

# School Fees Revenue Codes

## Guidance Document on School Fees

### Purpose:

To provide guidance on a more consistent, reliable, efficient way for the public education system to record school fee and fee waiver information by defining the necessary accounting codes for student school fee transactions for curricular, co-curricular and extra-curricular revenue and expenditures at both the LEA and school levels. Also, to provide LEA and school submission requirements for school fees and fee waiver statistical reporting and compliance attestation. This information is to:

1. Ensure reliable and consistent data (i.e., all LEAs will record information in the same way with full disclosure of fees and waivers in the accounting system),
2. Ensure compliance with laws and rules – which have been established to ensure equality of opportunity for students, and
3. Ensure accurate data for required reporting to the Legislature.

### Utah Code Annotated (UCA) and Utah Administrative Code (UAC):

General regulations related to school fees and accounting for school fees are noted below; they are available in their entirety at <https://schools.utah.gov/administrativerules> or <https://le.utah.gov/xcode/code.html>.

- UAC R277-113-5 “LEA Fiscal Responsibilities”
- UAC R277-407-12 “Budgeting and Spending Revenue Collected Through Fees – Fee Revenue Sharing Requirements”
- UCA 53G-7-501 “Definitions”
- UCA 53G-7-503 “Fees --Prohibitions -- Voluntary supplies -- Enforcement -Reporting”

### Accounting for School Fees and Fee Waivers:

#### Background:

Given differences in the accounting systems used by LEAs and schools throughout the state, providing specific transaction level guidance is somewhat challenging. This guidance document provides the applicable accounting codes to be used when recording revenue (i.e., receipt/source of funds) and expenditures (i.e., payment of funds) at the LEA level and school level.

R277-113-5(9)(b)(iv) requires that transactions be recorded accurately, utilizing the codes as established by the Board approved chart of accounts (i.e., fund, function, location, program, and object/revenue code). Based on the coding used, financial and program reports are prepared and submitted to the USBE.

Regardless of if the funds are collected or expended at the school or LEA level, all required codes (i.e., fund, function, program, revenue/object, location) must be used to ensure compliance with school fee/fee waiver regulations included below. Program codes and revenue classification/object codes are particularly critical.

### Why accrue school fees?

#### Cash-basis

Historically, LEAs have accounted for school fees on a cash-basis. This means that cash and revenue are recorded when the transaction happens (i.e., once the money is paid). Cash-basis is generally used when a person pays a fee and immediately gets a service (i.e., miscellaneous fees). An example is when you go golfing – you pay a fee and then you immediately golf (i.e., receive the service). Cash basis for school fees would be once a student paid a school fee, an LEA would record the cash and revenue in its accounting system. If a student needed a fee waiver, using cash-basis the waiver would likely be recorded off-book (i.e., not in the accounting system).

#### Accrual basis

In comparison to cash-basis accounting, once an LEA has established a fee and the obligation of a student to pay the fee - or receive a waiver – the LEA would record an accounts receivable/revenue transaction in its accounting system. When the student actually paid the fee, or received a fee waiver, another transaction would then be recorded in the accounting system to recognize the funds received (or the waiver) and reduce the amount of the receivable (i.e., the amount the student was obligated to pay).

The basis for accruing student fees:

The National Center for Education Statistics (NCES) Financial Accounting for Local and State School Systems Handbook 2014 Edition (p.45) that is based on GASB GAAP, states: “Because governmental funds use the modified accrual basis of accounting, governmental fund **revenues** should be **recognized in the accounting period in which they become susceptible to accrual**—that is, when they become both **measurable** and **available** to finance expenditures of the fiscal period. “Available” per GASB GAAP 1600.106, means “collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.” School Fees are **measurable** once an LEA fee schedule has been approved by the LEA Board and enrollment is known (i.e., registration occurs). School fee revenue is also **available** in the reporting period (i.e., the school year), as LEAs collect revenues and then use them during the school year.

GASB GAAP Codification 1600.107 further indicates “revenues that usually can and should be recorded on the accrual basis include . . . **other routinely provided services**, . . . where taxpayer **liability has been established** and **collectability is assured**, or losses can be reasonably estimated.” School Fees **can be considered routine as they occur every year** and are applicable to all students that are enrolled; there is also **a student obligation (liability) to pay the fees unless a fee waiver is provided** – if fees are not paid, collections may be sought, or fees may be sold to third-party collection agencies. An additional consideration for accruing school fees is materiality; prior audits have established that school fee revenue is material (i.e., \$71 million statewide in 2017 per the School Fees Internal Audit); this is unlike revenue for miscellaneous fees, which is typically immaterial.

The NCES Handbook further states: “Each entity should adopt a revenue accrual policy that implements the susceptibility-to-accrual criterion and applies it consistently.” GASB GAAP 1600.106 further states “Application of the “susceptibility to accrual” criterion requires judgment and consideration of the materiality of the item in question, and due regard of the practicality of the accrual, as well as consistency in application.” R277-113 requires accounting for school fees on an accrual basis and establishes a policy that will help ensure consistency in accounting for school fees and fee waivers, which are material.

## School Fee Revenue Codes Cont'd

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GASB GAAP allows for both cash-basis and accrual-basis; however, government units can establish law or policy to mandate use of one or the other. (see GAAP Revenue Recognition .108 and NCGAS 1, para 69). Such a practice is used by State Finance which has established policies mandating specific procedures for state agencies to record transactions to ensure consistent data and reporting. R277-113 mandates that school fees be accrued, with the benefits previously cited. Also note that recording transactions in the accounting system has the added benefit of making them subject to the internal control system that surrounds the accounting system.

On the financial statements an LEA should end up reporting the same net amount for school fees, whether using cash-basis or accrual basis for school fees; however, the accrual basis provides a more transparent disclosure of the situation with school fees and fee waivers.

### Why use a contra-revenue account?

The rule also calls for use of a contra account. A contra account is, as its name suggests, an account contrary to or opposite of, the usual account balance. In this case, the usual account is School Fee Revenue, so the contra account would be School Fee Revenue Waiver.

Use of contra accounts is allowed by accounting standards and is an established practice for businesses. For example, contra accounts are used when a company gives a discount. Use of the contra account allows a company to track the full sale amount of an item as well as the amount of discount that was given. Similarly, use of a contra account with school fees will allow an LEA and the state to see the full school fee amount and the amount of a fee waiver given. These transactions occur within the accounting system, where historically, fee waivers have not generally been recorded.

Tracking fee waivers in the accounting system will also be helpful because an LEA will need to identify the source of funds to cover the fee waiver – are the funds coming from another general school itself or is the waived fee covered as part of the effort of the LEA to distribute the impact of waivers across the LEA so no school carries a disproportionate share of the LEA's total fee waiver burden (R277-407- 8(2)(c)). Also, consider the following:

- LEAs **cannot use** revenue collected through **fees to offset the cost of fee waivers** by requiring students and families who do not qualify for fee waivers to pay an increased fee amount to cover the costs of students and families who qualify for fee waivers. (R277-407(8)(2)(a))
- An LEA shall establish a **spend plan** for the revenue collected from each fee charged; and if the LEA has two or more schools within the LEA, **share revenue** lost due to fee waivers across the LEA. ( R277-407-12(4)(b))
- An LEA that has multiple schools shall establish a **procedure to identify and address potential inequities** due to the impact of the number of students who receive fee waivers within each of the LEA's schools. (R277-407-13(4)(a))
- Fees must be equal to or less than the **cost of the activity** ( 53G-7-503(7)(a))
- LEA **may not** impose an additional fee or increase a fee to **supplant or subsidize** another fee (53G-7-503(7)(b))

### General Financial Coding Definitions:

The following definitions are per the USBE Chart of Accounts for the respective Code Type; for additional information on each Code Type, as well as required codes see:

<https://schools.utah.gov/financialoperations/reporting?mid=2159&tid=4>

**B. REVENUE CODES:** The revenue codes are used to describe the source of funding received/receivable. LEAs are not bound to use these codes in their financial systems. However, LEAs are required to use these codes for financial reporting to State entities including USBE and the State's Transparency website.

**E. OBJECT CODES:** Object codes are used to describe the service or commodity obtained as the result of a specific expenditure.

**C. PROGRAM CODES:** A program is a plan of activities and procedures designed to accomplish a predetermined objective or set of objectives. The program dimension of accounts provides LEA's the framework to classify expenditures by program for cost determination purposes. Revenues are required to be classified by program.

In the overall system of programs, functions, and objects, the program dimension allows all direct program costs, instructional and support, to be charged directly to the benefiting program. Additionally, use of this dimension allows concurrent classification of support services both to programs and functions.

**LOCATION CODES:** R277-113-5(9)(b)(iv)(d) requires that transactions include a location code when they are recorded. The school location code should be mapped to the official school location codes used in the USBE system of record.

## Specific Revenue Classification Code Definitions:

All school fees assessed per student must be recorded using one of the School Fees revenue classification codes in the table on the following page, as well as the other applicable codes (e.g., program, location). The amount of fee waivers assessed per student must be recorded using one of the contra revenue codes in the table on the next page, as well as the other applicable codes (e.g., program, location).

<b>Revenue Codes - School Fees</b>	<b>(Contra) Revenue Codes - Fee Waivers</b>
1740 Fees (Header - Do Not Use)	
1741 General Student Fees	1742 (Contra) General Student Fee Waivers
1743 Curricular Activity Fees	1744 (Contra) Curricular Activity Fee Waivers
1745 Co-Curricular Activity Fees	1746 (Contra) Co-Curricular Activity Fee Waivers
1747 Extra-Curricular Activity Fees	1748 (Contra) Extra-Curricular Activity Fee Waivers

The following revenue codes are for amounts charged to students that are not school fees.

- 1780 Non-Waivable Charges
- 1760 Fines
- 1770 Fundraising (Voluntary Group Fundraising)
  
- **1741 General Student Fees**  
**1742 (Contra) General Student Fees - Waivers**  
 Funds charged directly to students/parents for fees that are not directly attributable to a specific curricular, co-curricular or extra-curricular program or activity.
- **1743 Curricular Activity Fees**  
**1744 (Contra) Curricular Activity Fees - Waivers**  
 Funds charged directly to students/parents for a curricular activity. Curricular activity means an activity, a course, or a program that is intended to deliver instruction provided, sponsored, or supported by an LEA, and conducted only during school hours. These types of fees include classroom supplies, band instrument rentals, art class supplies, AP, IB, & CE textbooks.
- **New 1745 Co-Curricular Activity Fees**  
**New 1746 (Contra) Co-Curricular Activity Fees - Waivers**  
 Funds charged directly from students/parents for a co-curricular activity. Co-curricular activity means an activity, course, or program outside of school hours, that also includes a required regular school day program or curriculum. Therefore, it is an extension of a curricular activity, is included in an instructional plan and supervised or conducted by a teacher or education professional. The activities are also provided, sponsored, or supported by an LEA.

## School Fee Revenue Codes Cont'd

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- **1747 Extra-Curricular Activity Fees**

- **1748 (Contra) Extra-Curricular Activity Fees - Waivers**

Funds charged directly to students/parents for an extra-curricular activity. Extra-curricular activity means an activity or program outside of the regular school day that is provided, sponsored, or supported by an LEA and supplements or compliments, but is not part of, the LEA's required program or regular curriculum. Therefore, it is not directly related to delivering instruction and is not a curricular activity or co-curricular activity. Further, it does not include a noncurricular club as defined in UCA 53G-7-701.

- **1780 Non-Waivable Charges:**

Non-waivable charge means a cost, payment, or expenditure that is a personal discretionary charge or purchase, including: 1) a charge for insurance, unless the insurance is required for a student to participate in an activity, class, or program; 2) a charge for college credit related to the successful completion of: a concurrent enrollment class; or an advanced placement examination; or 3) except when requested or required by an LEA, a charge for a personal consumable item such as a yearbook, class ring, letterman jacket or sweater, or other similar item. Such charges may also be subject to sales tax.

- **1760 Fines:**

Funds charged to students for the following: 1) failing to return school property, 2) losing, wasting or damaging private or school property through intentional, careless, or irresponsible behavior, or 3) improper use of school property, including a parking violation.

- **1770 Fundraiser:**

An activity or event, provided, sponsored, or supported by a school that does not require students to pay or fundraise to participate. The funds can be used to support a charitable school-wide cause such as Sub-for-Santa.

## Transactions:

The sample transactions on the following page show examples of how to properly account for school fees and waivers for School Fees Statistical reporting. "Dr" means debit and will increase the balance of the object code or expenditure accounts and increase the negative balance of the contra revenue code accounts. "Cr" means credit and will increase the balance of the revenue code or income accounts.

## School Fee Revenue Codes Cont'd

### Example 1:

At ABC High School LEA #50 and School #555, students are assessed a \$15 technology fee to reimburse the secondary school for per student technology support. Note, that the payment of the technology supplies would most likely be paid in bulk and a per student journal entry would not be made.

	Program	Loc.	Balance Sheet	Object (Exp.)	Revenue Code	Amount Debit (Dr.)	Amount Credit (Cr.)	Description
a)		50-555	Accounts Receivable			15.00		Student Technology Fee assessed at registration
a)	0005	50-555			1741 General		15.00	" "
b)		50-555	Cash			15.00		Payment of Fee by student
b)		50-555	Accounts Receivable				15.00	" "
c)	0005	50-555		650 Supplies		15.00		Payment of per student technology supplies
c)		50-555	Accounts Payable				15.00	" "

Same scenario as above for an eligible fee waiver student.

	Program	Loc.	Balance Sheet	Object (Exp.)	Revenue Code	Amount Debit (Dr.)	Amount Credit (Cr.)	Description
d)		50-555	Accounts Receivable			15.00		Student Technology Fee assessed at registration
d)	0005	50-555			1741 General		15.00	" "
e)	0005	50-555			1742 General Waiver	15.00		Posting of Fee Waivers awarded to student
e)		50-555	Accounts Receivable				15.00	" "
f)	0005	50-555		650 Supplies		15.00		Payment of per student technology supplies
f)		50-555	Accounts Payable				15.00	" "

## School Fee Revenue Codes Cont'd

### Example 2:

School Fee for interschool extra-curricular football equipment \$75. Note, that the payment for the helmet pads would most likely be paid in bulk and a per student journal entry would not be made. The expenditure (object) journal entry below is just to show the matching of program revenues and expenditures by using the program codes.

	Program	Loc.	Balance Sheet	Object (Exp.)	Revenue Code	Amount Debit (Dr.)	Amount Credit (Cr.)	Description
g)		50-555	Accounts Receivable			75.00		Student football equipment fee assessed at registration
g)	0031	50-555			1747 Extra-Curricular		75.00	" "
h)		50-555	Cash			75.00		Payment of Fee by student
h)		50-555	Accounts Receivable				75.00	" "
i)	0031	50-555		615 Student Clothing		75.00		Payment for helmet pads for each player
i)		50-555	Accounts Payable				75.00	" "

Same scenario as above for an eligible fee waiver student.

	Program	Loc.	Balance Sheet	Object (Exp.)	Revenue Code	Amount Debit (Dr.)	Amount Credit (Cr.)	Description
j)		50-555	Accounts Receivable			75.00		Student football equipment fee assessed at registration
j)	0031	50-555			1747 Extra-Curricular		75.00	" "
k)	0031	50-555			1748 Extra-Curricular Waiver	75.00		Posting of Fee Waivers awarded to student
k)		50-555	Accounts Receivable				75.00	" "
l)	0031	50-555		615 Student Clothing		75.00		Payment for helmet pads for each player
l)		50-555	Accounts Payable				75.00	" "