Lessons Learned from AFR Season

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Posted on November 5, 2026



With AFR season in the rearview mirror, it's a great time to pause and review the work that went into preparing the AFR for submission. Now is the perfect time to review the new fiscal year's data and ensure that any corrections identified during AFR preparation are carried forward in FY27. Reviewing all the adjusting entries prepared in FY26 will be helpful to identify what likely needs to be corrected in FY27 as well. Here are some key areas to review:

Key Areas to Review:

- Purchase orders miscoded in FY26: Review and update as necessary in FY27
    - Ensure there are no capital codes in the Maintenance & Operation (M&O) Fund.
    - Ensure there are no repair expenses (6431/6432) in the Unrestricted Capital Outlay (UCO) Fund.
- Positions miscoded in FY26 very likely carried over to FY27 as districts rolled payroll many months ago. Some areas to review and update as necessary in FY27 include:
    - Ensure certified and classified staff are recorded using the correct codes.
        - 6110-6114: Classroom Teacher Base Salaries
        - 6115-6119: Classroom Teacher Performance Pay (all other certified staff performance pay should be coded to 6140-6149)
        - 6120-6129: Classroom Teacher Additional Pay NOT associated with additional duties
        - 6130-6139: Classroom teacher Additional Pay associated with additional duties (all other certified staff additional duty pay should be coded to 6140-6149)
        - 6140-6149: Other Certified Staff
        - 6150: Classified Salaries

Pay particular attention to supplemental assignments that change from year to year. The appropriate coding may change depending on the employee holding the assignment. For example, if a classroom science teacher served as the football coach last year, the supplemental coaching pay may have been coded to **1000-6130**. If the school counselor serves as the football coach this year, that supplemental pay should instead be coded to **1000-6140**. Simply carrying forward the prior-year coding could result in an error.

In addition to corrections identified during AFR preparation, now is a good time to proactively review FY27 transactions, purchase orders, and employee positions for these common coding issues:

Common Coding Errors to Review:

- Classroom Site Fund wages are typically coded to:
    - 6110-6114: Classroom Teacher Base Salaries
    - 6115-6119: Classroom Teacher Performance Pay
- Classroom teacher payments related to additional duties should be coded to 6130-6139.
- Contracted/outsourced teachers and substitutes should be coded to 6320. To assist in pulling this data for the AFR, using 6320 for positions and 6321 for substitutes could help in separating the contracted/outsourced expenses.
- The federal programs portion of the audit should be coded to object 6330.
- Repairs and maintenance expenditures should not be coded to object 6430. Use either 6431 or 6432.
    - 6431: Nontechnology-Related Repairs and Maintenance, functions 2600 or 2700
    - 6432: Technology-Related Repairs and Maintenance, functions 2230 or 2580
- Short-term noninstructional software subscriptions should be recorded in the UCO Fund or another allowable fund, not M&O.
    - These expenditures should not be coded to function 1000.

A little review now can save a lot of time later!

The AFR process often highlights coding issues that are easy to correct going forward but difficult and time-consuming to untangle at year-end. Taking time now to review FY27 coding, purchase orders, and employee positions can prevent those same issues from carrying into another year. Any effort put into making coding corrections now will pay dividends when it comes time to prepare the FY27 AFR. Your future self will thank you!

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