School Alternative Form

The following codes from the Charter School Unaudited Actuals Financial Report Alternative Form (Alternative Form) correspond to the SACS object codes described in Procedure 330. **The following codes are generally listed in the same order as they appear on the Alternative Form.** Because of block granting of charter school funds, there are many more codes listed than most charter schools will need. (For more information about the object codes and their definitions, refer to Procedure 330.)

Code	Title
<b>8000–8999</b>	<b>REVENUES AND OTHER FINANCING SOURCES</b>
<b>8000–8799</b>	<b>Revenues</b>
8010–8099	Revenue Limit Sources
8010–8019	Principal Apportionment
8011	State Aid—Current Year
8015	Charter Schools General Purpose Entitlement—State Aid
8019	State Aid—Prior Years
8020–8039	Tax Relief Subventions (for revenue limit funded schools)
8021	Homeowners’ Exemptions
8022	Timber Yield Tax
8029	Other Subventions/In-Lieu Taxes
8040–8079	County and District Taxes (for revenue limit funded schools)
8041	Secured Roll Taxes
8042	Unsecured Roll Taxes
8043	Prior Years’ Taxes
8044	Supplemental Taxes
8045	Education Revenue Augmentation Fund (ERAF)
8047	Community Redevelopment Funds
8048	Penalties and Interest from Delinquent Taxes
8070	Receipts from County Board of Supervisors (County School Service Fund [CSSF] only)
8080–8089	Miscellaneous Funds (for revenue limit funded schools)
8081	Royalties and Bonuses
8082	Other In-Lieu Taxes
8089	Less: Non-Revenue Limit (50 Percent) Adjustment
8090–8099	Revenue Limit Transfers (for revenue limit funded schools)
8092	PERS Reduction Transfer
8096	Transfers to Charter Schools in Lieu of Property Taxes
8091	Revenue Limit Transfers—Current Year
8097	Property Tax Transfers
8099	Revenue Limit Transfers—Prior Years
8100–8299	Federal Revenue
8290	No Child Left Behind
8181	Special Education—Federal (Entitlement)

<b>Code</b>	<b>Title</b>
8182	Special Education—Federal (Discretionary Grants)
8220	Child Nutrition Programs (Federal)
	Other Federal Revenue
8110	Maintenance and Operations (Federal Impact Aid)
8260–8299	Other Federal Revenue
8260	Forest Reserve Funds
8270	Flood Control Funds
8280	U.S. Wildlife Reserve Funds
8281	FEMA
8285	Interagency Contracts Between LEAs
8287	Pass-Through Revenues from Federal Sources
8300–8599	Other State Revenue
8480	Charter Schools Categorical Block Grant
	Special Education—State
	All Other State Revenue
8311	Other State Apportionments—Current Year
8319	Other State Apportionments—Prior Years
8425	Year-Round School Incentive
8434	Class Size Reduction, Grades K–3
8435	Class Size Reduction, Grade Nine
8520	Child Nutrition
8530	Child Development Apportionments
8540	Deferred Maintenance Allowance
8545	School Facilities Apportionments
8550	Mandated Cost Reimbursements
8560	State Lottery Revenue
8571	Voted Indebtedness Levies, Homeowners’ Exemptions
8572	Voted Indebtedness Levies, Other Subventions/In-Lieu Taxes
8575	Other Restricted Levies, Homeowners’ Exemptions
8576	Other Restricted Levies, Other Subventions/In-Lieu Taxes
8587	Pass-Through Revenues from State Sources
8590	All Other State Revenue
8600–8799	Other Local Revenue
	All Other Local Revenue
8611	Voted Indebtedness Levies, Secured Roll
8612	Voted Indebtedness Levies, Unsecured Roll
8613	Voted Indebtedness Levies, Prior Years’ Taxes
8614	Voted Indebtedness Levies, Supplemental Taxes
8615	Other Restricted Levies, Secured Roll
8616	Other Restricted Levies, Unsecured Roll

<b>Code</b>	<b>Title</b>
8617	Other Restricted Levies, Prior Years' Taxes
8618	Other Restricted Levies, Supplemental Taxes
8621	Parcel Taxes
8622	Other Non-Ad Valorem Taxes
8625	Community Redevelopment Funds Not Subject to Revenue Limit Deduction
8629	Penalties and Interest from Delinquent Non-Revenue Limit Taxes
8631	Sale of Equipment and Supplies
8632	Sale of Publications
8634	Food Service Sales
8639	All Other Sales
8650	Leases and Rentals
8660	Interest
8662	Net Increase (Decrease) in the Fair Value of Investments
8671	Adult Education Fees
8672	Nonresident Student Fees
8673	Child Development Parent Fees
8674	In-District Premiums/Contributions
8675	Transportation Fees from Individuals
8677	Interagency Services Between LEAs
8681	Mitigation/Developer Fees
8689	All Other Fees and Contracts
8691	Plus: Miscellaneous Funds Non-Revenue Limit (50 Percent) Adjustment
8697	Pass-Through Revenue from Local Sources
8699	All Other Local Revenue
8710	Tuition
8780	Transfers from Sponsoring LEAs to Charter Schools in Lieu of Property Taxes (Obsolete)
8781	All Other Transfers from Districts or Charter Schools
8782	All Other Transfers from County Offices
8783	All Other Transfers from JPAs
8791	Transfers of Apportionments from Districts or Charter Schools
8792	Transfers of Apportionments from County Offices
8793	Transfers of Apportionments from JPAs
8799	Other Transfers In from All Others
<b>1000–7999</b>	<b>EXPENDITURES AND OTHER FINANCING USES</b>
<b>1000–7499</b>	<b>Expenditures</b>
1000–1999	Certificated Personnel Salaries (for positions that require a credential or permit)
1100	Certificated Teachers' Salaries
1200	Certificated Pupil Support Salaries
1300	Certificated Supervisors' and Administrators' Salaries

<b>Code</b>	<b>Title</b>
1900	Other Certificated Salaries
2000–2999	Noncertificated Salaries (for positions that do not require a credential or permit)
2100	Noncertificated Instructional Salaries
2200	Noncertificated Support Salaries
2300	Noncertificated Supervisors' and Administrators' Salaries
2400	Clerical, Technical, and Office Staff Salaries
2900	Other Noncertificated Salaries
3000–3999	Employee Benefits (Employers' contributions to retirement plans and health and welfare benefits. Codes ending in 1 indicate benefits paid to personnel in certificated positions, and codes ending in 2 indicate those paid to personnel in noncertificated positions.)
3101–3102	State Teachers' Retirement System
3201–3202	Public Employees' Retirement System
3301–3302	OASDI/Medicare/Alternative
3401–3402	Health and Welfare Benefits
3501–3502	Unemployment Insurance
3601–3602	Workers' Compensation Insurance
3701–3702	OPEB, Allocated
3751–3752	OPEB, Active Employees
3801–3802	PERS Reduction (for revenue limit funded schools)
3901–3902	Other Benefits
4000–4999	Books and Supplies (Expenditures for books and supplies including costs of sales/use tax, freight, and handling charges)
4100	Approved Textbooks and Core Curricula Materials
4200	Books and Other Reference Materials
4300	Materials and Supplies
4400	Noncapitalized Equipment
4700	Food
5000–5999	Services and Other Operating Expenditures (Expenditures for services, rentals, leases, maintenance contracts, dues, travel, insurance, utilities, legal, and other operating expenditures)
5100	Subagreements for Services
5200	Travel and Conferences
5300	Dues and Memberships
5400	Insurance
5500	Operations and Housekeeping Services
5600	Rentals, Leases, Repairs, and Noncapitalized Improvements

<b>Code</b>	<b>Title</b>
5800	Professional/Consulting Services and Operating Expenditures
5900	Communications
6000–6999	Capital Outlay (Expenditures for sites, buildings, books, and equipment, including leases with option to purchase; 6100–6500 for modified accrual basis of accounting only)
6100	Land
6170	Land Improvements
6200	Buildings and Improvement of Buildings
6300	Books and Media for New School Libraries or Major Expansion of School Libraries
6400	Equipment
6500	Equipment Replacement
6900	<i>Depreciation Expense (accrual basis of accounting only)</i>
7000–7499	Other Outgo
7110–7143	Tuition to Other Schools
7110	Tuition for Instruction Under Interdistrict Attendance Agreements
7130	State Special Schools
7141	Other Tuition, Excess Costs, and/or Deficit Payments to Districts or Charter Schools
7142	Other Tuition, Excess Costs, and/or Deficit Payments to County Offices
7143	Other Tuition, Excess Costs, and/or Deficit Payments to JPAs
7211–7213	Transfers of Pass-Through Revenues to Other LEAs
7211	Transfers of Pass-Through Revenues to Districts or Charter Schools
7212	Transfers of Pass-Through Revenues to County Offices
7213	Transfers of Pass-Through Revenues to JPAs
7221–7223	Transfers of Apportionments to Other LEAs—Special Education
7221	Transfers of Apportionments to Districts or Charter Schools—Special Education
7222	Transfers of Apportionments to County Offices—Special Education
7223	Transfers of Apportionments to JPAs—Special Education
7221–7223	Transfers of Apportionments to Other LEAs—All Other
7221	Transfers of Apportionments to Districts or Charter Schools—All Other
7222	Transfers of Apportionments to County Offices—All Other
7223	Transfers of Apportionments to JPAs—All Other
7281–7299	All Other Transfers (other than apportionments or pass-through)
7280	Transfers to Charter Schools in Lieu of Property Taxes (Obsolete)
7281	All Other Transfers to Districts or Charter Schools
7282	All Other Transfers to County Offices
7283	All Other Transfers to JPAs
7299	All Other Transfers Out to All Others
7438–7439	Debt Service

<b>Code</b>	<b>Title</b>
7438	Debt Service—Interest
7439	Other Debt Service—Principal
<b>OTHER FINANCING SOURCES/USES</b>	
<b>8900–8999</b>	<b>Other Financing Sources</b>
8930–8979	Other Sources
8931	Emergency Apportionments
8951	Proceeds from Sale of Bonds
8953	Proceeds from Sale/Lease Purchase of Land and Buildings
8961	County School Building Aid
8965	Transfers from Funds of Lapsed/Reorganized LEAs
8971	Proceeds from Certificates of Participation
8972	Proceeds from Capital Leases
8973	Proceeds from Lease Revenue Bonds
8979	All Other Financing Sources (use Object 8979 for proceeds of charter school loans)
<b>7600–7699</b>	
<b>7600–7699</b>	<b>Other Financing Uses</b>
7630–7699	Other Uses
7651	Transfers of Funds From Lapsed/Reorganized LEAs
7699	All Other Financing Uses
<b>8980–8999</b>	
8980–8999	Contributions Between Unrestricted and Restricted Accounts
8980	Contributions from Unrestricted Revenues
8990	Contributions from Restricted Revenues
8995	Categorical Education Block Grant Transfers
8997	Transfers of Restricted Balances (Inactive)
8998	Categorical Flexibility Transfers per Budget Act Section 12.40
<b>9700–9799</b>	
<b>9700–9799</b>	<b>FUND BALANCE, RESERVES</b>
9791	Beginning Fund Balance
9793	Audit Adjustments
9795	Other Restatements
9711	Reserve for Revolving Cash
9712	Reserve for Stores
9713	Reserve for Prepaid Expenditures (Expenses)
9719	Reserve for All Others
9730	General Reserve
9740	Legally Restricted Balance
9770	Designated for Economic Uncertainties
9775	Designated for the Unrealized Gains of Investments and Cash in County Treasury

<b>Code</b>	<b>Title</b>
9780	Other Designations
9790	Undesignated/Unappropriated Amount
<b>9100–9499</b>	<b>ASSETS</b>
9110	Cash in County Treasury
9111	Fair Value Adjustment to Cash in County Treasury
9120	Cash in Bank(s)
9130	Cash in Revolving Fund
9135	Cash with a Fiscal Agent/Trustee
9140	Cash Collections Awaiting Deposit
9150	Investments
9200	Accounts Receivable
9290	Due from Grantor Governments
9320	Stores
9330	Prepaid Expenditures (Expenses)
9340	Other Current Assets
<i>9400–9499</i>	<i>Capital Assets (accrual basis of accounting only)</i>
<i>9410</i>	<i>Land</i>
<i>9420</i>	<i>Land Improvements</i>
<i>9425</i>	<i>Accumulated Depreciation—Land Improvements</i>
<i>9430</i>	<i>Buildings</i>
<i>9435</i>	<i>Accumulated Depreciation—Buildings</i>
<i>9440</i>	<i>Equipment</i>
<i>9445</i>	<i>Accumulated Depreciation—Equipment</i>
<i>9450</i>	<i>Work in Progress</i>
<b>9500–9699</b>	<b>LIABILITIES</b>
9500	Accounts Payable (9501–9589 are reserved for local use)
9590	Due to Grantor Governments
9640	Current Loans
9650	Deferred Revenue
<i>9660–9669</i>	<i>Long-Term Liabilities (accrual basis of accounting only)</i>
<i>9661</i>	<i>General Obligation Bonds Payable</i>
<i>9662</i>	<i>State School Building Loans Payable</i>
<i>9664</i>	<i>Net OPEB Obligation</i>
<i>9665</i>	<i>Compensated Absences Payable</i>
<i>9666</i>	<i>Certificates of Participation (COPs) Payable</i>
<i>9667</i>	<i>Capital Leases Payable</i>
<i>9668</i>	<i>Lease Revenue Bonds Payable</i>
<i>9669</i>	<i>Other General Long-Term Debt</i>