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ABSTRACT

This report presents the procedure for the accounting methods employed by California school districts for income and expenditures in instructional and support programs. The report has seven parts: (1) an introduction to accounting in local educational agencies; (2) general and subsidiary ledger accounting; (3) revenues and other financing sources; (4) expenditures and other financing uses; (5) supplies and capital outlay, including equipment, sites and improvement of sites, building fixtures, and service systems; (6) stores system procedures, controls, and accounting; and (7) accounting terminology. A schedule of changes to the California School Accounting Manual and a list of publications from the Department of Education are appended. (SI)

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# **CALIFORNIA SCHOOL ACCOUNTING MANUAL**

## **1988 Edition**

Officially approved by the

**California State Board of Education**

in accordance with *Education Code* Section 41010  
for required use by California public schools

Prepared under the direction of the

**Office of Management Reports and Analysis,  
California State Department of Education**

with the cooperation of the

**California Association of School Business Officials**

and the

**Office of the State Controller**



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## Preface

California school districts are required by law to prepare financial reports and annual budgets that show all purposes for which the districts will need financial support. These reports and budgets are prepared on forms prescribed by the Superintendent of Public Instruction. The county superintendents of schools are required to make annual financial reports to the Superintendent of Public Instruction which show for each school district in their respective counties the amounts expended for each classification of expenditure designated by the Superintendent of Public Instruction.

The California Association of School Business Officials has for a number of years been cooperating with the State Department of Education in the preparation of the accounting manuals that have been published by the Department of Education for use by the school districts and offices of the county superintendents of schools. The first of these, *Handbook of Instructions for the Classification of School Expenditures*, was published in 1939. In this manual the expenditure classifications and the instructions conformed with those being employed by the U.S. Office of Education. This handbook contained instructions for the classification of expenditures, distinguished between supplies and equipment, and defined accounting terms. A second handbook, *The Accounting of Abatements of School Revenue and Expenditure*, was published in 1941.

In 1944 the first handbook was revised to contain the expenditure classifications and procedures then recommended by the U.S. Office of Education. This edition of the manual, known as the *California School Accounting Manual, Parts I-IV*, was then revised in 1951 to secure additional segregation of expenditure classes and to provide clarification of the instructions. A supplemental guide, *Supplement to California School Accounting Manual*, published in 1954, was devoted to general ledger and stores system accounting and to classification of income.

In 1957 the U.S. Office of Education published *Financial Accounting for Local and State School Systems: Standard Receipt and Expenditure Accounts*, which was intended as a guide for nationwide standardization of accounting practices. Although certain California laws, practices, and procedures made it impractical, if not impossible, to adopt all the procedures recommended in that federal publication, in 1961 the *California School Accounting Manual* was revised to comply with as many of the federal recommendations as possible. The 1961 revision of the manual contained four parts: "Income"; "Expenditures"; "Equipment, Supplies, Improvement of Sites, Building Fixtures, and Service Systems"; and "Stores System Procedures, Controls, and Accounting."

The 1964 edition of the *California School Accounting Manual* contained three new parts developed by accounting committees of the California Association of Public School Business Officials: "General Ledger Accounting," "Program Cost Accounting," and "Accounting Terminology."

In 1966 the *California School Accounting Manual, Part I, "Income,"* was revised to provide income accounts for the many new federal programs.

The 1968 and 1971 editions served to update the 1966 edition.

A revised school accounting system was presented in the 1973 edition of the *California School Accounting Manual*. Procedures and codes were established for the accounting of income and expenditures by object, rather than by function. The new manual provided maximum flexibility, as the object accounts could be combined in any number of ways to illuminate program expenditures.

The 1976 edition of the *California School Accounting Manual* provided methods to account for income and expenditures in instructional and support programs. Account codes

and required accounting and reporting procedures were introduced in parts I, II, III, and IV; and procedures for stores systems and general ledger accounting were presented in parts V and VI.

In 1977 an amended manual was developed that included the definitions and improved methods of distributing direct costs and direct support costs to programs. That manual contained a clarification of the "Supplemental Annual Financial Report" (J-41A) and a definition of the need to distribute the costs to all programs. Several reporting documents previously required were replaced.

In 1984 the manual incorporated amendments that were developed by members of the California Association of School Business Officials in cooperation with staff from the California State Department of Education. These amendments clarified definitions and improved the object accounts for income and expenditures.

The 1986 edition incorporated the changes that were required by the passage of Assembly Bill 2557, Chapter 115, Statutes of 1985, which mandated that a new program cost accounting system be developed and implemented in the 1985-86 school year. These changes clarified the distribution costs as they relate to program cost accounting.

This edition of the *California School Accounting Manual* contains the accounting changes made as a result of the recommendations made by the Financial Management Advisory Committee. A schedule of changes to the *California School Accounting Manual* is provided in the Appendix.

Suggestions and comments about the information in this manual are encouraged and should be directed to Sandra Peck, Office of Management Reports and Analysis, P.O. Box 944272, Sacramento, CA 94244-2720; telephone (916) 323-7757.

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## Chapter 1

# An Introduction to Accounting in Local Educational Agencies

Accounting is the fiscal information system for business. The function of all accounting systems is to present fairly and with full disclosure the financial position of the business in conformity with generally accepted accounting principles. Local educational agencies (LEAs), like all other types of businesses, use accounting to record, analyze, and summarize their financial activities and status. Once the information is accumulated, it is the accountant's responsibility to evaluate, interpret, and communicate the results to all interested parties.

LEA accounting (governmental accounting) shares many characteristics with commercial accounting, but it has its own information needs and reporting requirements, one of which is to enable the LEA to determine and demonstrate compliance with finance-related legal and contractual provisions.

LEA accounting systems, like those of other governmental units, are organized and operated on a *fund* basis. Accounting for LEAs is referred to as *fund accounting*. A fund is a fiscal and accounting entity with a self-balancing set of accounts; it records cash and other financial resources together with all related liabilities and residual balances.

The financial transactions of an LEA are separated into various funds in order to permit administrators to ensure, and report on, compliance with the laws and regulations which affect the LEA.

### The Accounting Cycle

The *accounting cycle* is the sequence of events of the entire accounting process, from the initial step, which is the recognition that a transaction has occurred and must be recorded, to the final step, which is the preparation of financial statements and the filing of the basic business documents and reports. This process is referred to as a cycle because the sequence is perpetually repeated. Information should flow in the following manner:

1. A transaction occurs.
2. A source document is prepared or received. Source documents include purchase orders, invoices, vouchers, check stubs, and receipts.
3. The transaction is analyzed to determine the fund to which it relates and to which it will be posted.
4. The transaction is analyzed to determine which accounts within the fund are affected (e.g., cash, accounts receivable, accounts payable, revenue, or expenditure). The transaction will result in an increase or a decrease in the balance of each account involved in the transaction.
5. The transaction is recorded in the appropriate journal.
6. From the journal, each part of the transaction is posted to the appropriate account in the subsidiary and/or general ledger. At this point, the transactions are separated by fund.
7. Account balances are computed, and trial balances are prepared.
8. Adjusting and closing entries are prepared and posted.
9. Accounts are balanced, and a post-closing trial balance is prepared.
10. Financial statements and business documents and reports are prepared.

Steps 1 through 8 are covered in detail in Chapter 2, "General and Subsidiary Ledger Accounting." The remainder of this introduction will focus on the funds, the account groups, and the bases of accounting.

### Categories and Types of Funds

In LEA accounting, there are three categories of funds and eight fund types, as shown in the table below.

Category	Governmental funds	Proprietary funds	Feduciary funds
Fund type	General Fund Special Revenue funds Capital Project funds Debt Service funds	Enterprise funds Internal Service funds	Trust funds Agency funds
Basis of accounting	Modified accural	Accrual	Modified accrual: Expendable Trust and Agency funds Accrual: Nonexpendable Trust funds

Several funds may be included in each fund type, except the General Fund. The size of the LEA does not determine the number of funds to be used. Rather, the number of funds to be established is determined by the laws affecting the LEA. *LEAs may establish and maintain only those funds authorized by law.*

Descriptions of the funds authorized for use by LEAs are included in the outline that follows. Certain funds are required to be used when designated activities are conducted by LEAs; in addition, there are several optional funds that LEAs may use and that are included in the following descriptions.

## I. GOVERNMENTAL FUNDS

### A. General Fund (school districts) County School Service Fund (county offices)

The General Fund and the County School Service Fund are used to account for the ordinary operations of a governmental unit. *All transactions, except those required by law to be in another fund, are accounted for in these funds.*

### B. Special Revenue Funds

Special Revenue funds are established to account for the proceeds from specific revenue sources which (by law) are restricted to the financing of particular activities.

#### 1. Adult Education Fund

The Adult Education Fund exists to account separately for federal, state, and local revenues for adult education programs.

The principal revenue accounts in this fund are the following:

- 8011 Adult Education Block Entitlement
- 8094 Concurrent Adult/Apprentice Transfer from the General Fund
- 8170 Job Training Partnership Act (JTPA)
- 8290 Other Federal Revenue (i.e., Adult Basic Education)

- 8590 All Other State Revenue
- 8660 Interest
- 8671 Adult Education Fees
- 8699 All Other Local Revenue

Expenditures in this fund may be made only for adult education purposes. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code* Section 52616[c]).

## 2. Cafeteria Fund/ Account

The Cafeteria Fund (*Education Code* Section 39890) or Cafeteria Account (*Education Code* Section 39892) exists to account separately for federal, state, and local revenue used to operate the food service program.

The principal revenue accounts in this fund are the following:

- 8220 Child Nutrition Programs (Federal)
- 8520 Child Nutrition Programs (State)
- 8634 Food Service Sales
- 8660 Interest
- 8699 All Other Local Revenue

*Education Code* Section 39892 allows the governing board of any LEA to establish an account for each cafeteria established in the LEA, or for all cafeterias established in the LEA, in one or more banks. That section of the *Education Code* uses the term *account* to mean fund. Therefore, when the Cafeteria Fund is established in a separate bank account, apart from the county treasury, it is referred to as the Cafeteria Account. See also *Education Code* sections 39893 and 39894.

The Cafeteria Fund or Cafeteria Account shall be used only for such expenditures as are necessary for the operation of the LEA food service program (*Education Code* sections 39891 and 39900).

The governing board of an LEA may establish and maintain a cafeteria equipment replacement reserve within the Cafeteria Fund or Cafeteria Account for the replacement of worn-out or obsolete equipment (*Education Code* Section 39901).

## 3. Child Development Fund

The Child Development Fund exists to account separately for federal, state, and local revenue to operate child development programs (*Education Code* sections 8200-8370).

The principal revenue (and other source) accounts in this fund are the following:

- 8150 Economic Opportunity Act
- 8220 Child Nutrition Programs (Federal)
- 8510 State Preschool
- 8520 Child Nutrition Programs (State)
- 8530 Children's Centers Apportionments
- 8590 All Other State Revenue
- 8660 Interest
- 8673 Children's Centers Fees
- 8699 All Other Local Revenue
- 8911 Interfund Transfers In
- 8935 School Facilities Apportionments

The Child Development Fund may be used only for such expenditures as are necessary for the operation of child development programs.

#### 4. Deferred Maintenance Fund

The Deferred Maintenance Fund exists to account separately for state apportionments and LEA contributions for deferred maintenance purposes (*Education Code* sections 39618–39619.5).

The principal revenue (and other source) accounts in this fund are the following:

8540 Deferred Maintenance Allowance  
8660 Interest  
8915 Interfund Transfers In

Expenditures in this fund are for major repair or replacement under the plan approved by the State Allocation Board (*Education Code* Section 39618).

#### 5. Pupil Transportation Equipment Fund (Optional)

The Pupil Transportation Equipment Fund exists to account separately for state and local revenue for the acquisition, rehabilitation, or replacement of pupil transportation equipment (*Education Code* Section 41852 [b]).

Typical expenditures in this fund include items charged to object accounts 6400, Equipment, and 6500, Equipment Replacement.

#### 6. Special Reserve Fund for Other Than Capital Outlay Projects (Optional)

The Special Reserve Fund for Other Than Capital Outlay Projects exists primarily to provide for the accumulation of General Fund moneys for general operating purposes (*Education Code* Section 42842).

#### 7. Routine Repair and Regular Maintenance Fund

The Routine Repair and Regular Maintenance Fund was established for the exclusive purpose of setting aside moneys for regular maintenance and routine repair of school buildings (*Education Code* Section 17714). LEAs (as defined in *Education Code* Section 17714) are required to deposit 2 percent of their General Fund budgets in each fiscal year for the term of the lease agreements for all projects.

The principal revenue and other source accounts in this fund are the following:

8660 Interest  
8919 Other Interfund Transfers In

Expenditures in this fund may be made for those items described in the guidelines established by the State Allocation Board.

### C. Capital Project Funds

Capital Project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary funds and Trust funds).

#### 1. Building Fund

The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146). Other authorized revenues to the Building Fund are (1) proceeds from the sale or lease with option to purchase of

real property (*Education Code* Section 39363); and (2) revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code* Section 41003). Interest revenue from bond-sale proceeds must be deposited to the Bond Interest and Redemption Fund of the LEA (*Education Code* Section 41015).

The principal revenue (and other source) accounts in this fund are the following:

- 8650 Rentals and Leases
- 8660 Interest
- 8951 Proceeds from the Sale of Bonds
- 8953 Proceeds from the Sale/ Lease-Purchase of Land and Buildings

Most commonly, expenditures in the Building Fund are made against the 6000 object series of account. Another example of an authorized expenditure in the Building Fund is repayment of State School Building Aid out of proceeds from the sale of bonds (*Education Code* Section 16058).

## 2. Capital Facilities Account Fund

The Capital Facilities Account fund exists primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development. The authority for these levies may be county/city ordinances (*Government Code* sections 65970–65981) or private agreements between the LEA and the developer. Interest earned in the Capital Facilities Account Fund is restricted to that fund (*Government Code* Section 53077).

The principal revenue accounts in this fund are the following:

- 8660 Interest
- 8681 Mitigation/Developer Fees

Expenditures in the Capital Facilities Account Fund are restricted to the purposes specified in *Government Code* sections 65970–65981 or as specified in agreements with the developer (*Government Code* Section 53077).

## 3. State School Building Lease-Purchase Fund

The State School Building Lease-Purchase Fund exists primarily to account separately for state apportionments, as provided by *Education Code* sections 17700–17780. The LEA may be required to transfer to this fund any available moneys from other funds as the LEA's contribution to a particular project.

The principal revenue and other source accounts for this fund are the following:

- 8660 Interest
- 8913 Interfund Transfers In
- 8935 School Facilities Apportionments

Typical expenditures in this fund include items charged to object accounts 6200, Buildings and Improvements of Buildings, and 6300, Books and Media for New School Libraries.

## 4. Special Reserve Fund for Capital Outlay Projects (Optional)

The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code* Section 42840). Other authorized revenues which may be

transferred to the Special Reserve Fund are (1) proceeds from the sale or lease with option to purchase of real property (*Education Code* Section 39363); (2) rentals and leases of real property specifically authorized for deposit to the fund by the governing board (*Education Code* Section 41003); and (3) excess amounts sufficient to pay all unpaid bond obligations (*Education Code* Section 15235).

The principal revenue and other source accounts in this fund are the following:

- 8650 Rentals and Leases
- 8660 Interest
- 8919 Other Interfund Transfers In
- 8953 Proceeds from Sale/Lease-Purchase of Land and Buildings

Transfers authorized by the governing board from the General Fund *must be expended for capital outlay purposes*. Proceeds from the sale or lease with option to purchase may be spent for capital outlay purposes, costs of maintenance of LEA property, and future maintenance and renovation of school sites (*Education Code* Section 39363). Most commonly, expenditures for capital outlay are made against the 6000 object series of accounts.

#### D. Debt Service Funds

Debt Service funds are established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

##### 1. Bond Interest and Redemption Fund

The Bond Interest and Redemption Fund exists for the repayment of bonds issued for an LEA (*Education Code* sections 15125-15261, bond interest and sinking fund).

The bonds are issued by the board of supervisors of the county. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the LEA. Any premiums or accrued interest received from the sale of the bonds shall be deposited in the Bond Interest and Redemption Fund of the LEA.

The county auditor maintains control over the Bond Interest and Redemption Fund of the LEA. The principal and interest on the bonds shall be paid by the county treasurer from taxes levied by the county auditor-controller.

The principal revenue accounts for this fund are the following:

- 8571 State Subventions for Homeowners' Exemptions
- 8572 Other Subventions/In-lieu Taxes
- 8611 Secured Roll Taxes
- 8612 Unsecured Roll Taxes
- 8613 Prior Years' Taxes
- 8614 Supplemental Taxes
- 8660 Interest

Expenditures in this fund are limited to bond interest, redemption, and related costs. Excess moneys shall be transferred to the General Fund (*Education Code* Section 15234) or the Special Reserve Fund (*Education Code* Section 15235).

##### 2. Tax Override Fund (Optional)

The Tax Override Fund exists for the repayment of voted indebtedness tax levies (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies. An example is a public school building loan repayment.

Interest earned in the Tax Override Fund is credited to the General Fund of the LEA.

The principal revenue accounts in this fund are the following:

- 8571 State Subventions for Homeowners' Exemptions
- 8572 Other Subventions
- 8611 Secured Roll Taxes
- 8612 Unsecured Roll Taxes
- 8613 Prior Years' Taxes
- 8614 Supplemental Taxes

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Compensatory education housing repayments ( <i>Education Code</i> Section 16214).....	7639
Lease-purchase payment levies ( <i>Education Code</i> Section 39308).....	6100-6499
Construction of exceptional children's facilities repayments ( <i>Education Code</i> Section 16196).....	7639
Other voter-approved debt services levies.....	7639

## II. PROPRIETARY FUNDS

### A. Enterprise Funds

Enterprise funds are used to account for those ongoing LEA activities which, because of their income-producing character, are similar to those found in the private sector. For example, the Cafeteria Fund/Account may be recorded as an enterprise fund, but only if the intention of the governing board is to operate the Cafeteria Fund/Account as a self-supporting entity. Therefore, sufficient revenue should be generated to cover all costs of operation, including depreciation.

If the Cafeteria Fund is operated as an enterprise fund, the typical revenues and expenditures would be the same as those shown for the Cafeteria Fund on page 1-3.

### B. Internal Service Funds (Optional)

Internal Service funds are created principally to render services on a cost-reimbursement basis to other organizational units of the LEA. These funds are generally intended to be self-supporting.

#### 1. Self-insurance Fund

Self-insurance funds exist to separate moneys received for self-insurance activities from other operating funds of an LEA.

Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code* Section 39602).

The principal revenue accounts in this fund are the following:

- 8660 Interest
- 8674 In-District Premiums/Contributions
- 8677 Interagency Revenues
- 8699 All Other Local Revenue

Expenses from the Self-insurance Fund shall be made for the payment of claims, administrative costs, services, deductible insurance amounts, cost of excess insurance, and other related costs.

Amounts contributed to a Self-insurance Fund are lawfully restricted for insurance purposes (*Education Code* Section 39602).

For additional information on this topic, see also "Accounting for Self-insurance Funds," page 2-40.

## 2. Warehouse Revolving Fund (Optional)

The Warehouse Revolving Fund exists primarily to maintain budget control and stock accounting of merchandise for LEA use (*Education Code* Section 42830). The Warehouse Revolving Fund is reimbursed from various funds of the LEA for amounts used in these funds.

Expenses in the Warehouse Revolving Fund may include the purchase of stores to be placed in stock, including the costs of receiving, storing, and delivering stores (*Education Code* Section 42832).

### III. FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held in a trustee or agent capacity.

#### A. Trust Funds

##### 1. Article XIII-B Fund (Optional)

The Article XIII-B Fund is an expendable trust fund which exists to allow an LEA to establish "such contingency, emergency, unemployment, reserve, retirement, sinking fund, trust, or similar funds it shall deem reasonable and proper," as authorized in Section 5, Article XIII-B, of the state Constitution.

The principal revenue and other source accounts in this fund are the following:

- 8660 Interest
- 8919 Other Interfund Transfers In

Expenditures may not be made from the Article XIII-B Fund. Amounts from this fund must be transferred to other authorized funds before expenditures can be made.

##### 2. Retiree Benefit Fund (Optional)

The Retiree Benefit Fund is an expendable trust fund which exists to account separately for restricted moneys from salary reduction agreements, other contributions for employee retirement benefit payments, or both.

Moneys may be transferred to the Retiree Benefit Fund from other funds by periodic expense charges in amounts based on existing and future obligation requirements. Payments may be made from the fund for insurance, annuities,

administrative costs, or any other authorized purpose (*Education Code* Section 42850).

The principal revenue accounts in this fund are the following:

- 8660 Interest
- 8674 In-district Premiums/Contributions
- 8699 All Other Local Revenue

Typical expenditures in the Retiree Benefit Fund are from object accounts 3000-3999.

### 3. Foundation Trust Fund (Optional)

The Foundation Trust Fund exists primarily to account separately for moneys received from gifts or bequests (*Education Code* Section 41031). Foundation funds may be either expendable or nonexpendable trust funds.

Amounts in the Foundation Trust Fund shall be expended only for the specific purposes of the gift or bequest (*Education Code* Section 41032).

## B. Agency Funds

### 1. Payroll Clearance Fund (Optional)

The Payroll Clearance Fund exists primarily to account separately for amounts collected from employees for federal taxes, state taxes, credit unions, and other employee contributions.

### 2. Student Body Account

The Student Body Account exists primarily to enable a student body to raise and expend money to promote the general welfare, morale, and educational experiences of the student body (*Education Code* sections 48930-48938). Sources of receipts include, but are not limited to, fund-raising ventures, student-store merchandise, athletic and student body performances, concessions, publications, gifts, grants, and interest. Unorganized student body funds (*Education Code* Section 48938) are governed by the same principles of student body accounting as organized student body funds.

Disbursements from the Student Body Account may be made for merchandise, student body activities, food (*California Code of Regulations, Title 5, Education*, sections 15500 and 15501), hospitality, and student awards.

### 3. Forest Reserve Fund (county offices)

The Forest Reserve Fund exists primarily to account separately for federal forest reserve funds received by county offices of education for distribution to school districts.

## The Account Groups

In addition to the funds described, two *account groups* are used in fund accounting; they are the general fixed-asset account group and the general long-term debt account group. The account groups are self-balancing sets of accounting records which record the existence and amounts of the general fixed assets and the general long-term debt of the LEA. The term *general* in the title of the account groups indicates that the assets and long-term debt are not included in a specific fund.

### **The General Fixed-Asset Account Group**

The general fixed-asset account group is a management control and accountability listing of the LEA's general fixed assets. It is established to account for long-lived assets not accounted for in the Proprietary or Trust funds. General fixed assets are those assets of a physical nature which have a long period of usefulness to and are owned by the LEA. They include buildings, land, furniture, and equipment.

*Education Code* Section 35168 requires that LEAs maintain information on equipment, including cost, description, name, identification numbers, acquisition date, location of use, and the time and means of disposal. LEAs should maintain similar information for all fixed assets. All fixed assets should be recorded at cost. In instances in which information on the cost of an item is not available, LEAs should use the estimated cost. Donated fixed assets should be recorded at their estimated fair market value at the time received.

### **The General Long-term Debt Account Group**

The general long-term account group is established to account for the unmatured principal of long-term indebtedness that is not the primary obligation of the proprietary or trust funds. Long-term debt is composed of outstanding bonds, long-term notes payable, long-term leases, and long-term liabilities for compensated absence. Typically, long-term debts are incurred to construct or purchase buildings, land, and equipment for the LEA. LEAs should maintain detailed information on all of their long-term debt, including issue date, interest rate, total debt outstanding, principal and interest repayment, and the like.

Although some LEAs maintain general fixed-asset and general long-term debt account groups during the year, in most cases these account groups are set up at the end of the year as a part of the financial statement preparation. LEAs should maintain detailed information, including all additions and deletions, on their fixed assets and long-term debt to facilitate the establishment of the account groups for inclusion in the annual audited financial statements.

### **Basis of Accounting**

The Governmental Accounting Standards Board (GASB) defines *basis of accounting* in the following manner: "*Basis of accounting* refers to *when* revenues, expenditures, expenses, and transfers—and the related assets and liabilities—are recognized in the accounts and reported in the financial statements." The term *recognized* in this definition means recorded.

A cash basis accounting system is one in which revenues and transfers in are only recorded (recognized) in the accounts when cash is received; expenditures and transfers out are recorded only when cash is disbursed. The cash basis is not acceptable for use in LEA accounting.

The accrual basis and the modified accrual basis are the accepted accounting methods for LEAs because these bases result in accounting measurements based on the substance of events and transactions, rather than on the receipt or disbursement of cash.

In both the accrual basis and the modified accrual basis, revenues and expenditures are recorded in the books before cash is received or paid out. In an accrual basis accounting system, revenues are recorded in the accounting period in which they are earned and become measurable (known); expenses are recorded in the period in which liabilities are incurred (when goods are received or services rendered); and transfers are recorded in the accounting period in which the interfund receivable and payable arise. In LEAs, only the Proprietary funds and Nonexpendable Trust funds are accounted for on the accrual basis.

In the modified accrual basis, revenues are recorded when they become available and measurable (known). The term *available* means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. Expenditures, if measurable, are recorded in the accounting period in which the liability is incurred, except unmatured interest on general long-term debt, which should be recorded when it is due. The governmental funds and the expendable trust and agency funds are accounted for on the modified accrual basis. In both the accrual basis and the modified accrual basis systems, when the amount of the revenues or expenditures is not known (measurable), it should not be recorded.

## Chapter 2

# General and Subsidiary Ledger Accounting

Chapter 1 contained discussions of all the funds that might be used by an LEA. Each of those funds is a separate group of self-balancing accounts. For accounts to be self-balancing, the totals of the accounts having debit (Dr) balances must equal the totals of the accounts having credit (Cr) balances.

An *account* is the device which accumulates the net effect of all financial transactions on one item of assets, liabilities, fund balance, revenue, or expenditure. For example, the *cash account* in the General Fund will show all of the transactions that affected cash in the General Fund for a given period of time. All the accounts within each fund will be classified as either an asset, a liability, a fund balance (or retained earnings), a revenue, or an expenditure (expense) account.

The revenue and expenditure accounts are referred to as “temporary, or nominal,” accounts because they are “closed out” at the end of the year and become part of the fund balance. These revenue and expenditure accounts are reopened at the beginning of each fiscal year. During the year, the accounting equation for a fund is:

$$\begin{array}{rcccccc} \text{Assets} & = & \text{Liabilities} & + & \text{Fund Balance} & + & \text{Revenues (and} & - & \text{Expenditures} \\ & & & & & & \text{other sources)} & & \text{(and other uses)} \\ \text{(Dr)} & = & \text{(Cr)} & + & \text{(Cr)} & + & \text{(Cr)} & - & \text{(Dr)} \end{array}$$

The asset, liability, and fund balance accounts are “permanent,” or “real,” accounts which exist throughout the life of a fund. These accounts are not “closed” at the end of the year. The accounting equation for a fund at the end of the fiscal year is:

$$\begin{array}{rcccc} \text{Assets} & = & \text{Liabilities} & + & \text{Fund Balance} \\ \text{(Dr)} & = & \text{(Cr)} & + & \text{(Cr)} \end{array}$$

### The General Ledger

The *General Ledger* is defined as the book, file, computer run, or other device which contains the accounts that are necessary to reflect in summary or in detail the financial operations and the financial condition of the LEA. The General Ledger for a fund will show the group of self-balancing accounts for that fund. A General Ledger will be maintained for each fund of an LEA. The sequence of accounts in the General Ledger will follow the order in which the accounts are presented in the financial statements—assets first and then liabilities, fund balance, revenues, and expenditures.

### The Chart of Accounts

A list of all the accounts of an LEA and the numbers assigned to the accounts is called a *chart of accounts*. The identification of the specific accounts to be used by an LEA should be one of the first steps in setting up the accounting system. New accounts may be added or unnecessary ones may be deleted once the system is in use.

All the accounts listed in the chart of accounts below are applicable to the General Fund; they may also apply to other funds maintained by the LEA.

## Chart of Accounts

		Normal bal- ance
<b>Assets</b>		
9110	Cash in County Treasury .....	Dr
9120	Cash in Bank(s) ( <i>Education Code</i> sections 35314, 52704, and 39892) .....	Dr
9130	Revolving Cash Fund ( <i>Education Code</i> sections 42800-42806, 42810, 42820, and 42821) .....	Dr
9135	Cash with a Fiscal Agent (Revolving Funds with a Fiscal Agent) .....	Dr
9140	Cash Collections Awaiting Deposit ( <i>Education Code</i> Section 41001) .....	Dr
9150	Investments at Cost ( <i>Education Code</i> Section 41015) .....	Dr
9160	Accounts Receivable .....	Dr
9170	Due from Other Funds .....	Dr
9210	Stores .....	Dr
9220	Prepaid Expenditures (Expenses) .....	Dr
9300	Other Current Assets .....	Dr
9310	Assets Frozen ( <i>Education Code</i> Section 41372) .....	Dr
<b>Liabilities</b>		
9510	Accounts Payable (Current Liabilities) .....	Cr
9520	Due to Other Funds .....	Cr
9530	Temporary Loans .....	Cr
9540	Deferred Revenue .....	Cr
<b>Fund Balance (Reserved)</b>		
9610	Reserve for Nonexpendable Assets .....	Cr
9620	Reserve for Encumbrances .....	Cr
9630	General Reserve ( <i>Education Code</i> sections 1621 and 42124) .....	Cr
<b>Fund Balance (Unreserved)</b>		
9710*	Designated for Economic Uncertainties .....	Cr
9720-		
9789	Other Designations .....	Cr
9790*	Undesignated/Unappropriated .....	Cr
<b>Budgetary Accounts</b>		
9810	Estimated Revenue .....	Dr
9815	Estimated Other Financing Sources (Optional) .....	Dr
9820	Appropriations .....	Cr
9825	Estimated Other Financing Uses (Optional) .....	Cr
9830	Encumbrances .....	Dr
<b>Control Accounts</b>		
9840	Revenue .....	Cr
9845	Other Financing Sources (Optional) .....	Cr
9850	Expenditures .....	Dr
9855	Other Financing Uses (Optional) .....	Dr
<b>Nonoperating Accounts</b>		
9910	Suspense Clearing .....	Dr, Cr
The following accounts will be used in the general fixed asset account group:		
9400	Fixed Assets .....	Dr
9690	Investment in Fixed Assets .....	Cr

\*LEAs may use accounts 9710 and 9790 for contributed capital and retained earnings in the proprietary funds.

Definitions of, and explanatory notes about, the accounts listed in the Chart of Accounts follow.

- 9110 *Cash in County Treasury.* Beginning cash balance, plus all monies deposited in the county treasury less disbursements. Included herein are all amounts added or deducted at the county level.
- 9120 *Cash in Bank(s).* Indicated balances in separate bank accounts for adult education incidentals, scholarships and loans, school farm accounts and cafeteria accounts (*Education Code* sections 35314, 52704, and 39892).
- 9130 *Revolving Cash Fund.* (1) A recording of the establishment and maintenance of a cash fund for the use of the chief accounting officer or other designated official of the LEA in accordance with *Education Code* sections 42800-42806, 42810, 42820, and 42821. This fund is similar in use and control to accounts known as petty cash funds. Once this fund is established, it should be carried indefinitely in the General Ledger and shown in all balance sheets and budgets until it is abolished. The amount recorded will vary only through increase or decrease in the total amount approved for the fund. It should be noted that the Revolving Cash Fund is a reservation of cash within an already established fund and is not to be considered or accounted for as a separate fund or entity. (2) A sum of money, either in the form of currency or a special bank account, set aside for the purpose of making change or immediate payments of small amounts. The invoices for these payments are accumulated, and the fund is reimbursed from LEA funds, thus maintaining the fund at the predetermined amount.
- Checks drawn on a prepayment fund may not be for more than \$1,000, including tax and freight (*Education Code* Section 42821).
- 9135 *Cash with a Fiscal Agent. (Revolving Funds with a Fiscal Agent).* Deposits with a fiscal agent, such as a third-party administrator for self-insurance.
- 9140 *Cash Collections Awaiting Deposit.* Receipts not yet deposited in the county treasury (*Education Code* Section 41001). This account also includes any moneys in a bank clearing account awaiting deposit in the county treasury (*Education Code* Section 41017).
- 9150 *Investments at Cost.* Investments authorized by the governing board of the LEA in any of the investments specified in Section 53601 or Section 16430 of the *Government Code* (*Education Code* Section 41015).
- 9160 *Accounts Receivable.* Amounts due from private persons, firms, corporations, or governmental agencies. Accounts receivable shall be limited to auditable amounts (usually based on contractual agreements); to amounts billed but not received; and, within provisions of law, to amounts which were earned by the close of the fiscal year and which might have been received and deposited in the county treasury by that date except for the lack of time for settlement.
- 9170 *Due from Other Funds.* Amounts due from other funds of the LEA.
- 9210 *Stores.* Amounts of materials, supplies, and possibly certain equipment kept in a central warehouse and subject to requisition and use.
- 9220 *Prepaid Expenditures (Expenses).* Payments made in advance of the receipt and use of services. Prepaid insurance premiums are illustrative. That portion of the premium paid in advance for coverage beyond the current fiscal year may be charged to Prepaid Expenditures. Adjustments to this account in the succeeding fiscal years apportion the premium over the period covered.

It is important to note that in fund accounting, expenditures for insurance and similar services extending over more than one accounting period *need not* be allocated between or among accounting periods, but may be accounted for as expenditures in the period of acquisition.

- 9300 *Other Current Assets.* Assets that are available or that can be made readily available to meet the cost of operations or to pay current liabilities.
- 9310 *Assets Frozen.* Funds withheld until certain legal requirements are met (e.g., funds withheld under provisions of *Education Code Section 41372*).
- 9510 *Accounts Payable (Current Liabilities).* Amounts due to private persons, firms, corporations, or governmental agencies for services rendered and goods received on or before the close of the fiscal year. Do not include "encumbrances" represented by purchase orders or contracts, or portions thereof, for services or goods to be furnished after the close of the fiscal year. Include salaries earned but not paid until after June 30, amounts owed to other LEAs for tuition payments, that portion of construction contracts represented by work done by the close of the fiscal period, invoices for materials or equipment received prior to June 30, and so forth.
- 9520 *Due to Other Funds.* Amounts due to other funds within the LEA.
- 9530 *Temporary Loans.* Short-term obligations representing amounts borrowed for short periods of time and usually evidenced by notes payable. Such loans may be unsecured or secured by specific revenues to be collected, such as tax anticipation notes.
- 9540 *Deferred Revenue.* Revenue which has been received, but is unearned, as of June 30.
- 9610 *Reserve for Nonexpendable Assets.* An account set up to reflect the value of nonexpendable asset accounts such as Stores, Prepaid Expenditures, and the Revolving Cash Fund. At the beginning of the fiscal year, this account is credited with the same amounts that are set up as debits to the previously described asset accounts. At the close of the year, it is adjusted to reflect the net increase or decrease during the year in these amounts.
- 9620 *Reserve for Encumbrances.* An amount set aside to provide for encumbrances.
- 9630 *General Reserve.* The amount set aside by the governing board to meet cash requirements in the succeeding fiscal year until adequate proceeds from the taxes levied or from the apportionment of state funds are available.
- 9710 *Designated for Economic Uncertainties.* That portion of the fund balance which has been designated (set aside) by the governing board to provide for emergencies or economic events, such as revenue shortfalls, which could not be anticipated.
- 9720–  
9789 *Other Designations.* The portion of the fund balance which has been set aside by the governing board for specific purposes.
- 9790 *Undesignated/ Unappropriated.* This account represents the excess of the fund's assets over its liabilities, plus a budgetary element—the excess of estimated revenue (and estimated other financing sources) over appropriations (and estimated other financing uses).
- 9810 *Estimated Revenue.* The budgetary account which shows all revenue estimated to be received or accrued during the fiscal year. This account is a control account in a fund's General Ledger, and it must agree with the subsidiary ledger.
- 9815 *Estimated Other Financing Sources (Optional).* The budgetary account which shows all the other financial resources which are estimated to be received or accrued during the fiscal year. This account is optional; LEAs may use account 9810 to record both budgeted revenue and other sources.
- 9820 *Appropriations.* Authorization granted by the governing board to make expenditures and to incur obligations for specific purposes and amounts within the fiscal year. This account is a control account in the General Ledger, and it must agree with the subsidiary ledger.

- 9825 *Estimated Other Financing Uses (Optional)*. The budgetary account that shows all of the other financial obligations which will be paid or will accrue during the fiscal year. This account is optional; LEAs may use account 9820 to record both appropriations and estimated other uses.
- 9830 *Encumbrances*. Obligations in the form of purchase orders, contracts, salaries, or other commitments that are chargeable to an appropriation and for which part of the appropriation is reserved. Encumbrances are cancelled when the obligation is paid or when the actual liability is set up. This control account represents the total amount of the appropriations that has been designated for expenditure for specified purposes.
- Details of encumbrances by classification or account are recorded in the same subsidiary Appropriations Ledger in which expenditures are recorded.
- 9840 *Revenue*. The control account for all revenue that is received or accrued during the fiscal year.
- 9845 *Other Financing Sources (Optional)*. The control account for other financing sources. This account is optional; LEAs may use account 9840 as the control account for revenue and other financing sources.
- 9850 *Expenditures*. The control account for all expenditures that are paid or accrued during the fiscal year.
- 9855 *Other Financing Uses (Optional)*. The control account for other financing uses. This account is optional; LEAs may use account 9850 as the control account for expenditures and other financing uses.
- 9910 *Suspense Clearing*. An account that carries charges or credits temporarily pending to the determination of the proper account or accounts to which they are to be posted and that may be used for posting of amounts not yet analyzed to decide whether they should be revenue, expenditure, or abatement. Charges that must be allocated or prorated may be posted in this account until such allocation or proration can be calculated. This account must zero balance at the close of the fiscal year and should be reviewed monthly.
- 9400 *Fixed Assets*. Accounts that will be used in the fixed asset account group to present the assets of the LEA which are of a permanent character and which are intended to continue to be held or used.
- 9410 *Land*
- 9420 *Improvement of Sites*
- 9430 *Buildings*
- 9440 *Equipment*
- 9450 *Work in Progress*. An asset representing the value of partially completed work.
- 9690 *Investment in Fixed Assets*. An account in the general fixed asset account group which represents the LEA's equity in general fixed assets.

### Subsidiary Ledgers

When it is necessary to provide more detail regarding accounts in the General Ledger, special ledgers, called *subsidiary ledgers*, are maintained. The subsidiary ledgers support accounts, called *control accounts*, in the General Ledger.

Four General Ledger control accounts have been described: Revenue (9840), Other Financing Sources—Optional (9845), Expenditures (9850), and Other Financing Uses—Optional (9855). When Revenue (9840) is used as a control account in the General Ledger, a subsidiary Revenue Ledger will

be maintained to provide detailed information on the source of all revenues. For example, the subsidiary ledger might be used to maintain the following accounts:

<i>Account number</i>	<i>Account name</i>
8011	Principal Apportionment
8021	'Homeowners' Exemptions
8041	Secured Roll Taxes
8110	Maintenance and Operations

The total revenue received by the LEA at any given time will be shown in the control account, and the breakdown of this total revenue, by *source*, will be shown in the subsidiary Revenue Ledger. The balance in the subsidiary Revenue Ledger (Credit) must agree with the balance in the revenue control account (Credit). A complete list of revenue accounts, by source, is shown on pages . If a revenue control account is not used, the revenue accounts, by source, will be used in place of account 9840 (Revenue) in the General Ledger.

The expenditures control account (9850) will be supported by a subsidiary Expenditures Ledger (Appropriations Ledger) which will have separate accounts for objects of expenditure such as salaries, fringe benefits, and books, or it may contain accounts which break down expenditures, by program (and within each program into salaries and so forth). The expenditures control account will show the *total* expenditures for a given period of time, and the subsidiary Expenditures Ledger will show the breakdown of this total, by program and object.

Subsidiary ledgers may be set up for any General Ledger account which requires a high level of detail. For each subsidiary ledger, a control account *must* be maintained in the General Ledger. The balance of the control account must agree with the sum of the account balances in the subsidiary ledger that it controls. Therefore, each time an amount is posted to a control account in the General Ledger, a like amount must be posted to an account or accounts in a subsidiary ledger.

In addition to revenue, expenditures, other financing sources, and other financing uses, subsidiary ledgers are often maintained to account for the detailed transactions of investments, accounts receivable, accounts payable, stores, and fixed assets.

### **Budgetary Accounts**

One of the unique features of fund accounting is the use of budgetary accounts. Typically, budgetary accounts are not used in commercial accounting. The revenue and expenditure accounts are the "real," or "actual," accounts which present the *actual* activity of the fund. In contrast, the budgetary accounts show how much is *estimated* to be spent or received from each revenue source during a given period of time to carry out the LEA's goals. Budgetary accounts are projections. When the estimated revenues equal the estimated expenditures, the budget is "in balance." The budgetary accounts allow for comparison of actual revenues and expenditures to estimated revenues and expenditures.

The budgetary control accounts used by LEAs are Estimated Revenue (9810), Estimated Other Financing Sources (9815), Appropriations (9820), Estimated Other Financing Uses (9825), and Encumbrances (9830). These control accounts must be supported by detailed budgetary accounts in the subsidiary revenue and subsidiary expenditure ledgers.

Budgetary accounts will not be used for all funds. Budgetary accounts are included as part of the General Ledger for each fund in which money is subject to restricted use. In LEAs, there are usually budgets and budgetary accounts for governmental funds.

Budgetary accounts have two purposes:

1. To record the estimated revenues of a fund, by source and amount. The recording of actual revenues allows for a comparison of the actual revenues to the estimated revenues.
2. To record the limits that are set on the expenditure levels by the appropriations. The recording of actual expenditures allows for a comparison of the actual expenditures to the amounts which are available to be committed or expended within the limits set by law or by the governing board.

### The Trial Balance and Other Proofs

Periodically, checks must be made to ensure that the debits and credits in the General Ledger are equal and to verify account balances. The *trial balance* is used to prove the equality of debits and credits. A sample trial balance is shown on page 2-16. The trial balance should be used at least monthly.

Other means of verifying account balances should also be used regularly. For example, the balance of the account Cash in County Treasury should be reconciled with the records of the county superintendent of schools or with those of the county auditor on a monthly basis. In addition to monthly reconciliations of all cash accounts, the control accounts should be reconciled periodically with the subsidiary ledgers.

### General Ledger Procedures

Certain procedures should be followed in opening and maintaining the General Ledger. Some of the following steps may be automatically generated by a computerized system.

#### Opening the General Ledger

In the opening of the General Ledger for the first time, care should be taken to use the proper accounts and amounts. These are usually available from either the county superintendent of schools or the county auditor.

*Determining asset, liability, and fund balance values.* One of the first steps in opening the General Ledger is to list each fund's assets, by title and amount, with the total, as in the following example:

#### General Fund

<i>Account</i>	<i>Assets</i>	
9110	Cash in County Treasury .....	\$100,042.67
9130	Revolving Cash Fund .....	500.00
9140	Cash Collections Awaiting Deposit .....	24.17
9150	Investments at Cost .....	0
9160	Accounts Receivable .....	1,597.18
9170	Due from Other Funds .....	694.39
9210	Stores .....	0
	<b>Total assets .....</b>	<b>\$102,858.41</b>

A similar list is then made of the fund's liabilities:

<i>Account</i>	<i>Liabilities</i>	
9510	Accounts Payable .....	\$9,763.45
9520	Due to Other Funds .....	113.18
	<b>Total liabilities .....</b>	<b>\$9,876.63</b>

Now, the total liabilities are subtracted from the total assets, and the difference is labeled "Fund Balance" in this manner:

<i>Account</i>	<b>Total assets .....</b>	<b>\$102,858.41</b>
	<b>Less total liabilities .....</b>	<b>9,876.63</b>
		<hr/>
9610- 9790	<b>Fund Balance .....</b>	<b>\$ 92,981.78</b>

This information is now used to prepare an opening journal entry. This opening entry is usually made on a form known as a General Journal Entry Form, listing accounts affected and showing in separate columns the amounts to be posted later to the General Ledger as debits or credits. A complete file of these forms, either bound in a book or collected in some other file, make up the General Journal.

*Preparing the opening General Journal entry.* The opening General Journal entry is made as follows:

J1:

<i>Date</i>	<i>Account</i>	<i>Debit</i>	<i>Credit</i>
7-1-89	9110 Cash in County Treasury . . . . .	\$100,042.67	
	9130 Revolving Cash Fund . . . . .	500.00	
	9140 Cash Collections Awaiting Deposit . . . . .	24.17	
	9160 Accounts Receivable . . . . .	1,597.18	
	9170 Due from Other Funds . . . . .	694.39	
	9510 Accounts Payable . . . . .		\$ 9,763.45
	9520 Due to Other Funds . . . . .		113.18
	9790 Undesignated/Unappropriated Fund Balance . . . . .		92,981.78
		<u>\$102,858.41</u>	<u>\$102,858.41</u>

To record the opening entry in the General Fund as of July 1, 1989

This process would be followed for each of the LEA's funds.

Several points should be noted, as illustrated in the preceding General Journal entry. First, no account is opened that is not needed. For example, no amount is shown in the original list of assets for Cash on Hand and in Banks, Stores, or Investments at Cost. Therefore, no account was opened for any of these assets. If need should arise later in the year for any of these accounts, the account may be opened at that time.

The second point to note is that the total of the debit amounts equals the total of the credit amounts. *This must always be true of any journal entry.* Care exercised in ensuring the equality of debit and credit totals will avoid difficulty with the General Ledger.

Another point to note is the layout, or "form," of the entry itself. The debit accounts and amounts are placed to the left, and the credit accounts and amounts are placed to the right. This layout is usual bookkeeping practice.

A final point is the description of the entry. The description is the explanation of what is being done by means of the entry. In the illustration, the explanation shows that this entry records for the first time the assets, liabilities, and fund balance of the fund as of July 1, 1989. Some description is always necessary in a General Journal entry.

*Posting the General Ledger.* The General Ledger is posted from the General Journal. The term *posted* means the orderly transcription of the information from a journal to a ledger. Each line of the journal is posted to the proper ledger account as either a debit or a credit entry. For example, in the preceding illustration, the first line of the journal entry is "Cash in County Treasury . . . \$100,042.67" and is posted to the General Ledger as follows:

Account 9110		Cash in County Treasury			Page 1
<i>Date</i>	<i>Reference</i>	<i>Debit</i>	<i>Credit</i>	<i>Balance</i>	<i>Dr/Cr</i>
7-1-89	J1	\$100,042.67		\$100,042.67	Dr

Note that the entry is made in the debit column and is also entered in the balance column. In this case the amount of the debit is the same as the balance since there was no previous balance in the account. If there had been such a balance, this entry would have been added to a debit balance or subtracted from a credit balance, and the new balance would have been entered. Finally, in the last column an entry is made to show that the net balance of this account is a debit (Dr) balance.

Each line of the journal entry is similarly posted until the entire opening entry has been completely transcribed to the General Ledger. Opening of the General Ledger is now complete. At this point, a total of eight General Ledger accounts will be open with balances the same as shown in the opening journal entry.

The column in the General Ledger account headed "Reference" is used to show the page or other reference to the source of the entry. In this illustration the entry "J1" was made to indicate that information for this entry was obtained from the General Journal (abbreviated as "J") and that it was found on page 1. Other references will be developed for other posting sources as they are required. By this method any item in the General Ledger may be traced back to its origin without difficulty.

### Recording the Approved Budget—Revenue

The approved LEA budget provides information for recording the budget in the General Ledger.

*Determining values to be entered.* The revenue section of the General Fund budget might look like this:

1. Revenue			
8010-8099	Revenue Limit Sources		
8011	Principal Apportionment/State Aid—Current Year . . . . .	\$277,528	
8041	Secured Roll Taxes . . . . .	345,888	
8042	Unsecured Roll Taxes . . . . .	2,700	
8100-8299	Federal Revenue		
8110	Maintenance and Operations . . . . .	2,500	
8170	Job Training Partnership Act . . . . .	1,000	
8300-8599	Other State Revenues		
8331	Gifted and Talented Pupils . . . . .	1,148	
8342	Home-to-School Transportation . . . . .	7,500	
8600-8799	Other Local Revenues		
8799	Other Transfers In/From All Others . . . . .	3,000	
	Total Estimated Revenue . . . . .		<u>\$641,264</u>

Each of the items of estimated revenue should be accounted for separately so that excess revenue or revenue deficiencies may be readily seen. This separate accounting is accomplished by the use of a group of accounts known as the Revenue Ledger.

The Revenue Ledger is a *subsidiary ledger*. The total of the original estimates entered in this ledger agrees with the total of the General Ledger control account Estimated Revenue (9810). The subsidiary ledger (Revenue Ledger) and the General Ledger are both posted from the same journal entry.

The original entry of the approved revenue budget is subject to adjustment later if revenue estimates change.

*Preparing the journal entry.* The General Ledger and subsidiary ledger accounts and the amounts for each are listed in the journal entry as a record of the estimated revenue, as has been done in the following example:

J2:

Date	Account	Debit	Credit
7-1-89	9810 Estimated Revenue	\$641,264.00	
	9790 Undesignated/Unappropriated Fund Balance		\$641,264.00
			<i>(Budgeted amounts)</i>
<i>Account</i>		<i>Subsidiary Revenue Ledger</i>	
8011	Principal Apportionment—Current Year . . . . .		\$277,528.00
8041	Secured Roll Taxes . . . . .		345,888.00
8042	Unsecured Roll Taxes . . . . .		2,700.00
8110	Maintenance and Operation . . . . .		2,500.00
8170	Job Training Partnership Act . . . . .		1,000.00
8331	Gifted and Talented Pupils . . . . .		1,148.00
8342	Home-to-School Transportation . . . . .		7,500.00
8799	Other Transfers In . . . . .		3,000.00
			<u>\$641,264.00</u>

To record estimated revenue for fiscal year 1989-90 as contained in the official approved budget

Several things should be noted about the preceding journal entry. First, this is a General Journal entry, just like the one used to open the books for the first time. *This entry, however, also carries the information for posting a subsidiary ledger* (the subsidiary Revenue Ledger).

Next, note that this entry is referred to as simply a journal entry, rather than a General Journal entry. This reference is usual practice. The term *general* is used only when there is a possibility of confusion with other journals if it were omitted.

One should also observe the arrangement of the journal entry. The General Ledger amounts are carried in the debit and credit columns, respectively. Subsidiary ledger amounts are carried to the left and do not have the balancing feature of debits and credits; the single postings to the individual Revenue Ledger accounts represent the breakdown of the total shown in the estimated revenue (General Ledger) account.

*Posting the General Ledger.* The journal entry for recording the approved budget is posted to the General Ledger in the same manner as the journal entry that originally opened the books, as has been done in the following examples:

Account 9810		Estimated Revenue		Page 1	
Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-89	J2	\$641,264.00		\$641,264.00	Dr

Account 9790		Undesignated/Unappropriated Fund Balance			
Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-89	J1		\$92,981.78	\$92,981.78	Cr
7-1-89	J2		\$641,264.00	\$734,245.78	Cr

*Posting the subsidiary ledger.* The subsidiary Revenue Ledger is posted from the detailed breakdown shown in the journal entry. Each account is posted to show the amounts carried in the journal entry in the "Estimated revenue" and "Estimated to be received" columns.

## REVENUE LEDGER

Account 8041

Secured Roll Taxes

Page 6

<i>Date</i>	<i>Reference</i>	<i>Estimated revenue</i>	<i>Amounts received</i>	<i>Total received to date</i>	<i>Estimated to be received</i>
7-1-89	J2	<b>\$345,888.00</b>			<b>\$345,888.00</b>

Each revenue ledger account is similiary posted.

### Recording the Approved Budget—Expenditures

Expenditure values, like revenue values, are taken from the official budget, as has been done in the example that follows:

1000	Certificated Salaries	
	1100 Teachers' Salaries.....	\$360,000
	1200 School Administrators' Salaries.....	24,000
	1300 Supervisors' Salaries.....	25,000
	1400 Librarians' Salaries.....	2,000
	1500 Guidance, Welfare, and Attendance Salaries.....	10,000
	1600 Physical and Mental Health Salaries.....	1,500
	1700 Superintendents' Salaries.....	10,000
	1800 Other Administrative Salaries.....	1,000
	1900 Other Certificated Salaries.....	1,000
	Total Certificated Salaries.....	\$434,500
2000	Classified Salaries	
	2100 Instructional Aides' Salaries.....	2,000
	2200 Administrative Salaries.....	3,100
	2300 Clerical Salaries.....	7,000
	2400 Maintenance and Operation Salaries.....	36,000
	2500 Food Services Salaries.....	5,000
	2600 Transportation Salaries.....	5,000
	2900 Other Classified Salaries.....	500
	Total Classified Salaries.....	\$58,600
3000	Employee Benefits	
	3100 State Teachers' Retirement System.....	11,900
	3200 Public Employees' Retirement System.....	2,000
	3300 Old Age, Survivors, Disability, and Health Insurance.....	1,500
	3400 Health and Welfare.....	800
	3500 Unemployment Insurance.....	300
	3600 Workers' Compensation Insurance.....	700
	Total Employee Benefits.....	\$17,200
4000	Books and Supplies	
	4100 Textbooks.....	5,000
	4200 Other Books.....	3,500
	4300 Instructional Materials and Supplies.....	2,500
	4500 Other Supplies.....	800
	Total Books and Supplies.....	\$11,800

5000	Services and Other Operating Expenditures	
5100	Contracts for Personal Services of Consultants, Lecturers, and Others.....	500
5200	Travel and Conference.....	300
5300	Dues and Memberships.....	200
5400	Insurance.....	1,000
5500	Utilities and Housekeeping Services.....	5,000
5600	Rentals, Leases, and Repairs.....	4,500
5700	Direct Costs—Interfund Services.....	0
5800	Other Services and Operating Expenditures.....	5,000
	Total Services and Other Operating Expenditures.....	\$16,500
6000	Capital Outlay	
6100	Sites and Improvement of Sites.....	2,500
6200	Buildings and Improvement of Buildings.....	22,500
6300	Books and Media for New or Expanded Libraries.....	1,500
6400	Equipment.....	7,800
	Total Capital Outlay.....	\$34,300
7000	Other Outgo	
7190	Other Tuition.....	30,500
	Total Other Outgo.....	\$30,500
	TOTAL BUDGETED EXPENDITURES.....	<u>\$603,400</u>

As with revenue, each of the expenditure items should be accounted for separately so that expenditures can be controlled within the various budget classifications. This separate accounting is accomplished by use of a subsidiary ledger usually known as the Appropriation Ledger. While separate accounts should be maintained for each of the required expenditure classifications, additional subdivisions of these classes may be maintained as separate accounts if needed.

*Preparing the journal entry.* This budgeted expenditure total of \$603,400 totals the appropriation to the LEA's programs; the programs provide a classification of expenditure usage, while the objects provide a classification of expenditure source. The procedure is shown in the following example:

J3:

Date	Account	Debit	Credit
7-1-89	9790 Undesignated/Unappropriated Fund Balance	\$603,400	
	9820 Appropriations		\$603,400

Account	Subsidiary Appropriation Ledger	
1100	Teachers' Salaries.....	\$360,000
1200	School Administrators' Salaries.....	24,000
1300	Supervisors' Salaries.....	25,000
1400	Librarians' Salaries.....	2,000
1500	Guidance, Welfare, and Attendance Salaries.....	10,000
1600	Physical and Mental Health Salaries.....	1,500
1700	Superintendents' Salaries.....	10,000
1800	Other Administrative Salaries.....	1,000
1900	Other Certificated Salaries.....	1,000

2100	Instructional Aides' Salaries.....	2,000
2200	Administrative Salaries.....	3,100
2300	Clerical Salaries.....	7,000
2400	Maintenance and Operation Salaries.....	36,000
2500	Food Services Salaries.....	5,000
2600	Transportation Salaries.....	5,000
2900	Other Classified Salaries.....	500
3100	State Teachers' Retirement System.....	11,900
3200	Public Employees' Retirement System.....	2,000
3300	Old Age, Survivors, Disability, and Health Insurance.....	1,500
3400	Health and Welfare Benefits.....	800
3500	Unemployment Insurance.....	300
3600	Workers' Compensation Insurance.....	700
4100	Textbooks.....	5,000
4200	Other Books.....	3,500
4300	Instructional Materials and Supplies.....	2,500
4500	Other Supplies.....	800
5100	Contracts for Personal Services of Consultants, Lecturers, and Others.....	500
5200	Travel and Conference.....	300
5300	Dues and Memberships.....	200
5400	Insurance.....	1,000
5500	Utilities and Housekeeping Services.....	5,000
5600	Rentals, Leases, and Repairs.....	4,500
5700	Direct Costs—Interfund Services.....	0
5800	Other Services and Operating Expenditures.....	5,000
6100	Sites and Improvement of Sites.....	2,500
6200	Buildings and Improvement of Buildings.....	22,500
6300	Books and Media for New or Expanded Libraries.....	1,500
6400	Equipment.....	7,800
7190	Other Tuition.....	30,500
		\$603,400

The preceding journal entry is similar to the one recording estimated revenue, except that the total of appropriations is debited to the fund balance account. The total appropriations to all accounts in the Appropriation Ledger (Expenditure Ledger) must agree with the balance in the General Ledger control account, Appropriations (9820).

*Posting the General Ledger.* The journal entry for recording the approved appropriations is posted to the General Ledger in the same manner as the original opening entry and the entry recording estimated revenue, as has been done in these examples:

Account 9790		Undesignated/Unappropriated Fund Balance			Page 1
Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-89	J2		\$641,264.00	\$734,245.78	Cr
	J3	\$603,400.00		130,845.78	Cr

Account 9820		Appropriations			Page 1
Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-89	J3		\$603,400.00	\$603,400.00	Cr

Note that the debit to the fund balance account has been subtracted from the previous credit balance to produce a new credit balance of \$130,845.78, the remaining Undesignated/ Unappropriated Fund Balance after the estimated revenue and budgeted appropriations have been posted.

*Posting the Appropriation Ledger.* The subsidiary Appropriation Ledger is posted from the journal entry in a manner similar to that used for posting estimated revenue as shown in this example:

#### APPROPRIATION LEDGER

Account 1100		Teachers' Salaries				Page 1
Date	Reference	Appropriation	Encumbrances	Encumbered to date	Expended to date	Unencumbered balance
7-1-89	J3	\$360,000.00				\$360,000.00

The preceding form differs from the Revenue Ledger form because it must carry space for entering encumbrances as they occur, as well as expenditures. The amount appropriated for this account has been entered in the "Appropriation" column and again in the "Unencumbered balance" column. As amounts are later entered in the "Encumbrance" column or "Expenditure" column, the "Unencumbered balance" column will be adjusted accordingly.

When appropriations are allocated to programs, each of the program ledger cards is posted with its respective appropriation. An example of a possible program ledger card is displayed in the illustration on page 2-15.

It should be noted that the appropriation to a program is a collection of portions of single objects of expenditure (such as teachers' salaries) that are controlled with the appropriation ledger. The program appropriation is the total of all the direct expenditures expected to be incurred on behalf of the program.

Because the appropriation ledger controls expenditures by objects, it is not essential that expenditures also be controlled by program when an LEA records expenditures by site (or location). Control of program expenditures can be delegated to the principals (or site managers) within the limits of fixed object appropriations. For example, if a given school (site) is budgeted \$75,000 in instructional supplies, this amount will provide LEA control on the site on this object. The site may allocate this \$75,000 to its several programs, and the LEA may record these allocations as part of the appropriations to the site's programs. LEAs using manual or bookkeeping machine systems need not control the amount of instructional supplies appropriated for a particular program, because they will be able to control the total appropriation to the site.

If the LEA controls only on objects, then the principal or site manager will have to compare the program reports to the program budgets to observe discrepancies in an object of any particular program.

#### Recording the Approved Budget—Reserves

Reserves are portions of the fund balance which are set aside to indicate that (1) a part of the fund balance is not available for expenditure; or (2) a portion of the fund balance is legally segregated for a specific future use. In LEAs, the Reserve for Nonexpendable Assets (account 9610) is set up to separate that portion of the fund balance (represented by Stores, Prepaid Expenditures, and the Revolving Cash Fund) which is not available for appropriation.

**PROGRAM LEDGER**

Program A

Account:

Appropriation: \$32,000.00

Date	Reference	Description	Encumbrances		Certificated salaries and benefits	Classified salaries and benefits	Books, supplies, and equipment replacement	Contracted services and other	Capital outlay	Available balance	Direct support charges
			Reserved	Cancelled							
7-1-89	J3	Budget appropriation (may be memorandum only)	(Optional)		\$32,700	\$4,300	\$2,500	\$1,500	\$1,000	\$32,000	\$1,600
7-31-89	PJ	July payroll—teachers' salaries			1,800					30,200	

2-15

33

34

When part of the fund balance is reserved, the remainder is the "Fund Balance" (accounts 9710-9790). This separation of the fund balance into the reserved and unreserved portions is important to LEAs because it provides information on the funds available to cover unanticipated expenditures.

The budget columns on the approved budget show the LEA's projected ending fund balance and the breakdown of this balance into the reserved and unreserved portions. This information is used to prepare the journal entry to reserve portions of the projected ending balance. Assuming that the budget shows reserves of \$500 for the Revolving Cash Fund and \$8,900 for Stores, the following journal entry will be prepared:

**J4**

Date	Account	Debit	Credit
7-1-89	9790 Undesignated/Unappropriated Fund Balance	\$9,400.00	
	9610 Reserve for Nonexpendable Assets		\$9,400.00

To record the Reserve for Nonexpendable Assets, fiscal year 1989-90, as contained in the approved budget

The journal entry is then posted to the General Ledger in the usual manner:

Account 9790		Undesignated/Unappropriated Fund Balance			Page 1
Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-89	J3	\$603,400.00		\$130,845.78	Cr
7-1-89	J4	9,400.00		121,445.78	Cr

Account 9610		Reserve for Nonexpendable Assets			Page 1
Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-89	J4		\$9,400.00	\$9,400.00	Cr

### Checking the Trial Balance

At this point the General Ledger has been opened, and the approved budget has been recorded. A trial balance will show the net results of the entries made thus far. The trial balance is a list of the General Ledger accounts and the debit or credit balance for each account. The total debits and the total credits must be equal, indicating a balanced General Ledger. The trial balance of the General Ledger at this point looks like this:

Account	Debit	Credit
9110 Cash in County Treasury . . . . .	\$100,042.67	
9130 Revolving Cash Fund . . . . .	500.00	
9140 Cash Collections Awaiting Deposit . . . . .	24.17	
9160 Accounts Receivable . . . . .	1,597.18	
9170 Due from Other Funds . . . . .	694.39	
9510 Accounts Payable . . . . .		\$ 9,763.45
9520 Due to Other Funds . . . . .		113.18
9610 Reserve for Nonexpendable Assets . . . . .		9,400.00
9790 Undesignated/Unappropriated Fund Balance . . . . .		121,445.78
9810 Estimated Revenue . . . . .	641,264.00	
9820 Appropriations . . . . .		603,400.00
	<u>\$744,122.41</u>	<u>\$744,122.41</u>

The appropriations, having been posted to both the program ledgers and to the subsidiary appropriation ledgers (objects of expenditure), should be checked to ensure that the two are equal.

## Recording Encumbrances

An *encumbrance* is a commitment in the form of a purchase order or offer to buy goods or services. Encumbrances are *anticipated expenditures*. The encumbrance account is one of the budgetary accounts, and, as such, it is used to help prevent overspending.

Typically, the steps in the "life" of a purchase are the following:

1. Issuance of a purchase requisition. The purchase requisition is the internal document which requests that the purchasing agent issue a purchase order for the desired goods or services. There is *no General Ledger (or subsidiary ledger) entry* made as a result of this step unless a preencumbrance system is used.
2. Issuance of a purchase order. With a purchase order, the LEA orders the goods or services and agrees to pay for them. When the purchase order is issued, the *Encumbrances account (9830) is debited*, and the *Reserve for Encumbrances account (9620) is credited*.
3. Receipt of the goods or services with the accompanying invoice. Generally, at this point, no entry is made.
4. Payment of the invoice. The encumbrance entry is reversed; the expenditure account is debited, and the cash account is credited.

An *appropriation* is an amount authorized by the governing board of an LEA to be used for a specific purpose. Appropriations represent estimated or budgeted expenditures. If the LEA records encumbrances, information will be available to determine the amount of available appropriations at any given time by comparing the expenditures plus commitments (encumbrances) to date with the amount of the appropriations.

If the purchase orders are drawn in order to confirm orders for all materials and services to be purchased by the LEA, they may be used for encumbrance purposes. A sample purchase order is shown below.

### PURCHASE ORDER

No. 2

To: Student Supply Company

Date: July 1, 1989

Ordered by  
school \_\_\_\_\_

From: \_\_\_\_\_

School District  
Appropriation  
Ledger Account 4300

Deliver to: 100 Main Street

Received	Quantity	Unit	Item	Unit price	Amount	Amount cancelled
65	1,000	Ream	Newsprint	\$0.60	\$600.00	\$41.67
	100	Gros.	#2 school pencils	3.00	300.00	
	300	Box	Crayons	0.30	90.00	
					\$990.00	

*Encumbering purchase orders.* The methods of encumbering purchase orders may vary from the direct posting to the Appropriation Ledger subsidiary accounts from the individual purchase orders to some form of summary recording for groups of purchase orders. When a record of the individual purchase orders contained in a summary recording is desired, a purchase order encumbrance summary, such as the one on page 2-18, might be used.

**Purchase Order Encumbrance Summary For July, 1989**

Vendor's name	Appropriation account number	Date	Purchase order number	Amount of encumbrance
Justrite Roofing Company	4500	10	1	\$ 805.63
Student Supply Company	4300	11	2	990.00
L.A. Detergent Company	4500	26	3	50.00
<b>Total</b>				<b>\$1,845.63</b>

A journal entry to record the encumbrance information contained in the summary above is illustrated below.

**J7**

Date	Account		Debit	Credit
7-1-89	9830    Encumbrances 9620    Reserve for Encumbrances		\$1,845.63	\$1,845.63
<b>Account</b>	<b>Appropriation Ledger</b>			
4300	Instructional Materials and Supplies . . . . .			\$990.00
4500	Other Supplies . . . . .			855.63
				\$1,845.63

**To record purchase order encumbrances for July, 1989**

The posting of the instructional supplies item to the account in the subsidiary Appropriation Ledger is illustrated below:

**APPROPRIATION LEDGER**

Date	Refer- ence	Appropri- ation	Encum- brances	Encumbered to date	Expended	Expended to date	Unencum- bered balance
7-1-89	J7	\$2,500.00	\$990.00	\$990.00			\$1,510.00

*Encumbering salaries and benefits.* At the beginning of each year, the total annual salaries and benefits of personnel employed for that year may be determined for purposes of encumbering salaries and benefits. Similarly, the total monthly salaries should be disencumbered as salaries and benefits are paid. Salaries and benefits should be adjusted for personnel and rate changes. The encumbrance should be reversed proportionately.

Although the salary encumbrance summary may differ in detail depending on the methods of accounting used by the LEA, a schedule such as that illustrated in the Certificated Payroll Encumbrance Summary on page 2-23 may adequately serve this purpose. Basic requirements are a complete accounting for all personnel having salaries to be encumbered, a grouping of these salaries to provide monthly and annual salary totals by budget classifications, and provisions for recording changes in personnel and salaries.

The Certificated Payroll Encumbrance Summary illustrates the adjustment in encumbrance totals that must be recognized when personnel changes occur.

The journal entries to record the salary encumbrance transactions shown in the Certificated Payroll Encumbrance Summary are as follows:

J12

Date	Account		Debit	Credit
7-1-89	9830	Encumbrances	\$429,600.00	
	9620	Reserve for Encumbrances		\$429,600.00
<i>Account Appropriation Ledger</i>				
1100		Teachers' Salaries . . . . .	\$360,000.00	
1200		School Administrators' Salaries . . . . .	24,000.00	
1300		Supervisors' Salaries . . . . .	24,000.00	
1700		Superintendents' Salaries . . . . .	21,600.00	
			<u>\$429,600.00</u>	

To record salary encumbrances for certificated staff employed on 7-1-89

J13

Date	Account		Debit	Credit
7-15-89	9620	Reserve for Encumbrances	\$4,200.00	
	9830	Encumbrances		\$4,200.00
<i>Account Appropriation Ledger</i>				
1100		Teachers' Salaries . . . . .	\$4,200.00	

To cancel 12 months' salary encumbrance for Betty Bennett, resigned on 7-15-89

J14

Date	Account		Debit	Credit
7-20-89	9830	Encumbrances	\$3,400.00	
	9620	Reserve for Encumbrances		\$3,400.00
<i>Account Appropriation Ledger</i>				
1100		Teachers' Salaries . . . . .	\$3,400.00	

To establish salary encumbrance for 12 months' payment to Ted Thompson, employed on 7-20-89

The posting of the preceding entries to the General Ledger is as follows:

Account 9830		Encumbrances			Page 4
Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-89	J7	\$ 1,845.63		\$ 1,845.63	Dr
7-1-89	J12	429,600.00		431,445.63	Dr
7-15-89	J13		\$4,200.00	427,245.63	Dr
7-20-89	J14	3,400.00		430,645.63	Dr

Account 9620		Reserve for Encumbrances			Page 2
Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-89	J7		\$ 1,845.63	\$ 1,845.63	Cr
7-1-89	J12		429,600.00	431,445.63	Cr
7-15-89	J13	\$4,200.00		427,245.63	Cr
7-20-89	J14		3,400.00	430,645.63	Cr

The posting of the Teachers' Salaries account to the subsidiary Appropriation Ledger is illustrated as follows:

### APPROPRIATION LEDGER

Account 1100		Teachers' Salaries					Page 5
Date	Refer- ence	Appropri- ation	Encum- brances	Encumbered to date	Expended	Expended to date	Unencum- bered balance
7-1-89	J12	\$360,000.00	\$360,000.00	\$360,000.00			0.00
7-15-89	J13	360,000.00	-4,200.00	355,800.00			\$4,200.00
7-20-89	J14	360,000.00	3,400.00	359,200.00			800.00

In the foregoing illustration, it has been assumed that the changes in personnel were made prior to payment of any payroll in that year. It is important, however, that encumbrances be reduced by the unpaid installments of the annual salaries of personnel leaving the payroll and increased for the unpaid instaliments of personnel being added to the payroll.

#### Recording Encumbrance Adjustments—Other Than Salaries

The amount of encumbrance to be adjusted or cancelled when vendor payments or other expenditures are recorded is the amount originally encumbered for the specific items. Thus, if a purchase order was originally encumbered for \$100 but the actual payment was \$99.50, the original \$100 encumbrance is cancelled. Partial payments on an order are liquidated in the same amount as originally encumbered for items being paid, and the balance of the encumbrance is cancelled when the final payment is made.

Depending on the encumbrance method being used, the adjustments or liquidations are posted either directly from the purchase order as illustrated on page 2-17 or from a purchase order liquidation summary listing the purchase orders being paid. The form used can be that shown for the Purchase Order Encumbrance Summary on page 2-18. The Warrant Register form shown on page 2-21 might also be used to indicate liquidations of encumbrances by adding the columns for purchase order number, amount encumbered, and encumbrance classification.

With some systems it is more practical to cancel all encumbrances and to reencumber those that are outstanding after the paid items have been deleted. If an encumbrance amount is cancelled or charged because items ordered are unavailable or prices are changed, the adjustment is recorded in the same manner as that for routine adjustments or cancellations following payments.

*Preparing the journal entry.* The journal entry to record encumbrance adjustments shows the General Ledger and subsidiary ledger accounts and the amounts for each, as shown in the following example:

J25																															
Date	Account	Debit	Credit																												
8-31-89	9620 Reserve for Encumbrances	\$6,245.00																													
	9830 Encumbrances		\$6,245.00																												
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Account</th> <th style="text-align: left;">Appropriation Ledger</th> <th style="text-align: right;"></th> <th style="text-align: right;"></th> </tr> </thead> <tbody> <tr> <td>4100</td> <td>Textbooks . . . . .</td> <td style="text-align: right;">\$350.00</td> <td></td> </tr> <tr> <td>4300</td> <td>Instructional Materials and Supplies . . . . .</td> <td style="text-align: right;">475.00</td> <td></td> </tr> <tr> <td>4500</td> <td>Other Supplies . . . . .</td> <td style="text-align: right;">1,620.00</td> <td></td> </tr> <tr> <td>5500</td> <td>Utilities and Housekeeping Services . . . . .</td> <td style="text-align: right;">1,300.00</td> <td></td> </tr> <tr> <td>6200</td> <td>Buildings and Improvement of Buildings . . . . .</td> <td style="text-align: right;">2,500.00</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$6,245.00</td> </tr> </tbody> </table>				Account	Appropriation Ledger			4100	Textbooks . . . . .	\$350.00		4300	Instructional Materials and Supplies . . . . .	475.00		4500	Other Supplies . . . . .	1,620.00		5500	Utilities and Housekeeping Services . . . . .	1,300.00		6200	Buildings and Improvement of Buildings . . . . .	2,500.00					\$6,245.00
Account	Appropriation Ledger																														
4100	Textbooks . . . . .	\$350.00																													
4300	Instructional Materials and Supplies . . . . .	475.00																													
4500	Other Supplies . . . . .	1,620.00																													
5500	Utilities and Housekeeping Services . . . . .	1,300.00																													
6200	Buildings and Improvement of Buildings . . . . .	2,500.00																													
			\$6,245.00																												

To record encumbrance cancellations (other than salaries) for the month of August

## CALIFORNIA SCHOOL DISTRICT

Warrant Register Number 1

Date: July 31, 1989

Warrant number	Vendor	Expenditure classification	Amount
1	Aldrich & Aldrich, Inc. ....	4300	\$ 48.06
2	American Book Co. ....	4100	350.00
3	Best Music Company ....	4300	210.00
4	E.P. Finigan Company.....	6200	2,500.00
5	Office Supply Co. ....	4500	65.00
6	Pacific Gas & Electric Company.....	5500	700.00
7	Pacific Bell ....	5500	600.00
8	Reed's Fence Company ....	4500	875.00
9	Sun Custodial Supplies ....	4500	680.00
10	Taylor's School Supplies ....	4300	216.94
11	U.S. Treasury (Abatement of Revenue) 8110 .....		<u>500.00</u>
Total .....			\$6,745.00

*Expenditure Classification Summary:*

4100	Textbooks .....	\$ 350.00
4300	Instructional Materials and Supplies .....	475.00
4500	Other Supplies .....	1,620.00
5500	Utilities and Housekeeping Services .....	1,300.00
6200	Buildings and Improvement of Buildings .....	<u>2,500.00</u>
		\$6,245.00

*Revenue Classification Summary:*

8110	Maintenance and Operations (Public Law 81-874) abatement .....	<u>500.00</u>
		<u>500.00</u>
		\$6,745.00

This journal entry for encumbrance cancellations is posted to the General Ledger in the usual manner.

*Posting the Appropriation Ledger.* Entries in the subsidiary Appropriation Ledger are made in the "Encumbrances" column, as shown in the following examples:

### APPROPRIATION LEDGER

Account 4300

Instructional Materials and Supplies

Page 1

Date	Reference	Appropriation	Encumbrances	Encumbered to date	Expended	Expended to date	Unencumbered balance
7-1-89	J3	\$2,500.00					\$2,500.00
7-1-89	J7	2,500.00	\$ 990.00	\$ 990.00			1,510.00
8-1-89	J19	2,500.00	200.00	1,190.00			1,310.00
8-31-89	J25	2,500.00	-475.00	715.00			1,785.00

### Recording Encumbrance Adjustments—Salaries

The amount of encumbrance to be adjusted or cancelled when salary payments are made is the same amount that is being paid, provided such amounts have been encumbered. This procedure will leave the proper balance of encumbrance for each succeeding month if there is no change in rate of pay.

Further adjustment is necessary for changes of contract, terminations, and the like. It is generally preferable to cancel the exact amount of the payroll posting and to pick up additional adjustments in a separate posting from a list of changes. For example, a payroll expenditure of \$40,275 represents the regular monthly payroll for salaries encumbered for the year. However, because one employee terminated in July and received less than a full month's salary, the difference between the individual amount encumbered, \$300, and the amount paid and liquidated, \$200, represents a cancellation of \$100 to encumbrances for July in addition to the encumbrance for the rest of the year, \$3,300, or a total cancellation of encumbrances in the amount of \$3,400. The person replacing this employee was paid \$50 in July and will be paid \$2,750 for the rest of the year. The additional total encumbrance is \$2,800. The net adjustment to encumbrances is a reduction of \$600. The Certificated Payroll Encumbrance Summary illustrated in this section (see page 2-23) provides for a method of adjusting salary encumbrances.

The use of some systems makes it more practical to cancel all encumbrances for salaries at the time payroll expenditures are posted and to reencumber the adjusted amounts for the remainder of the year.

*Preparing the journal entry.* The journal entry to record encumbrance adjustments lists the General Ledger and subsidiary ledger accounts and the amounts for each, as shown in the following example:

J18

Date	Account	Debit	Credit
7-31-89	9620 Reserve for Encumbrances	\$40,275.00	
	9620 Reserve for Encumbrances	600.00	
	9830 Encumbrances		\$40,275.00
	9830 Encumbrances		600.00

Account	Appropriation Ledger	
1100	Teachers' Salaries . . . . .	\$32,000.00
1200	School Administrators' Salaries . . . . .	1,600.00
1300	Supervisors' Salaries . . . . .	2,000.00
1600	Physical and Mental Health Salaries . . . . .	125.00
1800	Other Administrative Salaries . . . . .	800.00
2200	Administrative Salaries . . . . .	600.00
2200	Administrative Salaries . . . . .	250.00
2300	Clerical Salaries . . . . .	650.00
2400	Maintenance and Operation Salaries . . . . .	2,850.00
		<u>\$40,875.00</u>

To record salary encumbrance liquidations and adjustments for the month of July

*Posting the General Ledger.* The journal entry for salary encumbrance cancellations and adjustments is posted to the General Ledger in the usual manner.

### Certificated Payroll Encumbrance Summary

Classification: Name	1100		1200		1300		1700		Totals, 1000
	Month	Year	Month	Year	Month	Year	Month	Year	
Superintendent Bartlett, James .....							\$1,050.00	\$12,600.00	\$ 12,600.00
Assistant Superintendent Garcia, Fred .....							750.00	9,000.00	9,000.00
Principals									
Campbell, George .....			\$ 500.00	\$ 6,000.00					6,000.00
Harmon, Robert .....			500.00	6,000.00					6,000.00
Hotzel, Frank .....			500.00	6,000.00					6,000.00
Lawrence, Charles .....			500.00	6,000.00					6,000.00
Supervisors									
Evans, Raymond .....					\$ 450.00	\$ 5,400.00			5,400.00
Johnson, Arthur .....					500.00	6,000.00			6,000.00
Pont, Elizabeth .....					400.00	4,800.00			4,800.00
Sorenson, Albert .....					350.00	4,200.00			4,200.00
Wade, Johnson .....					300.00	3,600.00			3,600.00
Teachers									
Alter, Ruth .....	\$ 380.00	\$ 4,200.00							4,200.00
Bennett, Betty .....	350.00	4,200.00							4,200.00
Curren, Patricia .....	375.00	4,500.00							4,500.00
<b>Total encumbered .....</b>	<b>30,000.00*</b>	<b>360,000.00*</b>	<b>2,000.00</b>	<b>24,000.00</b>	<b>2,000.00</b>	<b>24,000.00</b>	<b>1,800.00</b>	<b>21,600.00</b>	<b>429,600.00*</b>
7-15-89									
Bennett, Betty-- resignation .....	-350.00	-4,200.00							-4,200.00
<b>Totals .....</b>	<b>29,650.00*</b>	<b>355,800.00*</b>	<b>2,000.00</b>	<b>24,000.00</b>	<b>2,000.00</b>	<b>24,000.00</b>	<b>1,800.00</b>	<b>21,600.00</b>	<b>425,400.00*</b>
7-20-89									
Thompson, Ted .....	4,000.00	3,400.00							3,400.00
<b>Totals .....</b>	<b>\$30,100.00*</b>	<b>\$358,200.00*</b>	<b>\$2,000.00</b>	<b>\$24,000.00</b>	<b>\$2,000.00</b>	<b>\$24,000.00</b>	<b>\$1,800.00</b>	<b>\$21,600.00</b>	<b>\$428,800.00*</b>

\*Totals are for demonstration purposes; columns do not foot.

2-23

*Posting the Appropriation Ledger.* Entries in the subsidiary Appropriation Ledger are made in the "Encumbrances" column as in the following example:

**APPROPRIATION LEDGER**

Account 1100		Teachers' Salaries					Page 1
Date	Reference	Appropriation	Encumbrances	Encumbered to date	Expended	Expended to date	Unencumbered balance
7-1-89	J3	\$360,000.00					\$360,000.00
7-1-89	J12	360,000.00	\$360,000.00	\$360,000.00			0.00
7-15-89	J13	360,000.00	-4,200.00	355,800.00			4,200.00
7-20-89	J14	360,000.00	3,400.00	359,200.00			800.00
7-31-89	J18	360,000.00	-32,000.00	327,200.00			32,800.00

**APPROPRIATION LEDGER**

Account 1200		School Administrators' Salaries					Page 1
Date	Reference	Appropriation	Encumbrances	Encumbered to date	Expended	Expended to date	Unencumbered balance
7-1-89	J3	\$24,000.00					\$24,000.00
7-1-89	J12	24,000.00	\$24,000.00	\$24,000.00			0.00
7-31-89	J18	24,000.00	-1,600.00	22,400.00			1,600.00

The control account Encumbrances in the General Ledger can be proved (reconciled) by adding the totals of the "Encumbered to date" column in each of the subsidiary Appropriation Ledger accounts.

**Recording Revenue and Other Cash Receipts**

Chapter 3, "Revenues and Other Financing Sources," provides detailed information on various issues related to revenues and the account numbers to be used for all financial resources. This section deals with the procedures for recording the revenue and other cash receipts.

Source documents for posting revenue are apportionment notices from the county superintendent of schools for deposits made directly to the county treasury or copies of receipts for monies received directly by the LEA.

An apportionment notice from the county superintendent of schools is illustrated in the typical apportionment notice on page 2-25.

Each of the items of actual revenue should be accounted for separately so that they may be compared with revenue estimates. This separate accounting is accomplished by posting receipts to the revenue ledger. The total from any given apportionment notice is posted to the General Ledger, and individual items are posted to the subsidiary Revenue Ledger.

*Preparing the journal entry for revenue deposits made directly in the county treasury.* The journal entry to record revenue receipts lists the General Ledger and subsidiary ledger accounts and the amounts for each, as in the following example:

Date	Account		Debit	Credit
7-31-89	9110	Cash in County Treasury	\$192,238.00	
	9840	Revenue		\$192,238.00
<i>Account</i>		<i>Subsidiary Revenue Ledger</i>		
8011		Principal Apportionment—Current Year . . . . .		\$ 62,300.00
8041		Secured Roll Taxes . . . . .		129,370.00
8042		Unsecured Roll Taxes . . . . .		568.00
				<hr/>
				\$192,238.00

## TYPICAL APPORTIONMENT NOTICE

County of _____	
To _____ School District	
This is to certify that the revenue noted below has been received and has been placed to the credit of your district on _____.	
	Date
8011 Principal Apportionment/State Aid—Current Year	\$62,300.00
8041 Secured Roll Taxes	129,370.00
8042 Unsecured Roll Taxes	568.00
<b>Total Revenue</b>	<b>\$192,238.00</b>

The subsidiary Revenue Ledger is posted from the journal entry in a manner similar to that used for posting estimated revenue. Each account is posted to show, in the "Amounts received" column, the amount that has been carried in the journal entry, as in the following example:

### REVENUE LEDGER

Account 8042	Unsecured Roll Taxes	Page 1			
<i>Date</i>	<i>Refer- ence</i>	<i>Estimated revenue</i>	<i>Amounts received</i>	<i>Total received to date</i>	<i>Estimated amount to be received</i>
7-1-89	J2	\$2,700.00			\$2,700.00
7-31-89	J__		\$568.00	\$568.00	2,132.00

### REVENUE LEDGER

Account 8011	Principal Apportionment—Current Year	Page 1			
<i>Date</i>	<i>Refer- ence</i>	<i>Estimated revenue</i>	<i>Amounts received</i>	<i>Total received to date</i>	<i>Estimated amount to be received</i>
7-1-89	J2	\$277,528.00			\$277,528.00
7-31-89	J__		\$62,300.00	\$62,300.00	215,228.00

A summary of receipts issued for cash received directly by the LEA serves as the basis for preparing the journal entry to record this type of revenue and other cash receipts. If this summary is a formal record, it might look like the following example of a cash receipts journal:

**CASH RECEIPTS JOURNAL**

Month of July, 1989

Date	Description	Current Revenue		Abatements of expenditures		General Ledger	
		Account	Amount	Account	Amount	Account	Amount
7-3-89	Receipt 6801 Insurance Claim			6400	xxxx		
	Receipt 6802 PL 81-874 Payment	8110	xxxx				
	Receipt 6803 Sale of Typewriter	8631	xxxx				
	Receipt 6804 Gym Rental	8650	xxxx				
	Receipt 6805 Woodshop Supplies			4300	xxxx		
	Receipt 6806 Art Class Supplies			4300	xxxx		
	Receipt 6807 Lost Workbook			4300	xxxx		
	Receipt 6808 Library Fine	8699	xxxx				
	<b>Totals</b>		<b>xxxx</b>		<b>xxxx</b>		

*Preparing the journal entry to record cash received directly by the LEA.* The journal entry to record actual revenues and other cash received directly by the LEA lists the General Ledger and subsidiary ledger accounts and the amounts for each. For example:

Date	Account		Debit	Credit
7-31-89	9110	Cash in County Treasury	xxxx	
	9840	Revenue		xxxx
	9850	Expenditures		xxxx
<i>Account</i>		<i>Subsidiary Revenue Ledger</i>		
8110		Maintenance and Operations		xxxx
8631		Sale of Equipment and Supplies		xxxx
8650		Rentals		xxxx
8699		Other Local Revenue		xxxx
<i>Account</i>		<i>Subsidiary Appropriation Ledger</i>		
4300		Instructional Materials and Supplies		xxxx
6400		Equipment		xxxx

To record receipt numbers 6801-6808

The General Ledger is posted in the usual manner. The subsidiary Revenue Ledger is posted in the same manner as that illustrated for revenue deposits made directly in the county treasury.

The subsidiary Appropriation Ledger is posted in the same manner as that shown under expenditures, as in the following example:

### APPROPRIATION LEDGER

Account 4300	Instructional Materials and Supplies	Page 2					
Date	Reference	Appropriation	Encumbrances	Encumbered to date	Expended	Expended to date	Unencumbered balance
7-31-89			xxxx	xxxx	xxxx	xxxx	xxxx

### APPROPRIATION LEDGER

Account 6400	Equipment	Page 1					
Date	Reference	Appropriation	Encumbrances	Encumbered to date	Expended	Expended to date	Unencumbered balance
7-31-89			xxxx	xxxx	xxxx	xxxx	xxxx

#### Recording Expenditures and Other Disbursements—Salaries and Benefits

Salary expenditures are generally more efficiently posted by total from the payroll payment order, or similarly titled listing, which is an itemized, detailed list of individual salaries for a particular payroll. A summary of amounts to be charged to the various expenditure classifications is needed for this procedure (see the California School District Payroll Payment Order, page 2-28).

Very rarely, such as when accounting salaries for a one- or two-teacher school, individual salaries paid might be entered directly in the General Journal.

*Preparing the journal entry.* The journal entry to record payroll payments lists the General Ledger and subsidiary ledger accounts and the amounts for each, as in the following example:

Date	Account		Debit	Credit
7-31-89	9850	Expenditures	\$40,275.00	
	9110	Cash in County Treasury		\$40,275.00
<i>Account</i>	<i>Appropriation Ledger</i>			
1100	Teachers' Salaries . . . . .			\$32,000.00
1200	School Administrators' Salaries . . . . .			1,600.00
1300	Supervisors' Salaries . . . . .			2,000.00
1600	Physical and Mental Health Salaries . . . . .			125.00
1800	Other Administrative Salaries . . . . .			800.00
2200	Administrative Salaries . . . . .			250.00
2300	Clerical Salaries . . . . .			650.00
2400	Maintenance and Operation Salaries . . . . .			2,850.00
				\$40,275.00

To record expenditures for payroll listing number 1 for the month of July, 1989

*Posting the General Ledger.* The journal entry for payroll expenditures is posted to the General Ledger in the same manner as previous entries, as in the following example:

Account 9850	Expenditures			Page 1	
Date	Reference	Debit	Credit	Balance	Dr/Cr
7-31-89	J__	\$40,275.00		\$40,275.00	Dr

**California School District Payroll Payment Order**

Employee name	Warrant number	Occupation or title	Expenditure classification	Period ending	Gross earnings	Social Security	Retirement	Withholding tax	Other	Net Pay
Abbott, Ellen .....	2200	Teacher .....	1100	7-31-89	\$ 500.00		\$ 40.00	\$ 80.00	\$ 21.00	\$ 359.00
Adams, George .....	2201	Custodian .....	2400		350.00	\$ 9.00	21.00	18.00	12.00	290.00
Allen, Rose .....	2202	Teacher .....	1100		475.00		35.00	68.00	16.50	355.50
Arnold, Robert .....	2203	Teacher .....	1100		550.00		48.00	60.00	25.00	417.00
Ashworth, James .....	2204	Assistant Superintendent	1700		900.00		70.00	150.00	28.00	652.00
Bailey, John .....	2205	Teacher .....	1100		580.00		50.00	75.00	22.50	432.50
Banner, Roger .....	2206	Principal .....	1200		750.00		62.00	90.00	26.00	572.00
Boyd, Alice .....	2207	Secretary .....	2300		300.00	7.50	16.00	21.00	12.00	243.50
Brown, Thomas .....	2208	Teacher .....	1100		530.00		45.00	61.00	18.00	406.00
Carter, Mabel .....	2209	Teacher .....	1100		500.00		42.00	65.00	24.00	360.00
Cross, Arthur .....	2210	Custodian .....	2400		375.00	10.00	22.50	12.00	18.50	312.00
Currin, Jane .....	2211	Teacher .....	1100		475.00		38.00	60.00	21.00	355.50
<b>Totals .....</b>				7-31-89	\$6,285.00*	\$26.50*	\$490.00*	\$760.00*	\$244.50*	\$4,764.00*
<b>Expenditure Classification Summary:</b>			1100	7-31-89	3,610.00					
			1200		750.00					
			1700		900.00					
			2300		300.00					
			2400		725.00					
					\$6,285.00					

\*Totals are for demonstration purposes only; columns do not foot

2-28

Account 9110		Cash in County Treasury			Page 1
Date	Reference	Debit	Credit	Balance	Dr/Cr
7-1-89	J1	\$100,042.67		\$100,042.67	Dr
7-1-89	J__		\$40,275.00	59,767.67	Dr

Note that the posting to the cash account is a credit entry that deducts from the previous balance to give a new debit balance of \$59,767.67.

*Posting the Appropriation Ledger.* Entries in the subsidiary Appropriation Ledger are made in the "Expended" column in each case, as shown in the following example:

### APPROPRIATION LEDGER

Account 1100		Teachers' Salaries					Page 1
Date	Reference	Appropriation	Encumbrances	Encumbered to date	Expended	Expended to date	Unencumbered balance
7-1-89	J14	\$360,000.00	\$ 3,400.00	\$359,200.00			\$ 800.00
7-31-89	J18	360,000.00	-32,000.00	327,200.00			32,800.00
7-31-89	J__	360,000.00		327,200.00	\$32,000.00	\$32,000.00	800.00

Note that the "Appropriation," "Encumbered to date," and "Expended to date" columns are carried forward with each posting.

Entries in the Program Ledger are posted by object classification in the appropriate columns in the program ledgers and then subtotaled on the object of expenditure card in the Appropriation Ledger.

The total postings to the Program Ledgers for the object classification (Teachers' Salaries) will amount to \$32,000, which can be subtotaled in the Appropriation Ledger (see the sample Program Ledger, page 2-15).

### Recording Other Expenditures

Payments to vendors are usually listed on a warrant register that can be used as the source to enter the total expenditures. Like the payroll charges, the amounts to be charged to the various expenditure classifications will need to be summarized (see the California School District Warrant Register Number 1 on page 2-21).

Some expenditures, such as an LEA's retirement payments and repayments on loans, which are usually disbursed at the county level, may be entered individually as reports are received from the office of the county superintendent of schools. Expenditure transfers between funds of an LEA require similar entries. It is possible to include all such items in one listing and to enter the total in the General Journal, with a summary of amounts to be charged to the various expenditure classes. In either procedure, reference to the original report or notice should be made, and such documents should be kept readily available.

*Preparing the journal entry.* The journal entry to record vendor payments or other expenditure items lists the General Ledger and subsidiary ledger accounts and the amounts for each. This journal entry is posted to the General Ledger and the Appropriation Ledger, as illustrated in the entries that follow:

Date	Account	Debit	Credit
7-31-89	9850 Expenditures	\$6,245.00	
	9840 Revenue	500.00	
	9110 Cash		\$6,745.00

Account	Appropriation Ledger	
4500	Other Supplies .....	\$1,620.00
4100	Textbooks .....	350.00
4300	Instructional Materials and Supplies .....	475.00
5500	Utilities and Housekeeping Services .....	1,300.00
6200	Buildings and Improvement of Buildings .....	2,500.00

Account	Revenue Ledger	
8110	Maintenance and Operations .....	500.00
		<u>500.00</u>
		\$6,745.00

To record expenditures for Warrant Register Number 1 for the month of July, 1989

*Posting the revenue ledger.* This posting to the subsidiary Revenue Ledger is an example of an *abatement* of revenue.

### REVENUE LEDGER

Account 8110		Maintenance and Operation			Page 1
Date	Reference	Estimated revenue	Amounts received	Total received to date	Estimated amount to be received
7-1-89	J7	\$2,500.00			\$2,500.00
	J__	2,500.00	\$2,400.00	\$2,400.00	100.00
7-31-89	J__	2,500.00	-500.00	1,900.00	600.00

#### Recording Adjustments to Revenues and Expenditures

Changes, or adjustments, must often be made to entries recorded in the General Ledger and subsidiary ledgers. Some of the more common adjustments are cited in the following paragraphs.

*Recording adjustments to estimated revenue.* When information is received that revenue will exceed the original estimate in the official budget, a new estimate of revenue is made, and the increase is recorded in the General Ledger and the Revenue Ledger. The increase in estimated revenue is recorded as follows:

Date	Account		Debit	Credit
5-31-90	9810	Estimated Revenue	\$1,100.00	
	9790	Undesignated/Unappropriated Fund Balance		\$1,100.00

Account	Revenue Ledger	
8346	Economic Impact Aid .....	\$1,100.00 Dr

To record revised estimate of Economic Impact Aid

This entry increases the estimated revenue in the General Ledger and in the Revenue Ledger. It also increases the amount available for appropriation. (Note that the entry simply records the amount available for appropriation. Actual appropriation may be made by governing board action only, as prescribed in *Education Code* sections 42602 and 42610.)

When a revised revenue estimate indicates a decrease in the amount of estimated receipts, the decrease is recorded in a similar manner, as follows:

<i>Date</i>	<i>Account</i>		<i>Debit</i>	<i>Credit</i>
5-31-90	9790	Undesignated/Unappropriated Fund Balance	\$1,100.00	
	9810	Estimated Revenue		\$1,100.00
<i>Account Revenue Ledger</i>				
8346		Economic Impact Aid.....	\$1,100.00	Cr
<b>To record revised estimate of Economic Impact Aid</b>				

*Recording adjustments to appropriations.* Except when a revised appropriation budget has been adopted, adjustments involving changes in current appropriations will have no net effect on the General Ledger balances. The changes will affect only the Appropriation Ledger, because the total amount appropriated is not changed but is simply redistributed among the appropriations accounts:

<i>Date</i>	<i>Account</i>		<i>Debit</i>	<i>Credit</i>
10-30-89	9820	Appropriations	\$500.00	
	9820	Appropriations		\$500.00
<i>Account Appropriation Ledger</i>				
6400		Equipment.....	\$500.00	Dr
6500		Equipment Replacement.....	500.00	Cr
<b>To record appropriation transfers adopted on 10-30-89</b>				

*Recording adjustments to expenditures.* When information shows that an amount already recorded as an expenditure should be charged to some other expenditure account, the adjustment is made without net effect on the General Ledger. The expenditures portion of the Appropriation Ledger will reflect the change, as in the following examples:

<i>Date</i>	<i>Account</i>		<i>Debit</i>	<i>Credit</i>
11-16-89	9850	Expenditures	\$25.00	
	9850	Expenditures		\$25.00
<i>Account Appropriation Ledger</i>				
4100		Textbooks.....	\$25.00	Dr
4200		Other Books.....	25.00	Cr
<b>To record correction of expenditures classification coding on Warrant Number 12345, 11-16-89</b>				

<i>Date</i>	<i>Account</i>		<i>Debit</i>	<i>Credit</i>
11-30-89	9850	Expenditures	\$200.00	
	9850	Expenditures		\$200.00
<i>Account Appropriation Ledger</i>				
1100		Teachers' Salaries.....	\$200.00	Dr
1300		Supervisors' Salaries.....	200.00	Cr
<b>To record a portion of J. D. Smith's November salary as Teachers' Salaries because he substituted for A. B. Clark</b>				

*Recording adjustments to stores.* Adjusting entries resulting from a stores operation are shown in the next example. When a physical inventory reveals a stores overage or shortage, the amount must be recorded in the records. The usual practice is to adjust the Stores—Inventory and the Stores—Overhead accounts.

Date	Account	Debit	Credit
11-25-89	9210 Stores—Inventory	\$75.00	
	9210 Stores—Overhead		\$75.00

To record stores overage per inventory on 11-25-89

An inventory shortage is reflected by a similar entry, except that the debit and credit entries are reversed.

Periodically, the Stores—Overhead account is cleared of its charges. This clearing of charges must be done at least once a year to ensure that the balance at the end of the year in the overall Stores account represents only material on hand in the warehouse and available for issue.

Clearing the Stores—Overhead account requires an entry to distribute the balance of this account to the various expenditure accounts. One of several methods may be used for determining this distribution. Regardless of the method used, the entry is made, as shown in the following example:

Date	Account	Debit	Credit
6-30-90	9850 Expenditures	\$1,500.00	
	9210 Stores—Overhead		\$1,500.00

Account                      App. opriation Ledger

4300	Instructional Materials and Supplies . . . . .	\$1,000.00	Dr
4500	Other Supplies . . . . .	500.00	Dr

To distribute warehouse overhead expense for the fiscal year

### The Closing Process

At the end of each fiscal year, the books (General Ledgers) of the LEA are “closed.” Closing the books is the accounting process in which the accounts are adjusted to reflect the most current balances, and the budgetary and operating accounts of the LEA are closed. Closing the books separates the financial transactions by year and measures the results of operations of a fund for the year. The closing process is accomplished through adjustments of prior year’s accruals, current year’s accruals, and closing entries.

*Adjustments of prior year’s accruals.* It may be necessary to adjust the prior year’s accruals because the amounts actually received (A/R) or paid (A/P) were greater or less than the amounts which had been accrued or because of changes resulting from information available at a later date. Adjustments should be charged to *current year’s revenue and expenditure accounts and not to the fund balance account.*

For example, assume that the LEA overestimated its accounts receivable in the prior year by the following amounts:

(1) Revenue source	(2) Prior year’s accruai	(3) Actual received	(3 - 2) Difference (Adjustment)
Voc. Ed., Handicapped Students (8418)	\$20,000.00	\$18,000.00	-\$2,000.00
Job Training Partnership Act (3170)	15,000.00	13,000.00	- 2,000.00
<b>Total Adjustment</b>			<b><u>- 4,000.00</u></b>

To correct the prior year's accrual requires the following entry:

Date	Account	Debit	Credit
x-xx-xx	9840 Revenue	\$4,000.00	
	9160 Accounts Receivable		\$4,000.00
<i>Account</i> <i>Subsidiary Revenue Ledger</i>			
8418	Voc. Ed., Handicapped Students .....	\$2,000.00	Dr
8170	Job Training Partnership Act .....	2,000.00	Dr

If the LEA overestimated its accounts payable in the prior year, the following entry would be necessary:

Date	Account	Debit	Credit
x-xx-xx	9510 Accounts Payable	xxxx	
	9850 Expenditures		xxxx

The Appropriation Ledger will be posted with the detail of this entry.

*Current year's accruals and other adjustments.* At the end of the year, revenue may have been earned which has not been recognized, recorded, or collected. If this revenue is not accrued, the LEA's revenue will be understated, and the result will be inaccurate or misleading financial statements. It may also be determined that the revenue which had been recorded in the LEA's books during the year was not earned by the end of the fiscal year. Procedures for accruing and deferring revenue at the end of the year are discussed in Chapter 3, "Revenues and Other Financing Sources."

At the end of the year, expenditures may have been incurred which have not been paid, recognized, or recorded. A fund deficit could be concealed if expenditures were not accrued. Procedures for accruing expenditures are described in Chapter 4, "Expenditures and Other Financing Uses."

### The Closing Entries

The purposes of the closing entries are to (1) transfer the balances of the encumbrance (9830), revenue (9840) (and other sources [9845]), and expenditure (9850) (and other uses [9855]) accounts to the LEA's Undesignated/Unappropriated Fund Balance account (9790); and (2) close the LEA's Estimated Revenue (9810), Estimated Other Financing Sources (9815), Appropriations (9820), Estimated Other Financing Uses (9825), and Reserve for Encumbrances (9620) accounts.

The following closing entries will be necessary at the end of year.

*To close Revenues and Expenditures.* The following example illustrates how Revenues and Expenditures are closed.

Date	Account	Debit	Credit
x-xx-xx	9840 Revenue	xxxx	
	9850 Expenditures		xxxx
	9790 Undesignated/Unappropriated Fund Balance		xxxx
<i>Account</i> <i>Subsidiary Revenue Ledger</i>			
8011	Principal Apportionment—Current Year .....		xxxx
8041	Secured Roll Taxes .....		xxxx
8042	Unsecured Roll Taxes .....		xxxx
8110	Maintenance and Operation .....		xxxx
8170	Job Training Partnership Act .....		xxxx
8331	Gifted and Talented Pupils .....		xxxx
8342	Home-to-School Transportation .....		xxxx
8799	Other Transfers In .....		xxxx

Account	Subsidiary Appropriation Ledger	
1100	Teachers' Salaries . . . . .	XXXX
1200	School Administrators' Salaries . . . . .	XXXX
1300	Supervisors' Salaries . . . . .	XXXX
1400	Librarians' Salaries . . . . .	XXXX
1500	Guidance, Welfare, and Attendance Salaries . . . . .	XXXX
1600	Physical and Mental Health Salaries . . . . .	XXXX
1700	Superintendents' Salaries . . . . .	XXXX
1800	Other Administrative Salaries . . . . .	XXXX
1900	Other Certificated Salaries . . . . .	XXXX
2100	Instructional Aides' Salaries . . . . .	XXXX
2200	Administrative Salaries . . . . .	XXXX
2300	Clerical Salaries . . . . .	XXXX
2400	Maintenance and Operation Salaries . . . . .	XXXX
2500	Food Service Salaries . . . . .	XXXX
2500	Transportation Salaries . . . . .	XXXX
2900	Other Classified Salaries . . . . .	XXXX
3100	State Teachers' Retirement System . . . . .	XXXX
3200	Public Employees' Retirement System . . . . .	XXXX
3300	Old Age, Survivors, Disability, and Health Insurance . . . . .	XXXX
3400	Health and Welfare Benefits . . . . .	XXXX
3500	Unemployment Insurance . . . . .	XXXX
5600	Workers' Compensation Insurance . . . . .	XXXX
4100	Textbooks . . . . .	XXXX
4200	Other Books . . . . .	XXXX
4300	Instructional Materials and Supplies . . . . .	XXXX
4500	Other Supplies . . . . .	XXXX
5100	Contracts for Personal Services of Consultants, Lecturers, and Others . . . . .	XXXX
5200	Travel and Conferences . . . . .	XXXX
5300	Dues and Memberships . . . . .	XXXX
5400	Insurance . . . . .	XXXX
5500	Utilities and Housekeeping Services . . . . .	XXXX
5600	Rentals, Leases, and Repairs . . . . .	XXXX
5700	Direct Costs—Interfund Services . . . . .	XXXX
5800	Other Services and Operating Expenditures . . . . .	XXXX
6100	Sites and Improvement of Sites . . . . .	XXXX
6200	Buildings and Improvement of Buildings . . . . .	XXXX
6300	Books and Media for New or Expanded Libraries . . . . .	XXXX
6400	Equipment . . . . .	XXXX
7190	Other Tuition . . . . .	XXXX

NOTE: The other financing sources and other financing uses are treated in the same manner as revenue and expenditures for purposes of the closing process.

To close *Estimated Revenue and Appropriations*. Assume that at the end of the year the balances in the accounts are as follows:

9810	Estimated Revenue	\$641,264.00	Dr
9820	Appropriations	603,400.00	Cr

To close these accounts, close the ending balances to account 9790, Undesignated/Unappropriated Fund Balance, as shown in the following entry:

Date	Account	Debit	Credit
6-30-90	9820 Appropriations	\$603,400.00	
	9790 Undesignated/Unappropriated Fund Balance	37,864.00	
	9810 Estimated Revenue		\$641,264.00

To close Encumbrances. All of the encumbrances that are outstanding at the end of the year are disencumbered as follows:

Date	Account		Debit	Credit
x-xx-xx	9620	Reserve for Encumbrances	xxxx	
	9830	Encumbrances		xxxx

### Other Accounting Issues

The remainder of this chapter is devoted to discussions of prepaid expenditures, stores, building funds, self-insurance funds, and instructional materials funds.

#### Prepaid Expenditures

Cash is often disbursed by LEAs for services or materials, a portion or all of which actually applies to a future fiscal period. The most common disbursement of this type is for insurance; the full premium is paid immediately, but the coverage extends into future years. Expenditures for insurance and similar services extending over more than one accounting period may be allocated between or among accounting periods or accounted for as expenditures of the period of acquisition.

Assume, for example, that the LEA purchases a five-year insurance policy on July 1, 1989, for \$5,000. If the LEA treats the cost of this insurance policy as an expenditure of the period of acquisition, the following entry will be made:

Date	Account	General Ledger	Debit	Credit
7-1-89	9850	Expenditures	\$5,000.00	
	9110	Cash in County Treasury		\$5,000.00
To record the payment for a five-year insurance policy				

Date	Account	Appropriation Ledger	Debit	Credit
7-1-89	5400	Insurance	\$5,000.00	
To record the payment for a five-year insurance policy				

If the LEA treats the cost of this insurance policy as a prepaid expenditure and allocates a portion of the cost to subsequent years, the following entry will be made in the year of acquisition:

Date	Account	General Ledger	Debit	Credit
7-1-89	9850	Expenditures	\$1,000.00	
	9220	Prepaid Expenditures	4,000.00	
	9110	Cash in County Treasury		\$5,000.00
To record the payment for a five-year insurance policy, one year of which applies to the current year				

Date	Account	Appropriation Ledger	Debit	Credit
7-2-89	5400	Insurance	\$1,000.00	
To record the payment for a five-year insurance policy, one year of which applies to the current year				

At the end of the year, when the books are closed, the asset account Prepaid Expenditures is included with other ending balances and becomes a part of the beginning balance for the next year.

After the books are opened for the next year, it is necessary to determine whether all or a portion of Prepaid Expenditures applies to the current year. This amount must be charged to the appropriate expenditure account of the new year, leaving as a remainder in the asset account any amounts not yet applicable. These, in turn, must be carried over as Prepaid Expenditures to the next year. A good practice to facilitate determination of the amount to charge to a year other than the year in which the original cash disbursement was made is to prepare a schedule of amounts and periods applicable at the time when the original cash disbursement is made, as shown in the following example:

### SCHEDULE OF PREPAID EXPENDITURES

Date	Policy number	Carrier	Overall total	Analysis of total applying to each succeeding year				
				First year	Second year	Third year	Fourth year	Fifth year
7-15-89			\$4,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	

This schedule is retained for reference at the time of a future year's charge-off to ensure that the correct amounts are charged to each succeeding year in which a benefit is received. The schedule would be updated at the beginning of each year by reducing the control total by the amount of the first year succeeding, which is charged to expenditure, and by moving each figure in the next several columns one column to the left.

Charging off the portion applicable to a new year at the beginning of that year requires that a journal entry be made, with the debit to the appropriate expenditure account and the credit to Prepaid Expenditures. This entry should be one of the first entries that is made.

#### Accounting for Stores

For LEAs that maintain central stores of materials, it would be inappropriate to charge the amount of cash disbursed for stores as an expenditure for any given year. Instead, it is necessary to charge as expenditure only the value of the stores issued during each year. The value of stores paid for but not issued must be accrued as an asset to become a part of the ending fund balance at the close of the year. In turn, the same amount is a part of the beginning fund balance of the new year when the books for the new year are opened.

Unless a Warehouse Revolving Fund has been established in accordance with provisions of the *Education Code*, payments for stores are made from the General Fund, with the debit to stock purchases within the Stores account and the credit to Cash in County Treasury, as in the next example:

#### Journal Entry

Date	Account	Debit	Credit
9-11-89	9210 Stores, purchases for stock	\$55.10	
	9110 Cash in County Treasury		\$55.10

**To record supplies purchased for stock**

When stock is issued, an entry must be made crediting stock purchases within the Stores account and debiting the appropriate expenditure account. This procedure may be done by posting detailed

requisitions to a special journal, the accumulated total of which is posted to the General Ledger at monthly intervals. Such posting is shown in the following examples:

**Stock Issued Ledger**

Date	Requisition number	School	Account		
9-7-89	12501	Roosevelt	4300	Instructional Materials and Supplies . . . . .	\$ 2.72
9-9-89	332	Garfield	4500	Other Supplies . . . . .	7.66
9-10-89	2861	Washington	4500	Other Supplies . . . . .	12.01
9-27-89	32	Wilson	4300	Instructional Materials and Supplies . . . . .	19.43

**Monthly Journal Entry**

Date			Debit	Credit
9-30-89	4300	Instructional Materials and Supplies	\$22.15	
	4500	Other Supplies	19.67	
	9210	Stores, withdrawals from stock		\$41.82

To record withdrawals of stores for September, 1989

**Stores Ledger**

Date	Overhead reimbursed	Overhead expense	Stock purchases	Stock withdrawals	Total stores
9-11-89			\$55.10		\$55.10
9-30-89				\$41.82	13.28

In the event that a Warehouse Revolving Fund has been established, a warrant must be drawn on the General Fund and made payable to the Revolving Fund in the amount of the total withdrawals in lieu of the journal entry just given; the accounts are the same otherwise.

The most common practice in determining the cost of stores issued is to compute an average price each time new stock is received and to use this average price for extending all requisitions prior to the next receipt. The data necessary to compute an average price are accumulated by maintaining perpetual stock records for each item carried in the warehouse. Chapter 5 of this manual contains detailed information about methods of maintaining perpetual stock records.

Certain expenditures, other than the disbursement of cash for the purchase of stock, are usually incurred in the operation of a warehouse. Examples of such expenditures are those for the salaries of warehouse workers or delivery persons, utilities, rented space, and vehicles. If stores are accounted for in the General Fund, these other expenditures may be distributed directly to the appropriate expenditure accounts or charged to overhead expenditure. If a Warehouse Revolving Fund has been established, these other expenditures would be charged to overhead expenditure within the Stores account in the Revolving Fund rather than in the General Fund. Eventually, it will be necessary to prorate these expenditures to the appropriate year; the basis used is the distribution charge for stock withdrawals.

One method of distributing overhead incurred in operating a Stores warehouse is to add to the average cost of each item requisitioned a fixed percentage (overhead) that is sufficient to cover all operation expenditures. This method of distributing overhead allows the total warehouse operating costs to be distributed to applicable expenditure accounts by the end of the year. Any surplus or deficit in the net total of the two remaining overhead accounts is then prorated and distributed among the liable expenditure accounts.

If overhead is not distributed along with the stock issues, then some means for eventual distribution of overhead must be maintained. This may be done by keeping a running analysis of withdrawals by classification of the expenditure accounts to which the charges are being made. The totals are converted to percentages of the total withdrawals at the end of the year, and the total overhead expenditure incurred in operating the Stores warehouse is distributed to expenditure accounts on the basis of these percentages. When a constant percentage is added to issues in accounting for the above entries, the *debit* of the total amount, including the percentage for overhead, is charged to the appropriate expenditure account. The *credit*, however, must be split between the actual value of the items of stock withdrawal (computed at the latest average price) and the amount that was obtained by extending that value by the constant percentage to cover overhead reimbursed to the Stores account. At the end of the year, the total charges to overhead expenditure will be available separately from the credits to overhead amounts expended and reimbursed. Any differences between these two accounts at the end of the year must be charged, or credited as the case may be, to appropriate expenditure accounts in accordance with the value of items issued.

As mentioned in Chapter 6 of this manual, a physical inventory should be taken at least once annually, and a comparison should be made between the control count on the perpetual inventory and the physical count. At that time any difference should be adjusted by charging or crediting overhead expenditure, by the value of any difference in the quantity on hand, with the offset to stock withdrawals. If, at any time, the warehouse is unable to respond to a request because of insufficient stock, an indication of how much was actually issued should be noted on the requisition. This will make possible a simple check of agreement with the perpetual inventory on that item, since the account will now be zero, or very small. Inventory variations discovered at such times should be accounted for when it is convenient to do so but no later than the end of the year.

Specifically, if the Stores account is maintained in the General Fund, the net value of the inventory will be reported in the financial and budget reports as a component of the fund balance for the General Fund. If a Warehouse Revolving Fund has been established, the net value of the inventory will be reported on the financial and budget reports as a component of the fund balance for the Warehouse Revolving Fund. If additional capital resulting from an increase in average daily attendance is added to the Warehouse Revolving Fund, the increased capital is accounted for as an Interfund Transfer Out in the General Fund and an Interfund Transfer In in the Warehouse Revolving Fund. Conversely, if some portion of the capital funds is returned to the General Fund, the amount returned is an Interfund Transfer Out in the Warehouse Revolving Fund and an Interfund Transfer In in the General Fund.

In the event that the Warehouse Revolving Fund is established as a common fund of two or more LEAs, duplicate financial and budget report forms are prepared for inclusion with the budgets of each co-owner of the fund. An indication is made showing the percentage of equity of each co-owner LEA in accordance with the value of its initial cash and inventory contributions to the established fund.

When the Warehouse Revolving Fund is established initially, the transfer in the General Fund is in the amount of cash necessary to operate the fund plus the inventory (stores) contributed to the fund. When the transfer is made, the Cash and Stores accounts will be credited and the Interfund Transfer Out account debited in the General Fund. The transfer to the Warehouse Revolving Fund will be shown as a debit to the appropriate Cash account and Stores account and as a credit to the Interfund Transfer Out accounts.

### **General Ledger Accounting for Building Funds**

Building funds are used to account for the receipt and disbursement proceeds of the sale of bonds authorized by election and issued by an LEA under provisions of *Education Code* Section 15100. The major expenditures in an LEA's building fund are related to the purchase and improvement of sites, construction and modification of buildings, and the purchase of equipment.

The accounting entries described earlier in this section for appropriations, expenditures, and encumbrances are found in the building fund. However, there are some accounting features in the building fund that are not found in other funds.

A series of typical transactions and entries in summary form are provided below to illustrate the accounting for a building fund.

1. An issue of bonds totaling \$5,000,000 is authorized by the voters for the purchase of sites and the construction of buildings.

Serial Bonds Authorized—Unissued	\$5,000,000	
Reserve for Unissued Bonds		\$5,000,000

2. The full issue is sold to the Bank of America.

Cash in County Treasury	\$5,000,000	
Proceeds from Sale of Bonds		\$5,000,000
Reserve for Unissued Bonds	\$5,000,000	
Serial Bonds Authorized—Unissued		\$5,000,000
Estimated Revenue	\$5,000,000	
Appropriations		\$5,000,000

NOTE: Because contracts cannot be let until funds are available, appropriation authority is withheld until the bonds are sold. *Once the bonds are issued, the long-term debt will be recorded in the general long-term debt account group as long as the bonds are outstanding.*

3. Construction contracts and agreements to purchase sites are made in the amount of \$4,900,000.

Encumbrances	\$4,900,000	
Reserve for Encumbrances		\$4,900,000

4. Other costs, not encumbered, are paid in the amount of \$20,000.

Expenditures	\$20,000	
Cash		\$20,000

5. Construction contracts and agreements to purchase sites, previously encumbered, are paid in the amount of \$4,910,000.

Reserve for Encumbrances	\$4,900,000	
Encumbrances		\$4,900,000
Expenditures	\$4,910,000	
Cash		\$4,910,000

6. An entry is made to close estimated Revenue and Appropriations.

Appropriations	\$5,000,000	
Estimated Revenue		\$5,000,000

7. An entry is made to close Expenditures and Revenue.

Revenue	\$5,000,000	
Expenditures		\$4,930,000
Unreserved Fund Balance		70,000

At the close of the project, there may be a remaining cash balance which represents the excess amount of bonds over the project's actual costs. The LEA should refer to the bond authorization for guidance in the disposition of the remaining funds. Also, general fixed assets acquired as a result of expenditures of capital project funds must be reported as part of the general fixed asset account group.

### **Accounting for Self-insurance Funds**

LEAs may establish separate funds for each type of self-insurance activity; e.g., workers' compensation, health and welfare; and deductible property loss (*Education Code Section 39602*).

Amounts transferred to a self-insurance fund shall be treated as expenditures of the fund from which the moneys are transferred. For example, a contribution from the General Fund to a self-insurance workers' compensation fund is recorded under General Fund object 3600, Worker's Compensation Insurance, and within the Workers' Compensation Self-Insurance Fund as revenue under account 8674, In-district Premiums/Contributions. A contribution from the General Fund to a self-insurance fund for property and liability would be recorded under General Fund object 5450, Other Insurance, and within the Property and Liability Self-insurance Fund as revenue under account 8674, In-district Premiums/Contributions.

Other similar expenditure accounts, descriptive of the type of insurance being provided, are used to record the expenditure in the fund which provided the contribution/premium. The revenue is to be recorded under object 8674, Self-insurance Contributions/Premiums, in the appropriate self-insurance fund.

The cost of excess insurance to provide coverage over and above self-insurance capabilities should be recorded as an expense of the self-insurance fund under object classification 5450, Other Insurance.

Payments for claims or judgments and payments to independent contractors for administrative services shall be recorded under object 5800, Other Services and Operating Expenses, in the appropriate self-insurance fund.

A trust account may be established for the payment of claims by a contracting firm and recorded in General Ledger account 9135, Cash with a Fiscal Agent, within the self-insurance fund. Payments shall be replenished by amounts equal to claims paid and recorded within the self-insurance fund under object 5800, Other Services and Operating Expenses.

LEAs that incur costs related to providing services for a joint powers agency, such as salary payments of an administrator or other related administrative service costs, should record reimbursements made by the joint powers agency under account 8677, Interagency Revenues, in the appropriate LEA fund.

Payments by a joint powers agency for insured losses shall be abated to the fund which incurred the losses.

Reimbursements made by a self-insurance fund to another fund of the LEA shall be posted as a credit to the expenditure account to which the original charge was made. For example, the salary of a self-insurance administrator may be paid from the General Fund and subsequently reimbursed to the General Fund by posting the amount as a credit to the salary account originally charged in the General Fund. The amount will then be recorded as salary expense within the self-insurance fund.

Workers' compensation payments received by the employee and endorsed over to the LEA shall be abated to the appropriate General Fund salary account.

Amounts contributed to a self-insurance fund are lawfully restricted for insurance purposes. If the amounts held in a self-insurance fund are considered to be in excess of the amounts required, as determined on an actuarial basis, current and/or future contributions may be reduced by the contributing fund.

## Chapter 3

# Revenues and Other Financing Sources

Increases in the resources of a fund are the result of revenues, transfers from other funds (interfund transfers), or debt issue proceeds. Each source is described below:

1. *Revenues* are defined as the increases in fund financial resources other than increases from interfund transfers or debt issue proceeds. Increases are recognized as revenues when assets are increased without increasing liabilities or incurring an expenditure reimbursement. LEAs have revenues that are ongoing and material revenues that will be received only once. Some examples of ongoing revenues are revenue limit apportionments, grants and other entitlements, taxes, donations, interest, and developer fees. Revenue from the sale of land and buildings (account 8953) is an example of a material one-time revenue. Material one-time revenues are classified in the "Other Sources/Uses" section of the J200 and J400.
2. *Interfund transfers* are classified separately from revenues (and are not revenues, but other financing sources) because they do not increase the financial resources of the LEA as a whole; they represent a transfer of existing resources between funds. Interfund transfers are described on page 3-7.
3. *Debt issue proceeds*, such as proceeds from a loan or a bond issue, are also classified separately from revenues (and are not revenues, but other financing sources) because when these resources are increased, an offsetting debt is incurred. An example of debt issue proceeds is an emergency apportionment (account 8931).

Revenues and other financial resources must be classified by *fund* and *source*. They are classified in order to produce information in a form that is useful to management for (1) preparing and controlling the budget; (2) controlling revenues; (3) preparing financial statements; and (4) preparing financial statistics. LEAs are required to classify resources in accordance with major and subordinate source classifications.

The major source classifications are as follows:

8010-8099	Revenue Limit Sources
8100-8299	Federal Revenue
8300-8599	Other State Revenue
8600-8799	Other Local Revenue
8910-8929	Interfund Transfers In
8930-8979	Other Financing Sources
8980-8999	Contributions to Restricted Programs

The subordinate classifications for revenues and other sources, broken down under the major classifications, are listed on pages 3-2 through 3-7. The subordinate classifications should be used in the (1) day-to-day accounting; (2) preparation of budgets; and (3) preparation of financial reports.

### Restricted/Unrestricted Separation in the General Fund

Effective in fiscal year 1988-89, restricted programs or activities within the General Fund must be separately identified, accounted for, and reported. This requirement means that General Fund activities will be separated into the restricted and unrestricted segments.

Restricted programs or activities are those funded from external revenue sources that are legally restricted or restricted by the donor to specific purposes.

#### NOTE:

- Programs that are funded from both restricted and unrestricted sources will be accounted for and reported as *restricted*.
- Funds or activities which are "restricted" or "designated" by the governing board from *unrestricted* revenue sources will be accounted for and reported as *unrestricted*.

The "Sources of Revenue, by Code Number" chart on page 3-12 shows the new codes for revenues and whether the revenues are restricted or unrestricted. LEAs will need to review other local revenue received from external sources to determine whether legal

restrictions apply for purposes of restricted or unrestricted designations.

The accounting methodology to be used to maintain the restricted/unrestricted segregation is left to the LEA. Potential options which have been identified, however, are the following:

- Maintaining separate restricted and unrestricted funds but consolidating them for financial reporting
- Maintaining subfunds and consolidating them for financial reporting
- Reporting by program or cost centers, defined to allow separation into the restricted and unrestricted segments
- Reporting by any unused field in the account code structure, defined to allow separation into the restricted and unrestricted segments
- Maintaining any combination of the above

In choosing the appropriate methodology, the LEA should consider the following:

- The approach that is used must allow for the identification of revenues, by programs, as well as their transfer to various programs.
- Changes in the revenue code numbers may affect site and budget center reports.
- Cash management may have to be dealt with if separate restricted and unrestricted funds are used.

### Instructions for Using Revenue and Other Source Classifications

The various classifications of revenues and other financing sources and instructions for their use are described in detail below.

#### 8010-8099 Revenue Limit Sources

By law, most State School Fund apportionments or allowances to an LEA must be deposited in the General Fund of the LEA. All such amounts must be accounted for in terms of the gross amount apportioned. Deductions and withholdings made by the State Controller as required by law must be accounted for as expenditures in the same manner as if the full apportionment had been received and an LEA warrant had been drawn for such purpose.

The seventh and eighth grade tuition transfers and adjustments of special education revenue limit funds for county-operated programs transferred from school districts to offices of county superintendents of schools are made by the state before the gross revenue limit apportionment is determined. These adjustments shall not be accounted for as expenditures.

Revenue that was not previously accrued, but that is received in correction of a prior apportionment (*Education Code* Section 41341) or included in the final state apportionment should be recorded in the revenue class or classes that define the original apportionment.

#### Principal Apportionment

##### 8011 State Aid—Current Year

Record amounts allowed for the current year, including amounts accrued at the end of the fiscal year.

##### 8019 State Aid—Prior Years

Record the amounts received but not previously accrued for prior years' principal apportionments.

#### Tax Relief Subventions

##### 8021 Homeowners' Exemptions

Record amounts received for loss of revenue because of homeowners' exemptions (*Revenue and Taxation Code* Section 218).

##### 8022 Timber Yield Tax

Record the yield tax collected by the State Board of Equalization on timber harvested from private or publicly owned land (*Government Code* Section 27423; *Revenue and Taxation Code* sections 38905 and 38906).

##### 8029 Other Subventions/In-lieu Taxes

Record amounts received for loss of revenue because of exemptions on motion picture films and wine and brandy products (*Revenue and Taxation Code* sections 988 and 992; *Education Code* Section 41052) and severance aid allowances for real property acquired for state highway purposes (*Education Code* Section 41960).

##### 8030 Trailer Coach Fees

Record assessments collected from owners of trailer homes, which constitute personal property used in lieu of taxable real property (*Revenue and Taxation Code* Section 11003.4).

#### County and District Taxes

Record revenue from local sources in the appropriate subordinate classifications in this major classification. All revenue received from tax sources is to be accounted for when it is received (cash basis). Credits to the various LEA tax accounts are made on receipt of an apportionment notice from the county superintendent of schools indicating that taxes have been deposited in the county treasury.

**8041 Secured Roll Taxes**

Record revenue from taxes levied on the secured tax roll (*Education Code* sections 4364, 1624, and 2500 *et seq.*).

**8042 Unsecured Roll Taxes**

Record revenue from taxes levied on the unsecured tax roll.

**8043 Prior Years' Taxes**

Record revenue from tax levies of prior years. Include secured and unsecured receipts from redemptions and tax sales.

**8044 Supplemental Taxes**

Record taxes resulting from changes in assessed value due to changes in ownership and completion of new construction at the time they occur (*Revenue and Taxation Code* sections 75-75.80).

**8070 Receipts from County Board of Supervisors (County School Service Fund [CSSF] Only)**

Record receipts of fiscally dependent offices of county superintendents of schools for the levy of taxes made by county governments for the operations of offices of county superintendents of schools which are not fiscally independent.

**Miscellaneous Funds (*Education Code* Section 41604)**

Include miscellaneous funds received from federal, state, and local sources.

**8081 Royalties and Bonuses**

Record the total amount of payments of all or a portion of the royalties and bonuses received from the operation of any law under the terms of any agreement.

**8082 Other In lieu Taxes**

**8089 Less: Non-Revenue Limit (50 percent) Adjustment**

Record the transfer of 50 percent of the amount in revenue accounts 8081 and 8082 from Revenue Limit Sources to Other Local Revenue. The entry is made by decreasing (debiting) revenue account 8089 and increasing (crediting) revenue account 8691.

**Revenue Limit Transfers**

**8091 Special Education A.D.A. Transfer**

Record the transfer from the unrestricted Revenue Limit Sources to the restricted Special Education program for special day class and nonpublic school students in programs operated by the LEA.

**8092 PERS Reduction Transfer (to account 7270)**

Record the reduction to the revenue limit as a result of the PERS transfer.

**8093 ROC/P Apprentice Hours Transfer**

Record the transfer of apprentice hours revenue from the unrestricted Revenue Limit Sources to the restricted ROC/P program only when appropriate students are being educated in the ROC/P program.

**8094 Concurrent Adult/Apprentice Transfer to Adult Education Fund**

Record the Concurrent Adult A.D.A. transfer from the General Fund to the Adult Education fund. Include a transfer for apprentice hours only when appropriate students are being educated in the adult education program.

**8095 Juvenile Hall/Continuation Education A.D.A. Transfer**

**8096 Pregnant Minors A.D.A. Transfer (CSSF)**

**8097 Special Education Taxes Transfer (CSSF)**

**8099 All Other Transfers**

Record all other transfers applicable to programs in the General Fund or other funds. For example, if an LEA chooses to transfer money for small school transportation to the restricted transportation program in the General Fund or for meals for needy pupils (generated within the revenue limit) to the Cafeteria Fund/Account.

**8100-8299 Federal Revenue**

Record in the appropriate subordinate classifications revenue received from the federal government. Record federal revenue for which the state or any other agency serves as the distributing agency. Identify the purposes for which revenue is received and account for the money received for each purpose.

**8110 Maintenance and Operations (Public Law 81-874)**

Record amounts allowed for maintenance and operations resulting from the identification of students or parents in federally impacted areas in accordance with Federally Impacted Aid programs.

**8130 School Construction (Public Laws 81-815 and 91-600 amended)**

Record amounts allowed for school construction and facilities acquisitions.

**8140 Education Professions Development Act, B-1 and B-2 (Public Law 90-35)**

Record amounts received from federal agencies for the Education Professions Development Act, Title 1.

**8150 Economic Opportunity Act (Public Law 88-452)**  
Record amounts received directly from federal agencies for Economic Opportunity Act programs.

**8160 Education Consolidation and Improvement Act (ECIA/ESEA [Public Law 89-10])**  
Record amounts received from federal agencies for Education Consolidation and Improvement Act programs.

**8170 Job Training Partnership Act (Public Law 97-300)**  
Record amounts received from federal sources under the provisions of the Comprehensive Employment and Training Act, including the amounts received under provisions of the Emergency Employment Act of 1971 and Public Employment Act programs.

**8180 Special Education (Public Law 94-142)**

8181 Entitlement Aid per Unduplicated Count

8182 Discretionary Grants

**8190 Education for Economic Security Act (EESA)**

**8220 Child Nutrition Programs**

Record amounts allowed for the school lunch program, special milk program, school breakfast program, food assistance program, and special assistance program (free meals) received from federal sources.

**8240 Vocational Education Act of 1976 (Public Laws 94-482 and 95-40)**

Record amounts allowed from federal sources for programs under the Vocational Education Amendments of 1976.

**8260 Forest Reserve Funds (School Districts Only)**

Record all revenue from forest reserve funds apportioned by the federal government but distributed to the district by the county superintendent of schools with the approval of the county board of education (*Education Code* Section 2300).

**8270 Flood Control Funds**

Record all revenue from flood control funds apportioned by the federal government but distributed to the district by the county superintendent of schools with the approval of the county board of education (*Education Code* Section 1606).

**8280 U.S. Wildlife Reserve Funds**

Record amounts received from U.S. Wildlife Reserve funds.

**8290 Other Federal Revenue**

Record all other federal funds received, except funds defined as "miscellaneous funds" in *Education Code* Section 41604.

## **8300-8599 Other State Revenues**

**8310-8339 Principal Apportionment**

**8311 ROC/P Entitlement—Current Year**

Record amounts allowed for the current year, including amounts accrued at the end of the fiscal year.

**8319 ROC/P Entitlement—Prior Years**

Record the amounts received but not previously accrued for prior years' principal apportionments.

**8321 Special Education Master Plan—Current Year**

Record amounts allowed for the current year, including amounts accrued at the end of the fiscal year.

**8329 Special Education Master Plan—Prior Years**

Record amounts received but not previously accrued.

**8331 Gifted and Talented Pupils**

**8340-8399 Special Purpose Apportionment**

Record amounts received for the expenditures of maintaining any or all of the following programs during the fiscal year.

**8341 Driver Training**

**8342 Home-to-School Transportation**

**8343 Urban Impact Aid (*Education Code* sections 54060 and 54061)**

**8344 School Improvement Program (*Education Code* sections 52046-52049)**

**8346 Economic Impact Aid (*Education Code* Section 54028)**

**8400-8499 Special Instructional Allowances**

**8411 Basic Reading Act**

Record amounts received under the Miller-Unruh Basic Reading Act of 1965 (*Education Code* sections 54100-54145)

**8412 Instructional Television**

Record amounts received under *Education Code* Section 41920 for participation in a program for instructional television established pursuant to *Education Code* Section 51870 or Section 51871.

**8413 Special Teacher Employment**

Record amounts received under Chapter 106, Statutes of 1966 (*Education Code* sections 54480-54486), for the special teacher employment program.

**8414 Demonstration Programs, Reading and Mathematics**

Record amounts received under Chapter 106, Statutes of 1966 (*Education Code* sections 58600-58607), for demonstration programs in intensive instruction in reading and mathematics for low-achieving pupils.

**8415 Instructional Materials—Elementary**

Record state special allowances for instructional materials for pupils in kindergarten through grade eight (*Education Code* Section 60242).

**8416 Instructional Materials—Secondary (*Education Code* Section 60247)**

**8418 Vocational Education for Handicapped Students**

**8419 State Development**

**8421 Tenth Grade Counseling**

**8422 Mentor Teacher**

**8423 Classroom Teacher Instructional Improvement Program**

**8424 Educational Technology Assistance Grants**

**8425 Year-round Schools Incentive**

**8429 School-based Coordination Program**

**8490 Other Instructional Allowances**

**8500-8599 Other State Revenue**

**8510 State Preschool**

Record amounts received for preschool education (*Education Code* sections 8256 and 8327). This revenue is recorded in the Child Development Fund.

**8520 Child Nutrition Programs**

Record amounts received as a result of implementation of the Duffy-Moscone Act of 1970 (*Education Code* sections 49510-49520). Also record the amounts received under the Child Nutrition Act of 1974 (*Education Code* Section 49536).

**8530 Children's Centers Apportionments**

Record amounts allowed for children's centers. LEA fiscal control may find it advisable to compute on a monthly basis the earned revenue from this source. Apportionment in

advance is based on estimated attendance. Adjustments at the end of the fiscal year are usually required (*Education Code* Section 8382). This revenue is recorded in the Child Development Fund.

**8540 Deferred Maintenance Allowance**

Record the allocation of the State School Deferred Maintenance Fund received by the LEA from the State Allocation Board (*Education Code* sections 39618-39619.5). This revenue is recorded in the Deferred Maintenance Fund.

**8550 Mandated Costs Reimbursements**

Record in the year received amounts for reimbursements of costs of legislatively mandated programs (*Revenue and Taxation Code* Section 2231).

**8560 State Lottery Revenue**

Record the revenue received under the California State Lottery Act of 1984 (*Government Code* Section 8880.4). This revenue is recorded in the General Fund.

**Tax Relief Subventions—Restricted Levies**

**Voted Indebtedness Levies**

**8571 Homeowners' Exemptions**

**8572 Other Subventions/In-lieu Taxes**

**Other Levies**

Record amounts received as a result of restricted levies for other than debt service repayment proceeds.

**8575 Homeowners' Exemptions**

**8576 Other Subventions/In-lieu Taxes**

**8590 All Other State Revenue**

Record all other state funds received except funds defined as "miscellaneous funds" in *Education Code* Section 41604.

**8600-8799 Other Local Revenues**

Record in the appropriate subordinate classifications in this major classification revenue from local sources. All revenue received from tax sources is to be accounted for when it is received (cash basis). Credits to the LEA's various tax accounts are made on receipt of an apportionment notice from the county superintendent of schools indicating that taxes have been deposited in the county treasury.

**8610-8699 Local Revenue**

**County and District Taxes**

**Restricted Levies**

**Voted Indebtedness Levies**

Record certain tax rates in excess of the statutory rates authorized in the *Education Code* for restricted purposes.

- 8611 Secured Roll
- 8612 Unsecured Roll
- 8613 Prior Years' Taxes
- 8614 Supplemental Taxes

**Other Levies**

Record the proceeds of restricted levies for other than debt service repayment purposes.

- 8615 Secured Roll
- 8616 Unsecured Roll
- 8617 Prior Years' Taxes
- 8618 Supplemental Taxes

**Non-Ad Valorem Taxes**

- 8621 Parcel Taxes  
Record the non-ad valorem tax levied by the LEA.

**Sales**

- 8631 Sale of Equipment and Supplies  
Record revenue from the sale of supplies and equipment no longer needed by the LEA. The money received is to be placed to the credit of the fund from which the original expenditure for the purchase of the personal property was made (*Education Code* Section 39522).
- 8632 Sale of Publications  
Record revenue from the sale of publications.
- 8634 Food Service Sales  
Record revenue from the sale of meals and other food items. This revenue is usually recorded in the Cafeteria Fund or Cafeteria Account.
- 8639 Other Sales  
Record revenue received from all other sales, such as farm products and printed forms.

**8650 Leases and Rentals**

Record revenue for the use of school buildings or portions thereof, houses, and other real or personal property of the LEA and fees collected for civic center use, including reimbursements for custodial salaries and other costs.

**8660 Interest**

Record revenue credited or prorated by the county auditor for interest on deposits of LEA funds with the county treasurer and interest earnings (*Education Code* Section 15146).

**8670-8689 Fees and Contracts**

**8671 Adult Education Fees**

Record revenue received from students enrolled in classes for adults under *Education Code* Section 52612. This revenue is recorded in the Adult Education Fund.

**8672 Nonresident Students**

Record the revenue received from parents or guardians for the total cost of educating foreign residents in the schools of the LEA (*Education Code* Section 48052).

**8673 Children's Centers Fees**

Record revenue received from parents, guardians, or welfare agencies as fees for the instruction and care of children in children's centers (*Education Code* Section 8249). This revenue is recorded in the Child Development Fund.

**8674 In-district Premiums/Contributions**

Record revenue received by a self-insurance fund from other funds of the district for insurance protection, necessary reserves, or deductible amounts or revenue received by the Retiree Benefit Fund for restricted money from salary reduction agreements, other contributions for employee retirement benefit payments, or both.

**8676 Transportation Services**

**8677 Interagency Services**

**8681 Mitigation/Developer Fees**

**8689 All Other Fees and Contracts**

Record revenue received from all other fees and contract services.

**Other Local Revenue**

**8691 Plus: Miscellaneous Funds Non-Revenue Limit (50 Percent) Adjustment**

**8699 All Other Local Revenue**

Record all other local revenue except funds defined as "miscellaneous funds" in *Education Code* Section 41604.

**8710 Tuition**

Record tuition payments received from the following sources:

Interdistrict contracts for general or specific instructional services, including transportation for designated pupils (*Education Code* sections 46600-46613).

Governing boards or authorities in other states for the total cost of education of elementary or high school

students whose places of residence are in the other states (*Education Code* Section 48050). No California state aid is apportioned for such students.

All other tuition payments not identified above.

#### 8720-8799 Other Transfers In

Record revenue received from the following sources:

##### Special Education Local Plan Area (SELPA) Transfers

8721 From Districts

8722 From County Offices

8723 From Joint Powers Agreements (JPAs)

##### ROC/P Transfers

8731 From Districts

8732 From County Offices

8733 From Joint Powers Agreements

##### Community Schools Transfers

8741 From Districts

8742 From County Offices

8743 From Joint Powers Agreements

##### All Other Transfers In

8791 From Districts

8792 From County Offices

8793 From Joint Powers Agreements

8799 From All Others

#### Other Financing Sources

##### 8910-8929 Interfund Transfers In

8911 To: Child Development Fund  
From: General Fund (*Education Code* Section 41013 and *California Code of Regulations, Title 5 Education*, sections 15050-15052)

8912 Between: General Fund and Special Reserve Fund (*Education Code* sections 42840-42843)

8913 To: State School Building Fund  
From: All other funds (*Education Code* Section 16095)

8914 To: General Fund  
From: Bond Interest and Redemption Fund (*Education Code* Section 15234)

8915 To: Deferred Maintenance Fund  
From: General, Special Reserve, and Building funds

8916 To: Cafeteria Fund/Account  
From: General Fund

8919 Other Authorized Interfund Transfers In

##### 8930-8979 Other Sources

8931 Emergency Apportionments

Record the amount of emergency apportionments authorized under *Education Code* sections 41310 and 41320-41324.

8935 School Facilities Apportionments

8951 Proceeds from Sale of Bonds

Record revenue from the sale of bonds at par value. The amounts received from the sale of bonds must be deposited in the Building Fund of the LEA (*Education Code* Section 15146).

8953 Proceeds from Sale/Lease-Purchase of Land and Buildings

Record revenue from the sale or lease-purchase of land and buildings. The funds may be used under the provisions of *Education Code* Section 39363.

8961 County School Building Aid

Record revenue received for payments required pursuant to School Building Aid laws (*Education Code* sections 16196, 16202, 16204, and 2503).

8965 Transfers from Funds of Lapsed/Reorganized Districts

Record Revenue received under *Education Code* sections 35560 and 35561.

8979 All Other Sources

8980-8989 Statutory Contributions to Restricted Programs

8990-8999 Other Contributions to Restricted Programs

NOTE: The uses of control accounts and subsidiary ledgers for revenues were described in Chapter 2. In this chapter, for ease of explanation, the subsidiary ledger account numbers will be used in all entries.

#### Revenue Recognition

As was discussed in Chapter 1, the term *basis of accounting* refers to the *time* when revenues are recorded

(recognized) in the accounts. The modified accrual or the accrual basis of accounting will be used for all LEA funds. In practice, the application of the modified accrual basis of revenue recognition has been inconsistent. Therefore, consistent accrual accounting will be required of all LEAs.

Revenue recognition policies will apply as follows:

1. Revenue Limit and Special Education Master Plan Second Period to Annual Corrections

Second period to annual corrections for revenue limits, Special Education Master Plan, and other state apportionments (either positive or negative) will be accrued at the end of the fiscal year. For example, the annual calculation of the revenue limit (Form K-12A) would be made and actual tax receipts as reported by the county auditor (Form J-29) would be subtracted to determine annual state general aid to be accrued for the fiscal year in question. Any difference between the annual calculated state general aid and the state general aid received on the second principal apportionment would be recorded as follows:

*If the adjustment is positive:*

Date	Account	Debit	Credit
x-xx-xx	Accounts Receivable, State (9160)	xxxx	
	Revenue (8011)		xxxx
To record the second period to annual correction for the increase in the revenue limit			

*If the adjustment is negative:*

Date	Account	Debit	Credit
x-xx-xx	Revenue (8011)	xxxx	
	Accounts Payable, State (9510)		xxxx
To record the second period to annual correction for the reduction in the revenue limit			

2. Prior Years' Corrections to State Apportionments

Any corrections to state apportionments from amendments to the prior years' state reports will be reflected as revenue and accrued as accounts receivable or payable in the year in which the adjustment amounts become known and the amendments are filed, provided the actual cash adjustments are expected to be made no later than the following fiscal year. As an example, if the LEA filed an amended second period attendance report for the preceding fiscal year which would increase its revenue limit for that same preceding year, the LEA would accrue the anticipated adjustment at the end of the current fiscal

year even though the adjustment would not be received until the following February. The accrued revenue would be recorded in a current-year revenue account.

3. Restored Deficits

Deficits to state apportionments are accrued only if restored by the Legislature and approved by the Governor within 60 days of the close of the fiscal year. For example, if a deficit occurred on the second principal apportionment revenue limit but the Legislature restored the deficit in July or August, the amount that the LEA would receive from the deficit restoration would be reflected as revenue limit revenue for the preceding year and an accounts receivable amount would be recorded.

4. Property Taxes

Property tax receipts will be recorded in the manner in which the county auditor reports actual property tax receipts to the State Department of Education as prescribed by *Education Code* Section 41760.2.

5. Mandated Costs Revenue

Mandated costs revenue does not become available until appropriated by the Legislature and approved by the Governor. Therefore, revenue from mandated costs claims will continue to be recorded on a cash basis. However, if a known amount will be received within 60 days of the close of the fiscal year, the LEA will accrue the amount as follows:

Date	Account	Debit	Credit
x-xx-xx	Accounts Receivable, State (9160)	xxxx	
	Revenue (8550)		xxxx
To accrue the mandated costs revenue due from the state			

6. Interest

Interest revenue will be accrued such that the amount earned during the four quarters of the given fiscal year is reflected as revenue in that fiscal year.

7. State Lottery Revenue

The estimated fourth-quarter payment of State Lottery revenues will be accrued at the end of the fiscal year. The adjusting payment of lottery revenues from the prior year to current a.d.a. will be reflected as revenue in the year in which the adjusting payment is received.

## 8. Special Projects (Grants and Entitlements)

Revenue for all special projects will be reflected on a modified accrual basis. For most special projects, the key factor in determining the eligibility for funds is the expenditure of funds for valid project purposes. Revenue received but not spent by the end of the fiscal year will be recorded as deferred revenue (i.e., a current liability) for projects which allow carryover of unspent funds.

For example, assume that the LEA received \$100,000 for Project X, which allows carryover of unspent funds, in January. The entry to record the receipt of this money in January would be as follows:

Date	Account	Debit	Credit
1-1-89	Cash (9110)	\$100,000	
	Revenue (XX*)		\$100,000

To record the receipt of revenue for Project X

At June 30, \$80,000 has been spent on this special project. Thus, the following entry is required:

Date	Account	Debit	Credit
6-30-89	Revenue (XXXX)	\$20,000	
	Deferred Revenue (9540)		\$20,000

To transfer the amount unspent on Project X at 6-30-89 to deferred revenue

In the next fiscal year, once the \$20,000 has been spent on the special project, the \$20,000 will be recognized as revenue, and the following entry will be made:

Date	Account	Debit	Credit
9-30-89	Deferred Revenue (9540)	\$20,000	
	Revenue (XXXX)		\$20,000

To recognize the \$20,000 spent on Project X as revenue

If the special project does not allow for the carryover of unspent funds, the following entry would be made at June 30:

Date	Account	Debit	Credit
6-30-89	Revenue (XXXX)	\$20,000	
	Accounts Payable, Federal (5510)		\$20,000

To set up the liability to the federal government for the Project X revenue unspent at 6-30-89

These funds must then be returned to the donor (grantor).

**NOTE:** Use of the "entitlement" method of accounting will *not* be allowed for special projects. Revenues which have been received but remain unspent at the end of the year will no longer be treated as a restricted ending balance.

If authorized special project expenditures have been made during the year and the revenue has

not been received, the LEA will need to *accrue* this revenue. For example, assume that the LEA made \$30,000 in authorized expenditures during the year but as of June 30 had not received any money. At June 30, the LEA must make the following entry:

Date	Account	Debit	Credit
x-xx-xx	Accounts Receivable, Federal (9160)	\$30,000	
	Revenue (XXXX)		\$30,000

To accrue the revenue due to the LEA for Project X

Only special projects are subject to revenue deferral requirements. All other categorical aid programs not defined as special projects, such as instructional materials and special education, will have carryover revenue treated as an ending balance.

Programs that are defined as special projects are the programs/projects identified under "Special Projects" on pages 4-36 and 4-37.

### Abatement of Revenue

When part or all of the revenue of a school district or office of a county superintendent of schools must be returned to the source from which it was received or must be distributed to districts participating in a specific project, the transaction shall be accounted for as an abatement of revenue. In other words, abatement of revenue is the cancellation of a part or the whole of any specific receipt previously recorded. Such cancellations of previously recorded receipts usually result from tax refunds, refunds of money received from state or federal sources, refunds of moneys previously received in error, or the distribution of moneys received for others. The accounting for such transactions in the manner described above keeps both revenue and expenditures in true perspective.

Uniformity in accounting for the abatement of revenue is required to ensure comparable fiscal records and reports of LEA finances. Accuracy in the records requires the use of a correct accounting procedure for the elimination from the fiscal records of those items representing cancellations of previous fiscal transactions or parts of them.

When a payment is made that represents a cancellation or a reduction of revenue receipts, it must be accounted for as an abatement of revenue. When the payment is made, a revenue account is debited and cash is credited. The revenue account that is debited would be the same revenue account which had been credited when the original revenue was received. A current-year revenue account would be debited even though the original receipt may have been in a prior fiscal year. Abatements of revenue should be recorded

as they occur and should not be accumulated until the end of the fiscal year.

Because payments that constitute abatements of revenue are not expenditures, they are not subject to appropriation control. However, any abatement of revenue that constitutes a major reduction of revenue in comparison with estimated revenue should be recognized as requiring a corresponding reduction in estimated revenue and the fund balance.

The following kinds of transactions should be accounted for as abatements of revenue:

1. Tax refunds
2. Rental refunds
3. Tuition refunds
  - a. To students, parents, or guardians
  - b. To other LEAs because of overpayments
4. Refunds of revenue from federal sources
5. Refunds of revenue from state sources
6. Refunds of other moneys received in error
7. Distribution of moneys received by a local operating agency to operating districts for certain specific projects.
8. Direct expenditures (consultant-broker fees and the like) made in conjunction with real estate sales may be abated to sale proceeds. Usually, such abatement occurs in escrow, and only net proceeds are recorded as revenue.

### Revenue Receipts

Because it is often difficult to distinguish between receipts that should be treated as *abatements of expenditure* (see page 4-31) and those that should be treated as revenue, a list of revenue receipts is presented below. Each of the following receipts must be accounted for as revenue (revenue classifications are shown in parentheses):

1. Tuition (8710)
2. Fees (8670-8689)
  - a. Teachers' and employees' examination fees (8689)
  - b. Certificate fees (8689)
  - c. Transcript fees (8689)
3. Rentals (8650)
  - a. Civic center (all charges) (8650)
  - b. Classrooms (8650)
  - c. Easement leases (8650)
  - d. Houses (8650)
  - e. Sites (8650)
4. Collections for use of swimming pools, tennis courts, and the like (8689)
5. Library fines (8699)
6. Receipts from the sale of junk or salvage material no longer needed (8631)  
Contributions and gifts (8699)

8. Receipts from the sale of courses of study, printed and/or duplicated forms, and the like (8632)
9. Amounts received from forfeitures of surety or indemnity bonds because of noncompliance with contracts (8699)
10. Interest on deposits and investments (8660)
11. Receipts from teacher-training institutions for practice teaching services (8699)
12. Amounts received from mandated costs claims (8550)

### Accounting for Emergency Apportionments/Loans and Other Types of Loans

LEAs may receive from the state various types of loans which have to be repaid in the future. Two of these loans are the following:

1. Building repayment loans
2. Emergency apportionments (loans) to LEAs as provided by *Education Code* sections 41310 and 41320-41324

Loans of this type are recorded as debt issue proceeds (Other Financing Sources, accounts 89XX) and not revenue because an offsetting debt is incurred. As was discussed in Chapter 1, long-term debt for the governmental funds and the trust funds is recorded in the general long-term debt account group and not in these funds. Therefore, when the proceeds of these loans are received, the following entry is made to the appropriate fund:

Date	Account	Debit	Credit
x-xx-xx	Cash (9110)	xxxx	
	Proceeds (89XX)		xxxx

To record the receipt of the loan from the state

If the LEA maintains the general long-term debt account group during the year, the following entry is made:

Date	Account	Debit	Credit
x-xx-xx	Amount to be provided for retirement of loan	xxxx	
	Loan payable		xxxx

To record the loan from the state

### Building Repayment Loans

The repayment of a state loan for a construction project will be accomplished automatically during the loan's repayment period (as specified in the loan agreement) by the withholding of the annual repayment amount from the regular apportionments being credited to the LEA. The practice of the State Controller is to make the withholdings over a period of four months—February, March, April, and May. Accordingly, during each of these months, a prorated

portion of the total loan and the interest due will be subtracted from the amounts due the LEA from the State School Fund in accordance with regular apportionment calculations. This means that the credit to the LEA's funds as reported by the county superintendent will be smaller, by the same amount as the repayment on the loan, than the Superintendent of Public Instruction's certification of the LEA's apportionment. The LEA must record the full amount of the apportionment before the reduction for the loan repayment and interest and must record the loan repayment and interest as expenditures.

Assume, for example, that the LEA received a building repayment loan for \$80,000 during the spring of year 1. The loan agreement specifies that the loan will be repaid over a two-year period. In year 2, \$40,000 plus \$4,800 interest will be deducted from the LEA's principal apportionment in four payments. The February, March, April, and May apportionments will be \$11,200 (\$10,000 + \$1,200 interest) less than the calculated amount.

In year 1, the following entry will be made in the general fund:

Date	Account	Debit	Credit
x-xx-xx	Cash (9110)	\$80,000	
	Other Sources (8979)		\$80,000
To record the proceeds of the building repayment loan			

In year 1, the following entry will be made in the long-term debt account group:

Date	Account	Debit	Credit
x-xx-xx	Amount to be provided for building loan payment	\$80,000	
	Building loan payable		\$80,000
To record the building loan payable			

Assume that the LEA's February apportionment in year 2 was \$100,000; the LEA will receive \$88,800, and the following entries will be made:

*In the General Fund:*

Date	Account	Debit	Credit
x-xx-xx	Cash (9110)	\$88,800	
	Principal Apportionment (8011)		\$88,800
To record the receipt of the February principal apportionment which had been reduced by \$11,200 for the loan repayment and interest due to the state (which will be expended out of the Tax Override Fund)			

*In the tax override fund:*

Date	Account	Debit	Credit
x-xx-xx	Loan Repayment (7641)	\$10,000	
	Other Services and Operating Expenditures (5800)	1,200	
	Cash (9110)		\$11,200
To record the principal and interest expenditures for the building loan repayment			

When the entry is made to record the expenditures in the tax override fund, the following entry must be made in the General Fund to reflect the cash transferred to the General Fund from the Tax Override Fund:

Date	Account	Debit	Credit
x-xx-xx	Cash (9110)	\$11,200	
	Principal Apportionment (8011)		\$11,200
To record the transfer of cash from the Tax Override Fund and to recognize the balance of the February principal apportionment in the General Fund			

At the end of the year, adjustments will be made in the general long-term debt account group to reflect the amount of principal which has been repaid.

**Emergency Apportionments**

The repayment of emergency loans is done in the same manner as the repayment of building loans, except that the principal repayment must be accomplished over not more than a five-year period (*Education Code* Section 41323). The interest and principal payment due annually on an emergency loan will be withheld from the LEA's regular apportionments and must be recorded as an expenditure. All entries are normally recorded in the General Fund and the general long-term debt account group.

**Tax and Revenue Anticipation Notes**

Tax and revenue anticipation notes (TRANS) are short-term debt instruments of LEAs. They are issued to eliminate cash flow deficiencies which result from fluctuations in revenue receipts and expenditure disbursements.

Tax and revenue anticipation notes can mature in either the same fiscal year as issued or in the following fiscal year. *Tax and revenue anticipation notes are reported as a fund liability in the fund receiving the proceeds.*

Assume, for example, that the LEA issues a TRAN on July 1, with a maturity date of June 30 of the same fiscal year. The issue is for \$1,000,000 at 5 percent interest. The repayment schedule requires the LEA to make a 50 percent repayment of the principal in December. The balance of the principal, plus interest for the entire issue, is to be repaid in April. In this example, the administrative costs (\$8,500) are deducted from the note's proceeds at the time of issuance. If the General Fund received the proceeds, the following entries would be made in the General Fund:

Date	Account	Debit	Credit
7-1-xx	Cash (9110)	\$991,500	
	Administrative expenditure (5800)	8,500	
	Temporary Loans (9530)		\$1,000,000
To record the receipt of the TRAN's proceeds and the associated administrative expenditure and liability			

Date	Account	Debit	Credit
12-31-xx	Temporary Loans (9530)	\$500,000	
	Cash (9110)		\$500,000
To record the repayment of 50 percent of the TRAN's principal			

Date	Account	Debit	Credit
4-30-xx	Temporary Loans (9530)	\$500,000	
	Interest (5800)	50,000	
	Cash (9110)		\$550,000
To record the final repayment of the TRAN's principal plus interest			

### Sources of Revenue, by Code Number

Category	Old codes	New codes	General fund revenue restrictions		Restricted to other funds
			Yes	No	
<b>Revenues</b>					
<b>1. Revenue Limit Sources</b>		8010-8099			
Principal Apportionment					
State Aid-Current Year	8611	8011		X	
State Aid-Prior Years		8019		X	
Tax Relief Subventions					
Homeowners' Exemptions	8672	8021		X	
Timber Yield Tax	8678	8022		X	
Other Subventions/ In-lieu Taxes	8679	8029		X	
Trailer Coach Fees	8699	8030		X	
County and District Taxes					
Secured Roll Taxes	8811	8041		X	
Unsecured Roll Taxes	8812	8042		X	
Prior Years' Taxes	8813	8043		X	
Supplemental Taxes	8811	8044		X	
Receipts from County Board of Supervisors (CSSF only)	8790	8070		X	
Miscellaneous Funds ( <i>Education Code Section 41604</i> )					
Royalties and Bonuses	8x80	8081		X	
Other In-lieu Taxes	8611	8082		X	
Less: Non-Revenue Limit (50 Percent) Adjustment	8611	8089		X	
Revenue Limit Transfers					
Special Education A.D.A. Transfer	8611	8091	X	X	
PERS Reduction Transfer (to Account 7270)	8611	8092	X	X	
ROC/P Apprentice Hours Transfer	8611	8093	X	X	
Concurrent Adult/Apprentice Transfer to Adult Education Fund	8611	8094		X	
Juvenile Hall/Continuation Education A.D.A. Transfer	8611	8095	X	X	
Pregnant Minors A.D.A. Transfer (CSSF)	8611	8096	X	X	
Special Education Taxes Transfer (CSSF)	8611	8097	X	X	
All Other Transfers	8611	8099	X	X	
<b>2. Federal Revenue</b>	8100-8499	8100-8299			
Maintenance and Operations	8110	8110	X	X	
School Construction	8130	8130	X		
Education Professions Development Act	8140	8140	X		
Economic Opportunity Act	8150	8150	X		

**Sources of Revenue (cont.)**

Category	Old codes	New codes	General fund revenue restrictions		Restricted to other funds
			Yes	No	
Education Consolidation and Improvement Act (ECIA/ESEA)	8160	8160	x		
Job Training Partnership Act	8170	8170	x		
Special Education					
Entitlement Aid per Unduplicated Count	8181	8181	x		
Discretionary Grants	8182	8182	x		
Education for Economic Security Act (EESA)	8175	8190	x		
Child Nutrition Programs	8220	8220	x		
Vocational Education Act	8240	8240	x		
Forest Reserve Funds	8310	8260		x	
Flood Control Funds	8320	8270		x	
U.S. Wildlife Reserve Funds	8330	8280		x	
Other Federal Revenue	8490	8290	x	x	
<b>3. Other State Revenues</b>	<b>8610-8699</b>	<b>8300-8599</b>			
Principal Apportionment	8610-8619	8310-8339			
ROC/P Entitlement					
Current Year	8611	8311	x		
Prior Years	8611	8319	x		
Special Education Master Plan					
Current Year	8612,8614	8321	x		
Prior Years	8612	8329	x		
Gifted and Talented Pupils	8617	8331	x		
Special Purpose Apportionment	8620-8629	8340-8399			
Driver Training	8621	8341	x		
Home-to-School Transportation	8622	8342	x		
Urban Impact Aid	8624	8343		x	
School Improvement Program	8625	8344	x		
Economic Impact Aid	8627	8346	x		
Special Instructional Allowances	8630-8639	8400-8499			
Basic Reading Act	8631	8411	x		
Instructional Television	8632	8412	x		
Special Teacher Employment	8633	8413	x		
Demonstration Programs, Reading and Mathematics	8634	8414	x		
Instructional Materials					
Elementary	8636	8415	x		
Secondary	8635	8416	x		
Vocational Education, Handicapped Students	8638	8418	x		
Staff Development	8626	8419	x		
Tenth Grade Counseling	8539	8421	x		
Mentor Teacher	8639	8422	x		
Classroom Teacher Instructional Improvement Program	8639	8423	x		
Educational Technology Assistance Grants	8639	8424	x		
Year-round Schools Incentive		8425		x	

**Sources of Revenue (cont.)**

Category	Old codes	New codes	General fund revenue restrictions		Restricted to other funds
			Yes	No	
School-based Coordination Program		8429	x		
Other Instructional Allowances	8639	8490	x	x	
Other State Revenue	8640-8699	8500-8599			
State Preschool	8691	8510			Child Development Fund
Child Nutrition Programs	8637	8520	x		
Children's Centers Apportionments	8650	8530			Child Development Fund
Deferred Maintenance Allowance	8693	8540			Deferred Maintenance Fund
Mandated Costs Reimbursements	8692	8550	x	x	
State Lottery Revenue	8695	8560		x	
Tax Relief Subventions—Restricted Levies					
Voted Indebtedness Levies					
Homeowners' Exemptions	8672	8571			Tax Override Fund
Other Subventions/ In-lieu Taxes	8679	8572			Tax Override Fund
Other Levies					
Homeowners' Exemptions	8672	8575	x		
Other Subventions/ In-lieu Taxes	8679	8576	x		
All Other State Revenue	8699	8590	x	x	
<b>4. Other Local Revenues</b>	<b>8800-8899</b>	<b>8600-8799</b>			
Local Revenue		8610-8699			
County and District Taxes—					
Restricted Levies					
Voted Indebtedness Levies					
Secured Roll	8814	8611			Tax Override Fund
Unsecured Roll	8815	8612			Tax Override Fund
Prior Years' Taxes	8814	8613			Tax Override Fund
Supplemental Taxes	8814	8614			Tax Override Fund
Other Levies					
Secured Roll	8811	8615	x		
Unsecured Roll	8812	8616	x		
Prior Years' Taxes	8813	8617	x		
Supplemental Taxes	8811	8618	x		
Non-Ad Valorem Taxes					
Parcel Taxes	8890	8621		x	
Sales					
Sale of Equipment and Supplies	8842	8631		x	
Sale of Publications	8845	8632		x	
Food Service Sales	8844	8634	x		
Other Sales	8849	8639		x	
Leases and Rentals	8850	8650		x	
Interest	8860	8660	x	x	
Fees and Contracts		8670-8689			
Adult Education Fees	8871	8671			Adult Education Fund
Nonresident Students	8872	8672		x	
Children's Centers Fees	8873	8673			Child Development Fund

**Sources of Revenue (cont.)**

Category	Old codes	New codes	General fund revenue restrictions		Restricted to other funds
			Yes	No	
In-district Premiums/ Contributions	8874	8674	x		Self-insurance/ Retiree Benefits funds
Transportation Services	8875	8676	x		
Interagency Revenues	8877	8677	x	x	
Mitigation/ Developer Fees	8879	8681	x(1)	x(1)	Capital Facilities Fund
All Other Fees and Contracts	8879	8689	x	x	
Other Local Revenue					
Plus: Miscellaneous Funds Non-revenue Limit (50%) Adjustment	8X80	8691		x	
All Other Local Revenue	8890	8699	x	x	
Tuition	8920	8710	x	x	
Other Transfers In		8720-8799			
Special Education Local Plan Area (SELPA) Transfers					
From Districts	8940	8721	x		
From County Offices	8960	8722	x		
From JPAs	8940	8723	x		
ROC/P Transfers					
From Districts	8990	8731	x		
From County Offices	8990	8732	x		
From JPAs	8990	8733	x		
Community Schools Transfers					
From Districts	8990	8741		x	
From County Offices	8990	8742		x	
From JPAs	8990	8743		x	
All Other Transfers In					
From Districts	8990	8791	x	x	
From County Offices	8990	8792	x	x	
From JPAs	8990	8793	x	x	
From All Others	8990	8799	x	x	
<b>Other Financing Sources</b>					
<b>Interfund Transfers</b>					
Interfund Transfers In		8910-8929			
To: Child Development Fund	8930	8911			Child Development Fund
From: General Fund					
Between: General Fund and Special Reserve Fund	8930	8912	x	x	
To: State School Building Fund	8930	8913			State School Building Fund
From: All Other Funds					
To: General Fund	8930	8914		x	
From: Bond Interest and Redemption Fund					
To: Deferred Maintenance Fund	8950	8915			Deferred Maintenance Fund
From: General, Special Reserve, and Building funds					

(1) Nonmandatory fees/contributions only.

**Sources of Revenue (cont.)**

Category	Old codes	New codes	General fund revenue restrictions		Restricted to other funds
			Yes	No	
To: Cafeteria Fund/ Account From: General Fund	8930	8916			Cafeteria Fund/ Account
Other Authorized Interfund Transfers In	8930	8919	x	x	
<b>Other Sources</b>		8930-8979			
State Apportionments					
Emergency Apportionments	8600	8931	x	x	
School Facilities Apportionments	8640	8935			State School Building Lease-Purchase Fund
Proceeds					
Proceeds from Sale of Bonds	8841	8951			Building Fund
Proceeds from Sale/ Lease-Purchase of Land and Buildings	8843	8953	x	x	
Other Sources					
County School Building Aid	8760	8961	x		
Transfers from Funds of Lapsed/ Reorganized Districts	8990	8965		x	
All Other Sources		8979	x	x	
<b>Contributions to Restricted Programs</b>					
Statutory		8980-8989			
Other		8990-8999			

## Chapter 4

# Expenditures and Other Financing Uses

When the resources of a fund decrease, the decrease is the result of expenditures, expenses, or interfund transfers.

### Expenditures

Expenditures are decreases in the net spendable resources. Expenditures include expenses (the term that is used in the Proprietary funds), payments toward the retirement of long-term debt, and capital outlay (acquisition) for long-term assets such as land, buildings, and equipment.

Account numbers 1000-7399 and 7630-7699 are used to record an LEA's expenditures. (See the objects of expenditure classifications in this chapter.)

### Interfund Transfers

The two major categories of interfund transfers are as follows:

1. *Residual equity transfers.* Residual equity transfers are nonrecurring or nonroutine transfers of equity between funds. Examples of transfers of this type are (1) transfers of residual balances of discontinued funds to the General Fund; and (2) contributions of Internal Service Fund capital by the General Fund.
2. *Operating transfers.* Operating transfers are all interfund transfers other than residual equity transfers. Operating transfers are the routine, legally authorized transfers between funds. Examples of operating transfers are (1) transfers from the General Fund to a Special Revenue or Capital Projects Fund; and (2) operating subsidy transfers from the General Fund to an Enterprise Fund.

Interfund transfers are closed in the same manner as the expenditure accounts at the end of the fiscal year.

Account numbers 7610-7629 are used to record an LEA's interfund transfers. (See page 4-19.)

### Expenditure and Operating Transfer Recognition

Expenditures for Governmental, Expendable Trust, and Agency funds are accounted for on the *modified accrual basis*, and so expenditures, if measurable, are

recorded (recognized) in the accounting period in which the liability is incurred. The only exception is unmatured interest on general long-term debt. Expenditure recognition policies will continue as currently established:

1. Expenditures and transfers out are recorded when the related liability is incurred.
2. Accruals at the end of the fiscal year for accounts payable are recorded for amounts due for services rendered or for goals received on or before June 30.

Proprietary and nonexpendable trust fund expenses should be recognized on the accrual basis; such expenses, if measurable, should be recognized in the period in which they are incurred.

Transfers out are recognized in the accounting period in which the interfund payable arises.

### Classifications

Expenditures and other financing uses must be classified further to provide useful information to management. Because expenditures are authorized by appropriations that are specifically related to funds, they must be classified according to fund. The major classifications of expenditures after they are classified by fund are as follows:

#### Program

The program classification provides information on the overall purposes or objectives of expenditures. Descriptions of the various programs operated by LEAs are presented on pages 4-3 through 4-12.

#### Object

The object classification refers to the types of items purchased or the services obtained. Detailed information on the objects of expenditure to be used in LEA accounting is shown on pages 4-12 through 4-19.

The *Education Code* limits LEA expenditures to the amounts appropriated for the several major expenditure classes by the adoption and approval of the LEA's budget or by subsequent revisions to the LEA's budget. Because of this budgetary or appropriation control of

expenditures, the budget and all documents dealing with appropriations must be prepared in accordance with the same classification plan as that employed in the accounting of expenditures. Similarly, financial reports for local use as well as those prepared for county, state, or federal use should follow the same classification plan in order that their reliability for comparative purposes is not impaired.

LEAs should identify the origin of each expenditure by designating the appropriate program and object classifications on the orders or requisitions, which are commonly called warrants or warrant registers. The officials of the LEA who have direct knowledge of the nature and purpose of each expenditure should make the decisions regarding the object classifications to be used for each expenditure at the time that commitments are made. The account or accounts to be charged should be selected when goods or services are ordered or when certificated or classified employees are assigned or reassigned.

Insofar as it is feasible, notices of employment, copies of contracts, and other LEA documents relating to expenditures or to commitments that will become expenditures should bear the designation of the object for review and approval of county superintendents of schools. This procedure permits any questions concerning the classification of expenditures to be settled promptly. One decision regarding object classifications can thus serve for the several disbursements to be made at future dates, such as monthly salary payments. Furthermore, this procedure is necessary if the encumbrance plan of accounting is employed by either the school district or the county superintendent of schools.

Whether or not object classifications are shown on commitment documents, such as notices of employment and copies of contracts, all LEA orders should show the object classifications applicable to such disbursement. A part of the examination and approval of such orders by the county superintendent of schools should consist of making sure that the object classifications are correctly designated. County superintendents of schools should serve as coordinating officers to ensure that all school district officials understand and

apply uniformly the definitions and instructions contained in this manual. When necessary, county superintendents should consult school district officials regarding each seemingly incorrect designation of the expenditure classification and advise the school district of any changes made by the office of the county superintendent.

County superintendents of schools, when drawing requisitions on the funds of school districts in those relatively infrequent instances in which they are authorized or required by law to initiate the disbursements, should designate the object classifications applying to such payments and inform the district of the date, payee, purpose, amount, and object classifications of each requisition so drawn. County superintendents should also notify the school district of the date, purpose, amount, and object classifications of any amount withdrawn from the funds of the school district other than by district order or county superintendent's requisition and of the amounts withheld from apportionments of state funds that are to be treated as expenditures, such as the amount withheld for district repayments of school building apportionments.

The object classifications should be designated on every warrant or warrant register so that county superintendents of schools may maintain the accounting records of expenditures necessary for budget control of expenditures and for annual report purposes.

The instructions in this part of the manual provide for the uniform identification and uniform classification of all expenditures of school districts and in the fiscal operations of the County School Service Fund. They should be employed in the day-by-day accounting of expenditures during a fiscal year, in the preparation of the budgets of the County School Service Fund and school districts prior to or at the beginning of the fiscal year, and in the preparation of periodic financial reports, including annual financial reports at or after the close of the fiscal year. They should be used as guides in the accounting of district expenditures by all officials of a district who have fiscal responsibilities and by county superintendents of schools and members of their staffs.

### **Program Classification Definitions**

The following definitions are applicable to program categories in all funds. The examples of direct charges are representative and are not all-inclusive. Exhibit 4-1 on pages 4-33 through 4-35 provides a matrix of normal object of expenditure codes by major program

to assist in identifying expenditures associated with each major program. Exhibit 4-2 shows program designations as restricted or unrestricted. A sample program budget is shown in Exhibit 4-3.

## Instructional Programs

**General Education Category.** General education instructional programs and activities, which include preformal, elementary, secondary, occupational, and adult education, are designed to prepare students for their common activities as citizens and to prepare them for their occupations.

Direct instructional program charges include those costs that relate directly to the general education instructional program, such as salaries of teachers (including amounts paid for charring an academic department); salaries of instructional aides; employee benefits for teachers and instructional aides; payments for textbooks and instructional supplies (including food items used as an educational reward); travel and conference expenses for all employees in these programs; and payments for the repair, maintenance, acquisition, and replacement of instructional equipment used in these programs.

The costs of maintaining interscholastic athletics and after-school sports are recorded as direct charges to instructional programs.

Examples of activities *excluded* as direct charges to general education instructional programs are costs of general education programs operated on behalf of or under contract to another educational agency (these costs are charged to the nonagency activities educational program); benefits paid on behalf of retired teachers or instructional aides (these costs are charged to the retiree benefits program); salaries of nurses, psychologists, and counselors (these costs are charged to the pupil services program); costs of custodial services and utilities (these costs are charged to the plant operations program); and costs of transportation for field trips (these costs are charged to the pupil transportation programs).

The following are descriptions of programs and activities within the general education category. The local educational agency responsible for each program or activity is identified.

**Regular Education (kindergarten through grade twelve) (school districts and offices of county superintendents of schools).** These programs and services are provided for children of prekindergarten age through grade twelve. For reporting purposes, general education instructional activities that are not otherwise described below would be reported in this category (e.g., summer school, home, and hospital).

**Adult Education Programs (school districts only).** These programs consist of educational activities provided for adults, including those who are concurrently enrolled, as defined in *Education Code* sections 41976 and 52610. County jail programs maintained by

school districts pursuant to *Education Code* Section 41841.5 are reported as adult education activities. Adult education activities shall be reported in the Adult Education Fund only.

**Alternative Schools (school districts only).** These schools are provided for students in kindergarten through grade twelve pursuant to the provisions of *Education Code* Section 58500 to allow for innovative teaching methods and ideas. An alternative school may be an instructional unit within a school (such as a classroom section organized differently from the rest of the school). For reporting purposes, include only those activities operated in accordance with this described program. *Do not include any other activities that may be identified locally as alternative schools.*

**Community Schools (offices of county superintendents of schools only).** These schools are operated by the county superintendent of schools pursuant to *Education Code* Section 1981 and serve students who:

1. Have been expelled from school while they were attending continuation classes, opportunity classes, or alternative classes
2. Have been referred by recommendation of a school attendance review board
3. Are on probation and have been referred pursuant to sections 300, 601, 602, and 654 of the *Welfare and Institutions Code* or are on probation or parole and are not in attendance in any school

For reporting purposes, include only those activities operated in accordance with this described program. *Do not include any other activities that may be identified locally as community schools.*

**Continuation Education Programs (school districts only).** These programs are established by high school and unified school districts pursuant to *Education Code* Section 48430 to serve pupils who need:

1. An opportunity to complete instruction to graduate from high school
2. Individual instruction emphasizing occupational orientation or a work study schedule
3. Individual instruction and extensive guidance services for behavior or severe attendance problems

**County Jails (offices of county superintendents of schools only).** These programs consist of classes or schools for prisoners. They are maintained by the county superintendent of schools pursuant to *Education Code* Section 1901. County jail programs maintained by school districts pursuant to *Education Code* Section 41841.5 are reported as an adult education activity in the Adult Education Fund.

*Gifted and Talented Education (school districts and offices of county superintendents of schools).* These programs are provided for students in kindergarten through grade twelve pursuant to *Education Code* Section 52202 and *California Code of Regulations, Title 5, Education, Section 3820.* These programs provide appropriately differentiated learning opportunities and alternative learning environments for students identified as possessing demonstrated or potential abilities that give evidence of high performance capabilities.

*Handicapped Adults (offices of county superintendents of schools only).* These programs consist of special classes for handicapped adults and are operated by county superintendents of schools pursuant to *Education Code* Section 14058.

*Integration/Desegregation (school districts only).* These programs consist of activities undertaken by schools to comply with court orders or activities that implement a plan prepared by the school district in accordance with the *California Code of Regulations, Title 5, Education, sections 90-101,* that the school district would not undertake in the absence of an integration/desegregation program.

*Independent Study Centers (school districts only).* These study centers conduct activities undertaken by school districts pursuant to *Education Code* sections 46300(e), 51745, and 51746 to provide certain students with the option of schooling apart from classrooms. For reporting purposes, include in this program only those activities that provide full-time education pursuant to a written agreement as required by statute and regulations as an alternative to daily attendance in a classroom. *Do not include students participating in limited periods of full-time independent study due to illness, family vacation, and so on.* Attendance recording is by positive (not negative) accounting.

*Juvenile Hall (offices of county superintendents of schools only).* These programs consist of classes or schools maintained by the county superintendent of schools pursuant to *Education Code* Section 48645 and serve students in any juvenile hall, juvenile home, day center, juvenile ranch, juvenile camp, or regional youth education facility established in accordance with Article 14 (commencing with Section 850), Article 15 (commencing with Section 880), and Article 24.5 (commencing with Section 894) of Chapter 2 of Division 2 of the *Welfare and Institutions Code* or in any group home housing 25 or more children placed pursuant to sections 362, 727, or 730 of the *Welfare and Institutions Code.*

*Opportunity Schools/Programs (school districts and offices of county superintendents of schools).*

These schools/programs are operated pursuant to *Education Code* Section 48630 to serve students in kindergarten through grade twelve who have experienced difficulty in adapting to regular school programs. Services may be provided at a specialized site or on a regular school campus on a full-time or pull-out basis.

*Pregnant Minors (offices of county superintendents of schools only).* These programs are operated by county superintendents of schools pursuant to *Education Code* Section 8901 to serve students under the age of eighteen years who are pregnant and have not completed high school. *Activities for pregnant minors conducted by school districts are reported in the regular education program.*

*ROC/ROP (school districts and offices of county superintendents of schools).* These programs provide vocational or technical training services as defined in *Education Code* sections 52300-52333 and in the *California Code of Regulations, Title 5, Education, sections 11500-11508.*

*Special Education Category.* Special education programs and activities are designed primarily for individuals with exceptional needs who are placed in an individualized educational program (IEP). The direct instructional activities employed here are similar to those employed in general education programs.

Direct instructional program charges include those costs that relate directly to the special education instructional program, such as salaries of teachers and instructional aides; employee benefits for teachers and instructional aides; textbooks and instructional supplies (including food items that are used as an educational reward); travel and conference expenses for all employees in these programs; and repair, maintenance, acquisition, and replacement of instructional equipment used in these programs.

Included in the special education instructional programs and activities are PL 94-142 local entitlement expenditures. *Do not* include PL 94-142 discretionary grant expenditures in the special education programs and activities; these are to be reported as special projects.

Examples of activities excluded as direct charges to special education instructional programs and activities are:

1. Costs of special education programs operated on behalf of, or under contract to, another educational agency (These costs are charged to the nonagency activities educational program.)
2. Pupil services staff not performing designated instruction and services activities (These costs are charged to the pupil services program.)

3. Director of special education and associated clerical staff (These costs are charged to the instructional administration program.)
4. Custodial services and utilities (These costs are charged to the plant operations program.)
5. Cost of transportation for field trips (These costs are charged to the pupil transportation program.)

The following are programs and activities within the special education category:

*Designated Instruction and Services (school districts and offices of county superintendents of schools).* These specialized instruction and services programs are operated pursuant to *Education Code* Section 56363 and are provided to individuals with exceptional needs on a scheduled basis by specialists such as speech therapists, physical therapists, counselors, and psychologists. Salaries for employees performing designated instruction and services shall be charged to teachers' salaries (1100); guidance, welfare, and attendance salaries (1500); physical and mental health salaries (1600); or instructional aides for direct teaching assistance salaries (2100), depending on the services performed, as a direct cost of the DIS program.

*Nonpublic Schools (school districts and offices of county superintendents of schools).* Included here are the costs of payments to nonpublic schools on behalf of children enrolled in such schools on the basis of the child's IEP in accordance with *Education Code* sections 56365 and 56366.

*Resource Specialist (school districts and offices of county superintendents of schools).* These instructional programs are operated pursuant to *Education Code* Section 56362 and are provided on a pull-out basis. They serve individuals with exceptional needs whose IEPs specify this service.

*Special Day Classes (school districts and offices of county superintendents of schools).* These are special classes operated pursuant to *Education Code* Section 56364 to which individuals with exceptional needs are assigned on the basis of their IEPs and in which they spend at least half of their days.

Special education activities include the following subprograms:

*Assessment Costs (school districts and offices of county superintendents of schools).* These activities consist of the services provided to children for the assessment of their handicapping conditions, pursuant to *Education Code* Section 56320, by specialized staff, such as psychologists, nurses, audiologists, social workers, vocational education staff, occupational therapists, physical therapists, and physicians.

Special education assessment activities begin from the date of the written referral for assessments. Such assessments may occur prior to or during a child's enrollment in special education programs. The assessment costs represent the activities of specialized personnel in the evaluation of a child as well as preparation for and participation in the IEP team meeting. Tasks to be performed include testing; consulting with parents and other professionals; gathering data (e.g., requesting students' records) or reviewing students' files; and writing reports. Travel time is included only when the assessment activity is the primary reason for the travel.

Examples of special education assessment tasks that are excluded are direct services to students (e.g., DIS counseling); staff development; student study teams' pre-special education referral activities; consultation or observation provided as follow-up to the assessment; and assessments for other programs (e.g., GATE; ECIA, Chapter I). Travel time is excluded when regularly scheduled DIS activities and/or contracted services (e.g., psychological services contracted from the offices of county superintendents of schools) are provided, even if assessments occur during the trip. Also excluded are the costs of individuals whose participation in IEP meetings is an ancillary (or ad hoc) duty, such as general or special education classroom teachers and school site administrators.

NOTE: Expenditures for assessment activities are to be direct charges to the pupil services program and subsequently transferred to the assessment costs subprogram as documented direct support costs.

The special education instructional programs and activities listed in the preceding paragraphs may also be reported on a supplementary basis in the Annual Program Cost Data Report (J-380/J-580) as follows:

*Severely Handicapped.* These programs are direct instructional services provided in accordance with *Education Code* Section 56030.5 for individuals with exceptional needs who require intensive instruction and training in programs serving pupils with profound disabilities. Some examples of these disabilities are autism, blindness, deafness, severe orthopedic impairments, serious emotional disturbances, and severe mental retardation. Also included are those individuals who would have been eligible for enrollment in a development center for handicapped pupils.

*Nonseverely Handicapped.* These programs are provided for all other individuals with exceptional needs who are receiving special education services.

*Infant.* These programs are direct instructional services provided in accordance with *Education Code* Section 56026(c)(1) for individuals with exceptional needs who are younger than three years of age and are placed pursuant to an IEP.

*Program Specialists/Regionalized Services (school districts and offices of county superintendents of schools).* The program specialists/regionalized services program represents the costs of program specialists and other staff who provide expertise and consulting services to the instructional staffs providing direct educational services to individuals with exceptional needs pursuant to *Education Code* Section 56368. Regionalized services refers to those programs and services that are provided in accordance with an approved local plan for the Special Education Master Plan pursuant to *Education Code* Section 56220. Such activities may include program specialist services, personnel development, evaluation, management information systems, curriculum development, program review, or any other regionalized service provided for in the local plan.

NOTE: Expenditures for program specialists not providing regionalized services are to be a direct charge to the instructional administration program and may be subsequently transferred to the program specialists/regionalized services subprogram as a documented direct support cost.

*Special Education Transportation (school districts and offices of county superintendents of schools).* Special education transportation represents the costs of providing specialized transportation services to individuals with exceptional needs that are specified on the children's IEPs and that are distinct from any "regular" transportation services provided by the agency. Transportation of pupils enrolled in special education programs is to be a direct charge to the pupil transportation program and subsequently transferred to the special education transportation subprogram as a documented or allocated direct support cost, as appropriate.

### Special Projects

Special projects are projects and programs that may have their own project directors; are approved and funded from *external* sources, including federal, state, local, or private agencies; require special project budgets and audits; and may require financial reports. Special projects usually are entirely in support of an instructional program or another support program.

Charges for special projects include all direct costs in any expenditure classification *expressly funded* by the donor, including funded indirect costs. Direct charges that normally are made to another support program (e.g., a clerk to special projects administration or a

nurse to pupil services) shall be made to a special project when the expenditures have been expressly funded by the donor. To be included as donor-authorized costs are those locally matched expenditures required to be accounted for and reported as part of the special project. To be excluded as donor-authorized costs are "in-kind" activities associated with a special project.

This charging of donor-authorized support costs directly to special projects means that another step is required to provide the district and state agencies with the total expenditures for various support items, such as district/county administrative pupil services, plant operations, plant maintenance, pupil transportation, and so forth. This additional step is provided in the Annual Program Cost Data Report (J-380/J-580).

Federal projects include, but are not limited to, those provided under the following:

1. Economic Opportunity Act
2. Education Consolidation and Improvement Act
3. Job Training Partnership Act (including Private Industry Council [PIC])
4. PL 94-142 discretionary grants
5. Vocational Education Act

State projects include, but are not limited to, the following:

1. Classroom Teacher Instructional Improvement Program
2. Economic Impact Aid (*Education Code* sections 54028 and 52168)
3. Education technology assistance grants
4. Mentor teacher programs
5. Miller-Unruh Reading Act
6. School Improvement Program
7. Staff development
8. State hospital students—special education
9. State preschool
10. Tenth grade counseling

Excluded from special projects are:

1. Projects or activities that are funded entirely by the school district (These costs are charged to instructional programs or support service programs, as appropriate.)
2. Programs operated on behalf of, or under contract to, other educational agencies (These costs are charged to instructional programs or support service programs, as appropriate.)

### Services to School Districts (offices of county superintendents of schools only)

Services to school districts constitute those activities performed by the county superintendent of schools in

support of school districts or other offices of county superintendents of schools, including, but not limited to, the following:

1. Coordination activities and professional services, such as supervision of instruction, health, guidance, attendance, and school library services (*Education Code* Section 1700 et seq.)
2. Financial services (*Education Code* Section 41200 et seq.)
3. Credential services (*Education Code* Section 44330 et seq.)

Services to school districts consist of activities in the areas of instructional support, pupil services, special education assessment costs, and general administration (including county administration and centralized data processing). These services include activities of a regionalized nature, such as curriculum services, centralized data processing services, and warrant audit services to school districts.

Some personnel may be employed, or activities performed, in more than one function. The following direct cost distributions may be used in lieu of actual time accounting:

1. Offices of county superintendents of schools that have one person performing similar activities within the services to school districts programs as well as support service programs may charge 50 percent of the costs as a direct cost to the services to school districts function and 50 percent of the costs as a direct cost to the support services function.
2. The costs of the county superintendent of schools and the county board of education should be charged as direct costs at 50 percent to the general administration program within the services to school districts functions and 50 percent to the county administration program within the support services function.

### Support Service Programs

Support service programs are those programs that supply support to various instructional programs, special projects, and other activities.

#### Instructional Support

Certificated or classified employees assigned to instructional support programs may not be classified as teachers or instructional aides.

**Instructional Administration.** Instructional administration is the area of responsibility for the improvement of teaching through a program of leadership, guidance, and assistance to help teaching staff and to

improve curriculum and curriculum materials that are used by teachers. It consists of supervising instruction, developing and improving curriculum and curriculum materials (including testing materials), guiding teachers in the use of instructional materials, administering sabbatical leaves, providing the environment for in-service training, and so forth.

Direct charges to instructional administration include the salaries of directors or supervisors of elementary and/or secondary instruction or curriculum laboratories; salaries of directors or supervisors of special education, bilingual education, or similar programs; salaries of associated clerical staff; employee benefits for all employees in this program; consultant services or other costs of in-service training; supplies used by employees in this program; travel and conference expenses for all employees in this program; repair and maintenance of equipment used in this program; and acquisition and replacement of related equipment.

*Expenses for those activities that have as their purpose overall general administrative responsibility for the entire school district or office of the county superintendent of schools are not charged here.* These expenses are to be charged to the district/county administration program.

Some personnel may be employed, or activities performed, in more than one function. The following direct cost distribution may be used in lieu of actual time accounting:

The costs of assistant superintendents for instruction (or equivalent positions) having first-line responsibility for delivery of the services of the instructional administration program as well as participation in district/county policy may be charged as a direct cost at 50 percent to the instructional administration program function and 50 percent to the district/county administration program function.

**Instructional Media.** Instructional media is the program area that consists of those activities that provide communicative resources to support instruction. Included in this program are the following:

**School Library and Audiovisual.** A school library and audiovisual program includes responsibility for organizing and managing library books and preparing, caring for, and making available audiovisual equipment, materials, scripts, and other teaching and learning aids that have special appeal to sight and hearing. Activities include ordering, cataloging, processing, and circulating books, audiovisual materials, and equipment; planning for the use of the library by teachers and pupils; selecting books

and audiovisual materials; participating in faculty planning for the use of books and audiovisual materials, and guiding teachers and pupils in the use of the library.

**Educational Television.** An educational television program consists of such activities as writing, programming, and directing educational television programs as a part of the instructional program of the school or district.

**Computer Assistance in Instruction.** Computer assistance in instruction for a school or a school district consists of such activities as writing, programming, and directing ongoing computer-based instructional programs and instructional management information programs.

Direct charges to the instructional media program include salaries of librarians; salaries of library clerks; salaries of audiovisual personnel; salaries of personnel who are involved in writing, programming, and directing ongoing educational television and computer-based instructional programs; employee benefits of employees in this program; library books, regardless of where they are placed in the district; audiovisual materials; repair and maintenance of equipment used in this program; and acquisition and replacement of audiovisual and library equipment.

Examples of activities or items excluded as direct charges to instructional media are:

1. Textbooks (to be charged to the appropriate instructional program)
2. Specific or special materials that are used exclusively in an instructional program or project and that are not part of the central library (to be charged to the appropriate instructional program or special projects program as instructional supplies)
3. Computer-assisted instructional activities of an experimental nature (to be charged to the instructional administration program)

**School Administration.** School administration constitutes those activities that have as their purpose overall administrative responsibility for a single school or several schools (but not a district, administrative area, or subunit of the district). It consists of the activities that are performed by the principal, assistant principals, and other assistants in the general supervision of all operations of the school; evaluation of the staff members of the school; assignment of duties of staff members; supervision of the records of the school; coordination of school instructional activities with instructional activities of the school district; and so forth.

Some personnel may be employed, or activities performed, in more than one function. The direct cost distribution that may be used in lieu of actual time accounting is as follows:

Small school districts that have one person performing the functions of both the principal and the superintendent may charge 70 percent of the costs as a direct cost to the principal's function (school administration) and 30 percent of the costs as a direct cost to the superintendent's function (district administration).

#### **Pupil Services**

**Attendance.** Attendance includes those activities that promote and improve school attendance of pupils. Attendance services consist of such activities as early identification of patterns of nonattendance, promotion of pupils' and parents' positive attitudes toward attendance, analysis of causes of nonattendance, early action on problems of nonattendance, and enforcement of compulsory attendance laws. The time spent on attendance recording and reporting on a district-wide basis is charged to the district administration program.

**Welfare.** Welfare includes those activities that assist in the prevention or solution of the personal, social, and emotional problems of pupils involving family, school, and community relationships when such problems have a bearing on the quality of the schoolwork of pupils. It consists of such professional services as diagnosing the problems of pupils arising out of the home, school, or community; undertaking casework services for the child or parent, or both; interpreting the pupils' problems for other staff members; and promoting modification of the circumstances surrounding the individual pupil that are related to his or her problem insofar as the resources of the family, school, and community can be brought to bear on the problem. These activities are usually assigned to such staff members as school social workers, visiting teachers, or directors of school social work. Programs providing wearing apparel for children are included here.

**Guidance.** Guidance includes those activities that help pupils assess and understand their abilities, aptitudes, interests, environmental factors, and educational needs; assist pupils in understanding educational and career opportunities; and aid pupils in making optimum use of educational and career opportunities through the formulation of realistic goals. Guidance includes such activities as counseling pupils and parents, evaluating the abilities of pupils, assisting pupils to make their own educational and career plans

and choices, assisting pupils in personal and social adjustments, and working with other staff members in planning and conducting guidance programs. Guidance also includes administering psychological tests and managing and planning a program of psychological services for the school system.

**Counseling.** Counseling covers those activities that supplement the school district's information by identifying the individuality of each pupil, his or her capacities, achievements, interests, potentialities, and needs; study the individual pupil experiencing acute problems of educational development to furnish diagnostic information; and suggest programs concerning the psychological aspects of these problems.

**Health.** Health covers those activities that provide physical and mental services not directly instructional, such as medical, dental, psychiatric, and nursing services.

Direct charges to the pupil services program include salaries of counselors, attendance officers, psychologists, nurses, physicians, psychiatrists, and other personnel authorized in the field of physical and mental health who are employees of the district; salaries of associated clerical staff; employee benefits for all employees in this program; office, medical, dental, and first-aid supplies; travel and conference expenses for all employees in this program; repair and maintenance of equipment used in this program; and acquisition and replacement of related equipment.

#### **Special Projects Administration**

Special projects administration is the area of administrative responsibility for special projects or programs as defined in the special projects section on page 4-6.

Direct charges to the special projects administration program include salaries of director(s) or supervisor(s) of special projects, including migrant education or similar projects; salaries of associated clerical staff; employee benefits for all employees in this program; supplies used by employees in this program; travel and conference expenses for all employees in this program; and repair and maintenance of equipment used in this program.

#### **General Support**

**Administration by the Office of the County Superintendent and the District.** These are activities that have as their purpose overall general administrative responsibility for the entire office of the county superintendent of schools or school district and are classed as district/county administration.

Direct charges to the district/county administration program include payment to and on behalf of govern-

ing board members; salaries of the superintendent and of deputy, associate, area, and assistant superintendents; salaries of business managers, personnel directors, and directors of pupil services for the general direction and management of all affairs of the district; costs of attendance recording and reporting on a districtwide basis; salaries of administrative secretaries, clerks, and accounting and purchasing personnel; employee benefits for all employees in this program; office supplies; travel and conference expenses for all employees in this program; repair and maintenance of equipment used in this program; and acquisition and replacement of related equipment.

Salaries and other related costs of employing retired personnel shall be charged to the programs to which the persons are actually assigned.

Some personnel may be employed, or activities performed, in more than one function. The following direct cost distributions may be used in lieu of actual time accounting:

1. The costs of assistant superintendents for instruction (or equivalent positions) having first-line responsibility for delivery of the services of the district/county administration program, as well as participation in the development of district policy, may be charged as a direct cost at 50 percent to the instructional administration program and 50 percent to the district administration program.
2. Small school districts that have one person who performs the functions of both the principal and the superintendent may charge 70 percent of the costs as a direct cost to the principal's function (school administration) and 30 percent of the costs as a direct cost to the superintendent's function (district administration).
3. Offices of county superintendents of schools that have one person performing similar activities within the services to school districts programs as well as support services programs may charge 50 percent of the costs as a direct cost to the services to school districts function and 50 percent as a direct cost to the support services function.
4. The costs of the county superintendent of schools and the county board of education may be charged as direct costs at 50 percent to the general administration program: within the services to school districts function and 50 percent to the county administration program within the support services function.

The initial charges for certain insurance should be charged as direct costs to the appropriate user programs, such as pupil insurance and driver training vehicle insurance (to be charged to the instructional

programs); insurance on buses and vehicles used for transporting pupils (to be charged to the pupil transportation program); insurance on vehicles used for food service (to be charged to the food services program); and all other property or liability insurance costs not charged to a specific program (to remain in the district/county administration program).

The costs of duplicating and reproduction services used by specific programs should be charged as a direct cost to the user program. In-house services should be charged to a user program in the same way that services provided by an outside firm would be charged to a user program.

Include in this program excessive costs associated with the issuance of tax and revenue anticipation notes (TRANS). (See the definition of *debt service* on page 4-11 for further information.)

**Centralized Data Processing.** Centralized data processing includes in-house services provided from a mainframe or minicomputer unit as well as the cost of centralized services provided by another agency. Excluded from this program are services provided entirely on the smaller specialized units, such as microcomputers or personal computers.

**Plant Maintenance.** Plant maintenance includes those activities that are required to repair, restore, or renovate school property, including grounds, buildings, site improvements, building fixtures, and service systems.

Direct charges to the plant maintenance program include salaries of directors and supervisors of maintenance, carpenters, painters, electricians, plumbers, maintenance clerks, and similar employees; employee benefits for all employees in this program; necessary materials and supplies; rental and replacement of plant maintenance equipment; contracts for repairing, restoring, or renovating the grounds, buildings, or equipment, including regrading sites; repairing retaining walls, walks, driveways, sprinkler systems, and playground apparatus or equipment; reseeding lawns; repainting; repairing or replacing roofs, walls, heating and air-conditioning units, and electrical and plumbing installations; repairing building fixtures; resurfacing and refinishing floors; moving movable walls or partitions; and acquisition and replacement of related equipment.

Examples of items that are not charged to the plant maintenance program are materials that must be replaced frequently, such as light bulbs, fluorescent tubes, and fuses. These items must be charged to the operations program. Changes of partitions (nonmovable type), walls, and roof structures are charged to the facilities acquisition and construction program.

**Plant Operations.** Plant operations are housekeeping activities that are concerned with keeping the physical plant open and ready for use. Included activities are cleaning and disinfecting; heating and lighting; communications; maintenance of power; moving of furniture; caring for grounds; garbage and trash disposal; laundry and dry cleaning service, including the rental of towels; rental of equipment, such as floor polishers; softwater service; and such other housekeeping activities as are repeated on a daily, weekly, monthly, or seasonal basis.

Direct charges to the operations program include salaries of directors and supervisors of operations, custodians, guards, gardeners, telephone switchboard operators, truck drivers, operation clerks, security personnel, and similar employee(s); employee benefits for all employees in this program; supplies normally charged to this program, including brooms, brushes, disinfectants, fuses, garbage cans, light bulbs and fluorescent tubes, mops, wax, soap, toilet paper, towels, outdoor flags, weed killers, and fertilizers; office supplies; repair and maintenance of equipment used in this program; and acquisition and replacement of related equipment.

**Pupil Transportation.** Pupil transportation means the conveying of pupils to and from school activities, between home and school, or between schools.

Direct charges to the pupil transportation program include salaries of directors and supervisors, bus drivers, clerks, and mechanics; salaries of other personnel whose assignments are related to the transportation of pupils, such as bus aides and security aides; employee benefits for all employees in this program; gas, oil, tires, and parts and supplies for the repair and maintenance of the buses; office supplies; insurance on buses and other vehicles used for transporting pupils; contracts for outside repair; contracts with individual(s), other districts, or firms for transporting pupils; rental of buses; and acquisition and replacement of equipment used for transporting pupils, including buses.

### Auxiliary Programs

**Community Services.** Community services are those activities that have as their purpose community and school recreation and other activities authorized by the Civic Center Act (*Education Code* Section 40040 et seq.) and the Community Recreation Act (*Education Code* Section 10900 et seq.).

Direct charges to the community services program include salaries for playground directors, supervisors, or aides; salaries of associated clerks and other recreational personnel; paid overtime or extra time for

custodial services performed entirely as a result of community services activities; employee benefits for all employees in this program; and those expenditures necessary to conduct activities under these acts.

**Retiree Benefits.** Direct charges to this program include fringe benefits, compensation deferred as a retirement incentive, or other payments that are made as a result of retirement and for which no services are being provided by the retiree. Consulting services and/or related benefit costs that are paid for services rendered by a retiree are charged to the appropriate program responsible for those services.

**Food Services.** Food services include management of the food services program of the school or school district, including the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities and the delivery of food.

Direct charges to the food services program include salaries of directors and supervisors, managers, cooks, helpers, bookkeepers, and clerks; employee benefits for all employees in this program; food; laundry; costs of purchase and operation of vehicles used in the delivery of food to various locations; insurance on vehicles used for food service; repair and maintenance of equipment used in this program; and acquisition and replacement of related equipment.

**Child Development Activities.** Child development activities include child care and development programs conducted by the district, such as day care programs and latch-key programs. Also included are programs provided to children in schools and in children's centers pursuant to *Education Code* sections 8200-8370. Certain child development programs shall be reported in the Child Development Fund only.

**Nonagency Activities.** Nonagency activities are those activities conducted on behalf of another agency, via a contract or agreement, in which the other agency retains the prime responsibility for delivery of the services. Such services may be instructional or support in nature.

Nonagency activities shall be classified as "educational" activities when the contracting agency is a public educational agency or "other" when the contracting agency is other than a public educational agency. Costs reported in this program may or may not include direct charges. However, direct support costs will most likely be reported when such activities are conducted, such as allocations for plant maintenance and plant operations, and school administration.

## Facilities

Direct charges to the facilities program include all costs of obtaining land and buildings through purchase, lease, rental, or lease with option to purchase; major remodeling of buildings; construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; initial improvements to sites; and books and equipment for new buildings.

The salaries and other expenses of school district employees assigned specifically to the facilities program or architects, engineers, and contractors hired for capital improvement projects are recorded in this program.

Expenditures for all repairs to building structures (except repairs that add to the life of the existing facilities) are recorded in the maintenance program.

As a general guide concerning repairs to building structures, if changes of partitions (nonmovable type), the roof structure, or walls are *not* involved, the expenditures are recorded in the maintenance program; if such changes are involved, the expenditures are recorded in the facilities program. Expenditures for the initial installation and extension of service systems and other built-in fixtures in existing buildings are recorded in the facilities program, and expenditures for repairs and replacements of service systems and other built-in fixtures are recorded in the maintenance program.

## Other Outgo

**Debt Service.** Debt service consists of expenditures for the retirement of debt and for interest on debt, except principal and interest on current loans (money borrowed and repaid during the same year). That portion of direct costs for issuing tax revenue anticipation notes (TRANS), including interest expense, which is equal to or less than investment earnings on TRANS proceeds, is to be charged to this program. If costs exceed investment earnings, the excess costs are to be charged to the district/county administration program.

**Outgoing Tuition.** Outgoing tuition is tuition for junior high school, tuition for instruction under interdistrict attendance agreements, tuition for regional occupational centers and programs, and other tuition.

**Interfund Transfers.** Interfund transfers consist of various transfers from the General Fund to various other funds, from the various funds to the General Fund, and between the various funds.

## Site or Operational Unit

Instructional and support programs may be identified by school site, location, or operational unit in

order to provide additional management information relative to the total operation of a district.

## Object of Expenditure (Expense) Classifications, Their Content, and Instructions Regarding Their Use

School districts and county superintendents of schools are required to report expenditures in accordance with the object classification plan presented in this part of the manual.

School districts and county superintendents of schools may establish subclassifications of required object classifications to capture additional data for their own internal reporting requirements.

Objects of expenditure represent all the things, whether goods or services, that may be purchased. Examples are salaries, supplies, and equipment.

Objects of expenditure may be classified in many different ways. They may be grouped under summary headings, or they may be presented in great detail. Grouping under summary headings reduces volume—but at the expense of clarity. Greater detail improves understanding but is costly to produce. In practice, considerable detail is used in developing budgets and recording expenditures; then, for reporting purposes, this detail is summarized under more general classification headings.

All objects of expenditure listed in this chapter must be maintained by all school districts and offices of county superintendents of schools in their day-to-day accounting of expenditures during a fiscal year. The use of these objects will facilitate the preparation of budgets and the various financial reports requested by federal, state, county, and local agencies.

Minimum budgetary control of school districts' accounts by offices of county superintendents of schools must be maintained on the following major object of expenditure classifications:

1000	Certificated Personnel Salaries
2000	Classified Personnel Salaries
3000	Employee Benefits
4000	Books and Supplies
5000	Services and Other Operating Expenditures
6000	Capital Outlay
7000	Other Outgo

### 1000-1999 Certificated Personnel Salaries

Certificated salaries are salaries that require a credential or permit issued by the Commission on Teacher Credentialing.

(Typical job classifications for certificated personnel are shown in Exhibit 4-4.)

Salaries paid to an employee on leave of absence shall continue to be charged in the same manner and to the same account classification as was applicable while the employee was in active service for the LEA.

### 1100 Teachers' Salaries

Record the full-time, part-time, and prorated portions of salaries for all certificated personnel employed to teach the pupils of the district or pupils in schools maintained by a county superintendent of schools. Include salaries for teachers of children in homes or hospitals, all special education resource specialists and teacher, substitute teachers, and instructional television teachers.

The separate recording of teachers' salaries is required by provisions of *Education Code* Section 41011 and is limited to salaries of certificated employees paid to teach the pupils of the district or pupils in schools maintained by a county superintendent.

The following comments, interpretations, and definitions are included to guide school officials in determining whether the total salary or a portion of the salary would be charged to classification 1100, Teachers' Salaries.

The total salary is recorded in classification 1100, Teachers' Salaries, under the following conditions: The teacher is an employee of the district/office of the county superintendent in a position requiring certification qualifications. The teacher's duties require her or him to teach pupils of the district for at least one full instructional period on each school day for which she or he is employed, and she or he is assigned no duties other than those that are connected with, or are extensions of, classroom teaching. Such activities are limited to the following:

1. Preparation for and evaluation of classroom work
2. Extracurricular activities that arise out of classroom work and that are an extension of it (e.g., class or club sponsorship, supervision at school functions, or chairing of an academic department)
3. Management and instruction in a study hall
4. Duties that are ordinarily assigned to certificated personnel in connection with the custody

and control of pupils at recess, lunchtime, after school, or at other times

The salary must be prorated under the following conditions:

If a certificated employee teaches at least one instructional period each day that she or he is employed to teach and is also assigned other duties neither in connection with, nor extensions of, classroom teaching, his or her salary must be prorated and recorded in classification 1100, Teachers' Salaries, and in the other classifications that provide for recording the expenditures for the other assignment. The amount recorded in classification 1100, Teachers' Salaries, is the product of the employee's complete salary and the fraction of the full-time school day of the employee spent as a classroom teacher in the performance of duties that are in connection with, or an extension of, classroom teaching, as limited herein. The remaining portion is then charged to the classification in which expenditures for the other assignment are recorded. Some of the other assignments may pertain to work outside the field of teaching; if a teacher performs such assignments, it will be necessary to prorate a portion of the salary to subordinate classifications other than 1100, Teachers' Salaries.

The term *other assignments* includes, but is not limited to, assignments usually and specifically assigned to certificated persons employed in the following types of positions:

1. General supervisors, coordinators, directors, specialists, consultants, supervisors of special subjects or grades, and certificated assistants
2. Principals, vice-principals, assistant principals, deans, and assistant deans in individual schools
3. Librarians, assistant librarians, audiovisual personnel, counselors, nurses, psychologists, psychometrists, audiometrists, and guidance and attendance personnel

The term *other assignments* also includes, but is not limited to, assignments usually and specifically assigned to persons in the classified service employed as school bus driver, custodian, secretary to the governing board, and supervisor in transportation.

#### 1200 *School Administrators' Salaries*

Record the full-time, part-time, and prorated portions of salaries of principals, vice-principals, administrative deans in individual schools, and other personnel performing similar duties.

#### 1300 *Supervisors' Salaries*

Record the full-time, part-time, and prorated portions of salaries for certificated personnel engaged in instructional supervision, including general supervisors, coordinators, directors, consultants, and supervisors of special subjects or grades and their certificated assistants.

NOTE. The term *supervision* is used to designate those activities having as their purpose the actual improvement of instruction under the direction of supervisors and assistants. Such activities include (1) personal conferences with teachers on instructional problems; (2) classroom visitation; (3) group conferences with teachers; and (4) demonstration teaching.

#### 1400 *Librarians' Salaries*

Record the full-time, part-time, and prorated portions of salaries of all certificated personnel performing services of a librarian.

#### 1500 *Guidance, Welfare, and Attendance Salaries*

Record the full-time, part-time, and prorated portions of salaries of social workers and all certificated personnel doing pupil personnel work; psychologists and psychometrists; and counselors.

#### 1600 *Physical and Mental Health Salaries*

Record the full-time, part-time, and prorated portions of salaries in payment of health services rendered by physicians, oculists, dentists, dental hygienists, nurses, optometrists, school audiometrists, psychiatrists, otologists, chiropodists, and such other personnel as are authorized in the field of physical and mental health and who are on the payroll of the LEA.

#### 1700 *Superintendents' Salaries*

Record the full-time, part-time, and prorated portions of salaries of superintendents and of deputy, associate, area, and assistant superintendents in districts and offices of county superintendents of schools (*Education Code* sections 35028, 35029, 35030, 44065, 44066, and 44069).

#### 1800 *Administrators' Salaries*

Record the full-time, part-time, and prorated portions of salaries of certificated noninstructional personnel, including administrative assistants and directors of administrative activities such as pupil services or special projects.

#### 1900 *Other Certificated Salaries*

Record the full-time, part-time, and prorated portions of salaries for all certificated personnel who do not fall within one of the categories previously specified. Examples of such personnel are special education and/or other program specialist, certificated civic center employee, resource teacher not performing duties as classroom teacher, and certificated noon playground supervisor.

#### 2000-2999 *Classified Personnel Salaries*

Classified salaries are salaries for services that do not require a credential or permit issued by the Commission on Teacher Credentialing. (Typical job classifications for classified personnel are shown in Exhibit 4-4.)

Salaries paid to an employee on leave of absence shall continue to be charged in the same manner and to the same account classification as was applicable while the employee was in active service for the LEA.

#### **2100 Instructional Aides' Salaries**

Record total salaries paid to instructional aides who are required to perform any portion of their duties under the supervision of a classroom teacher or a special education resource specialist teacher (*Education Code Section 41011*).

#### **2200 Administrators' Salaries**

Record the full-time, part-time, and prorated portions of the salaries of supervisory personnel who are business managers, controllers, directors, chief accountants, supervisors, purchasing agents, assistant superintendents, and superintendents. Include governing board members and personnel commission members. (For assistant superintendents and superintendents, see *Education Code* sections 35028, 35029, 35030, 44065, 44066, and 44069.)

#### **2300 Clerical and Other Office Salaries**

Record the full-time, part-time, and prorated portions of salaries paid to clerks, secretaries, accountants, bookkeepers, machine and computer operators, and others in similar positions.

#### **2400 Maintenance and Operations Salaries**

Record the full-time, part-time, and prorated portions of salaries paid to maintenance and operations personnel, as follows:

**Maintenance:** carpenters, painters, plumbers, electricians, and other similar positions

**Operations:** custodians, matrons, general utility workers, fire fighters, dairy workers, guards, gardeners, elevator operators, warehouse workers, delivery personnel, truck drivers, and other similar positions.

#### **2500 Food Services Salaries**

Record the full-time, part-time, and prorated portions of salaries of nutritionists, cooks, helpers, and all other food service personnel except those engaged in the management of the food services program on a districtwide basis. The salary of a classified director of food services at a single site is recorded under object classification 2500, Food Services Salaries.

The salary of a classified director of food services, if districtwide, is recorded under object classification 2200, Classified Salaries of Administrative Personnel.

The salary of a certificated director of food services, if districtwide, is recorded under object classification 1806, Certificated Salaries of Administrative Personnel.

#### **2600 Transportation Salaries**

Record the full-time, part-time, and prorated portions of salaries paid to bus drivers, mechanics, field coordinators, gasoline pump attendants, and all other personnel whose assignments are related to the transportation of students.

#### **2900 Other Classified Salaries**

Record the full-time, part-time, and prorated portions of salaries not identifiable with object classifications 2100 through 2600 (e.g., noon supervision personnel, students, community aides, health aides, library aides, and building inspectors).

#### **3000-3999 Employee Benefits**

Record employers' contributions to retirement plans and health and welfare benefits for employees, their dependents, retired employees, and board members.

#### **3100 State Teachers' Retirement System**

3110 STRS—Instructional

3120 STRS—Noninstructional

#### **3200 Public Employees' Retirement System**

3210 PERS—Instructional

3220 PERS—Noninstructional

#### **3300 Social Security (Old Age, Survivors, Disability, and Health Insurance)**

3310 Social Security—Instructional

3320 Social Security—Noninstructional

3330 Medicare—Instructional

3340 Medicare—Noninstructional

#### **3400 Health and Welfare Benefits**

3410 Health and Welfare Benefits—Instructional

3420 Health and Welfare Benefits—Noninstructional

#### **3500 State Unemployment Insurance**

3510 Unemployment Insurance—Instructional

3520 Unemployment Insurance—Noninstructional

#### **3600 Workers' Compensation Insurance**

3610 Workers' Compensation Insurance—Instructional

3620 Workers' Compensation Insurance—Noninstructional

#### **3900 Other Benefits**

3910 Other Benefits—Instructional

3920 Other Benefits—Noninstructional

## 4000-4999 Books and Supplies

Record expenditures for books and supplies, including cost of sales/use tax, freight, and handling charges.

### 4100 *Textbooks* (In accordance with state requirements)

Record under the appropriate subclassification the total amount expended each year on (1) basic textbooks; and (2) supplementary textbooks. Include in each total all expenditures for related teachers' manuals and teachers' editions.

Definitions to be employed in classifying the expenditures are as follows:

#### *Elementary*

For elementary school, including grades seven and eight of junior high school, "state textbooks" are those textbooks adopted by the State Board of Education for use in elementary schools.

A "basic textbook" is a volume intended for use by pupils as a principal source of study material for the completion of a subject or course. In style, organization, and content it should meet the basic requirements of the subject course for which it is intended.

A "supplementary textbook" is a volume that covers part or all of a subject or course but is not intended for use as a basic textbook. A supplementary textbook is intended to supply information in addition to, or in extension of, information presented in the regular or basic textbook. The governing board may purchase and adopt supplementary textbooks in addition to those free textbooks supplied to the district. "Supplementary textbooks" shall be distinguished from reference or library books by the fact that they are supplied in quantities permitting use by a group or the entire class.

Teachers' manuals and teachers' editions relate to the specific basic or supplementary textbook and are intended for teachers' use rather than for pupils' use.

#### *High School*

For high school, including grades nine through twelve, "textbooks" (as defined in the *California Code of Regulations, Title 5, Education, Section 9540 [a]*) that are adopted for use as high school textbooks by the governing board of the district under provisions of *Education Code* Section 60400 shall be recorded in classification 4100, Textbooks.

*Education Code* Section 60400 provides that only textbooks produced by publishers who have filed a bond with the State Board of Education may be adopted by the governing board of a school district for use as textbooks in the schools of the district. School officials should record expenditures to the textbook object accounts on the basis of adoptions made by the governing board of the district.

Teachers' manuals and teachers' editions relate to the specific basic or supplementary textbook and are intended for teachers' use rather than for pupils' use.

### 4110 *Textbooks* (General purpose funds)

Record regular purchases of textbooks.

### 4140 *Textbooks* (*Education Code* sections 60242 and 60246; kindergarten through grade eight)

Record purchases of textbooks with funds apportioned by the state for instructional materials purposes under *Education Code* Section 60242.

### 4150 *Textbooks* (*Education Code* Section 60247; grades nine through twelve)

## 4200 *Books Other Than Textbooks*

Record under the appropriate subclassification expenditures for (1) books that have not been adopted by the proper authority for use as textbooks; (2) books such as reference books that are available for general use by students even though such books may be used solely in the classroom; and (3) all other books used for reference purposes supplied in quantities too small for group use. In accordance with state requirements, library books are included.

Expenditures for periodicals, magazines, workbooks, test materials, drill books, exercise pads, Department of Education bulletins, and the like are recorded under object classification 4300, Instructional Materials and Supplies.

Expenditures for school library books for a new school library or for material expansion are recorded under object classification 6300, Books and Media for New School Libraries or Major Expansion of School Libraries.

### 4210 *Books Other Than Textbooks* (General purpose funds)

Record regular purchases of books other than textbooks.

### 4240 *Books Other Than Textbooks* (*Education Code* sections 60242 and 60246; kindergarten through grade eight)

Record purchases of books other than state-adopted textbooks with funds apportioned by the state for instructional materials purposes under *Education Code* Section 60242.

### 4250 *Books Other Than Textbooks* (*Education Code* Section 60247; grades nine through twelve)

## 4300 *Instructional Materials and Supplies*

Record under the appropriate subclassification expenditures for all materials and supplies to be used by students, teachers, and other personnel in connection with the instructional program. Include all tests, periodicals, magazines, workbooks, instructional media

materials, audiovisual materials, and any other supplies used in the classroom or library. Expenditures for rentals of materials are recorded under object classification 5600, Rentals, Leases, and Repairs.

**4310 *Instructional Materials and Supplies* (General purpose funds)**

Record regular purchases of instructional materials and supplies

**4340 *Instructional Materials* (*Education Code* sections 60242 and 60246; kindergarten through grade eight)**

Record purchases of instructional materials with funds apportioned by the state for instructional materials purposes under *Education Code* Section 60242.

**4350 *Instructional Materials* (*Education Code* Section 60247; grades nine through twelve)**

**4500 *Other Supplies***

Record expenditures for supplies used in support services and auxiliary programs (except as defined in object classifications 4600 and 4700), such as custodial, gardening, and maintenance supplies; supplies for operation, repair, and upkeep of equipment, buildings and grounds, and vehicles; and medical and office supplies.

**4600 *Pupil Transportation Supplies***

Record expenditures for fuel, oil, tires, parts for repair, small tools, and other similar items.

**4700 *Food Services Supplies***

Record under the appropriate subclassification expenditures for all food and supplies used in food service programs or in a particular program or project.

**4710 *Food***

Record expenditures other than for instructional purposes for food used in food services programs; i.e., breakfast, snacks, lunch, and other similar items.

Expenditures for food used for instruction in a regular classroom (e.g., in a cooking class) are recorded under object classification 4300, Instructional Materials and Supplies.

**4790 *Other Food Services Supplies***

**5000-5899 *Services and Other Operating Expenditures***

Record expenditures for services, rents, leases, maintenance contracts, dues, travel, insurance, utilities, legal, and other operating expenditures. Expenditures may be authorized by contracts, agreements, purchase orders, and so forth.

**5100 *Personal Services of Instructional Consultants, Lecturers, and Others***

Record under the appropriate subclassification expenditures for instructional personal services.

**5110 *Personal Services* (General purpose funds)**

Record expenditures for personal services of consultants, lecturers, or others who provide direct assistance to teachers, pupils, or the curriculum or health programs. Include the services of organizations such as the Western Association of Schools and Colleges (WASC). Service provided under interdistrict agreements between school districts and/or county offices of education shall be recorded under object classification 5700, Interdistrict and Nonpublic School Services.

**5140 *Personal Services* (Elementary)**

Record expenditures for personal services consultants to assist in the use of state-adopted instructional materials in elementary schools, with funds apportioned by the state for instructional materials under *Education Code* sections 60242 and 60246. Record expenditures for non-instructional personal services under object classification 5800.

**5150 *Personal Services* (Secondary)**

Record expenditures for personal services of consultants to assist in the use of state-adopted instructional materials in secondary schools, with funds apportioned by the state for instructional materials under *Education Code* sections 60242 and 60247. Record expenditures for non-instructional personal services under object classification 5800.

**5200 *Travel and Conferences***

Record actual and necessary expenditures incurred by and/or for employees and other LEA representatives for travel and conferences (*Education Code* sections 35044 and 44032).

**5300 *Dues and Memberships***

Record the membership fee of any LEA in any society, association, or organization as authorized by *Education Code* Section 35172.

**5400 *Insurance***

Record under the appropriate subclassification expenditures for all forms of insurance other than employee benefits.

**5440 *Pupil Insurance***

Record expenditures for accidental death insurance and medical and hospital insurance for pupils.

**5450 *Other Insurance***

Record expenditures for all forms of insurance, other than pupil insurance, such as fire and theft liability and fidelity bond premiums.

### **5500 Utilities and Housekeeping Services**

Record expenditures for water, fuel, light, power, telephone, waste disposal, laundry and dry cleaning, and so forth. Include contracts for these services.

### **5600 Rentals, Leases, and Repairs**

Record expenditures for rentals, leases without option to purchase, and repairs or maintenance by outside vendors of sites, buildings, and equipment.

Expenditures for leases with option to purchase should be recorded under the appropriate capital outlay object classification, 6000-6599, Capital Outlay.

### **5700 Direct Costs for Interprogram/Interfund Services**

Record expenditures for the direct costs of services provided on an interprogram (within-fund) or inter-fund (between-funds) basis. Typical charges in this account will be services provided or products developed by the LEA, such as maintenance and repair of duplicating, audiovisual, or other equipment; photocopying expense; field trips; and district vehicle use. Charges to this account shall be recorded within the following classifications:

#### **5710-5749 Direct Costs for Interprogram Services**

Record expenditures for the direct costs of services provided on an interprogram (within-fund) basis. This account series must zero at the fund level.

#### **5750-5799 Direct Costs for Interfund Services**

Record expenditures for the direct costs of services that are provided on an interfund (between-funds) basis. This account series will reflect a balance at the fund level but only for the amount of between-funds costs; the total between-funds debit and credit transactions must net to zero.

### **5800 Other Services and Operating Expenditures**

Record expenditures to nonpublic, nonsectarian schools for the education of exceptional children for whom no appropriate services are available or can be provided. (These expenditures shall be excluded from the current cost of education for the Teachers' Salaries computation.)

Record expenditures for all advertising, including advertising for items such as bond sales, contract bidding, and personnel vacancies.

Record expenditures for judgments, penalties, legal advice, attorneys, hearing officers, elections, audits, and other similar costs.

Record expenditures for professional and personal services related to noninstructional programs.

Record expenditures for provided services such as administration, bus transportation, audiovisual, and library services.

Record expenditures for regionalized services, in excess of those required in law, provided by another district or county office pursuant to an approved local plan for the Special Education Master Plan. (These expenditures shall be excluded from the current cost of education for the Teachers' Salaries computation.)

NOTE: Expenditures for excess costs and/or deficits in the Special Education Master Plan paid to provider districts or county offices should be charged to object classification 7210, 7270, or 7280.

Record assessments for other than capital improvements, including state assessment for nonuse of school sites.

Record expenditures for surveys and appraisals of sites which are not purchased. Expenditures for surveys, appraisals, and assessments in connection with site purchases and/or improvements are recorded under object classification 6100, Sites and Improvement of Sites.

Record expenditures not otherwise designated, such as payments of interest on loans repaid within the fiscal year; payments for damages to personal property; expenditures for fingerprints, physical examinations, and X rays required for employment; and similar items.

### **6000-6599 Capital Outlay**

Record expenditures for sites, buildings, books, and equipment, including leases with option to purchase.

#### **6100 Sites and Improvement of Sites**

Record expenditures for each of the following:

*Acquisition of land and additions to old sites and adjacent ways.* Include incidental expenditures in connection with the acquisition of sites, such as appraisal fees, search and title insurance, surveys, and condemnation proceedings and fees. If a site is not purchased after the appraisal or survey, record the expenditure in classification 5800, Other Services and Operating Expenditures. Include demolition costs for removal of old buildings on newly acquired sites.

*Improvement of new and old sites and adjacent ways.* Include such work as grading, landscaping, seeding, and planting shrubs and trees; constructing new sidewalks, roadways, retaining walls, sewers, and storm drains; installing hydrants; treating soil and surfacing athletic fields and tennis courts for the first time; furnishing and installing, for the first time, fixed playground apparatus, flagpoles, gateways, fences, and underground storage tanks that are not parts of building service systems; and doing demolition work in connection with improvement of sites.

*Payment of special assessments.* Include assessments against the school district for capital improvements such as streets, curbs, sewers, drains, and pedestrian tunnels whether on or off school property.

**6200 Buildings and Improvement of Buildings**

Record costs of construction or purchase of new buildings and additions and replacement of obsolete buildings, including advertising; architectural and engineering fees; blueprinting; inspection service (departmental or contract); tests and examinations; demolition work in connection with construction of new buildings; installation of plumbing; installation of electrical, sprinkling, or warning devices; installation of heating and ventilating fixtures, attachments, and built-in fixtures; and other expenditures directly related to the construction or acquisition of buildings.

**6300 Books and Media for New School Libraries or Major Expansion of School Libraries**

Record expenditures for library books and materials for new and expanded libraries.

**6400 Equipment**

Record expenditures for initial and additional items of equipment, such as furniture, vehicles, machinery, motion picture film, videotape, and furnishings that are not integral parts of the buildings or the building system. Equipment is defined in Chapter 5 of this manual.

Piece-for-piece replacements of equipment are recorded under object classification 6500, Equipment Replacement.

Initial additional built-in fixtures that are an integral part of the building or building service system are recorded under object classification 6200, Buildings and Improvement of Buildings.

**6500 Equipment Replacement**

Record expenditures for equipment, as defined in Chapter 5, replaced on a piece-for-piece basis.

**Note**

An LEA may use a day labor or force account within the limits of the law (*Public Contract Code* Section 20114) to improve new or old sites, construct or improve buildings, and fabricate equipment. The expenditures for such day labor or force account, including materials, shall be a direct charge to the Facilities program. Such expenditures may include salaries of maintenance personnel (object classification 2400, Maintenance and Operations Salaries), fringe benefits (object classification 3000, Employee Benefits), and necessary materials and supplies (object classification 4500, Other Supplies).

**7000 Other Outgo**

**7110-7199 Tuition**

**7110 Tuition for Instruction Under Interdistrict Attendance Agreements**

Record expenditures for tuition under interdistrict attendance agreements incurred as a result of a

district's realizing a reduction of 25 percent or more in PL 81-874 funds if the average daily attendance of pupils residing within the district is credited to the district of attendance (*Education Code* Section 46607[b]).

**7121-7123 Regional Occupational Centers or Programs**

Record payments for tuition, excess costs, and/or deficits paid to regional occupational centers or programs operated by other school districts or county superintendents of schools under a joint powers agreement.

7121 *Payments to School Districts*

7122 *Payments to County Offices*

7123 *Payments to JPAs*

**7131-7133 Special Education Master Plan Excess Costs and/or Deficits**

7131 *Payments to School Districts*

7132 *Payments to County Offices*

7133 *Payments to JPAs*

**7140 State Special Schools**

**7190 Other Tuition, Excess Costs, and/or Deficits**

Record payments for tuition, excess costs, and/or deficits not otherwise identified.

**7210-7299 Other Transfers Out**

**7221-7223 Special Education Local Plan Area (SELPA) Transfers**

7221 *SELPA Transfers of Apportionments to Districts*

7222 *SELPA Transfers of Apportionments to County Offices*

7223 *SELPA Transfers of Apportionments to JPAs*

**7231-7233 ROC/P Transfers**

7231 *ROC/P Transfers of Apportionments to Districts*

7232 *ROC/P Transfers of Apportionments to County Offices*

7233 *ROC/P Transfers of Apportionments to JPAs*

**7241-7243 Community Schools Transfers**

7241 *Community Schools Transfers of Apportionments to Districts*

7242 *Community Schools Transfers of Apportionments to County Offices*

7243 *Community Schools Transfers of Apportionments to JPAs*

**7270 PERS Reduction from Revenue Limit**

- 7291-7299 *All Other Transfers Out*
- 7291 *All Other Transfers Out to Districts*
- 7292 *All Other Transfers Out to County Offices*
- 7293 *All Other Transfers Out to JPAs*
- 7299 *All Other Transfers Out*

**Note**

Interdistrict payments for specific services provided to one LEA by another, such as health, administration, instruction, or transportation services, excluding payments for Special Education Master Plan excess costs and/or deficits, should be charged to object classification 5100, Personal Services, or 5800, Other Services and Operating Expenditures, as appropriate. When such an interdistrict payment is received it must be accounted for and recorded on any financial reports of the LEA receiving the payment as revenue in classification 8677, Interagency Revenues.

*Example:*

Two school districts contract with each other for pupil transportation services. The following procedure is used in reporting such transactions:

District A, which receives pupil transportation services, charges object classification 5800, Other Services and Operating Expenditures, and the Pupil Transportation program.

District B, which performs the services, records revenue (reimbursement from district A) in classification 8677, Interagency Revenues. The costs incurred in providing the service are charged to the nonagency educational program.

**7300-7399 *Direct Support/Indirect Costs***

Object classifications in this group are used to record transfers for interprogram debits and credits for direct and indirect support costs within or between funds. (See the discussion of support services accounting on pages 4-27 through 4-29.)

- 7310-7349 *Interprogram*
- 7350-7399 *Interfund*

**7610-7629 *Interfund Transfers***

Record the following transfers:

- 7611 *From the General Fund to the Child Development Fund*
- 7612 *Between the General Fund and the Special Reserve Fund (Education Code sections 42840-42843)*
- 7613 *To the Public School Building Fund or to the State School Building Fund from all other funds of the district (Education Code sections 15746 and 16095)*

Record transfers of any moneys of the district that are required to be expended for the project for which such apportionment was made.

- 7614 *From the Bond Interest and Redemption Fund to the General Fund*

Record transfers of moneys from the Bond Interest and Redemption Fund, after all principal and interest payments have been made, to the General Fund or to the Special Reserve Fund (Education Code sections 15234 and 15235)

- 7615 *From the General, Special Reserve, and Building funds to the Deferred Maintenance Fund (Education Code sections 39618-39619.5)*
- 7616 *From the General Fund to the Cafeteria Fund/Account for the Meals for Needy Pupils Program*
- 7619 *Other Authorized Interfund Transfers Out*

**7630-7699 *Other Uses***

- 7630 *Debt Service*

Debt service consists of expenditures for the retirement of debt and for interest on debt, except principal and interest on current loans (money borrowed and repaid during the same fiscal year).

- 7631 *Public School Building Repayment*
- 7632 *State School Building Repayment*
- 7633 *Bond Redemptions*
- 7634 *Bond Interest and Other Service Charges*
- 7635 *Repayment of State School Building Fund Aid—Proceeds from Bonds (Education Code Section 16058)*
- 7636 *Payments to Original District for Acquisition of Property*

Record expenditures to cover the liability of a "newly organized district" to the original district for the new district's proportionate share of the bonded indebtedness of the original district.

- 7639 *Other Debt Service Payments*
- 7640 *Loan Repayments*
- 7641 *Long-Term Repayments*
- 7649 *Other Loan Repayments*
- 7651 *Transfers from Funds of Lapsed/Reorganized Districts*
- 7699 *All Other Uses*

## Direct Costs, Direct Support Costs, and Indirect Costs Distribution

Direct costs are charged to appropriate programs and projects, and direct and indirect support charges are subsequently distributed from support service programs to the various user programs. This accounting procedure provides the means for assessing the fiscal impact of operating such programs and projects. Such cost identification is critical to the development of a meaningful cost-reporting system for use by state and local decision makers.

Methods of allocating direct costs and distributing direct support charges and indirect charges are presented herein for determining total program costs.

### Direct Costs

Direct costs are those expenses that may be charged directly as a part of the cost of a product or service to all instructional programs, special projects, services to school districts' programs, support service programs, auxiliary programs, facilities, and other outgo programs.

All direct costs charged to programs are classified as objects of expenditure. (See the classifications of objects of expenditure on pages 4-12 through 4-19. See also Exhibit 4-1, "Object of Expenditure Codes, by Major Program," on pages 4-33 through 4-35.)

Direct costs should be charged to the program with which the cost is most clearly identified. Examples of costs easily identified with a particular program are teachers' salaries, psychologists' salaries, bus drivers' salaries, and textbooks.

Other direct costs that may not be so easily assigned to specific programs, such as employee benefits, substitute teachers' salaries, miscellaneous instructional supplies, and in-house equipment repairs, may be charged to holding (suspense) programs for subsequent reallocation to user programs.

The cost of services that are used by multiple programs, such as duplicating and reproduction services, should be recorded as a direct cost to each user program.

### Direct Cost Prorations

Two kinds of direct costs require proration—those split between two or more programs at the time of initial charge and those charged to a holding program for subsequent reallocation.

#### Proration of Costs Using Holding Programs

A holding program is a suspense account that holds costs until they are assigned to the appropriate user program. Such costs may include employee benefits,

substitute teachers' salaries, miscellaneous instructional supplies that are difficult to assign directly because they are lump sum payments, and in-house equipment repairs for which no documentation system is available.

*Substitute teachers' salaries.* The two methods of prorating substitute teachers' salaries are by actual substitute assignments and by number of certificated teaching personnel, as follows:

*Actual substitute assignments.* This method of prorating salaries provides that costs of short-term and long-term substitute teachers be charged to the programs in which the teachers actually substituted. Records of the program assignments must be maintained for each teacher, and the costs must be allocated accordingly. The charges may be made directly to the appropriate programs or distributed monthly from a holding program.

*Number of certificated teaching personnel.* This method of prorating the costs of short-term and long-term substitute teachers is based on the number of certificated teaching personnel eligible to serve as substitutes. Because the salaries of substitutes may be considered a normal cost of all programs, both long-term and short-term substitutes' salaries may be charged to all programs on a pro rata basis.

When either one of the two proration methods or a combination of the two proration methods is used, collection of the costs by site may be preferred so that the proration is relative to experience at each site.

*Employee benefits.* Where employee benefits are not automatically distributed, it is recommended that a holding program for employee benefits be established. For example, the personnel program might be used for holding purposes. The proper object of expenditure is used with the initial charge to the holding program.

*Miscellaneous instructional supplies.* Miscellaneous instructional supplies that are not identifiable to an instructional program at the time of their purchase should be charged to a holding program (using the appropriate subclassification of object of expenditure classification 4300) in either the instructional administration or instructional media program for subsequent distribution. The cost of these miscellaneous supplies should be distributed monthly to the instructional program on the basis of actual use or the full-time-equivalent (f.t.e.) teachers method.

*In-house equipment repair costs.* Districts performing in-house equipment repairs for which no work-

order system exists to distribute the charges to user programs should accumulate the costs in a holding program. A subsequent distribution based on the classroom units method utilizing the contra account methodology should then be made.

#### **Proration of Personnel Working in Two or More Programs**

Salaries of personnel working in two or more programs are prorated on the basis of time spent in each program, as determined from employee time reports.

The following direct cost distributions may be used in lieu of actual time accounting:

1. The costs of assistant superintendents for instruction (or equivalent positions) having first line responsibility for delivery of the services of this instructional program, as well as participation in district/county policy, may be charged as a direct cost at 50 percent to the instructional administration program and 50 percent to the district/county administration program.
2. Small school districts that have one person performing the function of both the principal and the superintendent may charge 70 percent of the costs as a direct cost to the principal's function (school administration) and 30 percent of the costs as a direct cost to the superintendent's function (district administration).
3. Offices of county superintendents of schools that have one person performing similar activities within the services to school districts programs, as well as support service programs, may charge 50 percent of the costs as a direct cost to the services to school districts function and 50 percent as a direct cost to the support services function.
4. The costs of the county superintendent of schools and the county board of education may be charged as direct costs at 50 percent to the general administration program within the services to school districts function and 50 percent to the county administration program within the support services function.

#### **Determination of Adjusted Direct Costs**

The initial charges reported for special projects include all costs expressly funded by the donor. The "Annual Program Cost Data Report" (J-380/J-580) adjusts those funded costs that are not instructional activities but are actually support service activities from special projects to the appropriate support service programs. In addition, those unfunded costs that are instructional activities and are directly related to special projects are adjusted from instructional programs to the appropriate special projects. These

adjusted costs, combined with the initial charges, become the adjusted direct costs for all programs and projects.

#### **Direct Support**

Direct support costs are direct costs of services or products accumulated in various designated support service programs and subsequently distributed to user programs as direct support charges. In order to comply with the requirements of the "Annual Program Cost Data Report" (J-380/J-580) as well as requirements of certain other reports for which this information is required, each school district and office of the county superintendent of schools shall distribute the direct costs in the support service programs for services rendered to the instructional programs, special projects, services to school districts programs, and auxiliary programs.

User programs are defined as programs that utilize the service of another program. All costs of services accumulated in the following support service programs must be distributed as direct support to the user programs noted in the preceding paragraph:

1. Instructional administration
2. Instructional media
3. School administration
4. Pupil services
5. Special projects administration
6. Pupil transportation

In addition, a portion of the costs of services accumulated in the following support service programs that have been designated as direct support must also be distributed to the user programs noted, as discussed in the direct support paragraph:

1. Centralized data processing
2. Plant maintenance
3. Plant operations

The remaining or residual costs in these support service programs shall be distributed as indirect costs.

Further, auxiliary programs, such as food services, may be subject to the distribution of direct support charges to other programs. For example, the direct costs of special preschool meals are initially charged to the food services program and are subsequently distributed as direct support charges to the preschool program.

#### **Distribution of Direct Support Costs**

Direct support charges may be distributed by means of the following methods:

1. Allocated direct support method
2. Documented direct support method

The allocated direct support method of distributing direct support charges to user programs is limited to specific methodologies for each of the support service program. The intent of limiting the allocation methodologies is to provide consistent, comparable cost data information through the application of uniform cost allocation methods.

The documented direct support method is available when use of the allocated direct support method does not reflect a reasonable distribution of direct support costs to user programs.

### The Allocated Direct Support Method

The allocated direct support method is used to distribute any remaining (or all) direct support costs not distributed as a documented direct support charge.

The amount of direct support costs to be allocated is equal to the total direct costs of a support service program, less the documented direct support costs, and would be allocated to all appropriate user programs only on the basis specified for each support service program. In addition, direct support costs are allocated only to programs and projects utilizing that support service.

#### Allocation Methods

The allocated direct support costs for all support programs will be computed by one of the following specified methods:

1. Full-time-equivalent (f.t.e.) teachers method
2. Classroom units method
3. Number of pupils transported method
4. Ratio of costs method

*Full-time-equivalent (f.t.e.) teachers method.* The basis of this allocation method is the number of full-time-equivalent teachers serving (assigned) in each program. An assignment is a specific responsibility, classroom assignment, or course section taught.

All personnel providing instructional services to students should be included in the f.t.e. count. Assistant teachers (certificated or classified) should be included if they carry an active student register and their service generates average daily attendance (a.d.a.). Certificated and classified employees providing special education DIS services and carrying an active student register should also be included in the f.t.e. count.

Full-time equivalency is determined on the basis of the number of hours that constitute a full-time teaching assignment (that includes actual instruction of students) for the school district. The four categories of assignments are as follows:

1. Single assignment—A full-time teacher assigned to a single program is counted as 1.0 f.t.e. unit to the assigned program.
2. Split assignment—The full-time-equivalent for a full-time teacher assigned to two or more programs is split between the assigned programs on the basis of teacher contract hours in each assignment. For purposes of determining the number of f.t.e. units to be allocated to each assignment, preparation periods, supervision, noon duty, IEP assessments, and other ancillary assignments are considered to benefit each assignment in proportion to the hours assigned and will be disregarded in the f.t.e. calculation. Study halls are considered a regular class assignment.
3. Semester assignment—Full-time teachers who are in programs of one semester or less should be counted as 0.5 f.t.e. unit. Full-time teachers in programs of more than one semester should be counted as 1.0 f.t.e. unit.
4. Part-time assignment—Full-time equivalency for part-time teachers is based on the ratio of the number of hours that constitute a full-time teaching assignment for the school district.

Teacher f.t.e. counts are developed by totaling the computed number of f.t.e. teacher units in all instructional programs and special projects. Include in the f.t.e. teacher count those teachers assigned to programs operated in the district but who are not actually employed by the district (e.g., those in special education or ROC/ROP classes in which the teachers are paid by the office of the county superintendent of schools). These f.t.e. counts are recorded in the non-agency activities educational program.

Use of the allocated direct support method to distribute direct support costs generally assumes that all programs use some portion of each of the support service programs. If a program does not use a support service, or if all direct support charges to a user program are documented direct support charges, the f.t.e. teacher count for the nonuser program is to be excluded from the total f.t.e. count for that support service program. Exclusion of any portion or all of a program from an allocation formula would be an exception and would mean that certain documentation exists to substantiate the exclusion. Minimum documentation of an exclusion would consist of verification by the user program administrator that any portion or all of the program did not use any part of a specific support service program. It is suggested that, in addition, the exclusion be confirmed by the support program administrator.

The f.t.e. teacher count may be developed any time after classes have been established for the second semester. It is recommended that the f.t.e. teacher count be developed as of April 1 of each year to coincide with the special education counts also taken at that time. In a large district it may be more efficient to compile the total f.t.e. units by having one work sheet completed by each site administrator, then combining the information into a composite work sheet. Care must be taken to ensure that the same f.t.e. units are not reported by more than one site administrator.

**Classroom units method.** The basis of this allocation method is units of space, with one unit representing a classroom. A classroom unit (CU) represents the approximate area usually occupied by a classroom, varying from 800 to 1,100 square feet (74 to 102 square metres) but generally about 960 square feet (89 square metres). It is assumed that commonly used floor spaces such as school offices, corridors, restrooms, faculty rooms, and so on benefit each class in proportion to the floor space occupied by the classroom; therefore, they are not included as separate items.

Large spaces (cafeterias, gyms, and so on), small spaces (cubicles for speech therapy and so on), and district administration facilities are converted to classroom units on the basis of 960 square feet (89 square metres) per unit. In addition, classroom units shared by two programs are allocated to both programs on the basis of the number of hours the room is used by each program.

**NOTE:** Classroom units for noninstructional programs occupying space in district administration facilities are all reported as part of district administration.

Operational buildings, such as the maintenance shop, warehouse, transportation facility, and so on, generally require approximately one-third the amount of maintenance and upkeep service required for spaces used for students and other services. Such spaces should be divided by 2,880 square feet (960 x 3) (212 square metres) to establish CUs. Operational buildings would generally not include partially enclosed spaces (such as sheds or patios).

Counts of classroom units are developed by totaling the computed classroom units for all instructional, special projects, services to school districts, district administration, plant maintenance, plant operations, pupil transportation, community services, food services, child development activities, and nonagency activities programs. No allocation will be made to the district administration, plant maintenance, and plant operations programs. These amounts will remain in the indirect support pool.

**Pupils transported method** The basis of this allocation method is the number of pupils transported (PTs), which is determined by counting the number of pupils in each program transported from home to school. This information should be available from the district's records. The total number of PTs must equal the total reported on Schedule I, Item B.1, of Form J-141, "Annual Report of Pupil Transportation Expense."

Special education pupils receiving home-to-school transportation may be counted in the special education transportation program only if home-to-school transportation is required in the child's individualized educational program (IEP). Otherwise, these children will be counted as regular students.

Resource specialist program (RSP) and designated instruction and services (DIS) pupils receiving home-to-school transportation to attend a school *other than their neighborhood school* because of a requirement of the IEP should be counted as special education PTs. RSP and DIS pupils receiving home-to-school transportation to attend their neighborhood school should be counted as regular education PTs.

**Ratio of costs method.** The basis of this allocation method is the ratio of the adjusted direct costs for the special projects administration program to the adjusted direct costs for all special projects using this support service program.

### The Documented Direct Support Method

The documented direct support method is generally an option for distributing direct support costs. Documented direct support may be used to present those direct support costs that, when combined with a program's or project's direct costs, may produce the marginal or variable costs for the program or project. In this method, costs must meet both of the following criteria:

1. The specific costs would not occur if the user program were discontinued.
2. The costs must be supported by auditable documentation. Auditable documentation requires that time reports and contemporaneous records of activities be maintained.

The documented direct support method must be used to accumulate and distribute all pupil services costs associated with special education assessment activities.

Use of the documented direct support method to distribute a product or a service (e.g., a position or a service contract) basically requires that all costs for that product or service must be distributed as a documented support cost.

### Documentation of Support Services to User Programs

Use of the documented direct support method is authorized for distribution of the following support service programs to user programs:

1. Instructional administration
2. School administration (limited applications)
3. Pupil services
4. Plant maintenance (limited applications)
5. Plant operations (limited applications)
6. Pupil transportation (limited applications)

### Documentation of Support Services to User Categories

The documented direct support method may be used to document certain support service programs to designated general categories, rather than to individual programs or projects, when the services support all programs/activities within the category. These categories are the general education category and the special education category.

Use of the documented direct support method for these two categories is authorized for distribution of the following support service programs costs: instructional administration; school administration; and pupil services. Services documented to these categories are then allocated to all programs within the category by the f.t.e. teachers' allocation method.

### Documentation Requirements

Use of the documented direct support method to distribute support service programs' costs requires the maintenance of specific records by support service staff. Support costs distributed as documented direct support, whether to single or multiple programs, require at least the following documentation:

*Personnel costs (employee activity work sheet and special education assessment activities work sheet).* An activity work sheet must be completed only if the employee's time is to be distributed as a documented direct support cost. Use of an activity work sheet to report time spent in various programs means that the employee must be able to substantiate the information reported. This substantiation consists of contemporaneous documentation, such as appointment calendars, client records, notices of meetings, and so on. Such documentation must be retained by the school district or the office of the county superintendent of schools for a minimum of three years after the year of audit.

Employees working in more than one function or position will need to maintain time accounting records for each support function (e.g., an employee working half-time as a project director and half-time as a

psychologist). Employees working part-time in a teaching position (including DIS) and part-time in a support position will also need to maintain an activity work sheet to record the time spent in the support function and in the teaching function.

Activity work sheets are not completed by clerical staff. Such costs are included with the support service to be distributed.

*Employee activity work sheet.* This form must be used by personnel working in support positions whose time is to be documented. A district may develop its own form and incorporate additional information desirable for local needs. Any district-developed form must include, as a minimum, the following specific elements:

*Reporting frequency.* Employee activity work sheets must be completed at least monthly and filed with the business office.

*Information to be reported.* The following basic information must be recorded for each employee working in a support function:

1. Name of school district
2. Employee's name
3. Employee's position/title
4. Period covered by the work sheet
5. Signature of employee
6. Signature of supervisor
7. Work activity information

For employees assigned to a single program or category, record the name/description of the program or activity. An employee activity work sheet will provide the minimum documentation requirements when the entire assignment is in support of one program or project.

For employees assigned to support positions that serve more than one program, record the following:

1. Name/description of the program or activity
2. Dates worked
3. Hours worked

Record only actual hours worked (these hours will be used as the basis for distribution of costs to the programs). Include overtime hours worked (whether paid or unpaid). Exclude time off (vacation, sick leave, and any other time off). Report to the nearest quarter hour any time worked of less than one hour. Minimum documentation requirements include a summary time sheet plus contemporaneous records that detail the time spent on each task for each program.

*Special education assessment activities work sheet.* All pupil services staff performing special education

assessments must complete this form for any time spent on special education assessment activities. This time will be recorded as documented direct support to the special education subprogram, assessment costs, or to the services to school districts subprogram, special education assessment costs. A district may develop its own form and incorporate additional information deemed desirable for local needs. Any district-developed form must include, as a minimum, the specific elements listed here:

**Reporting frequency.** Special education assessment activities work sheets must be completed at least monthly and filed with the business office.

**Information to be reported.** The following basic information must be recorded for each employee working in a support function:

1. Name of school district
2. Employee's name
3. Employee's position/title
4. Period covered by the work sheet
5. Signature of employee
6. Signature of supervisor
7. Work activity information

Record only actual hours worked (these hours will be used as the basis for distribution of costs to the programs). Include overtime hours worked (whether paid or unpaid). Exclude time off (vacation, sick leave, and any other time off). Report to the nearest quarter hour any time worked of less than one hour.

The minimum documentation requirements include a summary time sheet, plus contemporaneous records that detail the time spent on each special education assessment task and the name of the student being assessed. If the task involves consultations, record the name of the persons consulted with. This information may be recorded in the employee's time calendar or equivalent record.

**Nonpersonnel costs.** Nonpersonnel costs charged as documented direct support must be substantiated by documentation that identifies the program(s) that received the service, supply, or equipment. The signature of a program administrator acknowledging receipt of the service, supply, or equipment on a document, such as an invoice, requisition request, purchase order, receiving report, contract, or inventory listing of equipment, will validate the charge.

#### **Distribution of Documented Direct Support**

The monthly activity work sheets will be used to determine employee activities on an annual basis for distribution of the annual costs.

To develop the distribution of the documented direct support costs, record the actual hours worked in each program during the fiscal year (as reported on the monthly activity work sheets). Determine a proration by computing a ratio of the time spent in each program to the total time worked. Distribute the support service program costs based on the computed proration. The same proration will be applied to all costs associated with the support activity, including clerical staff.

#### **Allowed Methods of Distributing Direct Support Costs to User Programs**

Unless the documented direct support method is authorized and used for a particular support service program, the costs must be distributed by means of the allocated direct support method, as specified for that support service program. Direct support costs shall be transferred to the user program through the use of an interprogram charge and credit transfer.

#### **Support Service Programs**

**Instructional administration.** All costs of the instructional administration program shall be distributed to user programs as direct support charges. The documented direct support method may be used to distribute instructional administration costs when the criteria of the documented direct support method are met. All remaining instructional administration costs shall be allocated on the basis of the f.t.e. teachers method.

**Instructional media.** All costs of the instructional media program shall be distributed to user programs as direct support charges and allocated on the basis of the f.t.e. teachers method. The documented direct support method *may not* be used to distribute instructional media costs.

**NOTE:** Specific or special materials used exclusively in a program or project and not as a part of the central library are charged as a direct cost to that program/project as instructional supplies.

**School administration.** All costs of the school administration program shall be distributed to user programs as direct support charges. The documented direct support method may be used to distribute school administration costs of a school site offering one program only (e.g., all special education or all ROC/ROP) when the criteria of the documented direct support method are met. All remaining school administration costs shall be allocated on the basis of the f.t.e. teachers method.

**Pupil services.** All costs of the pupil services program shall be distributed to the various user programs as direct support charges. The documented direct

support method may be used to distribute pupil services costs when the criteria of the documented direct support method are met.

The costs of special education assessment services must be distributed by means of the documented direct support method to the special education subprogram, assessment costs. All remaining pupil services shall be allocated on the basis of the f.t.e. teachers method.

**Special projects administration.** All the costs of the special projects administration program shall be distributed to user programs as direct support charges. The documented direct support method may be used to distribute special projects administration costs when the criteria of the documented direct support method are met. All remaining special projects administration costs shall be allocated on the basis of the ratio of costs method.

**District/county administration.** All costs of district/county administration will remain in the indirect support pool to be distributed as indirect costs.

**Centralized data processing.** The costs of centralized data processing services should be distributed as documented direct support. Any cost not distributed as documented direct support shall remain in the indirect support pool to be distributed as indirect costs.

**Plant maintenance and plant operations.** Generally, plant maintenance and plant operations costs are considered an agencywide cost of doing business and are thus shared equitably by all programs. No programs should reflect a disproportionate share of these costs because they happen to be assigned to classrooms or facilities that incur high plant maintenance and/or operations costs.

**Plant maintenance.** Most costs for the plant maintenance program shall be distributed to user programs as direct support charges. The remaining plant maintenance costs shall remain in the indirect support pool, to be distributed as indirect costs.

The documented direct support method *may not* be used to distribute plant maintenance costs, except as follows:

Offices of the county superintendents of schools may use the documented direct support method to distribute the costs of plant maintenance for specialized single program sites or specialized single program buildings to the user program.

All other plant maintenance costs shall be allocated to user program on the basis of the classroom units method. No allocation will be made to the district administration, plant maintenance, or plant operations programs; these amounts shall remain in the indirect support pool, to be distributed as indirect costs.

**Plant operations.** Most costs for the plant operations program shall be distributed to user programs as direct support charges. The remaining plant operations costs shall remain in the indirect support pool, to be distributed as indirect costs.

The documented direct support method *may not* be used to distribute plant operations costs, except as follows:

Offices of the county superintendents of schools may use the documented direct support method to distribute the costs of plant operations for specialized, single program sites or specialized, single program buildings to the user program.

All other plant operations costs shall be allocated to user programs on the basis of the classroom units method. No allocation will be made to the district administration, plant maintenance, or plant operations programs; these amounts shall remain in the indirect support pool, to be distributed as indirect costs.

**Pupil transportation.** All costs for the pupil transportation program shall be distributed to user programs as direct support charges as follows:

**Other than home-to-school.** The documented direct support method shall be used to distribute costs for other than home-to-school pupil transportation costs (i.e., related services) by means of one of the following methods: (1) actual costs from the bus contractor; and (2) fixed rate per mile plus paid driver layover time. All charges for pupil transportation services to organizations outside the district (parent-teacher associations, recreation districts, and so on) shall be made to the appropriate auxiliary program as a documented direct support cost.

**Home-to-school.** The costs for home-to-school pupil transportation shall be distributed by means of one of the following methods:

1. **Specific use:** The documented direct support method may be used to distribute the entire cost of operating a vehicle that is used entirely for a specific program (e.g., special education, desegregation, and so on) to that specific user program. Detailed cost records (work orders, contracts, and so on) as well as detailed rider logs must be maintained.
2. **Remaining home-to-school costs:** All other home-to-school costs, including direct support costs from other support service programs and costs of operating vehicles not distributed under specific use criteria (see number 1) must be allocated to all user programs on the basis of the pupils transported method.

## Auxiliary Programs

**Community services.** Costs of community services shall never be distributed as direct support charges. However, this program may receive direct support charges, such as plant maintenance, plant operations, and pupil transportation.

**Retiree benefits.** Costs of benefits paid on behalf of retired personnel shall neither receive direct support charges from other programs nor be distributed as direct support charges.

**Food services.** Donor-authorized food services expense shall be reported as a direct cost to the special project and an adjusted direct cost to the food services program. Food services costs that are identified as direct support costs to specific user programs shall be distributed by means of the documented direct support method. All other expenditures shall remain in the food services program. However, this program may receive direct support charges, such as plant maintenance and plant operations.

**Child development activities.** Costs of child development activities shall never be distributed as direct support charges. However, this program may receive direct support charges, such as plant maintenance, plant operations, and food services.

**Nonagency activities.** Costs of nonagency activities shall never be distributed as direct support charges. However, this program may receive direct support charges, such as instructional support, plant maintenance, and plant operations.

## Facilities

All costs of leased or rented facilities shall be distributed as direct support charges. Generally, leased or rented facilities costs are considered as agencywide "costs of doing business" and, thus, are shared equitably by all programs.

The documented direct support method *may not* be used to distribute the costs of leased or rented facilities, except as follows:

The documented direct support method may be used to distribute only costs of renting or leasing a facility on a site on which no agency-owned facilities are located when required by state or federal agencies for programmatic purposes. Certification of the requirement is necessary. For example, a school district leases a facility to house ROP classes. The facility is near a shopping center at which most of the students are being trained. However, because it was a district administrative decision to house the ROP classes rather than other program classes in the rented facility and was not a state or federal

requirement, the cost of the lease payments would be distributed to all district programs as allocated support costs. (The leased classrooms would be included as ROP classrooms in the distribution.)

On the other hand, an office of the county superintendent of schools leases a classroom from a school district to house a special education class. The action is necessary for programmatic purposes because the special education class is required by the state to be a regular school site for mainstreaming purposes. The office of the county superintendent of schools owns no regular education schools at which the class could be located. The cost for the lease payments would be distributed as a documented direct support cost to the special education program.

All other costs of leased or rented facilities shall be allocated to user programs on the basis of the classroom units methods. Allocations for district administration, plant maintenance, and plant operations units shall be made to the district administration program.

## Indirect Support

Each school district and office of the county superintendent of schools shall allocate indirect costs to all instructional, special projects, services to school districts, and auxiliary programs. The following method shall be used to allocate the indirect costs:

1. Total the remaining costs in all the support service programs after other funds are charged.
2. Total the direct and direct support costs of the instructional, special projects, services to school districts, and auxiliary programs.
3. Divide the total determined in step 1 by the total in step 2, and carry to six decimal places.
4. Multiply the rate obtained in step 3 by the total of the direct and direct support costs of each instructional, special project, services to school districts, and auxiliary program.

## Support Costs Accounting

**Direct support costs distribution.** An interprogram charge and credit transfer process is to be used to transfer direct support charges from the support service programs to the instructional, special projects, services to school districts, auxiliary programs, and other funds. This transfer may be identified or coded in several ways, particularly for electronic processing. Four ways are given here that may be used to transfer, for example, salaries of elementary principals, vice-principals, and clerks; employee benefits; and office supplies from school administration to direct support costs of the general education, regular program.

**Example 1.** Use object of expenditure classification 7300 Direct Support/Indirect Costs:

7310 General Education, Regular (School Administration) (Debit)  
7340 School Administration (General Education, Regular) (Credit)

**Example 2.** Establish a direct support code, using the first two digits of the object code with 98 as the last two digits for the debit and 99 for the credit:

1298 General Education, Regular (School Administration) (Debit)  
1299 School Administration (General Education, Regular) (Credit)

**Example 3.** Establish a direct support code, using the first two digits of the object code with an alpha notation for the last two digits, such as DD for the debit and DC for the credit:

12DD General Education, Regular (School Administration) (Debit)  
12DC School Administration (General Education, Regular) (Credit)

**Example 4.** Use a code system preceding the object of expenditure and assign code numbers to each type of support service program and the respective debit and credit codes as follows:

0100 Instructional Support  
0110 Instructional Administration—Debit  
0115 Instructional Administration—Credit  
0120 Instructional Media—Debit  
0125 Instructional Media—Credit  
0130 School Administration—Debit  
0135 School Administration—Credit

0200 Pupil Services  
0210 Attendance/Welfare—Debit  
0215 Attendance/Welfare—Credit  
0220 Guidance/Counseling—Debit  
0225 Guidance/Counseling—Credit  
0230 Health—Debit  
0235 Health—Credit

0300 Special Projects Administration  
0310 Special Projects Administration—Debit  
0315 Special Projects Administration—Credit

0400 General Support  
0410 District Administration—Debit  
0415 District Administration—Credit  
0420 Centralized Data Processing—Debit  
0425 Centralized Data Processing—Credit  
0430 Plant Maintenance—Debit  
0435 Plant Maintenance—Credit  
0440 Plant Operations—Debit  
0445 Plant Operations—Credit  
0450 Transportation—Debit  
0455 Transportation—Credit

0600 Facilities  
0610 Facility Acquisition and Construction—Debit  
0615 Facility Acquisition and Construction—Credit

This method will help to identify the source of the transfer along with a brief description of the action:

0130 General Education, Regular (School Administration) (Debit)  
0135 School Administration (General Education, Regular) (Credit)

**Indirect support costs distribution.** Only the methods illustrated in Example 1 and Example 4 may be used to distribute the indirect costs. In Example 1, change the description in codes 7310 and 7340 to indirect costs. Example 4 requires the addition of codes 0700, indirect costs; 0710, indirect costs—debit; and 0715, indirect costs—credit. In either case all the instructional, special projects, services to school districts, and auxiliary programs shall be debited in the manner as described for computing the indirect costs, and each support service program (general support) shall be credited with the remaining amount after all direct support charges have been distributed.

#### Within-Fund and Between-Fund Support

Within a fund, all direct support and indirect support debit and credit transactions must net to zero. For this reason, at the fund level the 7300 account must be zero, with no balances, for the support activity within a fund.

Between funds, support activity shall result in a credit balance for the fund providing the support, with a negative amount recorded, and the fund receiving the support shall record a debit balance with a positive amount.

Therefore, a balance for the 7300 account at the fund level may occur, but only for the amount of between-fund support. The following specific rules are applicable for between-fund support:

1. Only one object account within the 735X series is to be used for indirect support charges between funds.
2. Objects within the 735X series used for direct support charges between funds shall not be the same as those objects used for within-fund direct support charges.
3. A fund receiving 735X support charges may budget an amount within the 735X series sufficient only for between-fund support charges.
4. The general fund providing 735X support to another fund may budget a negative amount in the 735X account(s) and adjust the budget for major account 7000.
5. Direct support or indirect support shall not be charged between funds, except for the following:
  - a. Adult Education Fund (shall be charged)
  - b. Cafeteria Fund (shall be charged)
  - c. Child Development Fund (shall be charged)

6. Indirect support provided to the Adult Education, Cafeteria, and Child Development funds shall be computed by using the previous fiscal year's nonrestricted General Fund indirect support rate, applied to the total expenditures of the Adult Education, Cafeteria, and Child Development funds objects 1000 through 6000. Payments shall result in a credit to cash or liabilities and a debit to the indirect support 735X object within the fund receiving indirect support.
7. Indirect support charges made by the General Fund shall result in a debit to cash or receivables

and a credit to the indirect support 735X object within an indirect support holding program in the General Fund.

The indirect support holding program is to be maintained in the General Fund with a negative balance equal to the amount of indirect support charged to other funds. This negative amount, combined with positive amounts within the general support programs, will produce a net undistributed indirect support cost amount that must be used for General Fund indirect support distributions.

### **Miscellaneous Accounting Procedures**

Methods of accounting for cooperative projects operated among LEAs, accounting for stores, and abatements of expenditures, including use of clearing accounts, are included in this section.

#### **Cooperative Projects**

California school districts and offices of county superintendents of schools often pool their resources and operate certain federal and state projects on a cooperative basis. This procedure usually calls for one school district or office of the county superintendent of schools to operate the project for one or more other school districts or offices of county superintendents of schools. The operating school agency is usually referred to as a local educational agency or as a local operating agency.

LFA Financial Reports, as specified by the state of California, are used to collect fiscal data for comparative and management purposes. Current expense and the costs of education are developed on the basis of cost per unit of average daily attendance (a.d.a.). If valid comparative data are to be obtained, each school agency must report its own share of the revenue and expenditures when the agency is involved in a cooperative project.

Districts and offices of county superintendents of schools that participate in cooperative projects must report the revenue and expenditures resulting from their involvement in the project in the following manner:

1. Each participating district or office of the county superintendent of schools records its share of the project entitlement in the appropriate revenue classification. If it is an ECIA, Chapter I, project, for example, the revenue will appear in classification 8160.

2. Each participating district and county records its share of the cost of the project in object of expenditure classification 5800, Other Services and Operating Expenditures, as a direct cost to the appropriate special projects, when it pays the district that operates the project. Its share of the cost will normally be equal to its share of the revenue.
3. The district operating the cooperative project on behalf of participating agencies must, during the project year, account for all of the costs in the appropriate expenditure classifications under "Auxiliary Programs, Nonagency Activities, Educational." The operating district should bill each participating district periodically, or at least by the end of the year, for its share to date and record the revenue received in the contract services classification as specified for nonagency activities. The operating district will report these costs to the nonagency activities program; the participating district or office of the county superintendent of schools will report its cost to the appropriate special projects.

Some cooperative projects are established only to meet specific federal entitlement requirements. Such projects usually require that one district serve as the applicant district for purposes of disbursing federal funds to the other participating districts. The participating districts are operating their own projects in this situation. In the implementation of this type of cooperative project, quarterly cash advances may be made directly to the administrative agent of the applicant district for deposit and disbursement. Applicant districts should deposit their prorated amounts in an account under revenue classification 8160, Edu-

cation Consolidation and Improvement Act, and the prorated amounts for participating districts under classification 8290, Other Federal Revenue. A copy of the cooperative agreement filed with the county superintendent will serve to authorize payment to the participating districts. Disbursement transactions by the operating district should be handled as abatements to classification 8290. Participating districts should record revenue under classification 8160. All expenditures are to be recorded in accordance with the *California School Accounting Manual*.

### **Special Education Master Plan**

Special instructions apply to the Special Education Master Plan (*Education Code* sections 56300-56369 and 56700-56820).

1. Certificated employees performing designated instruction and services (DIS) shall be charged to 1100, 1500, or 1600, depending on the services performed, as a direct cost of the DIS program.
2. Instructional aides shall be charged to object of expenditure 2100, Salaries of Instructional Aides. Braille aides and mobility aides providing direct assistance to students are charged to object of expenditure classification 2100.
3. Professional specialists, as required by *Education Code* Section 56336, shall be charged to object of expenditure classification 5100, Personal Services.
4. Program specialists not providing regionalized services are to be reported as a direct cost to the instructional administration program. These costs will subsequently be distributed as documented or allocated direct costs, as appropriate.
5. A school district or the county superintendent can be the "Administrative Unit" (AU) in a given local plan area.
6. Apportionments other than regionalized services are described as follows:

#### *Method One*

For the Special Education Master Plan, if the local plan area has elected for the apportionments to be made to the AU, the AU shall record the apportionment in revenue classification 8321, Special Education Master Plan.

The AU shall transfer the operational funds to the participating agencies by expenditure classification 7221 for moneys to be received by districts, by expenditure classification 7222 for moneys to be received by county superintendents, and by expenditure classification 7223 for moneys to be received by a JPA. LEAs receiving transfers shall record the revenue in revenue classification 8721 if received from a district or in revenue classification 8722 if received from a county superintendent.

dents, and by expenditure classification 7223 for moneys to be received by a JPA. LEAs receiving transfers shall record the revenue in revenue classification 8721 if received from a district or in revenue classification 8722 if received from a county superintendent.

#### *Method Two*

If the Local Plan Area has elected for Special Education Master Plan apportionments (other than regionalized services) to be made directly to the participating agencies, each district and/or office of the county superintendent of schools shall record the apportionment in revenue classification 8321.

7. Apportionments for Program Specialists and Regionalized Services shall be made directly to the AU, which shall record the apportionment in revenue classification 8321. The AU may contract to have participating agencies provide the regionalized services.

The AU shall transfer the regionalized service funds to the participating agencies by expenditure classification 7221 for moneys to be received by districts, by expenditure classification 7222 for moneys to be received by county superintendents, and by expenditure classification 7223 for moneys to be received by a JPA. LEAs receiving transfers shall record the revenue in revenue classification 8721 if received from a district or in revenue classification 8722 if received from a county superintendent.

8. Any district, county superintendent of schools, or JPA billing for and receiving payment for special education excess costs and/or deficits or special education transportation excess costs and/or deficits shall record the revenue received as 8710, Tuition. Any LEA paying these excess costs and/or deficits shall record these payments as 7131 for amounts paid to districts, 7132 for amounts paid to county superintendents, and 7133 for amounts paid to a JPA. These expenditures for Special Education Master Plan are not considered to be a current cost of education but rather a transfer of encroachment, commonly known as a local General Fund contribution.
9. Any district, office of the county superintendent of schools, or JPA providing regionalized services pursuant to any approved local plan in excess of regionalized services required by law may bill and receive payment for these services, recording the revenue received in the inter-agency revenues classification as specified for

nonagency activities. Any district or office of the county superintendent of schools paying for these services shall record these payments as 5800, Other Services and Operating Expenditures, in the nonagency activities, educational program.

10. Any district or county superintendent of schools receiving revenue under PL 94-142 as entitlement aid per unduplicated count shall record the revenue as 8181, Entitlement Aid per Unduplicated Count, and shall record the expenditures as direct costs of the Special Education Master Plan program.

Any district or county superintendent of schools that receives revenue under PL 94-142 as a grant-in-aid for an approved special project shall record the revenue as 8182, Discretionary Grants, and shall record the expenditures as a direct cost in Special Projects.

Any AU receiving moneys for PL 94-142 of either type to be distributed to a district or county superintendent of schools shall abate its account for the revenue so distributed.

#### **Accounting for Stores**

Payments for the purchase of "stores" (see Chapter 6 of this manual), defined as goods on hand in central storerooms subject to requisition, are similar to expenditures but are not classified as such. These payments constitute the increase of an asset account, Stores (9210), equal to the reduction in another asset account, Cash in County Treasury (9110).

The issuance of stores must be accounted in the records of the LEA as a reduction of the asset account, Stores, and as a charge to the appropriate expenditure object and program for which the stores were issued. Such accounting should be continuous in the records of the LEA, and, to the extent that the county superintendent of schools maintains corresponding records, summaries of the issuance of stores shall be reported to the county superintendent by the LEA periodically, preferably not less frequently than monthly. In any event, the balance in the Stores account at the end of each fiscal year should represent the actual value of the stores in the warehouse of the LEA.

#### **Abatements of Expenditures**

Abatement of expenditure is the cancellation of a part or the whole of a charge previously made, usually owing to refunds, rebates, resale of materials originally purchased by the LEA, or collections for loss or damage to LEA property. Abatement of expenditure applies to both current expenditure and capital outlay

expenditures from all funds. Tuition receipts, fees, and rentals shall not be treated as abatements of expenditure. This definition must be observed in making all decisions as to whether a receipt is to be reported as revenue or as an abatement of expenditure.

The basic distinction that must be borne in mind is that an abatement of expenditure must always represent a receipt (or an accrual) that cancels a part or the whole of a determinable item of previous expenditure. If a receipt cannot be substantiated as a cancellation of a specific expenditure, it must be reported as revenue.

In making the accruals, LEAs enter an abatement of expenditure prior to the receipt of cash—that is, as an account receivable. Adjustments between expenditure accounts to correct errors in the distribution of charges shall not be considered as abatements of expenditure; such adjustments are reclassifying entries.

#### **Accounting Instructions for Abatements**

Receipts that represent cancellations of expenditures must be accounted as abatements of previously incurred expenditures by crediting such receipts to the respective expenditure accounts, thereby eliminating any credit to revenue accounts.

Receipts representing abatements of expenditures must be accounted by abating the appropriate expenditure accounts during the fiscal year in which the receipts occur.

All appropriations, apportionments, subsidies, or grants-in-aid from any governmental unit must be accounted as revenue receipts, not as abatements of expenditure.

#### **Use of Contra Accounts**

Whenever abatements of any particular type are numerous, and especially if considerable amounts are involved, it is recommended that the credits be made to a contra account instead of directly to the expenditure account. The contra account should be identified as "Abatements of \_\_\_\_\_" (insert the name of the expenditure account to which it relates). It should be maintained adjacent to the corresponding expenditure account in the expenditure (or appropriation) subsidiary ledger. The contra account will receive only credit entries for abatements. By this procedure, the undesirable features of a "mixed" account are avoided, and gross expenditure, abatements, and net expenditure can be determined easily at any time.

#### **Relationship of Abatements of Expenditure to Appropriation Control**

Regardless of whether abatements of expenditures are treated as direct credits to expenditure accounts or as indirect reductions of expenditure by the use of

contra accounts as described under the preceding heading, the control of expenditures must be in terms of net expenditure. Districts that anticipate abatements of expenditure items should prepare their budgets on the basis of net expenditures and attach supporting schedules indicating the anticipated gross expenditures and the anticipated reduction by reason of abatements of such expenditures.

#### Principal Types of Abatements of Expenditure

The following receipts must be accounted for as abatements of expenditure:

1. Receipts from sales of supplies and new materials at cost (a) to students for personal ownership (e.g., art and shop materials); (b) to students by means of vending machines dispensing articles supplied by LEAs; (c) to PTAs or other school-related organizations; or (d) to other governmental units, including LEAs.

NOTE: Some of these sales may be credited to stores accounts instead of being abated to expenditure accounts, depending on the local accounting methods employed.

2. Refunds of overpayment (a) from teachers and other employees; or (b) from vendors and other payees
3. Refunds for return of containers, oil drums, wire spools, and the like
4. Reimbursement of cost of repairs or replacement of damaged or lost property (a) from pupils, parents, or guardians for loss of books

or damage to LEA property; or (b) from contractors or any other individuals for damage to or loss of LEA property

5. Refunds from a transportation company for unused portions of carfare books tickets, and the like
6. Refunds of gasoline tax for nonhighway use
7. Canceled warrants (not outlawed warrants)
8. Receipts from sale, in lieu of trade-in, of used equipment being replaced, such as automobiles, typewriters, and the like
9. Refunds of insurance premiums
10. Receipts from settlements of insurance claims on account of building, supply, and equipment losses (a) of any amount received for loss of a building requiring replacement or reconstruction within the current fiscal year; or (b) any amount received on account of a loss of supplies or equipment

NOTE: The total amount recorded as an abatement of expenditures made for repair or replacement of supplies or equipment losses shall not exceed the amount expended for this purpose during the same fiscal year.

11. Receipts from subleasing an unused portion of premises that the district had to rent as a whole to obtain the portion desired for school purposes

NOTE: Any amounts received in excess of the related expenditure shall be recorded as miscellaneous revenue and *not* as abatements.







## RESTRICTED PROGRAM DESIGNATIONS/SOURCES OF REVENUE

Description	Program restrictions		Restricted source codes	
	Yes	No	Old codes	New codes
<b>General Fund Expenditures</b>				
<b>Instructional Programs</b>				
<b>General Education</b>				
Regular Education (K-12)		x	Various	Various
Driver Training	x		8621	8341
Home-to-School Transportation	x	x <sup>1</sup>	8622	8342
Instructional Materials	x		Various	Various
Other Restricted Activities	x		Various	Various
Small District Transportation		x	Various	Various
Small District Bus Replacement	x		8622	8342
Specialized Secondary Schools	x		Various	Various
Pregnant Minors	x <sup>2</sup>	x	Various	Various
Alternative Schools		x	Various	Various
Community Schools	x <sup>3</sup>	x	Various	Various
Continuation Education	x <sup>4</sup>	x	Various	Various
County Jails		x		
Gifted and Talented Pupils	x		8617	8331
Handicapped Adults		x		
Integration/Desegregation Programs	x <sup>5</sup>	x	8692	8550
Independent Study Centers		x	Various	Various
Juvenile Hall Programs	x <sup>3</sup>	x	Various	Various
Opportunity Schools/Programs		x	Various	Various
ROC/P	x		8611	8311
<b>Special Education Master Plan (including PL 94-142</b>				
Local Entitlement Expenditures)				
Special Day Class	x		Various	Various
Resource Specialist	x		Various	Various
Designated Instruction and Services	x		Various	Various
Nonpublic Schools	x		Various	Various
Program Specialists/Regionalized Services	x		8614	8321
Assessment Costs	x		Various	Various
Special Education Transportation	x		8613	8342
<b>Special Projects</b>				
<b>Federal Projects</b>				
Job Training Partnership Act (JTPA)	x		8170	8170
Vocational Education Act	x		8240	8240
Drug Free Schools Act	x		n/a	8290
ECIA, ESEA	x		8160	8160
Chapter I, Regular				
Chapter I, N and D				
Chapter II				
Migrant				
Other				
EESA (Mathematics and Science)	x		8175	8190
EOA	x		8150	8150
Head Start				
Other				
Federal Immigration and Refugee Assistance				
Acts	x		8490	8290

Exhibit 4-2 (cont.)

Description	Program restrictions		Restricted source codes	
	Yes	No	Old codes	New codes
<b>Special Projects (Cont.)</b>				
Legalization Assistance Grants (SLIAG)	x		n/a	8490
PL 94-142 Discretionary Grants	x		8182	8182
All Other Federal Projects	x	x	Various	Various
Federal Indian Education	x		8490	8290
<b>State Projects:</b>				
Dropout Prevention and Recovery	x		8639	8490
Economic Impact Aid (EC 54028, 52168)	x		8627	8346
Educational Technology Assistance Grants	x		8639	8424
Mentor Teacher Program	x		8639	8422
Miller-Unruh Basic Reading Act	x		8631	8411
School Improvement Program	x		8625	8344
Staff Development	x		8626	8419
AB 551, Article I				
Teacher Education and Computer Centers				
State Hospital Students—Special Education	x		Various	Various
Tenth Grade Counseling	x		8639	8421
All Other State Projects	x	x		
Administrator Training/ Evaluation	x		8639	8490
Demonstration Programs—Reading and Mathematics	x		8634	8414
Environmental Education	x		8639	8490
Foster Youth Services	x		8639	8490
Native American Indian Projects	x		8639	8490
Urban Impact Aid		x	8624	8343
Vocational Agriculture Equipment Program	x		8639	8490
<b>Local Projects</b>				
All Other Local Projects	x	x	Various	Various
<b>Services to School Districts (county offices only)</b>				
<b>Support Services Programs</b>				
Instructional Administration		x	Various	Various
Instructional Media		x	Various	Various
School Administration		x	Various	Various
Pupil Services		x	Various	Various
Special Education Assessment Costs		x		
General Administration		x	Various	Various
<b>Auxiliary Programs</b>				
Community Services	x <sup>6</sup>	x	Various	Various
Retiree Benefits		x	Various	Various
Food Services	x <sup>6</sup>	x	Various	Various
Child Development Activities	x <sup>6</sup>	x	Various	Various
Nonagency Activities—Instructional	x <sup>6</sup>	x	Various	Various
Nonagency Activities—Other	x <sup>6</sup>	x	Various	Various
<b>Facilities</b>				
	x <sup>6</sup>	x	Various	Various

Exhibit 4-2 (cont.)

Description	Program restrictions		Restricted source codes	
	Yes	No	Old codes	New codes
<b>Other Outgo</b>				
Tuition	x <sup>6</sup>	x	Various	Various
All Other Outgo	x <sup>6</sup>	x	Various	Various

<sup>1</sup>Report as unrestricted only if no state aid or parent fees are received.

<sup>2</sup>County School Service Fund must be reported as restricted if funds are received for pregnant minors' a.d.a

<sup>3</sup>Report as restricted only if juvenile hall equalization funds are received.

<sup>4</sup>Report as restricted only if continuation education funds are received pursuant to *Education Code* Section 42244.

<sup>5</sup>Report as restricted only if these programs/activities are mandated by court order.

<sup>6</sup>Report as restricted only if restricted revenues are received for these programs/activities.

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Exhibit 4-3  
**SAMPLE PROGRAM BUDGET**

Special project or program title	Fiscal year
<b>PUPIL/EMPLOYEE DATA:</b>	
	Number
1. Enrollment .....	_____
2. Average daily attendance or participation data	
a. Kindergarten and grades one through eight .....	_____
b. Grades nine through twelve .....	_____
c. Total (2.a and 2.b) .....	_____
3. Teachers (full-time equivalent) .....	_____
4. Other Certificated Employees (full-time equivalent) .....	_____
5. Classified Employees (full-time equivalent) .....	_____
<hr/>	
	Amount
<b>DIRECT COSTS:</b>	
6. Certificated Salaries .....	\$ _____
7. Classified Salaries .....	_____
8. Employee Benefits .....	_____
9. Books and Supplies .....	_____
10. Contracted Services and Other Operating Expenditures .....	_____
11. Subtotal (lines 6 through 10) .....	_____
12. Capital Outlay .....	_____
13. Total Direct Costs (lines 11 and 12) .....	_____
<hr/>	
<b>DIRECT SUPPORT CHARGES:</b>	
14. Instructional Support (Instructional Administration, Media, and School Administration) .....	\$ _____
15. Pupil Services .....	_____
16. Special Projects Administration .....	_____
17. General Support (District Administration, Centralized Data Processing, Maintenance, Operations, and Transportation) .....	_____
18. Subtotal (lines 14 through 17) .....	_____
19. Auxiliary Services .....	_____
20. Total Direct Support Charges (lines 18 and 19) .....	_____
<hr/>	
<b>INDIRECT SUPPORT CHARGES:</b>	
21. Total Indirect Support Charges (percentage of remaining costs allocated to this program) .....	\$ _____
22. Total Cost of Program (lines 13, 20, and 21) .....	_____
<hr/>	
<b>REVENUE SOURCES:</b>	
23. Revenue Limit Sources .....	\$ _____
24. Federal .....	_____
25. State .....	_____
26. Local .....	_____
27. Total Revenue .....	_____

Exhibit 4-4  
**ANALYSIS OF SALARIES**

Salary object classification	Position title	Salary object classification	Position title
<b>Certificated Salaries</b>		<b>Classified Salaries</b>	
1100	Teachers	2100	Instructional Aides
	Teacher, Adaptive Physical Education*		Instructional Aide
	Teacher, Assistant*	2200	Administrative Personnel
	Teacher, Regular		Accountant, Chief
	Teacher, Resource Specialist (Special Education)		Business Manager
	Teacher, Speech*		Controller
	Teacher, Student*		Director
	Teacher, Substitute		Governing Board Member
	Teacher, Tutor*		Personnel Commission Member
			Purchasing Agent
			Superintendent
			Superintendent, Assistant
			Supervisor
1200	School Administrators	2300	Clerical and Other Office Personnel
	Dean		Accountant
	Dean, Assistant		Bookkeeper
	Principal		Clerk
	Principal, Assistant		Computer Operator
	Principal, Vice Registrar*		Machine Operator
			Secretary
			Switchboard Operator
1300	Supervisors	2400	Maintenance and Operations Personnel
	Consultant		Custodian
	Coordinator		Custodian's Helper
	Director		Delivery Person
	Specialist		Elevator Operator
	Supervisor, Assistant		Fire Fighter
	Supervisor, General		Gardener
	Supervisor, Special		Guard
			Maintenance Employee
			Matron
			Other Housekeeping Position
			Truck Driver
			Utility Worker, General
			Warehouse Worker
1400	Librarians	2500	Food Service Personnel
	Librarian		Cook
	Librarian, Assistant		Director (Single site)
			Helper
			Manager
			Nutritionist
			Supervisor
1500	Guidance, Welfare, and Attendance Personnel	2600	Transportation Personnel
	Counselor, Pupil/Parent*		Bus Driver
	Psychologist		Field Coordinator
	Psychometrist		Gasoline Pump Attendant
	Social Worker		Mechanic
			Other
1600	Physical and Mental Health Personnel	2900	Other Classified Personnel
	Audiologist		Building Inspector
	Audiometrist		Health Aide
	Chiroprapist		Library Aide
	Dental Hygienist		Noon Playground Supervisor
	Dentist		Recreation Worker
	Nurse		Student
	Oculist		
	Optometrist		
	Otologist		
	Physician		
	Psychiatrist		
1700	Superintendents		
	(District and county administration)		
	Superintendent		
	Superintendent, Assistant		
	Superintendent, Associate		
	Superintendent, Deputy		
1800	Administrative Personnel		
	Administrative Assistant		
	Director		
	Director, Assistant*		
1900	Other Certificated Personnel		
	Civic Center Employee*		
	Consultant*		
	Program Specialist (Special Education included)		
	Recreation Worker*		
	Resource Teacher—Other Than Special Education		

\*Position not included in object definitions

## Chapter 5

# Supplies and Capital Outlay, Including Equipment, Sites and Improvement of Sites, Building Fixtures, and Service Systems

Some of the most perplexing problems that arise in accounting in local educational agencies (LEAs) are those of distinguishing between supplies and equipment; between equipment and improvement of grounds; and between equipment/building fixtures and service systems. Nevertheless, in accounting for expenditures, LEAs must correctly identify each expenditure if the necessary uniformity of accounting is to be maintained.

Whether an item should be considered as equipment or as supplies can be determined on the basis of the length of time the item is serviceable and on its contribution to the value of the plant. For example, supplies are constantly being consumed and replaced without increasing the value of the physical properties of the LEA. Equipment has relatively permanent value, and its purchase increases the value of the physical properties of the LEA.

Expenditures by LEAs for equipment, improvement of sites, building fixtures, and service systems are usually charged as capital outlay; expenditures for supplies are charged as current expense. The original purchase of equipment or of additional equipment either as a direct purchase or lease-purchase must be recorded in object classification 6400, Equipment. Expenditures for piece-by-piece replacement of equipment, either as a direct purchase or lease-purchase, must be charged to object classification 6500, Equipment Replacement.

In accounting for expenditures, all LEAs must use the same plan for making the required decisions. This plan must contain clearly stated criteria regarding the distinguishing features of the items to be accounted for; that is, criteria that can be used in determining correctly the disposition of the charges to accounts.

### Criteria for Distinguishing Between Supplies and Equipment

*Supplies* are items of an expendable nature that are consumed or worn out, deteriorate in use, or are easily broken, damaged, or lost.

*Examples:* paper, pencils, cleaning materials, nails, scissors, test tubes, thumbtacks, and keys

Items that have a relatively short service life (less than two years) and, therefore, must be replaced frequently are charged as supplies.

*Examples:* brooms, chamois, and rubber stamps

Repair parts for buildings, equipment, and grounds, regardless of cost, if purchased for use by the LEA, must be charged as supplies.

*Examples:* plumbing fixtures; compressors, if part of a larger unit; bus transmissions; engines; timer devices for automatic sprinkling systems

Some articles clearly do not belong to either of the two preceding groups. They have the characteristics of equipment, but they have a low unit cost or are frequently lost, broken, or worn out and replaced in normal use. To obtain uniformity, the classifier should assign items to the various classifications on the basis of the answers he or she must give to the questions in the following list. If the answer to any one of these five questions is yes, the item should be classified as a supply item, and the expenditure should be recorded under the object subclassifications within 4000, as appropriate. If all answers are no, the item should be classified under object classification 6400, Equipment, or 6500, Equipment Replacement.

Computer software shall be classified as supplies or equipment on the basis of the criterion that if any of the five listed questions is answered yes, then the software should be classified as a supply item; but if all the answers are no, then the computer software shall be classified as equipment.

1. Does the item lose its original shape and appearance with use?
2. Is it consumable, with a normal service life of less than two years?

3. Is it easily broken, damaged, or lost in normal use?
4. Is it usually more feasible to replace it with an entirely new unit than to repair it?
5. Is it an inexpensive item, having the characteristics of equipment? Does the small unit cost make it inadvisable to capitalize the item?

### **Criteria for Identification of Capital Outlay**

*Capital Outlay* expenditures are those that result in the acquisition of capital assets or additions to capital assets. They are expenditures for sites, improvement of sites, buildings, improvement of buildings, building fixtures, service systems, and purchase of initial or additional equipment.

#### **Equipment**

*Equipment* includes movable personal property of a relatively permanent nature and/or of significant value.

*Examples:* Furniture, machines, musical instruments, and vehicles.

**NOTE:** Nonconsumable articles generally classified as supplies should be classified as equipment if they are purchased to start or expand materially the equipping of a school, classroom, library, or other facility. If equipment is constructed by LEA employees, the cost of the materials and labor as well as indirect costs should be recorded as the total cost of the item produced.

**Equipment must be recorded under object classification 6400, Equipment, or 6500, Equipment Replacement.**

#### **Sites and Improvement of Sites**

*Sites and Improvement of Sites* includes acquisition of land, improvement of new and old sites and adjacent ways, and acquisition of physical property of a permanent nature attached to land.

*Examples:* land, curbs, grading, playground surfacing, retaining walls, sidewalks, storm drain systems, landscaping, driveways, parking lots, fixed playground apparatus, and flagpoles

**Sites and improvement of sites must be recorded under object classification 6100.**

#### **Buildings**

*Buildings* includes the construction or purchase cost of new buildings and additions, including advertising costs, architectural and engineering fees, blueprints, inspection, tests and examinations, demolition, the razing of existing obsolete or old buildings to clear

sites for new buildings, building fixtures and service systems, and any other expenditures directly related to the construction or acquisition of buildings.

**Buildings must be recorded under object classification 6200.**

#### **Improvement of Buildings**

*Improvement of Buildings* includes alterations, remodeling, renovations, and replacement of buildings in whole or in part. Improvements include the replacement of an existing building unit or construction of an improved or superior unit, usually resulting in a more efficient or a longer-lasting property. Significant improvement should be considered as capital outlay expenditures.

**Improvement of buildings must be recorded under object classification 6200.**

#### **Building Fixtures**

*Building Fixtures* includes attachments to buildings that are not subject to transfer or removal, presumably function as integral parts of the buildings, and have fairly long and useful lives. Such fixtures are generally accepted as real property and lose functional identity as separate units.

**Building fixtures must be recorded under object classification 6200.**

#### **Service Systems**

*Service Systems* includes any parts of a building that are intended to serve a single function throughout the building, are usually included as a part of the original construction or subsequently added in whole or in part, are built as integral parts of buildings, and are expected to have long and useful lives. Such systems are generally accepted as real property and lose identity as separate units.

*Examples:* air-conditioning systems or intercommunication systems

**Service systems must be recorded under object classification 6200.**

#### **Criteria for Identification of Building Fixtures and Service Systems**

The following criteria provide a uniform basis for the identification of building fixtures and service systems. To be classified as either a building fixture or a service system, an item must conform to five criteria:

1. The item is attached permanently to the building.
2. The item functions as part of the building.
3. Removal of the item results in appreciable damage to the building or impairs the designed use of the facility.

4. The item is generally accepted as real property (not personal property).
5. The item loses identity as a separate unit.

**Purchase, Rental, Lease, or Lease with Option to Purchase**

Fixed assets can be acquired by purchase, rental, lease, or lease with option to purchase. These acquisitions are accounted for as follows.

*Purchase* of a fixed asset is charged as any other purchase for which title passes on receipt of payment.

*Rental* of a fixed asset does not increase the assets of the LEA and, therefore, is not charged to a capital

expenditure account. Rentals are charged to object classification 5600, Rentals, Leases, and Repairs. *Exception:* If equipment is rented for a specific capital outlay project (e.g., a tractor for a major landscaping project), the amount paid should be added to that project as a capital expenditure.

*Lease* of a fixed asset is usually for a period of one year or more. Title does not pass to the LEA, and charges are made to object classification 5600, Rentals, Leases, and Repairs.

*Lease with option to purchase* a fixed asset is charged to the appropriate subclassification under object classification 6000, Capital Outlay.

**List of Supplies, Equipment, Improvement of Sites, Building Fixtures, and Service Systems**

The letters after the items in the following list of items classified as supplies, equipment, improvement of sites, building fixtures, or service systems are to be interpreted as having the following meanings:

- E = Equipment
- S = Supplies
- I = Improvement of Sites
- BF = Building Fixtures
- SS = Service Systems

The following list is only a guideline, and individual items must be given consideration, depending on the LEA's answers to the five questions relative to cost, life, and repairability.

Many of the items listed as equipment would have to be considered as materials for the improvement of sites if they were attached to the land, building fixtures if

they were attached to the building, or service systems if they were integral parts of such systems.

If an item cannot be found in the list, another item of similar nature can be found and the same class used for both items. In some instances the item must be identified by associating it with one of the general classes of items included in the list. For example, the item can be identified by associating it with one of the following classes of supplies: chemicals, cloth, clothing, compounds, dishes, drugs, food, games, glassware, machines (small hand), medicines, paint, parts (repair), stationery, tableware, tools (hand, not in sets), and utensils; or by associating it with one of the following classes of equipment: apparatus, appliances (household), cabinets, furniture, implements (farm), livestock, machines (large), tool sets (hand), and tools (power).

- Abrasives—S
- Absorbent cotton—S
- Account books—S
- Accounting forms—S
- Accounting machines—E
- Acetylene—S
- Achievement tests—S
- Acids—S
- Adding machine ribbons—S
- Adding machine tapes—S
- Adding machines—E
- Addressing machine plates—S
- Addressing machine ribbons—S
- Addressing machine stencils—S
- Addressing machines—E
- Adhesive tape—S
- Adzes—S

- Air, compressed—S
- Air compressors—E
- Air-conditioning systems—SS
- Air-conditioning units, casement—E
- Air gauges, tire—S
- Air hoists—E
- Albums—S
- Alcohol—S
- Alidades, telescopic—E
- Alignment gauges, camber, toe-in—E
- Ammeters—E
- Ammonia—S
- Ampules—S
- Anatomical charts—S
- Anatomical models—E

- Andirons—E
- Anemometers—E
- Anesthetics—S
- Aniline dyes—S
- Animal boxes—S
- Annunciators—E
- Antifreeze—S
- Antiseptic gauze—S
- Antiseptics—S
- Antitoxins—S
- Anvils—E
- Apparatus cabinets—E
- Apparatus, medical, scientific, electronic, photographic, arc-welding—E
- Appliances, household—E
- Applicators, throat—S

Aprons—S  
 Aquariums—E  
 Arc-welding apparatus—E  
 Arch supports—S  
 Archery sets—S  
 Architects scales, 1-inch  
 (2.5-cm) measure—S  
 Armature growlers—E  
 Arrows—S  
 Art canvases—S  
 Art crayons—S  
 Art erasers—S  
 Art paints—S  
 Art paper—S  
 Asbestos—S  
 Ash cans—S  
 Asphalt—S  
 Asphalt roofing and siding—S  
 Astringents—S  
 Astrographs, wall—E  
 Athletic uniforms—S  
 Atlases—S  
 Atomizers—S  
 Audiometers—E  
 Auger bits—S  
 Augers—S  
 Autoclaves—E  
 Automatic regulating valves—S  
 Automobile accessories—S  
 Automobile controls for handi-  
 capped persons—S  
 Automobile defrosters—S  
 Automobile fuel tanks—S  
 Automobile heaters—S  
 Automobile lifts—E  
 Automobile signals—S  
 Automobile tires and tubes—S  
 Automobiles—E  
 Awards—S  
 Awns—S  
 Awnings, fixed—BF  
 Awnings, removable—E  
 Axes—S  
 Babbit metal—S  
 Backboards, indoor, fixed—BF  
 Backboards, outdoor, fixed—I  
 Backboards, portable—E  
 Backstops, fixed—I  
 Backstops, portable—E  
 Badges—S  
 Badminton rackets—S  
 Bags—S  
 Baking pans—S  
 Baking powder—S  
 Baking soda—S  
 Balances, beam—E  
 Balances, small spring—S  
 Baling presses, compression  
 moulding—E  
 Ball bearings—S  
 Ball peen hammers—S  
 Balloons—S  
 Ballot boxes—S  
 Balls—S  
 Band instruments—E  
 Band saw blades—S  
 Band saws—E  
 Band uniforms—E  
 Bandages—S  
 Bands, rubber—S  
 Banners—S  
 Barber shop tools, electrical—E  
 Barber shop tools, hand—S  
 Barber-type furniture—E  
 Barographs—E  
 Barometers—E  
 Barrels—S  
 Bars, horizontal, portable—E  
 Baseballs—S  
 Bases, baseball—S  
 Bases, electric lamp—S  
 Bases, flagpole—I  
 Basins, portable—S  
 Basketball shoes—S  
 Basketballs—S  
 Baskets, container—S  
 Bath curtains—S  
 Bath mats—S  
 Bath robes—S  
 Bathtub fittings—S  
 Batons—S  
 Bats—S  
 Batteries, electric—S  
 Battery charges—E  
 Battery elements—S  
 Batting, cotton—S  
 Beads, arts and crafts—S  
 Beakers—S  
 Beam, compass—E  
 Beanbags—S  
 Bearings, ball—S  
 Bearings, roller—S  
 Beaters, egg, electric—E  
 Beaters, egg, hand—S  
 Beauty class furniture—E  
 Bedding—S  
 Bedpans—S  
 Beds—E  
 Bedspreads—S  
 Bedsprings—S  
 Beeswax—S  
 Bellows, hand—S  
 Bellows, power—E  
 Bells, call—S  
 Bells, small hand or desk—S  
 Belt dressings—S  
 Belts—S  
 Bench stops—S  
 Benches—E  
 Benzene—S  
 Bevels—S  
 Bicycle racks, fixed—I  
 Bicycle racks, portable—E  
 Bicycles—E  
 Billheads—S  
 Billing machines—E  
 Binders, agricultural—E  
 Binders, looseleaf—S  
 Binding cloth—S  
 Binding cord—S  
 Binoculars—E  
 Biological charts—S  
 Biological models—E  
 Biology specimens—S  
 Bit braces—S  
 Bit tools—S  
 Bits—S  
 Blackboard pointers—S  
 Blackboards, portable—E  
 Blackboards, small slate—S  
 Bladders—S  
 Blades, saw—S  
 Blankets—S  
 Blanks, printed—S  
 Bleachers, indoor, fixed—BF  
 Bleachers, outdoor, fixed—I  
 Bleachers, portable—E  
 Bleaches—S  
 Blinds, venetian—BF  
 Blocks, hat—S  
 Blocks, kindergarten—S  
 Blocks, surface hardened—S  
 Blocks, terminal—S  
 Blood analysis apparatus,  
 complete—E  
 Blood plasma cabinets—E  
 Blood pressure apparatus—E  
 Blotter holders—S  
 Blotter pads—S

Blotters—S  
 Blowers—E  
 Blowpipes—S  
 Blueprint machines—E  
 Blueprint paper—S  
 Bluing—S  
 Boards, bread—S  
 Boards, bulletin, fixed—BF  
 Boards, bulletin, portable—E  
 Boards, carrom—S  
 Boards, checker—S  
 Boards, drawing—S  
 Boards, emery—S  
 Boards, games—S  
 Boards, ironing—E  
 Boards, ironing, built-in—BF  
 Boards, lumber—S  
 Boards, mounting—S  
 Boards, sandwich—S  
 Boards, wash—S  
 Boats or canoes—E  
 Bobbins—S  
 Bodies, bus—E  
 Bodies, truck—E  
 Bodkins—S  
 Boiler cleaners—S  
 Boiler compounds—S  
 Boiler firing tools—S  
 Bolt cutters—S  
 Bolts—S  
 Bond paper—S  
 Book cards—S  
 Book jackets—S  
 Book pockets—S  
 Book records—S  
 Book stacks—E  
 Book trucks—E  
 Bookbinding machinery—E  
 Bookcases, portable—E  
 Bookcases, sectional—E  
 Bookcloth—S  
 Bookcovers—S  
 Bookends—S  
 Bookkeeping forms—S  
 Bookkeeping machines—E  
 Bookplates—S  
 Books—S  
 Books, cash—S  
 Books, composition—S  
 Books, library—E  
 Books, looseleaf note—S  
 Books, record—S  
 Books, text—S  
  
 Boots—S  
 Boring machines, precision, table  
     or vertical types—E  
 Bottle syphons—S  
 Bottles—S  
 Bowling alley pins—S  
 Bowls—S  
 Bowls, water closet—S  
 Bows, archery—S  
 Box files, cardboard—S  
 Boxes—S  
 Boxes, electrical—S  
 Boxing gloves—S  
 Boxing rings, complete—E  
 Boyle's law apparatus,  
     complete unit—E  
 Brake lining—S  
 Brake lining machines—E  
 Brakes and folders, hand or  
     power—E  
 Brakes, complete replacement  
     units—S  
 Brass polishes—S  
 Brass rods—S  
 Brass sheets—S  
 Bread knives—S  
 Bread pans—S  
 Bread slicers, mechanical—E  
 Bread toasters, electric—E  
 Breadboards—S  
 Breakers, circuit—S  
 Bricks—S  
 Bridges, wheatstone and  
     similar—E  
 Bridles—S  
 Briefcases—S  
 Broilers, electric—E  
 Bronze, casting—S  
 Bronzing liquid—S  
 Brooders—E  
 Brooms, hand—S  
 Brooms, power-driven—E  
 Brushes—S  
 Buckets—S  
 Bucksaws—S  
 Buffers, electric—E  
 Bug sprays—S  
 Bulbs, electric light—S  
 Bulbs, flower—S  
 Bulletin boards, fixed—BF  
 Bulletin boards, portable—E  
 Bunting—S  
 Burettes—S  
  
 Burlap—S  
 Burners, Bunsen—S  
 Bus accessories—S  
 Bus chassis—E  
 Bus repair parts—S  
 Bus tickets—S  
 Bus tires and tubes—S  
 Bus tokens—S  
 Bus wagons—E  
 Buses—E  
 Bushings—S  
 Butter spreaders—S  
 Buttons—S  
 Buttons, push—S  
 Buzzers—S  
 Cabinets, apparatus—E  
 Cabinets, beverage cooling,  
     ice or electric—E  
 Cabinets, filing—E  
 Cabinets, fixed—BF  
 Cabinets, frozen food storage—E  
 Cabinets, ice cream, ice or  
     electric—E  
 Cabinets, laboratory—E  
 Cabinets, lantern slide—E  
 Cabinets, portable—E  
 Cabinets, print, drafting—E  
 Cabinets, printers, galley—E  
 Cabinets, printers, type—E  
 Cabinets, supply—E  
 Cable—S  
 Cages—E  
 Cake knives—S  
 Cake pans—S  
 Cake soaps—S  
 Calcimine—S  
 Calculating machines—E  
 Calendar pads—S  
 Calendar stands—S  
 Calendars—S  
 Calico—S  
 Calipers—S  
 Call bells—S  
 Calorimeters, continuous  
     flow—E  
 Calorimeters, electric—E  
 Cameras—E  
 Cameras, motion picture—E  
 Cameras, still—E  
 Cameras, TV—E  
 Can covers  
 Can openers—S  
 Candles—S

Candlesticks—S  
 Canes—S  
 Canners—E  
 Canoes—E  
 Cans, ash—S  
 Cans, garbage—S  
 Cans, rubbish—S  
 Canvas—S  
 Cappers—E  
 Caps, metal—S  
 Carbide—S  
 Carbon dioxide—S  
 Carbon paper—S  
 Carbon ribbons—S  
 Carborundum stones—S  
 Carburetors—S  
 Card holders—S  
 Card punching and sorting device—E  
 Card racks—E  
 Card tables—E  
 Cardboard—S  
 Cardboard boxes—S  
 Cards—S  
 Carom boards—S  
 Carom cues—S  
 Carom rings—S  
 Carpenters squares—S  
 Carpet beaters—S  
 Carpets—E  
 Carts—E  
 Carving knives—S  
 Cases, brief—S  
 Cases, cardboard—S  
 Cases, displays—E  
 Cases, file—E  
 Cases, laboratory—E  
 Cases, musical instruments, large—E  
 Cases, musical instruments, small—S  
 Cases, supply—E  
 Cases, type—E  
 Cash boxes—S  
 Cash registers—E  
 Casters—S  
 Casting bronze—S  
 Catalog cards—S  
 Catches—S  
 Cattle—E  
 Caulking compounds—S  
 Caulking irons, all sizes—S  
 Caustics—S  
 Cellophane—S  
 Cells, photoelectric—S  
 Celluloid—S  
 Cement, construction—S  
 Cement, liquid—S  
 Centering machines—E  
 Centrifuges—E  
 Certificates—S  
 Chafing dishes—S  
 Chain hoists—E  
 Chains—S  
 Chains, tire—S  
 Chair pads—S  
 Chairs—E  
 Chairs, folding—E  
 Chalkboards, fixed—BF  
 Chalkboards, portable—E  
 Chalks—S  
 Chamois—S  
 Change holders—S  
 Charcoal—S  
 Charge slips—S  
 Chargers, battery --E  
 Chart stands—E  
 Charts, large—E  
 Charts, small—S  
 Chassis, bus—E  
 Chassis, truck—E  
 Check handling machines—E  
 Checkbooks—S  
 Checker boards—S  
 Checkers—S  
 Checks, brass—S  
 Checkwriters—E  
 Cheesecloth—S  
 Chemicals—S  
 Chemistry glassware—S  
 Chemistry rubber goods—S  
 Chimes, large—E  
 Chimes, small—S  
 Chinaware—S  
 Chisels, in sets—E  
 Chisels, not in sets—S  
 Choppers, food, hand-operated—S  
 Choppers, food, power—E  
 Circuit breakers—S  
 Clamps—S  
 Clay—S  
 Clay modeling tools—S  
 Cleaners, flue—S  
 Cleaners, steam vapor—E  
 Cleaners, vacuum—E  
 Cleaning compounds—S  
 Clinometers, photoelectric—E  
 Clippers, electric—E  
 Clippers, hand—S  
 Clips—S  
 Clock systems, program, electric—SS  
 Clocks, desk—S  
 Clocks, wall—E  
 Cloth—S  
 Cloth binding—S  
 Cloth cutting machines—E  
 Cloth nets—S  
 Clothes baskets—S  
 Clothes brushes—S  
 Clothes dryers—E  
 Clothes hooks—S  
 Clotheslines—S  
 Clothespins—S  
 Clothing—S  
 Clutch rebuilding apparatus—E  
 Coat hangers—S  
 Coat hooks—S  
 Cocoa mats—S  
 Coffee cans—S  
 Coffee grinders—E  
 Coffee percolators, electric—E  
 Coffee pots—S  
 Coffee urns—E  
 Coin, currency, and check handling machines—E  
 Colanders—S  
 Collapsible tables—E  
 Colored pencils—S  
 Colorimeters—E  
 Coloring dyes—S  
 Combines—E  
 Combs—S  
 Combustion analyzers—E  
 Compact disk player—E  
 Comparators—E  
 Compasses, chalkboard—S  
 Compasses, drawing—S  
 Compasses, magnetic—E  
 Compasses, magnetic, pocket—S  
 Compounds—S  
 Compressed air—S  
 Compressors, air—E  
 Computing machines—E  
 Condensers, electronic—S  
 Condensers, ignition distribution—S  
 Condiments—S

Conduit boxes—S  
 Conduits and fittings—S  
 Connecting rod aligners—E  
 Connecting rod boring machines—E  
 Connecting rod rebarbbiting jigs—E  
 Connectors, wire—S  
 Construction paper—S  
 Containers—S  
 Conveyors—E  
 Cookers, pressure—E  
 Cooking stoves—E  
 Cooking utensils—S  
 Coolers, water—E  
 Coping saw blades—S  
 Copper—S  
 Coppers, soldering—S  
 Copyholders—S  
 Cord—S  
 Cords, electric—S  
 Cores, valve—S  
 Cork—S  
 Corkscrews—S  
 Cornices, metal—S  
 Correction fluid, stencil—S  
 Corrosives—S  
 Corrugated paper—S  
 Costumers—E  
 Costumes, theatrical—S  
 Cots—E  
 Cotter pins—S  
 Cotton, absorbent—S  
 Cotton gauze—S  
 Couches—E  
 Counter freezers—E  
 Counters, fixed—BF  
 Counters, revolution and stroke—S  
 Countersinks—S  
 Couplings—S  
 Coveralls—S  
 Covers—S  
 Crayons—S  
 Crockery—S  
 Crocks—S  
 Cross-section paper—S  
 Crucibles—S  
 Crude oil—S  
 Crushed rock—S  
 Crystals, watch—S  
 Cues, car —S  
 Cultivators—E  
 Culverts, sheet metal—S  
 Cup hooks—S  
 Cupboards—E  
 Cups—S  
 Cups, grease—S  
 Curbs—I  
 Curling irons—S  
 Curtain rods—S  
 Curtains, shower and window—S  
 Curtains, stage—BF  
 Curtains, cyclorama—BF  
 Curtains, window—S  
 Cuticle pushers—S  
 Cutlery—S  
 Cutters, glass—S  
 Cutters, large—E  
 Cutters, pastry—S  
 Cutters, plane—S  
 Cutters, small—S  
 Cylinder boring machines—E  
 Cylinder oils—S  
 Cylinders, dictating machine—S  
 Cylinders, gas—E  
 Cylinders, hydrometer jar—S  
 Cylinders, mailing—S  
 Dampers—S  
 Date stamps—S  
 Daters—S  
 Dating machines—E  
 Decorations—S  
 Deep fat fryers—E  
 Deep freezers—E  
 Dental abrasive points—S  
 Dental benches—E  
 Dental cabinets—E  
 Dental chairs—E  
 Dental charts—S  
 Dental drilling apparatus—E  
 Dental drills—S  
 Dental instruments, small—S  
 Deodorizers—S  
 Desk blotters—S  
 Desk lamps—S  
 Desk letter baskets—S  
 Desk pads—S  
 Desks—E  
 Developers, photographic—S  
 Developing tanks—S  
 Dextrin—S  
 Dextrose—S  
 Diaries—S  
 Dictating machine cylinders, discs, and tapes—S  
 Dictating machines—E  
 Dictionaries, abridged—S  
 Dictionaries, large unabridged—E  
 Dictionary stands—E  
 Dies, in sets—E  
 Dies, not in sets—S  
 Diesel engines, integral parts of larger units—S  
 Diesel engines for use in classrooms—E  
 Diploma covers—S  
 Diploma ribbons—S  
 Diploma seals—S  
 Diplomas—S  
 Discs, optical—E  
 Discs, phonograph—S  
 Dish brushes—S  
 Dish cloths—S  
 Dish pans—S  
 Dish trucks—E  
 Dishes—S  
 Dishwashers, fixed—BF  
 Dishwashers, portable—E  
 Disinfectants—S  
 Dispensers, soap—S  
 Display cases—E  
 Display mounts—S  
 Dissecting sets—S  
 Distilled water—S  
 Distilling apparatus—E  
 Distributor boxes—S  
 Distributors—S  
 Ditto machines—E  
 Dividers—S  
 Doilies—S  
 Dollies—S  
 Dolls—S  
 Doormats—S  
 Doors—S  
 Dowels—S  
 Drafting instruments—S  
 Drafting machines—E  
 Draglines—S  
 Drain cleaners—S  
 Drain pans—S  
 Drain plugs—S  
 Drain plungers—S  
 Drain tile—S  
 Drainpipe flushers—S  
 Drapery—BF

Drapery cloth—S  
 Drawing boards—S  
 Drawing compasses—S  
 Drawing instruments—S  
 Drawing paper—S  
 Drawing pens—S  
 Drawing tables—E  
 Dressers, emery wheel—S  
 Dressings, belt—S  
 Drier, ink—S  
 Drier, paint—S  
 Drier, varnish—S  
 Drift meters—E  
 Drift pins, all sizes—S  
 Drill bits—S  
 Drill points—S  
 Drill presses, bench, floor,  
 or radial—E  
 Drills, hand—S  
 Drills, power—E  
 Drinking water coolers,  
 electric or ice—E  
 Driveways—I  
 Drugs—S  
 Drums, bass, kettle, snare—E  
 Drums, fiber—S  
 Drums, metal—S  
 Drums, other than musical—S  
 Dry cells—S  
 Dry measures—S  
 Dryers—E  
 Dryers, clothes—E  
 Dryers, hair—E  
 Drygoods—S  
 Drying units, infrared—E  
 Dumbbells—S  
 Duplicating machine brushes—S  
 Duplicating machine ink—S  
 Duplicating machine paper—S  
 Duplicating machine parts—S  
 Duplicating machine rolls—S  
 Duplicating machines—E  
 Dustcloths—S  
 Dusters—S  
 Dustpans—S  
 Dyes—S  
 Earthenware—S  
 Easels, large—E  
 Easels, small—S  
 Edge tools, except cutting  
 dies—S  
 Edgers, lawn—E  
 Educational tests—S  
 Eggbeaters, electric—E  
 Eggbeaters, hand—S  
 Elastic—S  
 Electric batteries—S  
 Electric clippers, sheep,  
 horse—E  
 Electric cords—S  
 Electric dishwashers—E  
 Electric floor scrubbers—E  
 Electric fuses—S  
 Electric hot plates—E  
 Electric irons—E  
 Electric lamp bases—S  
 Electric light bulbs—S  
 Electric mixers—E  
 Electric sanding machines—E  
 Electric switches—S  
 Electric toasters—E  
 Electric tube testers—E  
 Electric vacuum cleaners—E  
 Electric waxing machines—E  
 Electric welding apparatus—E  
 Electric wires—S  
 Electrical boxes—S  
 Electrical systems—SS  
 Electrodes—S  
 Electrolysis apparatus—E  
 Electromagnets, laboratory—S  
 Electronic components—S  
 Electronic deviation meters—E  
 Electronic frequency meters—E  
 Electronic power supply and  
 voltage regulators—E  
 Electronic recording devices,  
 graphical and visual—E  
 Electronic tubes—S  
 Electronic volt-ohmmeters—E  
 Elements, battery—S  
 Embossers—E  
 Embossing fluid—S  
 Embossing pans—S  
 Emery boards—S  
 Emery cloth—S  
 Emery powder—S  
 Emery wheel dressers—S  
 Emery wheels—S  
 Enamel—S  
 Enameled ware—S  
 Encyclopedia, set—E  
 End tables—E  
 Engineers scales, measure—S  
 Engine flushing machines—E  
 Engines, for use in classrooms—E  
 Engines, integral parts of  
 larger units—S  
 Enlargers—E  
 Envelope sealers—E  
 Envelopes—S  
 Epsom salts—S  
 Eradicator, ink—S  
 Erasers, electric—E  
 Erasers, hand—S  
 Exhibit cases—E  
 Exposure meters, camera—E  
 Extensometers—E  
 Extinguishers, fire—E  
 Extractors—E  
 Extracts—S  
 Eye charts—S  
 Eyelets—S  
 Fabrics—S  
 Face and eye shields—S  
 Faces, archery—S  
 Falling weight rammers—E  
 Fans, electric, portable—E  
 Fasteners—S  
 Fasteners, apparel—S  
 Faucets, combination or  
 single—E  
 Feldspar—S  
 Felt—S  
 Fences—I  
 Fencing foils—S  
 Ferrules—S  
 Fertilizers—S  
 Fiber rod—S  
 Fiber sheets—S  
 Fiber tubes—S  
 Fiberboard—S  
 Figures, geometrical, models,  
 in sets—E  
 File boxes—S  
 File cards—S  
 File folders—S  
 Files, wood and metal  
 working—S  
 Filing cabinets—E  
 Filing machines—E  
 Filings—S  
 Fillers, battery—S  
 Fillers, ink—S  
 Fillers, paint—S  
 Fillers, wood—S  
 Film—S  
 Film cement—S  
 Films, motion picture—E

Films, photographic—S  
 Films, television—S  
 Filmstrips—S  
 Filter paper—S  
 Filters, small—S  
 Fingers, rubber—S  
 Firearms—E  
 Fire axes—S  
 Fire extinguisher refills—S  
 Fire extinguishers—E  
 Fire hooks—S  
 Fire safety systems—SS  
 Fire shovels—S  
 Fire tongs—S  
 Fireplace fixtures—E  
 Fittings, lubrication—S  
 First-aid kits—S  
 Flagpole bases—I  
 Flagpoles—I  
 Flags, large—E  
 Flags, small—S  
 Flashlights—S  
 Flasks—S  
 Flatirons, electric—E  
 Flavorings—S  
 Flaxseed—S  
 Flexible cord sets—S  
 Flexible metal hose—S  
 Flexible metal tubing—S  
 Floats, hydrometer—S  
 Floats, plumbing—S  
 Floodlights, portable—E  
 Floor covering, wall-to-wall—BF  
 Floor oil—S  
 Floor scrubbers, electric—E  
 Floor waxes—S  
 Flour—S  
 Flower bulbs—S  
 Flowerpots—S  
 Flowers—S  
 Flue cleaners—S  
 Fluorescent lamps—S  
 Fluorescent starters—S  
 Fluoroscopes—E  
 Flushers, drainpipe—S  
 Flush valves—S  
 Flux—S  
 Fly sprays—S  
 Folders—S  
 Folding chairs—E  
 Folding tables—E  
 Food—S  
 Football dummies, tackling—S  
 Football shoes—S  
 Football uniforms—S  
 Footballs—S  
 Forceps—S  
 Forges—E  
 Forks, silverware—S  
 Forks, spading—S  
 Forks, tuning—S  
 Formaldehyde—S  
 Forms, dress—E  
 Forms, geometrical, model,  
     in sets—E  
 Forms, printed—S  
 Foundry machinery—E  
 Frames, blueprint—E  
 Frames, door—S  
 Frames, mirror—S  
 Frames, ophthalmic—S  
 Frames, picture—S  
 Frames, saw—S  
 Frames, window—S  
 Freezers—E  
 Freezers, ice cream—E  
 Frequency meters—E  
 Friction tape—S  
 Fruits—S  
 Fuels—S  
 Fumigants—S  
 Fumigators—S  
 Fungicides—S  
 Funnels—S  
 Furnaces—E  
 Furnaces, heat treating—E  
 Furnaces, laboratory—E  
 Furnaces, remelting, type  
     metal—E  
 Furniture—E  
 Furniture polish—S  
 Fuses—S  
 Gages, tire—S  
 Galvanometers—E  
 Galvanoscopes—E  
 Games—S  
 Garbage cans—S  
 Garden hose—S  
 Garden tools—S  
 Garments—S  
 Garnet paper—S  
 Gas compressors—E  
 Gas cylinders—E  
 Gas mantels—S  
 Gas meters, laboratory type—E  
 Gas plates—E  
 Gas stoves—E  
 Gases—S  
 Gaskets—S  
 Gasoline—S  
 Gasoline dispensing pumps,  
     electric—E  
 Gasoline dispensing pumps,  
     hand operated—S  
 Gates—I  
 Gauges, alignment, cambers,  
     toe-in—E  
 Gauges, tire—S  
 Gauze—S  
 Gear cutting machines—E  
 Gears—S  
 Gelatin—S  
 Gelatin duplicators—E  
 Gelatin pads—S  
 Generators, integral parts  
     of larger units—S  
 Generators, not integral parts  
     of larger units—E  
 Geographic globes, large  
     stand type—E  
 Geographic globes, small  
     desk type—S  
 Glass—S  
 Glass, watch—S  
 Glass cutters—S  
 Glass wool—S  
 Glasses, drinking—S  
 Glasses, magnifying—S  
 Glasses, ophthalmic—S  
 Glassware—S  
 Glaze—S  
 Glides—S  
 Globes, electric light—S  
 Globes, geographic, large  
     stand type—E  
 Globes, geographic, small  
     desk type—S  
 Gloves, rubber—S  
 Glue—S  
 Glycerin—S  
 Goalposts—I  
 Goggles—S  
 Grading—I  
 Graduated measures—S  
 Graph paper—S  
 Graphite—S  
 Grass seed—S  
 Grass shears, hand operated—S  
 Grass shears, power operated—E

Grates, stove—S  
 Gravel—S  
 Grease—S  
 Grease guns, air, gun only—S  
 Grease guns, hand—S  
 Grinders, coffee—E  
 Grinders, hand operated—S  
 Grinders, power operated—S  
 Grinding compounds—S  
 Grinding wheels—S  
 Groceries—S  
 Growlers, armature—E  
 Guards, arm—S  
 Guards, lamp—S  
 Guards, shin—S  
 Gummed cloth—S  
 Gummed figures—S  
 Gummed labels—S  
 Gummed seals—S  
 Gummed tape—S  
 Guns, starting—E  
 Gym shoes—S  
 Gypsum—S  
 Gyroscopes—E  
 Hacksaws—S  
 Hair clippers, electric—E  
 Hair clippers, hand—S  
 Hair dryers—E  
 Hairpins—S  
 Hall trees—E  
 Hammers, autobody, pneumatic—E  
 Hammers, ball peen—S  
 Hammers, electric, hand—E  
 Hammers, light forged—S  
 Hammers, power—E  
 Hammers, sledge—S  
 Hampers—S  
 Hand bags—S  
 Hand saws—S  
 Hand stamps—S  
 Hand tools, in sets—E  
 Hand tools, not in sets—S  
 Hand tools, power driven, pneumatic, and electric—E  
 Hand trucks—E  
 Handballs—S  
 Handbooks—S  
 Handles—S  
 Handscrews, wood and iron—S  
 Hangers, clothing—S  
 Hangers, hardware—S  
 Hardware—S  
 Harnesses—E  
 Harrows—E  
 Hat blocks—S  
 Hatchets—S  
 Headlights—S  
 Heaters—E  
 Heaters, portable—E  
 Heating pads—S  
 Heating systems—SS  
 Hectographs—E  
 Hemp fibre—S  
 Hinges—S  
 Hoes, garden—S  
 Hoists—E  
 Hoists, electric or pneumatic—E  
 Holders, blotter—S  
 Holders, change—S  
 Holders, copy—S  
 Holders, dictionary—E  
 Hooks—S  
 Horizontal bars, portable—E  
 Horns, motor vehicle—S  
 Horses—E  
 Horses, gym equipment—E  
 Horseshoes—S  
 Hose, apparel—S  
 Hose, flexible metal—S  
 Hose, garden—S  
 Hose clamps—S  
 Hose nozzles—S  
 Hot plates—E  
 Hot water bottles—S  
 Hurdles—E  
 Hydraulic jacks, garage type—E  
 Hydrometer floats—S  
 Hydrometers—S  
 Hygrometers—S  
 Hypodermic needles—S  
 Hypodermic syringes—S  
 Ice—S  
 Ice bags—S  
 Ice cream cabinets, ice or electric—E  
 Ice cream freezers—E  
 Ignition coils—S  
 Implements, farm—E  
 Incandescent lamps, bulbs—S  
 Incinerators, fixed—E  
 Incinerators, portable—E  
 Incubators—E  
 Index cards—S  
 Index labels—S  
 Index tabs—S  
 Indian clubs—S  
 Inductance standards—E  
 Ink—S  
 Ink drier—S  
 Ink eradicator—S  
 Ink pads—S  
 Inner tubes, auto—S  
 Insect nets—S  
 Insect screening—S  
 Insecticides—S  
 Insignia—S  
 Instruments, band and musical—E  
 Instruments, dental, small—S  
 Instruments, drafting—S  
 Instruments, drawing—S  
 Instruments, medical, small—S  
 Instruments, musical—E  
 Instruments, recording, electrical—E  
 Instruments, surgical, small—S  
 Instruments, surveying—E  
 Instruments, testing—E  
 Insulators—S  
 Intelligence tests—S  
 Intercommunication systems—SS  
 Interferometers—E  
 Interval timers—S  
 Iodine—S  
 Iodoform—S  
 Iron filings—S  
 Iron gauze—S  
 Ironers—E  
 Iron, sheet—S  
 Iron wedges—S  
 Ironing boards—S  
 Irons, electric—E  
 Jackets, book—S  
 Jacks, garage type, hydraulic—E  
 Jacks, mechanical—S  
 Jars—S  
 Jointers—E  
 Joints, plumbing—S  
 Juice extractors, electric—E  
 Jump standards—E  
 Kerosene—S  
 Kettles—S  
 Key racks—E  
 Key rings—S  
 Keys—S  
 Keyboards, piano, paper—S  
 Keyhole saws—S

Kilns—E  
 Kitchen tables—E  
 Kitchen utensils—S  
 Kits, first-aid—S  
 Knee pads—S  
 Knives—S  
 Labels—S  
 Laboratory balances, beam—E  
 Laboratory fittings, plumbing—S  
 Laboratory furniture—E  
 Laboratory glassware—S  
 Laboratory models—E  
 Laboratory mounts—S  
 Laboratory tools, small hand—S  
 Lacing—S  
 Lacquers—S  
 Lactose—S  
 Ladders, large—E  
 Ladders, small—S  
 Ladles—S  
 Lagscrews—S  
 Lamp bases—S  
 Lamp bulbs—S  
 Lamps—E  
 Lamps, desk—S  
 Lamps, drafting table—S  
 Lamps, electric floor—E  
 Landscaping—I  
 Lantern slide cabinets—E  
 Lantern slides—S  
 Lanterns—S  
 Lathes—E  
 Lathes, brake drum—E  
 Lathes, turret, or automatic screw machines—E  
 Lathes, wood turning—E  
 Laths—S  
 Lawn mowers—E  
 Lawn rollers—E  
 Lawn sprinklers, movable—S  
 Lawn sprinklers, traveling—E  
 Lawn sprinkling systems—I  
 Lawns—I  
 Lead—S  
 Lead pencils—S  
 Lead, red—S  
 Lead, slug and rule casting machines, elrod—E  
 Leather—S  
 Leather briefcases—S  
 Leatherworking tools, hand—S  
 Lecterns—E  
 Ledgers—S  
 Lenses—S  
 Letter baskets—S  
 Letter files—S  
 Letter openers—S  
 Letter scales—S  
 Letterheads—S  
 Lettering pens—S  
 Letterpresses—E  
 Levels, precision machinist's—S  
 Levels, small or carpenter's—S  
 Levels, surveying—E  
 Library books—E  
 Library furniture—E  
 Library trucks—E  
 Lifts, vehicle—E  
 Light bulbs—S  
 Light globes—S  
 Light systems—SS  
 Lighting units, blueprinting—E  
 Lime—S  
 Line markers, large push type—E  
 Line markers, small—S  
 Linens—S  
 Liners, staff, music—S  
 Liners, type—S  
 Lining, brake—S  
 Lining, cloth—S  
 Linoleum—S  
 Linotype metals—S  
 Linotypes—E  
 Linseed oil—S  
 Liquid bronzing—S  
 Liquid polishes—S  
 Liquid soaps—S  
 Litmus paper—S  
 Livestock—E  
 Loam—S  
 Locker, built-in—BF  
 Lockers, movable—E  
 Locknuts—S  
 Locks, small, not built-in—S  
 Looms—E  
 Looseleaf binders—S  
 Looseleaf notebooks—S  
 Lubricants—S  
 Lubricating oil—S  
 Lubrication fittings—S  
 Lugs, soldering—S  
 Lumber—S  
 Machine tools—E  
 Machinery, canning—E  
 Machinery, cement making—E  
 Machines, adding—E  
 Machines, addressing—E  
 Machines, biling—E  
 Machines, bookkeeping—E  
 Machines, brake lining—E  
 Machines, calculating—E  
 Machines, check handling—E  
 Machines, coin handling—E  
 Machines, coin operated—E  
 Machines, dating, power—E  
 Machines, dating, small hand—S  
 Machines, dictating—E  
 Machines, dishwashing—E  
 Machines, drafting—E  
 Machines, dry cleaning—E  
 Machines, duplicating—E  
 Machines, large—E  
 Machines, laundry—E  
 Machines, mimeograph—E  
 Machines, mixing—E  
 Machines, numbering, power—E  
 Machines, numbering, small hand—S  
 Machines, polishing—E  
 Machines, pressing—E  
 Machines, sanding—E  
 Machines, scrubbing—E  
 Machines, sewing—E  
 Machines, small hand—S  
 Machines, stamping, power—E  
 Machines, stamping, small hand—S  
 Machines, tabulating—E  
 Machines, washing—E  
 Machines, waxing—E  
 Magazine covers—S  
 Magazine racks, large stand—E  
 Magnets, laboratory—S  
 Magnifying glasses—S  
 Mail boxes—S  
 Mallets—S  
 Manicuring tools—S  
 Manila files—S  
 Manila folders—S  
 Manila rope—S  
 Map tracks—S  
 Maps, large—E  
 Markers, line, large push-type—E  
 Markers, line, small—S  
 Matches—S  
 Matrix, type—S  
 Mats, door and bath—S

**Mats, gymnasium, tumbling, wrestling—E**  
**Mattocks—S**  
**Mattresses—S**  
**Mauls—S**  
**Meal—S**  
**Meats—S**  
**Mechanical drawing instruments—S**  
**Mechanical pencils—S**  
**Medals—S**  
**Medical instruments, small—S**  
**Medicine balls—S**  
**Medicine cases—E**  
**Medicines—S**  
**Megaphones—S**  
**Memo books—S**  
**Mending materials—S**  
**Mesh, steel wire—S**  
**Metabolism apparatus—E**  
**Metal polishes—S**  
**Metal working machinery—E**  
**Metal working tools, small, hand operated—S**  
**Metals, die casting—S**  
**Metals, laboratory—S**  
**Metals, linotype—S**  
**Metersticks—S**  
**Meters, watt, laboratory type—E**  
**Metresticks—S**  
**Microfilm readers and viewers for office use—E**  
**Micrometers, in sets—E**  
**Micrometers, not in sets—S**  
**Microprojectors—E**  
**Microscopes—E**  
**Milk cans—S**  
**Milking machines—E**  
**Milliammeters—E**  
**Milling machines, bench or floor—E**  
**Millivoltmeters—E**  
**Mimeograph machines—E**  
**Mimeograph paper—S**  
**Mineral wool—S**  
**Minerals, laboratory—S**  
**Minute books—S**  
**Mirror frames—S**  
**Mirrors, large wall—E**  
**Mirrors, small—S**  
**Miter boxes—E**  
**Mixers, electric—E**  
**Modeling clay—S**  
**Modeling tools—S**  
**Models, dress—E**  
**Models, shop and laboratory—E**  
**Molding, metal—S**  
**Mop pails—S**  
**Mop trucks—E**  
**Mop wringers—S**  
**Mops—S**  
**Mortar—S**  
**Mortisers—E**  
**Moss—S**  
**Motion picture cameras—E**  
**Motion picture films—E**  
**Motion picture projectors—E**  
**Motor analyzers—E**  
**Motor generator sets—E**  
**Motor vehicle parts—S**  
**Motor vehicles—E**  
**Motorcycles—E**  
**Motors, integral parts of larger units—S**  
**Motors, not integral parts of larger units—E**  
**Mounting boards—S**  
**Mousetraps—S**  
**Mowers, lawn—E**  
**Mucilage—S**  
**Multimedia sets—S**  
**Music stands—E**  
**Music, sheet—S**  
**Musical instruments—E**  
**Muslin—S**  
**Mustard—S**  
**Nail polishes—S**  
**Nails—S**  
**Napkins—S**  
**Napkins, sanitary—S**  
**Neatsfoot oil—S**  
**Needles—S**  
**Needles, hypodermic—S**  
**Negative racks—S**  
**Negative tanks—S**  
**Nets, cloth—S**  
**Nets, steel—E**  
**Newspapers—S**  
**Nibbling machines—E**  
**Nickel polishes—S**  
**Noise and field strength meters—E**  
**Notebook covers—S**  
**Notebooks—S**  
**Notebooks, stenographers—S**  
**Nozzles, hose—S**  
**Numbering machines, power—E**  
**Numbering machines, small hand—S**  
**Nuts—S**  
**Oakum—S**  
**Oars—S**  
**Office composing machines, Varitypes—E**  
**Office furniture—E**  
**Ohmmeters—E**  
**Oil—S**  
**Oil cans—S**  
**Oilcloth—S**  
**Ointments—S**  
**Oleomargarine—S**  
**Openers, letter—S**  
**Ophthalmic frames—S**  
**Optical discs—E**  
**Organs—E**  
**Oscillators—E**  
**Oscillographs—E**  
**Oscilloscope—E**  
**Outlets, electrical—S**  
**Outline maps—S**  
**Output meters—E**  
**Ovens—E**  
**Ovenware dishes—S**  
**Oxygen—S**  
**Packing—S**  
**Padding—S**  
**Padlocks—S**  
**Pads, chair—S**  
**Pads, desk—S**  
**Pads, ink—S**  
**Pads, stamp—S**  
**Pads, typewriter—S**  
**Pads, writing—S**  
**Pails—S**  
**Paint drier—S**  
**Paint remover—S**  
**Paint spraying outfits—E**  
**Paintbrushes—S**  
**Paints—S**  
**Palettes—S**  
**Pamphlets—S**  
**Pans, large—E**  
**Pans, small—S**  
**Pantographs—S**  
**Paper—S**  
**Paper clips—S**  
**Paper cups—S**  
**Paper cutters—E**  
**Paper fasteners—S**

Paper napkins—S  
 Paper punches—S  
 Paper towels—S  
 Paraffin—S  
 Parts, automotive—S  
 Parts, radio, resistors, tubes,  
     transformers—S  
 Parts, repair—S  
 Paste—S  
 Paste brushes—S  
 Pasteboard—S  
 Pasteboard boxes—S  
 Pastries—S  
 Pastry cutters—S  
 Patching compounds—S  
 Patterns—S  
 Paving—I  
 Peat moss—S  
 Peelers, electrical—E  
 Peelers, hand—S  
 Pen points—S  
 Pencil sharpeners—S  
 Pencils—S  
 Percils, mechanical—S  
 Penetrometers, soil—E  
 Penholders—S  
 Penknives—S  
 Pennants—S  
 Pens—S  
 Percolators, coffee, electric—E  
 Perforators, large—E  
 Perforators, small—S  
 Periodicals—S  
 Permanent waving machines—E  
 Pestles—S  
 Phonograph needles—S  
 Phonograph record albums—S  
 Phonograph records—S  
 Phonographs—E  
 Photocopying apparatus—E  
 Photoelectric cells—S  
 Photoengraving apparatus—E  
 Photograph mounts—S  
 Photographic lenses—S  
 Photographs—S  
 Photometers—E  
 Piano parts—S  
 Pianos—E  
 Picks—S  
 Picture frames—S  
 Picture wire—S  
 Pictures, small—S  
 Pictures, wall, large—E  
 Pigments—S  
 Pillows—S  
 Ping Pong sets—S  
 Pinking shears—S  
 Pins—S  
 Pipe—S  
 Pipe dies, in sets—E  
 Pipe dies, not in sets—S  
 Pipe fittings—S  
 Pipe, steel—S  
 Pipettes—S  
 Piston rings—S  
 Pistons—S  
 Pitchers—S  
 Pitch pipes—S  
 Pitchforks—S  
 Plane cutters—S  
 Planers, power—E  
 Planes, hand—S  
 Planing machines, photo-  
     engravers—E  
 Plaques, permanent—E  
 Plarimeters—E  
 Plaster—S  
 Plaster, adhesive—S  
 Plastic wood—S  
 Plate glass—S  
 Plates—S  
 Plates, addressing machine—S  
 Plates, battery—S  
 Plates, bench—E  
 Plates, book—S  
 Plates, hot—E  
 Plates, lantern slide—S  
 Plates, photographic—S  
 Platforms—E  
 Playground equipment, fixed—I  
 Playground equipment,  
     movable—E  
 Playground surfacing—I  
 Pliers—S  
 Plows, field—E  
 Plows, snow—E  
 Plugs, drain—S  
 Plugs, spark—S  
 Plumbing and heating valves—S  
 Plumbing fixture fittings  
     and trim—S  
 Plumbs—S  
 Plungers, drain—S  
 Pockets, book—S  
 Pointers—S  
 Points, drill—S  
 Polarimeters—E  
 Polariscope—E  
 Poles—S  
 Poles, climbing—S  
 Poles, vaulting, bamboo—S  
 Poles, vaulting, metal—E  
 Polishes—S  
 Portfolios, leather—S  
 Postal meters—E  
 Posters—S  
 Posts—S  
 Posts, fixed—I  
 Pot cleaners—S  
 Potato peelers, large,  
     machine—E  
 Pots, large—E  
 Pots, small—S  
 Pottery—S  
 Powders—S  
 Power sprayers and dusters—E  
 Preservatives—S  
 Presses, arbor—E  
 Presses, book, bookbinders—E  
 Presses, cylinder, flat bed,  
     printing—E  
 Presses, engraving—E  
 Presses, letter—E  
 Presses, lithographic or offset  
     printing—E  
 Presses, mechanical—E  
 Presses, power—E  
 Presses, punch, foot power—E  
 Pressure cookers—E  
 Printed materials—S  
 Printing cases—E  
 Printing frames—E  
 Printing ink—S  
 Printing materials—S  
 Printing presses—E  
 Printing sets, rubber—S  
 Printing type—S  
 Prisms—S  
 Projectors—E  
 Protectors, check—E  
 Protractors—S  
 Pruners, hand—S  
 Pruners, power—E  
 Psychrometers—S  
 Public address systems,  
     installed—SS  
 Public address systems,  
     portable—E  
 Pulleys—S

Pumice—S  
 Pumps, large—E  
 Pumps, small—S  
 Punches—S  
 Punches, electrical—E  
 Push buttons—S  
 Pushcarts—E  
 Putty—S  
 Pyrometers—E  
 Quivers, arrow—S  
 Rackets, badminton—S  
 Rackets, tennis—S  
 Racks, bicycle, fixed—l  
 Racks, bicycle, portable—E  
 Racks, large stand—E  
 Radio receiving sets—E  
 Radio transmitters—E  
 Radio tubes—S  
 Radios—E  
 Raffia—S  
 Rags—S  
 Rakes, garden—S  
 Rakes, window—E  
 Rams, hydraulic—E  
 Ranges, cooking—E  
 Rasps—S  
 Rattan—S  
 Reamers—S  
 Receptacles—S  
 Record books—S  
 Record forms—S  
 Record players—E  
 Recorders, sound—E  
 Recording tape and wire—S  
 Records, phonograph—S  
 Reeds—S  
 Reels, hose—S  
 Reels, motion picture film—S  
 Reference books—E  
 Reflectors, parabolic—S  
 Refracting apparatus—E  
 Refrigerators—E  
 Registers, cash—E  
 Registers, printed—S  
 Regulating valves—S  
 Regulators, voltage—S  
 Relief maps—S  
 Repair parts—S  
 Report forms—S  
 Resistors—S  
 Respirators—S  
 Retorts, glass laboratory—S  
 Rheostat—E  
 Ribbons, adding machine—S  
 Ribbons, addressing machine—S  
 Ribbons, cloth—S  
 Ribbons, typewriter—S  
 Rings, boxing—E  
 Rings, carom—S  
 Rings, flying—E  
 Rings, key—S  
 Ringtoss game—S  
 Rivets—S  
 Robes—S  
 Rock, crushed—S  
 Roller bearings—S  
 Rollers, ink—S  
 Rollers, lawn—E  
 Roofing materials—S  
 Rope—S  
 Rosin—S  
 Rottenstone—S  
 Rouge—S  
 Routers—E  
 Routers, plate, photo-  
 engraving—E  
 Rowboats—E  
 Rubber bands—S  
 Rubber goods—S  
 Rubbish cans—S  
 Rugs, room size—E  
 Rugs, scatter—S  
 Rulers—S  
 Rules, shrink and circum-  
 ference—S  
 Saccharimeters—E  
 Safes—E  
 Safety belts, window-working—S  
 Safety glass—S  
 Safety pins—S  
 Salts—S  
 Sand—S  
 Sanders, electric—E  
 Sandpaper—S  
 Sandwich boards—S  
 Sanitary napkins—S  
 Sanitary systems—SS  
 Sash, combination screen and  
 storm—S  
 Sash cords—S  
 Sash, screen—S  
 Sash, storm—S  
 Saucers—S  
 Saw blades—S  
 Saw frames—S  
 Sawdust—S  
 Sawhorses—E  
 Saws, band—E  
 Saws, circular—E  
 Saws, hand—S  
 Saws, power—E  
 Saws, power hack—E  
 Scales, beam balance—E  
 Scales, draftspersons—S  
 Scales, spring—S  
 Scalpels—S  
 Scissors—S  
 Scoop shovels, hand—S  
 Scouring powders—S  
 Scrapers, hand—S  
 Screen doors—S  
 Screens, projection, built-in—BF  
 Screens, projection, movable—E  
 Screens, window—S  
 Screw extractors—S  
 Screw eyes—S  
 Screw hooks—S  
 Screwdrivers—S  
 Screws—S  
 Scrubbing compounds—S  
 Scrubbing machines—E  
 Scythes—S  
 Sealers, envelope, mechanical—E  
 Seasonings—S  
 Seats—E  
 Sectional bookcases—E  
 Seatives—S  
     grass—S  
     rators, battery—S  
     parators, milk—E  
 Serums—S  
 Serving trays—S  
 Settees—E  
 Sewer systems—l or SS  
 Sewing machines—E  
 Shades, window—BF  
 Snakers, laboratory—E  
 Shakers, power—E  
 Shampoo—S  
 Shapers, bench and floor—E  
 Shapers and routers—E  
 Sharpeners, electrical—E  
 Sharpeners, pencil—S  
 Shears, hand-operated—S  
 Shears, power-operated—E  
 Sheaves—S  
 Sheet metal—S  
 Sheet music—S  
 Sheeting—S

Shellac—S  
 Shelves, kiln—S  
 Shelving—BF  
 Shelving materials—S  
 Shingles—S  
 Shock absorbers—S  
 Shoes and boots—S  
 Shopcoats—S  
 Shorthand writing machines—E  
 Shovels, hand—S  
 Shower fittings—S  
 Shrubs—I or S  
 Shuffleboard sets—S  
 Shuttlecocks—S  
 Sidewalks—I  
 Siding, sheet metal—S  
 Sifters—S  
 Signs, large—E  
 Signs, small—S  
 Silk screen printing apparatus,  
   complete units—S  
 Silver polishes—S  
 Silverware—S  
 Sink fittings—S  
 Skeletons—E  
 Skillets—S  
 Skis—S  
 Slats—S  
 Sledgehammers—S  
 Slicers, bread, mechanical—E  
 Slide rules—S  
 Slides, lantern—S  
 Slides, microscope—S  
 Slides, projector—S  
 Snaps—S  
 Sneakers—S  
 Snips—S  
 Snow shovels, hand—S  
 Soap dispensers—S  
 Soaps—S  
 Soccer balls—S  
 Soccer shoes—S  
 Socket wrench sets—E  
 Sockets, wrench—S  
 Socks, pairs—S  
 Soda, baking—S  
 Sodding—S  
 Softballs—S  
 Softeners, water, chemical—S  
 Soil—S  
 Soil penetrometers—E  
 Soil test molds—E  
 Soldering coppers—E  
 Soldering materials—S  
 Solvents—S  
 Sound recorders—E  
 Sound systems—SS  
 Spades—S  
 Spading forks—S  
 Spark plug cleaning machines—E  
 Spark plugs—S  
 Spatulas—S  
 Specimens, laboratory—S  
 Spectroscopes—E  
 Sphygmomanometers—E  
 Spikes—S  
 Spirits—S  
 Spirometers—E  
 Splints—S  
 Spokes—S  
 Spokeshaves—S  
 Sponges—S  
 Spoons—S  
 Spotlights—S  
 Spray mixtures—S  
 Sprayers, hand—S  
 Sprayers, power—E  
 Spreaders, manure—E  
 Spreaders, tire—E  
 Spreads, bed—S  
 Springs—S  
 Springs, furniture—S  
 Sprinklers, lawn, movable—S  
 Sprinklers, lawn, traveling—E  
 Sprinkling systems, lawn—I  
 Sprockets—S  
 Squares—S  
 Squeezes—S  
 Stacks, book—E  
 Stadia rods—E  
 Stadiometers—E  
 Staff liners, music—S  
 Stain removers—S  
 Stains—S  
 Stakes—S  
 Stamp pads—S  
 Stamping machines, power—E  
 Stamping machines, small  
   hand—S  
 Stamps, rubber—S  
 Standards, jump—E  
 Stands, calendar—S  
 Stands, chart—E  
 Stands, dictionary—E  
 Stands, engine repair—E  
 Stands, umbrella—E  
 Staplers, foot- or power-  
   operated—E  
 Staplers, small hand—S  
 Staples—S  
 Starch—S  
 Starters, electric—S  
 Stationery—S  
 Statuary—E  
 Steam packing—S  
 Steam vapor cleaners—E  
 Steel measuring tapes—S  
 Steel, sheet—S  
 Steel wool—S  
 Stencil correction fluid—S  
 Stencils—S  
 Stenographers notebooks—S  
 Stereoscopes—E  
 Sterile gauze—S  
 Sterilizers—E  
 Sticks, composing—S  
 Sticks, hockey—S  
 Stilts, sport—S  
 Stitchers—E  
 Stock records—S  
 Stockings—S  
 Stones, printers—E  
 Stools—E  
 Stop watches—S  
 Stoppers—S  
 Stops, bench—S  
 Storage batteries—S  
 Storm drain systems—I  
 Stoves—E  
 Straightedges—S  
 Strainers—S  
 Straws, drinking—S  
 Stretchers—S  
 Strings—S  
 Striking bag outfits—E  
 Styluses—S  
 Sunglass frames—S  
 Sunglasses—S  
 Supply cases—E  
 Supporters, athletic—S  
 Surface hardened blocks—S  
 Surgical instruments, small—S  
 Surgical powders—S  
 Swages—S  
 Sweepers, carpet, electric—E  
 Sweepers, hand—S  
 Switch boxes—S  
 Switches, electric—S  
 Synchronizers, camera—S

Syringes—S  
 Syrup—S  
 Table protectors—S  
 Table tennis balls—S  
 Table tennis rackets—S  
 Tablecloths—S  
 Tableware—S  
 Tables—E  
 Tables, computing—S  
 Tablets, medicinal—S  
 Tablets, writing—S  
 Tabs, index—S  
 Tabulating machines—E  
 Tack hammers—S  
 Tackling dummies, football—S  
 Tacks—S  
 Tags—S  
 Talcum powder—S  
 Tanks, bulk storage—E  
 Tape—S  
 Tape measures—S  
 Tapes, measuring—S  
 Taps—S  
 Tar roofing and siding—S  
 Targets, archery—S  
 Team uniforms—S  
 Telephone systems—SS  
 Television cameras—E  
 Television sets—E  
 Television tubes—S  
 Tennis balls—S  
 Tennis court nets, cord—S  
 Tennis court nets, steel—E  
 Tennis rackets—S  
 Tents, shelter—S  
 Tents, wall—E  
 Terminals, battery—S  
 Test tube brushes—S  
 Test tube racks—S  
 Test tubes—S  
 Tests, achievement—S  
 Textbooks—S  
 Theatrical costumes—S  
 Theodolites and tripods—E  
 Thermographs—E  
 Thermometers—E  
 Thermostats—S  
 Thimbles—S  
 Thinners—S  
 Threads—S  
 Throat applicators—S  
 Thumb tacks—S  
 Tickets—S  
 Tile, drain—S  
 Time clocks, watchpersons'—E  
 Timers, large—E  
 Timers, small—S  
 Tin cans—S  
 Tin cutters—S  
 Tinware—S  
 Tire chains—S  
 Tires and tubes—S  
 Tissues, cleansing—S  
 Toasters, electric—E  
 Toggle bolts—S  
 Toilet paper—S  
 Tokens—S  
 Tongs—S  
 Tongue depressors—S  
 Tool sets, hand—E  
 Tools, hand, not in sets—S  
 Tools, power—E  
 Topsoil—I  
 Tow bars—S  
 Towels—S  
 Toys, large—E  
 Toys, small—S  
 Tracing cloth—S  
 Tracing paper—S  
 Tractors—E  
 Trammels—E  
 Trampolines—E  
 Transformers, laboratory—S  
 Transit, engineers—E  
 Transmissions, integral parts  
 of larger units—S  
 Transmissions, not integral  
 parts of larger units—E  
 Transmitters—E  
 Trays—S  
 Trees—I  
 Trees, hall—E  
 Triangles, drafting—S  
 Trimmers, hedge, hand—S  
 Trimmers, hedge, power—E  
 Tripods—E  
 Trophies—S  
 Trowels—S  
 Truck chassis—E  
 Trucks, hand—E  
 Trucks, motor—E  
 Tubes, inner—S  
 Tubes, radio—S  
 Tubes, television—S  
 Tubing materials—S  
 Tumblers, glass—S  
 Tuning forks—S  
 Tunnels, models, wind—E  
 Turf—I  
 Turpentine—S  
 Tweezers—S  
 Twine—S  
 Type cases—E  
 Type casting machines—E  
 Type cleaner—S  
 Type liners—S  
 Type, matrix—S  
 Type, printing—S  
 Typewriter brushes—S  
 Typewriter covers—S  
 Typewriter desks—E  
 Typewriter ribbons—S  
 Typewriters—E  
 Umbrella stands—E  
 Unguents—S  
 Uniforms—S  
 Upholstering materials—S  
 Urns, coffee—E  
 Urns, flower—S  
 Utensils—S  
 Vacuum bottles—S  
 Vacuum cleaners—E  
 Vacuum tube voltmeters—E  
 Valve parts—S  
 Valves, large, automatic—E  
 Valves, small—S  
 Vaporizers, electric—S  
 Varnish driers—S  
 Varnish removers—S  
 Varnishes—S  
 Vases—S  
 Vaulting poles—S  
 Vegetables—S  
 Vending machines—E  
 Ventilating systems—SS  
 Vessels, large—E  
 Vessels, small—S  
 Vibrographs—E  
 Video cameras—E  
 Video recorders—E  
 Videotapes—S  
 Vines—S  
 Vises, bench—E  
 Vises, small hand—S  
 Vision charts—S  
 Volleyball nets—S  
 Volleyballs—S  
 Voltmeters—E  
 Wagons—E

Wall brushes—S  
Wallboard—S  
Wallpaper—S  
Walls, retaining—I  
Washbasins—S  
Washcloths—S  
Washers and/or dryers—E  
Washers, rubber and leather—S  
Washers and dryers, photo-  
graphic—E  
Washing machines—E  
Washing powders—S  
Washtubs—S  
Waste, machinists—S  
Wastebaskets—S  
Watch crystals—S  
Watches, stop—S  
Watchperson's time clocks—E  
Water coolers—E  
Water, distilled—S  
Water glasses—S  
Water meters, laboratory  
type—E  
Water softeners—S  
Water systems—SS  
Watercolor brushes—S  
Wattmeters, laboratory  
type—E

Wavemeters and wave  
analyzers—E  
Wax crayons—S  
Waxes, liquid—S  
Waxes, paste—S  
Waxes, sealing—S  
Waxing machines—E  
Weaving machines—E  
Weighing scales, beam—E  
Weighing scales, small  
spring—S  
Weights—S  
Welding apparatus—E  
Welding rods—S  
Wheel straightening  
apparatus—E  
Wheelbarrows—E  
Wheels, automobile—S  
Wheels, emery—S  
Wheels, pottery—E  
Whetstones—S  
Whiskbrooms—S  
Whistles—S  
Window glass—S  
Window screens—S  
Window shades—S  
Window-working safety belts—S  
Wipers—S

Wire—S  
Wood fillers—S  
Wood, plastic—S  
Wood preservatives—S  
Wood stains—S  
Wool—S  
Wool, glass—S  
Wool, steel—S  
Workbenches—E  
Work tables—E  
Wrapping paper—S  
Wrenches, in sets—E  
Wrenches, not in sets—S  
Wringers, cloth—S  
Wringers, mop, large—E  
Wringers, mop, small—S  
Writers, check—E  
Writing paper—S  
X-ray machines—E  
Yard benches—E  
Yard brooms—S  
Yardsticks—S  
Yarn—S  
Zinc—S

## Chapter 6

# Stores System Procedures, Controls, and Accounting

A central stores system enables an LEA to take advantage of the economies of quantity buying and to fill requisitions for standard supplies promptly. However, no set rules can be established to determine when it would be to the best interest of an LEA to adopt a stores system. Availability of material, facilities for storing and delivering merchandise, and the size and number of plants in an LEA all must be taken into consideration. Costs of receiving, storing, and delivering stock items, as well as costs of stock control, should be included in the total cost of a stores system (as compared to the cost of direct purchasing) in deciding on the desirability of the stores system.

### Optional Methods of Financing, Accounting, and Controlling

Either of two accounting methods may be used:

#### Stores Account Method

The establishment and maintenance of a stores system by the use of a Stores account carried within the General Fund is a long-established practice. Stores accounts may also be maintained within other funds.

#### Revolving Fund Method

*Education Code* sections 42830-42833 authorize and prescribe procedures for the establishment of a revolving warehouse stock fund for LEAs. Permission is also given for two or more LEAs to establish a common revolving fund for this purpose.

### Types of Supplies in a Stores System

Items purchased for a stores system should be those that are used in sufficient quantity to justify the cost of establishing them as stock items. Initial purchase of a new item should be conservative as to quantity to test its turnover, thereby establishing a basis for determining the quantity needed. Committees composed of users of the various items can be helpful in determining standard items to be warehoused and in encouraging their use. The types of items most frequently stocked are included in the list that follows:

Instructional supplies, including paper, pencils, chalk, paste, art supplies, and the like

Office supplies, including typewriter ribbons, duplicating supplies, desk files, and the like

Custodial supplies

Maintenance supplies, including lumber, small tools, electrical supplies, paints, sandpaper, and the like

NOTE: Many of these items are frequently requisitioned for use in the school shops. Sometimes, it is necessary to carry more than one quality of supply for this purpose.

Food and related supplies

Printed forms

Equipment (When it is known that typewriters, scrubbing machines, and other items of equipment will be needed in the near future, it is sometimes economical to purchase this equipment in quantity. It is not recommended that equipment items such as these be maintained on a minimum-maximum basis as are items of supply.)

### Essentials of a Stores System

The essential features that are to be provided in connection with the establishment and operation of a stores system are presented in this section.

#### Devices for Control of Purchases

*Provision for numbering, cataloging, and standardizing stock items.* Printed catalogs that list all items by stock number, unit of issue, description, and unit cost should be available to all who will requisition them from the warehouse. The catalog should preferably be loose-leaf to allow for replacing pages in the event of substitutions, additions, or deletions.

*Provisions for the addition or deletion of stock items.* A special form may be used to notify all departments concerned of the necessary information regarding the action taken.

*Provision for minimizing losses because of obsolescence.* Special committees can be helpful in giving

information in advance on planned changes in curriculum which will affect the use of supplies already stocked. If it is known that a change is planned, supplies to be discontinued can be allowed to run out without reordering when the stock drops to the minimum.

**Control of maximum and minimum stock balances.** Care should be exercised in the setting of maximum and minimum quantities. Continual study of stock activity and periodic readjustment of the limits set are required because of such conditions as growth, grade levels of users, changes in curriculum, changes of personnel placing requisitions, and storage capacity. Some items will deteriorate when stored too long; this factor should be considered when placing orders. Very small, inexpensive items should be ordered in adequate supply for anticipated need; more expensive items should be ordered in accordance with conservative estimates of need.

#### **Records of Perpetual Inventory**

Individual cards or records that contain the following information should be kept for each item stocked:

1. Identifying stock number
2. Specification of unit of issue
3. Description of item
4. Unit price
5. Posting references: date, document number, and the like
6. Receipts in terms of stock units
7. Issues in terms of stock units
8. Balances on hand in terms of stock units

NOTE: The following additional information on the stock records may be desirable: (1) minimum and maximum quantities to be stocked; (2) reference to vendors from whom stock is purchased; (3) memoranda of orders placed; (4) memoranda of unfilled requisitions; (5) reference to warehouse location of item if the identifying stock number cannot be used for this purpose; and (6) provision for values of receipts, issues, and balances on hand.

#### **Verification by Physical Inventory**

Provisions should be made for at least an annual count of all items stocked. This can be done on a cyclical basis, with only a portion of the total stock inventoried each period. This count should be made by persons other than warehouse personnel. In the event warehouse personnel are used to take the count, the record should be spot-checked by persons other than those responsible for stock. A common practice is for the firm performing the LEA's audit to make the spot checks.

#### **Security Control and System of Internal Checks**

In planning the stores system, the LEA should make provisions for adequate security of stock and a system

of internal checks. Buildings used for warehouse storage should be as fireproof as possible and should have adequate locks. Only specified personnel should be allowed to issue stock. Preferably, the stock records should be maintained in an office removed from the warehouse (stock records are commonly maintained in the accounting or purchasing offices). At inventory time or other periodic checkup time, any difference between the record and actual quantity count should be investigated and necessary adjustments made.

#### **Planned Procedures for Receiving and Issuing**

Procedures for receiving and issuing stock should include the following:

1. Items to be stocked should be purchased by means of an official LEA purchase order issued in compliance with the *Education Code* and the LEA's policies covering bidding and purchasing. An "on order" notation may be made on the individual stock control records at this point. On receipt of merchandise, the items should be counted and inspected for condition and compliance with specifications. The signed receiving copy of the purchase order or other receiving document authorizes payment to the vendor and charge of the cost of the merchandise to the Stores account. Either the receiving document or the payment warrant may be used as the basis for entering receipt of stock by quantity and value on the stock control records that are affected by the purchase.
2. Stores should be issued only on the authority of a properly approved, prenumbered requisition, which should give the following information:

Source and date of requisition

Delivery instructions

Account or accounts to be charged

Provision for approvals as to budget, items allowed, quantities, and the like

Provision for posting reference

For each item: quantity ordered, unit stock number, description, unit price, total dollar amount; and on each requisition, columns for noting substitutions, back orders, and the like

Provision for evidence of receipt and date of delivery. A multiple copy snap-out form is commonly used for warehouse issues, with copies of each transaction being sent to the requisitioner, the warehouseperson, and the recording office. Posting is done from this document to the stock control records.

NOTE: The term *requisition* as used here should be understood to include requisitions, billings, stores invoices, or similar documents for use by certain LEAs that find it desirable to use additional documents between the time of preparation of the requisition for the materials and the actual delivery of these materials to the school or department requesting them.

### Lines of Authority and Responsibility of Personnel

Lines of authority and responsibility should follow a logical plan and be clear-cut and definite.

NOTE: In planning the establishment of a stores system, the LEA should consider the location of the warehouse or warehouses and the transmittal of documents between the warehouse and the accounting office. The space requirements, physical requirements for proper storage, and arrangement of stock items should be determined in advance. Stored items should be arranged, when possible, in an order corresponding to their order on standard supply lists.

### Accounting for a Stores System

Accounting for a stores system may be done by employing (1) the stores account method; or (2) the revolving fund method.

#### Stores Account Method

The stores account method provides for the establishment of a Stores account within the General Fund. Stores accounts may also be established within other funds of the LEA. Payments for the purchase of stores are not classified as expenditures; these payments constitute an increase of the asset account Stores equal to the reduction in another asset account, Cash in County Treasury. The issuance of stores is to be recorded as a reduction of the asset account Stores and as a charge to the appropriate expenditure account for which the stores were issued. Such accounting may be continuous, or summaries of stores issuance may be made periodically, preferably at least monthly, and the total credited to the Stores asset account. Charges to the various expenditure accounts for which the stores were issued would be made at this time in summary. To the extent that the county superintendent of schools maintains corresponding records, summaries of the issuance of stores should be reported to the county superintendent of schools periodically. The remainder of the Stores account should represent the inventory value of merchandise in the warehouse.

When goods are purchased for stores without the use of a revolving fund, budget control of expenditures occurs at the time of issuance of such merchandise and not at the time of purchase. Uncontrolled purchasing may result in an unnecessary and excessive investment in stores and a serious depletion of cash needed for other budget purposes. The establishment of the Stores account should follow, not precede, the budgetary authorization, which is made by entry of the intended

amount in the budget under Ending Fund Balance (Reserve for Stores, 9610). Once the Stores account is established, the actual balance of the account should appear in the budget under Beginning Fund Balance; and the same amount, or a deliberately chosen larger or smaller amount, should be entered under Ending Fund Balance. Procedures for the control of purchases should be established so that, given existing inventory and carefully prepared estimated distributions, an ending inventory will not exceed the investment in stores as indicated in the budget.

#### Revolving Fund Method

A revolving fund is a separate fund established in accordance with *Education Code* sections 42830-42833. Payments for purchases of stores are made by warrants drawn on the Revolving Fund for Warehouse Stock. The LEA buys merchandise from the fund and makes payments by warrants drawn payable to the Revolving Fund for Warehouse Stock. The county treasury is the depository for cash. This revolving fund plan provides a semiautomatic control of the amount invested in stores.

Accounts for the Revolving Fund for Warehouse Stock include Cash in County Treasury, Accounts Receivable, Stores, Liabilities, and Reserve for Nonexpendable Assets. These accounts are self-balancing because the initial value of each fund remains constant unless changed by governing board action. The balances in the accounts always reflect fixed amounts, whether in stock or cash or a combination of both, including receivables and liabilities. The same fixed amount shall be recorded at the end of the year on official budget forms and reports under the Stores account as a part of Beginning Fund Balance and Ending Fund Balance.

#### Typical Costs of Receiving, Warehousing, and Distribution in Connection with a Central Stores System

Costs of receiving, warehousing, and distributing stores items, in addition to the cost of merchandise, should be charged to the Stores account. These overhead expenses should ultimately be charged to the several expenditure accounts to which merchandise costs are charged in proportion to the costs of the merchandise. The procedure used is not important if the results are equitable. Use of one or more subsidiary expense accounts is common practice.

One method is to add an estimated overhead charge to merchandise unit prices, adjusting it as needed from time to time. This method provides a total unit charge for each item and avoids the possibility of delayed

overhead charges to appropriations that have become exhausted.

Another method is to distribute estimated overhead charges of expenditure accounts on an encumbrance basis at the beginning of a fiscal year. Such charges are to be determined on the basis of anticipated issuances of stores to the several expenditure accounts. At the close of the year, or periodically, the encumbrances may be liquidated and the actual overhead expense charged.

Whatever method is used, overhead charges should be cleared at the end of each fiscal year so that the Stores account will represent only the value of the inventory of material on hand.

Charges and credits to the Stores account and sub-accounts should include the costs of receiving, storing, and delivering in addition to the direct merchandise costs (cost of item, sales tax, postage, freight, cartage, and other delivery charges to the warehouse), as follows:

1. Salaries of personnel (storekeeper and others) directly related to the warehouse
2. Supplies used in connection with receiving and warehouse recordkeeping
3. Rent of space, facilities, and equipment
4. Utilities
5. Direct expense of trucking
  - a. Gas and oil
  - b. Grease
  - c. Repairs
  - d. Tires and tubes
  - e. Accessories
  - f. Other expenses

NOTE: When trucks are used for several purposes other than the delivery of stores, such costs may be distributed by job cost accounting or by any other equitable method

#### 6. Adjustments to Stores account

Periodically, or at the end of the fiscal year, it may be necessary to adjust the Stores account, after proper administrative review and approval, for reasons and in the manner described below.

- a. Discrepancies between the quantity of items as shown on the individual stock records and the physical count of merchandise in the warehouse may result from errors in stock issues or in the maintenance of perpetual inventory records. Such discrepancies must be adjusted on the individual stock records and will result in a debit (increase) or credit (decrease) to the value of the Stores account.
- b. Differences also may occur between the balance of the Stores account and the value of merchandise on hand, as shown on the individual stores records, because of the method of unit pricing employed. Adjustments for this reason will result in a debit (increase) or credit (decrease) to the value of the Stores account.
- c. Periodically, stock must be removed from the warehouse because of deterioration, obsolescence, and the like. Either the regular warehouse requisition or a special form may be used. This form should be approved by someone with authority to authorize the disposition of such merchandise. Value of the stock removed should be charged to a subaccount under Stores, to be included in other costs of overhead for future distribution to expenditure accounts. Individual stock records should be adjusted to reflect these issues.

## Chapter 7

# Accounting Terminology

**Abatement.** A complete or partial cancellation of an expenditure or revenue.

**Abatement of expenditures.** Return or cancellation of part or all of a charge previously made, usually resulting from the provision of goods or materials of a quality other than specified, for which allowances or refunds are made or which results in a resale of the materials originally purchased. The term can be applied to a loss of or damage to property and applied to both current expenditures and capital outlay expenditures.

**Abatement of revenue.** The return or cancellation of all or some part of any specific revenue previously recorded.

**Accounting period.** A period of time for which records are maintained and at the end of which financial statements are prepared covering the period.

**Account numbers or letters.** Numbers and/or letters that are assigned to the ordinary titles of accounts for classification of accounts and ease of reference.

**Accounts payable.** Amounts due and owed to private persons, business firms, governmental units, or others for goods received and/or services rendered prior to the end of the fiscal year. Includes amounts billed but not paid. Does not include amounts due to other funds of the same local educational agency (LEA).

**Accounts receivable.** Amounts due and owed from private persons, business firms, governmental units, or others for goods received and/or services rendered prior to the end of the fiscal year. Includes amounts billed but not received. Does not include amounts due from other funds of the same LEA.

**Accrual basis.** That method of accounting in which revenue is recorded when earned, even though not collected, and expenses are recorded when the liabilities are incurred, even if not yet paid.

**Accrued expenditures.** Expenditures incurred during the current accounting period which are not paid until a subsequent accounting period.

**Accrued revenue.** Revenue earned during the current accounting period but which is not collected until the following accounting period.

**Actuarial basis.** A basis used in computing the amount of contributions to be made periodically to a fund so that the total contributions plus the compounded earnings thereon will equal the required payments to be made out of the fund. The factors taken into account in arriving at the amount include the length of time over which each collection or payment is to be made and the rate of return compounded on such amounts over its life.

**Ad valorem tax.** A tax based on a percent of the value of goods or services.

**Agency fund.** A fund consisting of resources received and held by an LEA as an agent for others.

**Allocation.** Division or distribution in accordance with a predetermined plan.

**Allowance.** A provision for valuing an asset at net, such as an allowance for bad debts. The allowance for bad debts would be deducted from accounts receivable to reflect the probable collectable receivables.

**Apportionment.** Allocation of state or federal aid, district taxes, or other moneys among LEAs or other governmental units.

**Apportionment notice.** A document notifying LEAs when moneys have been deposited with the county treasurer.

**Appraisal.** An estimate of property value made by the use of systematic procedures based on physical inspection and inventory, engineering studies, and other economic factors.

**Appropriation.** An authorization, granted by the governing board, to make expenditures and to incur obligations for special purposes. An appropriation is usually limited in purpose, amount, and the time period during which it may be expended.

**Appropriation ledger.** A subsidiary ledger containing an account for each appropriation. Each account usually shows the amount originally appropriated in the budget, budget increases or decreases during the year, expenditures, encumbrances, unencumbered balances, and other related information.

**Assessed valuation.** Value placed on personal and real property by a governmental unit for taxation purposes.

- Assets.** Resources that are held or owned by an LEA and that have monetary value.
- Audit.** An examination of documents, records, and accounts for the purpose of (1) determining the propriety of transactions; (2) ascertaining whether all transactions are recorded properly; and (3) determining whether statements that are drawn from accounts reflect an accurate picture of financial operations and financial status for a given period of time.
- Audit program.** A detailed outline of work to be done and the procedures to be followed during the audit.
- Available cash.** Cash that is on hand or on deposit in a given fund and that is unencumbered and can be utilized for meeting current obligations.
- Average daily attendance (a.d.a.).** Total approved days of attendance in the LEA divided by the number of days the schools in the LEA are in session for at least the required minimum day. (Refer to *Education Code Section 46300* and *California Code of Regulations, Title 5, Education, sections 400-424.*)
- Balance sheet.** A statement that shows assets, liabilities, and fund balance or fund deficit of an entity at a specific date and is properly classified to exhibit the financial condition of the entity as of that specific date.
- Basis of accounting.** The time at which revenues, expenditures, transfers, and related liabilities and assets are recognized in the accounts and reported in the financial statements.
- Bond.** A certificate containing a written promise to pay a specified sum of money, called the face value, at a fixed time in the future, called the date of maturity, and specifying interest at a fixed rate, usually payable periodically.
- Bond discount.** The excess of the face value of a bond over the price for which it is acquired or sold. (The price does not include accrued interest at the date of acquisition or sale.)
- Bond premium.** The excess of the price at which a bond is acquired or sold over its face value. (The price does not include accrued interest at the date of acquisition or sale.)
- Bonded debt.** That portion of indebtedness represented by outstanding bonds.
- Bonded debt service.** Expenditures that are incurred for interest and redemption of bonds.
- Bonds authorized and unissued.** Legally authorized bonds that have not been sold and that may be sold without further authorization.
- Budget.** A plan of financial operation consisting of an estimate of proposed revenue and expenditures for a given period and purpose. The term usually indicates a financial plan for a single fiscal year.
- Budgetary accounts.** Those accounts which make it possible for a budgetary-type fund (governmental fund) to show how (1) estimated revenue and revenue realized to date compare; and (2) expenditures and encumbrances compare with appropriations during the fiscal period. The budgetary accounts are estimated revenue, appropriations, and encumbrances.
- Budgetary control.** The management of financial transactions in accordance with an approved plan of estimated revenues and expenditures.
- Budgeting.** The process of allocating the available resources of an organization among potential activities to achieve the objectives of the organization; planning for the use of resources.
- Capital assets.** See *fixed assets*.
- Capital outlay.** Amounts paid for the acquisition of fixed assets or additions to fixed assets, including land or existing buildings, the improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, or initial and additional equipment.
- Capital projects funds.** Funds established to account for financial resources that are to be used for the acquisition or construction of major capital facilities.
- Cash.** Currency, checks, postal and express money orders, and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits. Any restriction or limitation as to the availability of cash should be indicated.
- Cash advance.** Cash apportioned in advance of the usual apportionment period.
- Cash basis.** Method of accounting in which revenue and expenditures are recorded only when cash is actually received or disbursed. The cash basis is not acceptable for use in LEAs.
- Cash collections awaiting deposit.** Receipts on hand or moneys in a bank clearing account awaiting deposit in the county treasury.
- Cash discount.** An allowance made on a purchase if payment is made within a stated period. (This term is not to be confused with *trade discount*.)
- Cash in bank.** Balances in separate bank accounts such as student body accounts, school farm accounts, and cafeteria accounts.
- Cash in county treasury.** Cash balances on deposit in the county treasury for the various funds of the LEA.
- Certificates of participation.** A financing technique which provides long-term financing through a lease (with an option to purchase or a conditional sale agreement).

- Chart of accounts.** A list of accounts, systematically arranged, that are applicable to a specific LEA. All account names and numbers, if any, are listed in numerical order.
- Check.** A bill of exchange drawn on a bank and payable on demand; a written order on a bank to pay on demand a specific sum of money to a named person, to his or her order, or to bearer out of money on deposit to the credit of the maker. A check differs from a warrant in that a warrant is not necessarily payable on demand and may not be negotiable; a check differs from a voucher in that a voucher is not an order to pay. A voucher-check combines the distinguishing characteristics of a voucher and a check; it shows the propriety of a payment and is an order to pay.
- Classification.** The naming or identification of an item or a category, such as the designation of the particular account into which a receipt or expenditure is to be recorded or the separation of data into acceptable groupings so that financial facts can be stated more clearly.
- Clearing accounts.** Accounts used to accumulate total receipts or expenditures for later distribution among the accounts to which such receipts or expenditures are properly allocable.
- Closing entries.** Entries recorded at the end of each fiscal period to transfer the balances in the revenue and expenditure (or expense) accounts to the permanent equity accounts (fund balance or retained earnings) of an accounting entity.
- Code.** (1) A distinguishing reference number or symbol. (2) A statement of the laws of a specific field; e.g., *Education Code, Penal Code, Civil Code, and Labor Code.*
- Contingent liabilities.** Items that may become liabilities as a result of conditions undetermined at a given date; e.g., guarantees, pending lawsuits, judgments and appeals, and unsettled disputed claims.
- Contra account.** An account to record offsetting transactions; e.g., abatements.
- Contract.** An agreement between two or more people or entities to do something. Contracts are usually in writing and are enforceable by law.
- Contracted services.** Expenditures for services rendered under contract by personnel who are not on the payroll of the LEA, including all related expenditures covered by the contract.
- Control account.** A summary account, usually maintained in the general ledger, in which is entered the aggregate of the debit and the credit postings to a number of identical, similar, or related accounts called subsidiary accounts. Its balance equals the sum of the balances of the detail accounts.
- Cost.** The amount of money or its equivalent value paid or agreed to be paid for property or services. Costs may be incurred even before money is paid; that is, as soon as a liability is assumed. Ultimately, however, money or its equivalent must be given in exchange. The cost of some property or service may in turn become a part of the cost of another property or service. For example, the cost of materials will be reflected in the cost of articles made from such materials.
- County School Service Fund (CSSF).** A fund established to control the financial operations of the offices of county superintendents of schools.
- Credit.** The right side of a double-entry posting. Credits will reduce assets and expenditures and increase liabilities, revenue, and fund balance.
- Current assets.** Assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities.
- Current expense of education.** The current General Fund operating expenditures of an LEA for kindergarten and grades one through twelve, *excluding* expenditures for food services, community services, nonagency activities, fringe benefits for retired persons, facility acquisition and construction, and object classifications 6000 and 7000.
- Current liabilities.** Amounts due and payable for goods and services received prior to the end of the fiscal year. Current liabilities should be paid within a relatively short period of time, usually within a year.
- Current loans.** A loan payable in the same fiscal year in which the money was borrowed.
- Debit.** The left side of a double-entry posting. A debit will increase assets and expenditures and reduce liabilities, revenue, and fund balance.
- Debt limit.** The maximum amount of legally permitted debt.
- Debt service.** Expenditures for the retirement of debt and for interest on debt.
- Debt service funds.** Funds established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
- Deferred revenue.** Revenue received in a given period, but unearned, which is set up as a liability to be included as revenue in subsequent periods.
- Deficit.** The amount by which a sum of money falls short of a required amount (e.g., apportionment deficits).
- Deficit financing.** The amount to be provided when estimated expenditures exceed the estimated revenues.
- Deficit fund balance.** The excess of liabilities of a fund over its assets.

**Deficit spending.** The excess of actual expenditures over actual revenues (also referred to as an operating deficit).

**Delinquent taxes.** Taxes remaining unpaid after the close of the year in which levied. (See also *prior years' taxes*, in most cases the preferred term.)

**Depreciation.** Estimated loss in value or service life of fixed assets because of wear and tear through use, elapse of time, inadequacy, or obsolescence.

**Direct expenses or costs.** Expenses that can be separately identified and charged as a part of the cost of a product, service, or department.

**Direct support charges.** Charges for a support program and services that directly benefit other programs.

**Disbursements.** Payments by currency, check, or warrant. (The term is not synonymous with *expenditures*.)

**Double entry.** A system of bookkeeping that requires an amount credited for every corresponding amount debited. Thus, the double-entry ledger maintains equality of debits and credits.

**Earned interest revenue.** A sum of money received or due to be received for the use of money loaned or invested.

**EDGAR. Education Department General Administrative Regulations.** The regulations of the U.S. Department of Education incorporating certain circulars from the Office of Management and Budget. EDGAR is found in 34 CFR, parts 74-79. It is defined in 34 CFR 77.1.

**Employee benefits.** Amounts paid by the LEA on behalf of employees; these amounts are not included in the gross salary, but are over and above. They are fringe benefit payments; and while not paid directly to employees, they are nevertheless a part of the cost of salaries and benefits. Examples are (1) group health or life insurance payments; (2) contributions to employee retirement; (3) OASDI (Social Security) taxes; (4) workers' compensation payments; and (5) payments made to personnel on sabbatical leave.

**Encroachment.** The use of unrestricted moneys to support restricted program expenditures.

**Encumbrances.** Obligations in the form of purchase orders, contracts, salaries, and other commitments chargeable to an appropriation for which a part of the appropriation is reserved.

**Enterprise funds.** Funds used to account for those ongoing LEA activities which, because of their income-producing character, are similar to those found in the private sector.

**Entitlement.** An apportionment that is based on specific qualifications.

**Estimated revenues.** For revenue accounts kept on the accrual basis, this term designates the amount of revenue estimated to accrue during a given period regardless of whether it is all to be collected during the period.

**Expenditures.** The costs of goods delivered or services rendered, whether paid or unpaid, including expenses, provision for debt retirement not reported as a liability of the fund from which retired, and capital outlay.

**Expenses.** Charges incurred, whether paid or unpaid, for the operation, maintenance, interest, and other charges which are presumed to benefit the current fiscal period. Expense accounts are used in certain trust funds and in proprietary-type funds.

**Face value.** As applied to securities, the amount stated in the security document.

**Fees.** Amounts collected from or paid to individuals or groups for services or for use of a school or other facilities.

**Fidelity bond.** A form of insurance that provides for the indemnification of the LEA or other employer for losses arising from the theft or dishonesty of employees.

**Fiscal year.** A period of one year, the beginning and the ending dates of which are fixed by statute; in California, the period beginning on July 1 and ending on June 30.

**Fixed assets.** Assets of a permanent character having continuing value; e.g., land, buildings, machinery, furniture, and equipment.

**Full-time equivalent.** The ratio of time expended in a part-time position to that of a full-time position. The ratio is derived by dividing the amount of time of employment required in the part-time position by the amount of employed time required in a corresponding full-time position.

**Function.** An act, service, or group of services proper to a person, thing, or institution and aimed at accomplishing a certain end.

**Fund.** A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund balance.** The difference between assets and liabilities. The fund equity of governmental and trust funds.

**General fixed assets account group.** A self-balancing group of accounts set up to account for the general fixed assets of an LEA.

**General Fund.** The fund used to finance the ordinary operations of the LEA. It is available for any legally authorized purpose.

**General journal.** A book of original entry for all entries of financial transactions that are not recorded in a special journal such as a cash receipts journal, a voucher register, or a cash disbursements journal.

**General ledger.** A book, file, or other device which contains the accounts needed to reflect, in summary and in detail, the financial position, the results of financial operations, and the changes in equities of a fund or account group used by an LEA.

**General long-term debt.** Long-term debt that is legally payable from general revenues and backed by the full faith and credit of an LEA.

**General group of long-term debt accounts.** The account group in which all unmatured general long-term liabilities of an LEA are recorded. It does not include long-term liabilities of proprietary funds and nonexpendable trust funds.

**Generally accepted accounting principles (GAAP).** Uniform minimum standards of, and guidelines to, financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. These principles encompass the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application but also detailed practices and procedures. Generally accepted accounting principles provide a standard by which to measure financial presentations. The primary authoritative source on the application of these principles to state and local governments is the Governmental Accounting Standards Board (GASB).

**Generally accepted auditing standards (GAAS).** Measures of the quality of the performance of auditing procedures and the objectives to be attained through their use. The standards are concerned with the auditor's professional qualities and with the judgment exercised in the performance of an audit. Generally accepted auditing standards are established by the American Institute of Certified Public Accountants (AICPA).

**Generally accepted governmental auditing standards (GAGAS).** Generally accepted auditing standards for government are established by the U.S. Government Accounting Office in *Standards and Procedures for Audits of Governmental Organizations, Programs, Activities, and Functions*.

**Gift.** Anything of value received from any source for which no repayment or service to the contributor is expected.

**Governmental Accounting Standards Board (GASB).**

The organization established to issue standards of financial accounting and reporting with respect to activities and transactions of state and local governmental entities. It is the successor organization to the National Council on Governmental Accounting (NCGA).

**Grade level.** Assigned classification of students according to age and school progress; e.g., kindergarten and first grade.

**Grant.** A contribution, either in money or material goods, made by one governmental entity to another. Grants may be for specific or general purposes.

**Grants-in-aid.** Outright donations or contributions, usually by a superior governmental unit, without the prior establishment of conditions with which the recipient must comply.

**Holding accounts.** Suspense accounts that are used temporarily to accumulate costs that will ultimately be charged to other using programs.

**Income.** A term used in accounting for a proprietary fund type to represent the excess of revenues earned over the expenses incurred in carrying on the fund's operations. The term *income* should not be used in lieu of *revenue* in governmental-type funds.

**Indirect cost and overhead.** Elements of cost necessary in the operation of the LEA or in the performance of a service that are of such nature that the amount applicable to each accounting unit cannot be determined readily and accurately or for which the cost of such determination exceeds the benefit of the termination.

**Indirect support charges.** Charges for routine services not performed as a special service for a particular program but allocated to using programs.

**In lieu of taxes.** Revenue to replace the loss of tax revenue resulting from property that is exempted from taxation.

**Interest.** A fee charged a borrower for the use of money.

**Interfund accounts.** Accounts in which transactions between funds are reflected.

**Interfund transfers.** Money that is taken from one fund under the control of the governing board and added to another fund under the board's control. Interfund transfers are not revenues or expenditures of the LEA. See *operating transfers* or *residual equity transfers*.

**Interim borrowing.** (1) Short-term loans to be repaid from general revenues during the course of a fiscal year. (2) Short-term loans in anticipation of tax collections or bond insurance.

- Internal audit.** An appraisal activity within an LEA which (1) determines the adequacy of the system of internal control; (2) verifies and safeguards assets; (3) determines the reliability of the accounting and reporting system; (4) ascertains compliance with existing policies and procedures; and (5) appraises the performance of activities and work programs.
- Internal control.** A plan of organization under which employees' duties are so arranged and records and procedures so designated as to provide a system of self-checking, thereby enhancing accounting control over assets, liabilities, revenue, and expenditures. Under such a system the employees' work is subdivided so that no one employee performs a complete cycle of operation; such procedures call for proper authorization by designated officials.
- Internal service funds.** Funds created to render services on a cost reimbursement basis to other organizational units of the LEA. Such funds are generally intended to be self-supporting.
- Intrabudget transfers.** Amounts transferred from one appropriation account to another within the same fund.
- Inventory.** A detailed list showing quantities and description of property on hand at a given time. It may also include units of measure, unit prices, and values.
- Investments.** Disbursements of cash for the purpose of generating revenue.
- Invoice.** An itemized statement of charges for merchandise sold or services rendered to the purchaser.
- Job account.** An account established to record the accumulation of costs of a specific piece of work; work orders showing charges for material and labor used.
- Journal.** Any accounting record in which the financial transactions of an LEA are formally recorded for the first time; e.g., the cash receipts book, check register, and general journal.
- Journal voucher.** A form provided for the recording of certain transactions or information in place of, or supplementary to, the journal or registers.
- Judgments.** Amounts due to be paid or collected by the LEA as the result of court decisions.
- Lease-purchase agreements.** Contractual agreements which are termed "leases," but which in substance amount to purchase contracts.
- Levy.** The imposition of taxes or special assessments for the support of governmental activities; also, the total amount of taxes, special assessments, or service charges imposed by a governmental unit.
- Liabilities.** Legal obligations (with the exception of encumbrances) that are unpaid.
- Life span (grade span).** Broad group classification of students according to age and school progress; i.e., preformal, elementary, secondary, and adult.
- Long-term debt.** Debt that matures more than one year after the date of issuance.
- Modified accrual basis.** The accrual basis of accounting adapted to the governmental fund type. Under it, revenues are recognized when they become both "measurable" and "available" to finance expenditures of the current period. Most expenditures are recognized (recorded) when the related liability is incurred.
- Multiyear financial plan.** A plan that presents financial estimates of programs in tabular form for a period of years. These estimates should reflect the future financial impact of current decisions. The data in the plan should be organized along the lines of the program structure.
- Net income.** Proprietary fund excess of revenues and operating transfers in over expenses and operating transfers out.
- Object.** As used in an expenditure classification, a term that applies to the article purchased or the service obtained.
- Obligations.** Amounts that the LEA may be legally required to meet out of its resources. They include not only actual liabilities but also unliquidated encumbrances.
- Operating transfers.** All interfund transfers other than residual equity transfers.
- Order (for payment).** A written demand by the governing board of an LEA requiring the county superintendent of schools to draw his or her requisition on the county auditor for the payment of a claim against the LEA.
- Other financing sources.** Governmental fund general long-term debt proceeds, operating transfers in, and material proceeds of fixed asset dispositions. Such amounts are classified separately from revenues.
- Other financing uses.** Governmental fund operating transfers out. Such amounts are classified separately from expenditures.
- Overdraft.** The amount by which checks, drafts, or other demands for payment on the treasury or on a bank account exceed the amount of the balance on which they are drawn; or the amount by which encumbrances and expenditures exceed the appropriation to which they are chargeable.
- Overhead.** See *indirect cost and overhead*.
- Payroll register.** A document accompanying one or more orders on an LEA fund for the payment of salaries or wages to employees; contains the names of such employees and provides information substantiating such orders.

**Payroll warrant.** A document used as an order or a requisition on a fund of an LEA for the purpose of paying salaries or wages.

**Perpetual inventory.** A system whereby the inventory of units of property at any date may be obtained directly from the records without resorting to an actual physical count. A record is provided for each item or group of items to be inventoried and is so divided as to provide a running record of goods ordered, received, and withdrawn and the balance on hand in units and cost.

**Personal property.** All property except real estate.

**Petty cash.** A sum of money set aside for the purpose of making change or immediate payments of small amounts. (See also *revolving cash fund*.)

**Physical inventory.** The annual physical count of an LEA's inventory. This count is often taken at the end of the year and observed by the LEA's auditors. The accuracy of the perpetual inventory records is tested periodically by physical inventories.

**Posting.** The act of transferring to an account in a ledger the data, either detailed or summarized, contained in a book of original entry.

**Prepaid expenses.** Items for which payment has been made but for which benefits have not been realized as of a certain date; e.g., prepaid rent, prepaid interest, and premiums on unexpired insurance.

**Prior years' taxes.** Taxes collected within the current fiscal year for levies in previous fiscal years.

**Program.** A group of related activities consisting of a unique combination of objects that operate together to accomplish common ends.

**Program accounting.** A system of accounting in which records are maintained to accumulate revenue and expenditure data by program.

**Program costs.** Costs that are incurred and allocated by programs rather than by organizations.

**Program structure.** The hierarchical arrangement of programs that represents the interrelationship of activities to goals and objectives. The program structure contains categories of activities with common outputs and objectives. Programs may cut across existing departments and agencies.

**Prorating.** The allocating of expenditures or revenue from a single source to two or more accounts to show the correct distribution of charges or revenue.

**Protested taxes.** Tax money paid under protest and held by the county auditor pending settlement of the protest.

**Purchase order.** A document issued to a vendor that authorizes the delivery of specified merchandise or the performance of certain services and the making of a charge for them.

**Real property.** Property consisting of land, buildings, minerals, timber, landscaping, and all improvements thereto.

**Rebate.** See *abatement* or *refund*.

**Receipts.** Cash received.

**Reclassification.** Redesignation of current year's revenue or expenditure items previously posted to one account and later determined to be more properly charged to a different account.

**Refund.** An amount paid back or credit allowed on account of an overcollection.

**Registered warrant.** A warrant that is registered by the county treasurer for future payment because of present lack of funds and that is to be paid with interest in the order of its registration.

**Registers.** A listing of transactions of like kind that may be totaled and summarized for convenience in posting; e.g., payroll registers, warrant registers, and attendance registers.

**Reimbursement.** Cash or other assets received as a repayment of the cost of work or services performed; or repayment of other expenditures made for or on behalf of another governmental unit, fund, or department.

**Requisition.** A document submitted initiating a purchase order to secure specified articles or services or issuance of materials from stores or a warehouse.

**Reserve.** An account used to earmark a portion of a (1) fund balance to indicate that it is not available for expenditure (such as the reserve for inventories); an (2) fund equity as legally segregated for a specific future use (such as the reserve for a restricted program balance).

**Reserve for encumbrances.** An account used to aggregate a portion of a fund balance for expenditure on vendor performance.

**Residual equity transfers.** Nonrecurring or nonroutine transfers of equity between funds of the LEA; e.g., transfers of residual balances of discontinued funds to the general fund or contribution of internal service fund capital by the general fund.

**Restricted funds.** Moneys whose use is restricted by legal requirements or by the donor.

**Revenues.** The increases in fund financial resources other than from interfund transfers or debt issue proceeds. Revenues are the primary financial resource of a fund. Revenues are recognized when assets are increased without increasing liabilities or incurring an expenditure reimbursement.

**Revolving cash fund.** A stated amount of money used primarily for emergency or small disbursements and reimbursed periodically through properly documented expenditures, which are summarized and charged to proper accounting classifications.

**Schedules.** Explanatory or supplementary statements that accompany the balance sheet or other financial statements.

**Secured roll.** Assessed value of real property, such as land, buildings, secured personal property, or anything permanently attached to land, as determined by each county assessor.

**Securities.** Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments.

**Self-contained classroom.** A classroom in which a teacher usually instructs one group of students in a majority of the instructional programs for a school year. Self-contained classrooms are usually found at the elementary school level.

**Serial annuity bonds.** Serial bonds in which the annual installments of bond principal are so arranged that the combined payments for principal and interest are approximately the same each year.

**Serial bonds.** Bonds whose principal is repaid in periodic installments over the life of the issue.

**Shared revenue.** Revenue that is levied by one governmental unit but that is shared, usually in proportion to the amount collected, with another unit of government or class of governments.

**Short-term debt.** Debt with a maturity of one year or less after the date of issuance. Short-term debt usually includes bond anticipation notes payable and tax anticipation notes payable.

**Site.** The location of a school or a central administrative unit.

**Source document.** Any voucher, invoice, or other data that support an entry in the accounting records.

**Special revenue funds.** Funds established to account for the proceeds from specific revenue sources that (by law) are restricted to finance particular activities.

**Specifications.** Those particular qualities required of products or services.

**Statements.** (1) Used in a general sense, all of those formal written presentations which set forth financial information. (2) In technical accounting usage, those presentations of financial data which show the financial position and the results of financial operations of a fund, a group of accounts, or an entire LEA for a particular accounting period.

**State School Fund.** A special revenue fund within the State Treasury used for apportionments to school districts and county superintendents, based on the revenue limit, and certain other special purpose apportionments. Apportionments are made by the State Controller and are based on certifications from the Department of Education.

**Stores.** Goods that are on hand in storerooms and subject to requisition.

**Student body fund.** A fund to control the receipts and the disbursements of student association activities.

**Subsidiary ledger.** A supporting ledger consisting of a group of accounts, the total of which is in agreement with a control account; e.g., payroll ledger and appropriations ledger.

**Subvention.** Provision of assistance or financial support, usually from a superior governmental unit; a grant.

**Summary.** Consolidation of like items for accounting purposes.

**Supply.** A material item of an expendable nature that is consumed, wears out, or deteriorates in use; or one that loses its identity through fabrication or incorporation into a different or more complex unit or substance.

**Surety bond.** A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document, through nonperformance or through defalcation; e.g., a surety bond given by a contractor or by an official who handles cash or securities.

**Suspense account.** An account which carries charges or credits temporarily pending the determination of the proper account or accounts to which they are to be posted.

**Tax anticipation notes.** Notes issued in anticipation of collection of taxes, usually retireable only from tax collections and frequently only from the proceeds of the tax levy whose collection they anticipate.

**Tax liens.** Claims by governmental units on properties for which taxes levied remain unpaid.

**Tax rate.** The amount of tax stated in terms of a unit of the tax base.

**Tax rate limit.** The maximum rate of tax that a governmental unit may levy.

**Tax redemption.** Proceeds from the sale of tax-delinquent property.

**Tax relief subventions.** Funds ordinarily paid to compensate for taxes lost because of tax relief measures.

- Tax roll.** The list showing the amount of taxes levied against each taxpayer or property.
- Taxes.** Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit.
- Taxes receivable.** An asset account representing the uncollected portion of taxes levied.
- Term bonds.** Bonds whose entire principal matures on one date.
- Trade discount.** A reduction of the list price, usually expressed as a percentage and related to the volume of business transacted. (The term is not to be confused with *cash discount*.)
- Trailer coach fees.** Assessments collected from owners of trailer homes, which constitute personal property used in lieu of taxable real property.
- Transfer.** Interdistrict or interfund payments or receipts not chargeable to expenditures or credited to revenue. Certain budget revisions are often referred to as transfers.
- Trial balance.** A list of the balances of the accounts in a ledger kept by double entry, with the debit and credit balances shown in separate columns. If the total of the debit and credit columns are equal or if their net balances agree with a control account, the ledgers from which the figures are taken are said to be "in balance."
- Trust fund.** A fund used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.
- Tuition.** An amount charged for educational services provided to a student.
- Unencumbered balance.** That portion of an appropriation or allotment not yet expended or obligated.
- Unit cost.** The total expenditure for a product, program, or service divided by the total quantity obtained or some other quantitative measure; e.g., the total expenditure divided by the number of students equals the cost per student.
- Unrealized revenue.** Estimated revenue less revenue received to date; also, the estimated revenue for the remainder of the fiscal year.
- Unsecured roll.** Assessed value of personal property other than secured property.
- Voucher.** A written document which evidences the propriety of transactions and usually indicates the amounts that are to be recorded.
- Warrant.** A written order, drawn by the LEA's governing board or its authorized officer(s) or employee(s), approved by the county superintendent of schools, and allowed by the county auditor, directing the county treasurer to pay a specified amount to a designated payee.
- Warrants payable.** The amount of warrants issued, outstanding, and unpaid.
- Withholding.** The process of deducting from a salary or wage payment an amount, specified by law or regulation, representing the individual's estimated federal or state income tax that the employer must pay to the taxing authority.
- Work in process.** The value of partially completed products manufactured or processed, such as a partially completed printing job.
- Work order.** A written authorization for the performance of a particular job containing a description of the nature and location of the job and specifications for the work that is to be performed. Such authorizations are usually assigned job numbers, and provision is made for accumulating and reporting labor, material, and other costs.

# Appendix

## Schedule of Changes to the California School Accounting Manual

### 1986 Edition

#### Introduction

The concepts in this section are updated, expanded, and included in Chapter 1.

#### Part I—Financial Reporting

The sample Annual Financial and Budget Report is deleted. The Program Classification Definitions are incorporated in Chapter 4.

#### Part II—Income

The information in this section is updated and included in Chapter 3.

#### Part III—Expenditures

The information in this section is updated and included in Chapter 4.

#### Part IV—Supplies and Capital Outlay, Including Equipment, Sites and Improvement of Sites, Building Fixtures, and Service Systems

All information in this section is included in Chapter 5.

#### Part V—Stores System Procedures, Controls, and Accounting

All the information in this section is included in Chapter 6.

#### Part VI—General and Subsidiary Ledger Accounting

The information in this section is updated and included in Chapter 2.

#### Part VII—Accounting Terminology

All terminology is updated and included in Chapter 7.

#### Part VIII—Data Processing Terminology

This section is deleted.

### Chapter Outline and Summary of Changes in the 1988 Edition

#### Chapter 1—An Introduction to Accounting in Local Educational Agencies

Concepts from the previous Introduction are included.

Complete descriptions are provided for all allowable funds, including applicable *Education Code* sections and typical revenue and expenditure transactions.

Descriptions are provided of the two account groups used by LEAs.

All terminology is changed to conform to the terminology used in the governmental accounting standards.

#### Chapter 2—General and Subsidiary Ledger Accounting

All material from the previous Part VI—General and Subsidiary Ledger Accounting is included.

The Chart of Accounts is modified to conform to the generally accepted accounting principles (GAAP) and to reflect the new accounts established by the Financial Management Advisory Committee (FMAC).

The new accounts and account numbers are used in the sample entries.

The section on the closing process is amended to reflect the revenue and expenditure recognition policies adopted by FMAC.

#### Chapter 3—Revenues and Other Financing Sources

Concepts from the previous Part II—Income are included.

Information is provided on separating the General Fund into restricted and unrestricted components.

Revenue recognition policies are explained in detail.

Sample entries and additional information are provided on emergency apportionments, tax and revenue anticipation notes, and other loans.

Subsidiary revenue accounts are identified, described, and classified as restricted or unrestricted.

#### Chapter 4—Expenditures and Other Financing Use

Material from the previous Part III—Expenditures is included.

Expenditure recognition policies are explained in detail.

Object of expenditure definitions are modified to conform to FMAC changes.

Program classification definitions from the previous Part I are included in this chapter.

**Chapter 5—Supplies and Capital Outlay, Including Equipment, Sites and Improvement of Sites, Building Fixtures, and Service Systems**

No changes.

**Chapter 6--Stores System Procedures, Controls, and Accounting**

No changes.

**Chapter 7—Accounting Terminology**

Terminology from Part VII—Accounting Terminology is included. The terminology is modified to conform with that used in the governmental accounting standards and to incorporate FMAC changes.

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