

Approved
4/9/01

Santa Monica-Malibu Unified School District
Board of Education
*****Minutes*****

March 29, 2001

A Board of Education workshop meeting was held on Thursday, March 29, 2001 at 5:20 p.m. in the Board Room of the District's administrative offices, 1651 16th Street, Santa Monica, CA. At the conclusion of the workshop meeting and for reasons listed below in Section VI, the Board moved to CLOSED SESSION in the Board Conference Room at 9:15 p.m.

I CALL TO ORDER

5:20 p.m.

- A Roll Call
Tom Pratt - President
Julia Brownley - Vice President
Pam Brady
Jose Esacarce
Maria Leon-Vazquez
Mike Jordan
Brenda Gottfried - *In Absentia* (excused)

B Pledge of Allegiance

II WORKSHOP: Advancing Students With the Skills for Success in Mathematics with Educational Services (5:25-7:55 p.m.)

District Goal: *The District will create a coherent, equitable and articulated program of instruction in Mathematics K-12, connected to higher education goals. The Goals Connect, 1998-2003.* *Please see blue folder in the front of this folder*

Sue Gee, Assistant Superintendent, Peggy Harris, Director of Education Services and Tony Dahl, Director of Standards and Assessment presented the workshop, introducing the subject connecting Mathematics to the District Visions and Goals, see above.

An Executive Summary of the meeting, prepared by the Educational Services Department, is attached herewith and made a part hereof of these Minutes. A complete packet of information that was distributed at the meeting is attached to the Minutes and is also on file for public viewing in the department of Educational Services.

III WORKSHOP: Program Budgeting with Dr. Cohen (8:00 - 9:10 p.m.)

Planning for the conversion of the current budgeting/accounting system to the required new State Accounting System (SACS); and, the potential for the creation of the new program budgeting format.

Robert Cutting, Director of Business and Fiscal Services, presented the SACS workshop. An Executive Summary, prepared by Mr. Cutting, is attached herewith and made a part hereof of these Minutes. A complete packet of information that was distributed at the meeting is attached to and made a part hereof of these Minutes and is also on file for public viewing in the office of the Business and Fiscal Services.

IV PUBLIC COMMENTS: Public Comments is the time when members of the audience may address the Board of Education on items not scheduled on the meeting's agenda. All speakers are limited to three (3) minutes. When there is a large number of speakers, the Board may reduce the allotted time to two (2) minutes per speaker. The Brown Act (Government Code) states that Board members may not engage in discussion of issues raised during "VII, Public Comments" except to ask clarifying questions, make a brief announcement, make a brief report on his or her own activities, or to refer the matter to staff. This Public Comment section is limited to 20 minutes. **None.**

V PUBLIC COMMENTS FOR CLOSED SESSION ITEMS ONLY

VI CLOSED SESSION:

- Conference with the Superintendent and Assistant Superintendents regarding 2000-01 negotiations with the Santa Monica-Malibu Teachers Association (SMMCTA) regarding Child Development Services (CDS) and Peer Assistance and Review (PAR), pursuant to Section 54957.6 of the Brown Act.
- Personnel Matter/ Certificated Administrative Appointment/ Principal, Will Rogers Elementary School, pursuant to Section 54957 of the Brown Act.

VII ADJOURNMENT

The CLOSED SESSION of this meeting adjourned at 10:55 a.m. to a regular meeting of the Board of Education scheduled to be held at 7 p.m. on Thursday, April 5, 2001 in Board Room of the District Offices, 1651 16th Street, Santa Monica, CA.

APPROVED:

President: Tom Pratt

Secretary: Neil Schmidt

Date: 4/2/01

by Shirley D. Hansen



Santa Monica-Malibu Unified School District

1651 Sixteenth Street, Santa Monica, California 90404 • (310) 450-8338

Advancing Students with the Skills for Success-Part II, Mathematics

Board of Education Workshop

March 29, 2001

Presented by the Office of Educational Services

Executive Summary

Sue Gee, Assistant Superintendent, Peggy Harris, Director of Educational Services and Tony Dahl, Director of Standards and Assessment presented the Board of Education Mathematics Workshop. They introduced the subject connecting mathematics to the District Vision and Goals. *The District will create a coherent, equitable and articulated K-12 program of instruction in mathematics, connected to higher education goals.* The Goals Connect, 1998-2003

The old adage that "all children can learn" has many qualifiers in the climate of high expectations, high accountability. The big 'IFs' in the all children can learn adage are: * State legislatures provide adequate financial support for schools, * Every child has adequate health care, as required for appropriate cognitive development, * Every classroom is staffed by a certified teacher with an adequate salary, * Every child attends a school that meets the life-safety codes established by the states, * And each child has the opportunity to learn according to his or her developmental needs.

All children can learn the basic curriculum of the school if given equal opportunity to do so, and if provided the opportunity to learn in a classroom where standards, teaching methodologies and assessment measures are differentiated.

Included was the District picture of K-8 mathematics standards and assessments along with the Standards-Based Report Card including the development of the Algebra I end-of-course assessment.

The workshop looked at the data on State testing: How our students are performing on standardized tests, including the overview of SAT 9, Grades 2-5, Middle School SAT9 scores and the Golden State Exam Scores for Grade 8 Algebra.

Best mathematics practices included an overview of mathematics instruction in K-8. Jill Scheduling and Amelia Zimmerman-Wolff demonstrated two methodologies now in use in middle school algebra.

A Principals' panel discussed what our schools need to maximally support the District mathematics goal with an overview of elementary and middle school math programs at Rogers Elementary and John Adams, Lincoln and Malibu Middle Schools.

They showed the video, *Before It's Too Late*, from the National Commission on Mathematics and Science Teaching for the 21st Century, chaired by Sen. John Glenn of Ohio, which provides a blueprint for progress in student achievement.

The workshop concluded with a plan for implementing this blueprint in SMMUSD with questions and discussion.

Standardized Account Code Structure **(SACS) Workshop** **March 29, 2001**

Executive Summary

The Board was presented with the general background concerning the State mandated conversion of the District's account code structure scheduled to occur July 1, 2001.

The conversion team explored the reasons why this new account structure will increase the complexity of the District's accounting system and the reasons why the conversion is not further along at this late date.

This conversion to a new account code structure could result in additional accounting data being made available to Board members, administrators and other interested parties.

Early December 2001 was established as the cut-off date for modifications to the new accounting structure for the 2002-2003 fiscal year.

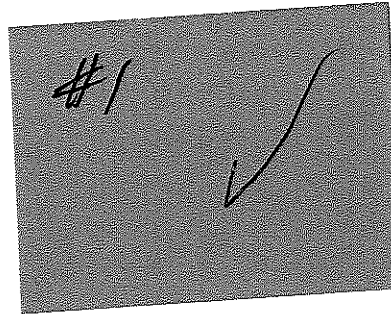
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APPROVED:

President: _____

Secretary: _____

Date: _____

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A CCOUNT
C ODE
S TRUCTURE

Board of Education Workshop
March 29, 2001

Standardized Account Code Structure Workshop

Acronym: SACS

Workshop Objective: To inform the SMMUSD Board of Education of the current status of SACS and to develop a timeline for future SACS enhancements.

1. Background: What is SACS?
2. Current Account Structure
3. Initial Basic SACS Structure
4. Potential Future Enhancements to Basic SACS Structure
5. Proposed Timeline for Enhancements to Basic SACS Structure

SMMUSD SACS CONVERSION TEAM

Dr. Art Cohen.....Asst. Superintendent, Fiscal & Business Services

Will Carey.....Director, Computer Services

Bob Cutting.....Director, Fiscal & Business Services

Jan Williams.....Asst. Director, Fiscal & Business Services

Sharon Carivau.....Supervisor, Fiscal Services

Wade Roach.....Accountant

BACKGROUND

Origin

The reform was initiated by the federal government. Accounting structures varied from one governmental entity to another. This lack of uniformity made accurate reporting and comparability nearly impossible.

SACS is not new. It began in California in 1993. State legislation was passed in 1995, adopting the reform.

Description

Succinctly, SACS is a federally mandated framework of accounting for all government entities. The State of California, through the California Department of Education, has dictated how each district will maintain and report accounting data.

Objectives

As per the *California School Accounting Manual*, SACS was designed to accomplish the following objectives:

- ◆ Establish a uniform, comprehensive and minimum chart of accounts statewide to improve financial data collection, reporting, transmission, accuracy and comparability.
- ◆ Reduce the administrative burden on local educational agencies (LEAs) in preparing required financial reports.
- ◆ Meet federal compliance guidelines and increase the opportunities for California to receive federal funding for educational programs.
- ◆ Ensure that school districts and county offices of education comply with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).
- ◆ Create a logical framework that can be used to determine where education funds come from and how they are used.
- ◆ Provide better information for use by administrators, parents, board members, legislators and others interested in school finance.

Los Angeles County Office of Education

Each county in the State develops its own schedule and selects its own software provider. All districts must be converted by July 1, 2002. The State has approved eighteen SACS software providers.

Los Angeles County Office of Education (LACOE) authorized 3 pilot districts for SACS conversion effective July 1, 2000. These pilot programs have experienced difficulty in their ability to produce warrants or accurate reports with the new SACS software.

LACOE selected Peoplesoft as their SACS software provider. Peoplesoft had developed a successful integrated accounting software package. However, Peoplesoft had yet to develop a successful "fund" accounting system. The modifications required to accommodate fund accounting proved to be far more troublesome than either LACOE or Peoplesoft imagined.

Originally, LACOE directed all 80 districts to convert to SACS on July 1, 2001. This directive was rescinded on January 30, 2001 at which time each district was given a choice between converting July 1, 2001 or July 1, 2002. On February 14, 2001, SMMUSD elected to convert July 1, 2001.

Approximately half of LACOE districts chose the earlier date. Any district that chose the earlier date could withdraw at any time but districts choosing the later date could not change their election. On March 27, 2001, SMMUSD was notified that it was one of 11 school districts that would be allowed to convert to SACS for the 2001-02 fiscal year.

LACOE controls the entire process. The District feels that SMMUSD was one of the school districts chosen to proceed with the SACS conversion because it has been diligently proceeding with the SACS conversion project and is ahead of most other districts. However, it cannot get ahead of LACOE and can only advance as far and as quickly as LACOE permits. For example, the District has yet to actually receive or work with any Peoplesoft software, and until it does, internal training cannot commence.

LACOE also supports two separate Human Resources proprietary software systems. Position control is one system; the other system maintains all payroll data and produces payroll warrants. These two stand-alone systems must be integrated with SACS in order to properly account for wages and benefits.

EXISTING ACCOUNTING STRUCTURE

Software

SMMUSD maintains accounting data on two discrete software platforms.

◆ **LACOE**

LACOE districts are required to maintain at least all major account data on the county's hardware and software. For over a decade, the county has operated a proprietary software package, Program Budgeting and Accounting (PBA) System.

◆ **INTERNAL**

In order to provide on-line purchase order capabilities and to facilitate real time and unique internal reporting, SMMUSD installed Carter-Pertaine, Inc. software on District hardware in 1992. Detail account data is maintained on this system.

The detail data is rolled-up to the appropriate major accounts. This major account data is electronically transmitted to LACOE at various intervals. Budgets are maintained on the PBA system. Warrants are only issued through the PBA system. Carter-Pertaine, Inc. accounting data and PBA accounting data are reconciled monthly.

CDE and LACOE prescribe accounting reporting requirements. LACOE provides a condensed individualized software package for each larger report. SMMUSD prepares the report locally then submits the report by diskette and printed copy.

SMMUSD has on-line access to PBA software during restricted hours.

STRUCTURE

The PBA account structure is comprised of four fields with a total of 19 digits.

- 1) **Fund** (2 digits)
Each “Fund” can be thought of as a separate set of accounting general ledger or “books”. SMMUSD maintains 17 at present.
- 2) **Object** (5 digits)
Defines an expenditure, revenue, or transaction.
- 3) **Program** (8 digits)
Designates an activity, site, or organization
- 4) **Location** (4 digits)
SMMUSD has used the first two digits for location and modified the use of the third and fourth digit to meet unique District requirements.

Currently, SMMUSD maintains over 13,000 accounts in Carter-Pertaine. This database needs to be culled down by twenty percent.

SACS BASIC STRUCTURE

SMMUSD's basic SACS structure consists of ten fields and 30 digits.

LACOE's basic SACS structure consists of six fields and 30 digits.

CDE's basic SACS structure consists of seven fields and 22 digits.

The primary variances between the three basic structures is attributable to the field(s) and digits assigned for local discretion.

SMMUSD's structure breakdown:

Fund.....2 digits

Resource.....4 digits

Project year.....1 digit

Goal.....4 digits

Function.....4 digits

Object.....4 digits

School.....3 digits

Local Discretion.....Manager (e.g.).....3 digits

Local Discretion.....Site Goal (e.g.).....3 digits

Local Discretion.....Board Goal (e.g.).....2 digits

Descriptions:

Fund

No change from the existing structure where a "Fund" is a separate set of general ledgers or books.

Resource *NEW*

This field identifies revenues. Categorical programs are examples of restricted revenues that will be tracked by the new resource code. The resource field can also be used for those items that have special reporting requirements.

Project Year *NEW*

This field identifies projects that will not be completed in the current fiscal year.

Goal *NEW*

This field identifies the instructional setting or group of students who are receiving services (e.g. regular classes, special education, Title I). This categorization of instructional setting is sometimes referred to as "program" in the context of program-based budgeting.

Function

Similar to existing "Program" field

Object

No change from the existing structure. Defines an expenditure, revenue or transaction.

School *NEW*

This field identifies a specific physical school structure.

Discretionary Fields

These fields can be used to address local needs and will not be reported to CDE or LACOE. These fields will be used to enhance the basic SACS reporting and controlling capabilities.

Cost

The District has been involved with SACS for several years. Employee time has been the primary cost incurred by SACS. The cost has been steadily increasing over the last six months and is expected to continue increasing until October, 2001 when the costs should start to decline. The exact cost of SACS is not known because the District does not have the capability of tracking District-wide project hours. SACS is not solely a Business Services project. It will effect every site and department to some extent. At this time, future SACS

costs cannot be projected accurately. LACOE has not provided the District with a cost structure (County support charges) under SACS. In addition, the amount of training required District-wide is not known.

Theoretically, each additional digit of input comes at an additional cost. Pseudo codes (preloaded abbreviations for frequently used digit codes) will be employed in an effort to limit these marginal costs.

The District has received \$4.00 per ADA from the State for SACS conversion. This funding source is being applied to the cost of equipment upgrades, outside technical consultants and programmers. SMMUSD's total SACS costs far exceed the State allotment.

POTENTIAL FUTURE ENHANCEMENTS

SACS is a mechanism to facilitate uniform classification of financial data. However, it is also an opportunity to improve our reporting and management information systems.

After SMMUSD has converted to SACS, we will have the opportunity to use the mandated and discretionary fields to develop a new district financial reporting system. This new reporting system can aid the Board of Education, Principals, and Administrators in decision-making and management regarding SMMUSD's revenues and assets. In addition, the system can provide additional information to all stakeholders of the District.

The Financial Oversight Committee has been researching new reporting formats. The Committee is aware of the pending SACS conversion and has been developing new systems that may be compatible with SACS.

Examples of potential projects supported by a new financial reporting system:

◆ User Friendly Community Financial Reports

These reports would be designed to answer basic questions about the District's finances ("Where does our money come from?"; "What did we spend it on?"; and, "How much is left?"). Instead of being developed to comply with state and county reporting requirements, they would be created to provide data to District parents and other interested community members.

◆ Strategic Planning

This project would track the specific objectives the District has established to meet its vision. The SACS account structure (local discretionary fields) would be developed to identify and correspond to plan goals.

◆ Programmed Based Budgeting

For schools, this project could realign budget data by major educational programs (e.g. English, Mathematics, Science, Art, etc.).

Besides reviewing costs by major expenditure category (salaries, benefits, books & supplies), decision-makers could see how actual expenditures for each major program, instructional setting, or group of students compare to budget. Strategic plans often necessitate some form of program-based budgeting in order to track detailed objectives.

Custom Requests

Financial data is often employed as a management tool. SACS will produce new data and make some data more readily accessible. In order to maximize the utility of SACS, Board Members and administrators may need some custom reports.

Comments

There is a cost associated with each new reporting requirement. SACS will not be a panacea for SMMUSD's accounting issues. However, it should shorten the process and marginally reduce the cost of producing the reports.

Some financial reporting projects may incur costs beyond those from the Fiscal Services and the Computer Services Departments. For example, strategic planning and/or program based budgeting may require additional site data collection time or equipment (electronic timekeeping devices).

It should be noted that financial accounting and financial reporting are not interchangeable terms. Although the two processes should be coordinated, it is possible to report financial data that is not readily available from an account structure. For example, we may discover during our research that the cost of a true *program based budget* outweighs the benefits and/or does not fit within the confines of our strategic plan. If the costs were excessive, instead of abandoning the program based budgeting concept, we could develop a database of formulas (e.g. percentage of teachers' time teaching math, art, etc.) and apply it to actual total salaries at each site to arrive at an estimate of the cost of each major program for the District. This estimate would not be as accurate as one developed through the controlled collection of actual cost detail but it may still be an effective management guide.

While financial reporting and financial accounting systems do not have to be fully synchronized, budget development structure and accounting structure should be.

POSSIBLE TIMELINE FOR SACS ENHANCEMENTS

This timeline is being provided for discussion purposes only and is not meant to be an actual schedule. It is already too late for any 2001-02 fiscal year SACS structure enhancements. If enhancement proposals are not finalized by the first week of December, 2001, it is unlikely that there will be sufficient time for 2002-2003 fiscal year enhancements to be made.

<u>Task</u>	<u>Timeline</u>
1. Advise Board on Status of SACS conversion	Aug., 2001,
2. Financial Oversight Committee submits financial reporting recommendations	Sept.-Oct., 2001
3. Fiscal & Business Services staff review recommendations	Nov., 2001
4. Board approves changes to District accounting structure, financial reports and planning techniques.	Dec., 2001

This is time sensitive. Obviously, decisions regarding community financial reporting and strategic planning have more serious ramifications than how they interact with an accounting structure. They represent major strategic and philosophical turning points for the District. Nonetheless, on a practical matter, if they require a change to the District's accounting structure, they must be made in December or await the next fiscal year.

5. Provide Board with proforma financial reporting packet.	Dec., 2001
6. Revised budget development packet developed and released.	Dec., 2001
7. In-service on new budget development process.	Dec., 2001
8. Budget Input Due	Feb., 2002
9. Preliminary budget presented to Board	Apr., 2002
10. Board approves budget	Jun. 28, 2002
11. District Provides LACOE with Budget	Jun. 28, 2002



Los Angeles County Office of Education

Donald W. Ingwerson
Superintendent

March 23, 2001

Los Angeles County
Board of Education

Michaelene D. Wagner
President

Sophia Waugh
Vice President

Rudell S. Freer

Leslie K. Gilbert-Lurie

Jeff Horton

Angie Papadakis

Barbara Sandoval

Mr. Robert Cutting
Director, Business Services
Santa Monica-Malibu Unified School District
1651 16th Street
Santa Monica CA 90404

Dear Mr. Cutting:

I am happy we had a chance to discuss the implementation of PeopleSoft and the state Standardized Account Code Structure (SACS) for fiscal year 2001-2002 the other day.

At this time, our office is finalizing the details of this implementation. We plan to schedule individual meetings with you as well as having a kick-off meeting with the eleven districts that are implementing this July. We will further discuss project milestones, additional SACS training, PeopleSoft training, chart of accounts, mutual expectations, and other essential tasks. As soon as these plans are ready, we will contact you.

We look forward to working closely with you this coming year.

If you have any questions, please feel free to contact me at (562) 922-6421.

Sincerely,


Betty Ng, Director
Division of School Financial Services

BN:cmw

cc: Dr. Arthur Cohen, Asst. Supt., Business/Fiscal Services

Dir:SACS:Contingency Plan:District Implem PS SACS July01

S.M.M.U.S.D.
FISCAL SERVICES

MAR 27 11 18 AM '01

SMMUSD CHART OF ACCOUNTS

FUNDS

<u>Current</u>		<u>SACS</u>	
01	General Fund Unrestricted	01	General Fund Unrestricted
03	General Fund Restricted	06	General Fund Restricted
11	Child Development	11	Adult Education
12	Payroll Clearance	12	Child Development
27	Deferred Maintenance	13	Cafeteria
29	Adult Education	14	Deferred Maintenance
30	Cafeteria	21	State School Building (PropX)
36	Retiree Benefits	25	Capital Facilities
60	Special Reserve:Earthquake	31	State Building: 50/50
61	Special Reserve: Sold Assets	32	State Building: 80/20
70	Building Fund	41	Special Reserve: Sold Assets
71	Capital Servicing	42	Special Reserve: Earthquake
73	Capital Facilities	56	Capital Servicing
81	State Building: 50/50	71	Retiree Benefits
82	State Building: 80/20	76	Payroll Clearance
83	Prop X - Stand Alone Fund	96	Fixed Assets
92	Fixed Assets		

New SACS Fund nomenclature:

Fund Groupings:	Governmental Funds	01-60
	Proprietary Funds	61 -70
	Fiduciary Funds	71 - 95
	Account Group	96 & 97

SACS ACCOUNT NUMBER FORMAT

Current Account Code Structure (4 fields and 20 digits)

Field 1	Field 2	Field 3	Field 4
Fund	Object	Program	Location
XX	XXXXXX	XXXXXXXXX	XXXX

Proposed SACS Account Code Structure established by SMMUSD (10 fields and 30 digits)

							Local Discretion			
Field 1	Field 2	Field 3	Field 4	Field 5	Field 6	Field 7	Field 8	Field 9	Field 10	
Fund	Resource	Project Year	Goal	Function	Object	School	Mgr	*	**	Total Digits
2	4	1	4	4	4	3	3	3	2	30

6 fields and 30 digits established by LACOE

Field 1	Field 2	Field 3	Field 4	Field 5	Field 6
Fund/ Sub-Fund	Resource/ Project Year	Goal	Function	Object	School/ Location
XX.X	XXXXX.X	XXXXXX	XXXXXX	XXXX	XXXXXXXXX

7 fields and 22 digits established by CDE

Field 1	Field 2	Field 3	Field 4	Field 5	Field 6	Field 7
Fund	Resource	Project Year	Goal	Function	Object	School
XX	XXXX	X	XXXX	XXXX	XXXX	XXX

*May be used for Site Goal

**May be used for Board Goal

Account Structure Example

Current Structure

LACOE PBA

01-23000-00000000-0000

Fund	01	General Fund - Unrestricted
Object	23000	Clerical Wages

SMMUSD Carter-Pertaine

01-231000-40085000-5190

Fund	01	General Fund - Unrestricted
Object	230000	Clerical Wages
Program	40085000	District Administration
Location	5190	Fiscal Services

Proposed SACS Structure

01-6550-2-0000-7300-2410-051-00-000-000

Fund	01	General Fund
Resource	6500	CDE SACS Conversion
Project Year	2002	Projected completion date
Goal	0000	No instructional setting or specific group or students identified
Function	7300	Fiscal Services
Object	2410	Clerical Wages
School	051	Fiscal Services
Local Discretionary Field	00	Not used
Local Discretionary Field	000	Not used
Local Discretionary Field	000	Not used

Note: One of the major changes with SACS is that "resource" identifies the source of the money. This feature will allow the District to track exactly how specific funds were disbursed. In order to facilitate this new feature, the Business Office must allocate and reconcile all revenue sources. This will be a new management tool for Board members and administrators. Depending upon our financial reporting policies, this process could also produce a new issue: "What is the appropriate use of each revenue source?"

SACS Conversion - To Do List

- ◆ Send LACOE SACS converted Chart of Accounts
- ◆ Convert Budget Development for 2002 current to 2002 SACS
- ◆ Roll Budget 2002 SACS to 2002 General Ledger
- ◆ Run and review standard reports
- ◆ Develop data file for monthly transfer to LACOE
- ◆ Develop pseudo codes to reduce long account number input strings
- ◆ Receive and become familiar with new screens from LACOE for payroll and other LACOE-based functions
- ◆ Develop SACS-based user reports
 - ▶ Budget by Manager - Standard
 - ▶ Budget by Manager - Gift
 - ▶ Budget by Manager - Formula
- ◆ Develop training materials
- ◆ Train District and site personnel in use of new account numbers
 - ▶ Budgeting
 - ▶ Purchasing
 - ▶ Warehouse
 - ▶ Payroll

Standardized Account Code Structure **(SACS) Workshop** **March 29, 2001**

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