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ABSTRACT

THE SECOND PUBLICATION OF A SERIES OF THREE ISSUED BY THE COLORADO DEPARTMENT OF EDUCATION IS DESIGNED AS A GUIDE FOR LOCAL SCHOOL DISTRICTS IN THE DEVELOPMENT OF A PROPERTY ACCOUNTING SYSTEM. IT DEFINES AND CLASSIFIES GROUPS OF ACCOUNTS WHEREBY FINANCIAL INFORMATION, TAKEN FROM INVENTORY RECORDS, MAY BE TRANSCRIBED INTO DEBIT AND CREDIT ENTRIES FOR AUDIT PURPOSES. EXAMPLES OF SUMMARY STATEMENTS AND JOURNAL ENTRIES ARE INCLUDED ALONG WITH A BIBLIOGRAPHY OF PROPERTY ACCOUNTING SOURCES. (NI)

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GUIDELINE

for

SCHOOL PROPERTY ACCOUNTING

in

COLORADO

PART II - GENERAL FIXED ASSET ACCOUNTS

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

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GUIDELINE FOR SCHOOL PROPERTY ACCOUNTING IN COLORADO

Part II — General Fixed Asset Accounts

Statement of Changes

| | Fixed Assets Start of Year | Additions | Deductions | Fixed Assets End of Year |
|---|-------------------------------|-------------|------------|-----------------------------|
| Land | \$1,225,000 | \$ 109,500 | \$75,000 | \$1,259,500 |
| Buildings | 3,271,600 | 1,073,150 | | 4,344,750 |
| Equipment | 803,000 | 934,250 | 15,000 | 1,722,250 |
| Total Investment in General Fixed Assets | \$5,299,600 | \$2,116,900 | \$90,000 | \$7,326,500 |

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Denver, Colorado 80203
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INTRODUCTION

This is the second publication in a series of three to be issued by the Colorado Department of Education concerned with the establishment of property accounting procedures for local school districts.

Part I, "Conducting the Physical Inventory," describes procedures and suggestions that a local school district may use in making an analysis of its fixed assets.

Part II, "The General Fixed Asset Accounts," defines and classifies the groups of accounts whereby financial information taken from the inventory records may be transcribed into debit and credit entries for audit purposes.

It is hoped that local school districts will find these two publications useful as a guide in development of a property accounting system.

After field use, these two publications will be revised and integrated into a handbook: Property Accounting for Colorado Local School Districts.

Grateful acknowledgment is due to the following persons who gave a large measure of their time, talent, and experience in the preparation of this publication:

Sam B. Tidwell, C.P.A., Professor of Accounting, Michigan College of Mining and Technology; Fredrick Burmont, Jr., C.P.A., Director of Finance, City of Boulder, Boulder, Colorado; Richard L. Whittemore, C.P.A., of Leslie E. Whittemore and Co.; Paul G. Bethke, Ed.D., Colorado Department of Education; John Vincent Connor, C.P.A., Colorado State Auditor's Office; and James Tinsley, C.P.A., Deputy State Auditor

FIXED ASSETS

Grouping of Accounts

General fixed assets, more properly known as property accounts, are those assets of a local school district which contain financial information about land, buildings, and equipment.

To be classified as a fixed asset in this category, a specific piece of property must possess three characteristics:

- (1) Tangible in nature;
- (2) A life expectancy beyond one year;
- (3) A significant value.

The significant value test is important because many equipment assets are tangible and long-lived, but their cost value is so small that the time and expense of maintaining detailed accounting and inventory records are not justified. On certain items the district might keep group equipment accounting records. Examples of fixed assets not having a justifiable significant value would be pencil sharpeners; paper cutters; scissors; small, inexpensive tools; and other miscellaneous items.

In the case of equipment, the amounts of \$25 and \$50 are widely used as the lower limit of significant value, while for building improvements the figures will run from \$500 to \$1,000.

For those fixed assets which have a significant value, it is important that accounting records be accurate and complete. The accuracy of accounting records for general fixed assets is essential to the protective

Custody of property under the control and jurisdiction of the local school district. The value of fixed assets in a school district is far greater than its monetary assets. Safeguarding such a large public investment is essential to sound financial administration, and can only be effective through an adequate system of fixed asset accounting procedures.

An accounting of fixed assets is a prerequisite to the preparation of a satisfactory and complete financial statement. Without such accounting, accurate fixed asset information does not meet the legal requirement of 88-6-5, Colorado Revised Statutes, 1963, or the requirement of full financial disclosure and to this extent such reporting is deficient.

Acquisition of General Fixed Assets

The fixed assets of a school district may be acquired by several methods—purchase, lease-purchase, construction, gifts, and endowments.

For example, in the case of outright purchase, the school district enters into a contractual agreement and makes full payment for the asset and thereby acquires full ownership. A recent type of acquisition is the lease-purchase plan under which periodic lease payments are made to a vendor by the school district with the option of applying such payments to a total purchase price at some stipulated later date. If the district exercises its option, lease payments already made become partial payments on the agreed total purchase price and, with final payment the district acquires ownership of the asset as if it had made only one lump-sum payment at the outset of the original transaction. If the school district elects not to

exercise its option the periodic payments amount to rent, and the district does not acquire a fixed asset. Payments made prior to the exercising of the option should be charged to "rent with lease-purchase option."

Along with the purchasing of equipment items, some of the largest and costliest fixed assets are those acquired by construction of school buildings, site purchase, and development. Construction is usually accomplished through a contractual agreement which requires the district to make periodic payments on the basis of percentage of work completed with final payment made upon acceptance of the building.

Sometimes the construction may be performed by the school district's own personnel. Where this method is used, a complete accounting of labor costs, materials, and overhead will form the entries into the Fixed Assets Group of Accounts.

Money Source for General Fixed Assets

Money for the procurement of fixed assets usually comes from:

- (1) Sale of General Obligation bonds;
- (2) Property taxes;
- (3) Federal grants;
- (4) Other sources (gifts and endowments).

As this revenue accrues to school district, it is placed in one of the following funds:

- (1) General Operating Fund (including food service and student accounts);
- (2) Building Fund;
- (3) Capital Reserve Fund.

Assets acquired by gift or donation are recorded at their fair cash market value at time of acquisition. All other fixed assets should be recorded at cost, and these amounts retained on the books without depreciation until final disposition of the assets. Under most circumstances costs can be readily determined from source documents. In cases where historical cost figures are not available, or it is costly to provide them, a complete physical inventory should be made of all existing assets and an approximate value assigned to each, using an estimated original cost at date of original purchase.

There is no question this procedure introduces an element of imprecision and error in the value of fixed assets, but there is no alternative if fixed asset accounting is ever to be initiated. With the passage of time and the disposition of old assets, the original appraisal errors will disappear and total value will more accurately approach actual historical costs.

The proper accounting for general fixed assets requires the proper classification of individual assets within recommended asset classes. A listing of these assets for accounting and statement purposes is as follows:

- (1) Land;
- (2) Buildings;
- (3) Equipment.

A fixed assets group of accounts is a self-balancing entity, a credit in the form of several Fixed Asset accounts. These accounts are established to offset the listings previously described. The following accounts indicate the fund and source of moneys from which the assets were acquired:

- (1) Investment in General Fixed Assets: Building Fund
- (2) Investment in General Fixed Assets: General Operating Fund
- (3) Investment in General Fixed Assets: Capital Reserve Fund.

All entries in this grouping are made to correspond with the expenditures which financed the original asset acquisition. Assets acquired through the Building Fund should be entered, usually at the end of a fiscal period or upon completion of a construction contract. In case a construction project is not finished at the end of a fiscal year, this entry would be a debit to building construction work in progress. The costs are capitalized to date and a credit posted to the schedule of Fixed Assets. When this project is completed in a later fiscal period, the building construction account is credited and the specific asset account (land or buildings) is debited.

In addition, costs capitalized by the Building Fund in the terminal year of construction would be recorded in this group of accounts by a debit to the proper asset account (land, buildings) and a credit to an appropriate Fixed Asset account.

In the case of asset acquisition by the General Fund (current revenue), the recording of this asset in the Fixed Asset Group of Accounts should be made at the time the expenditure is recorded in the General Fund disbursements. For example, if a piece of equipment is purchased from the General Fund and recorded in that fund as a debit to Expenditures and a credit to Vouchers Payable, a corresponding entry would be made

for an identical amount in the General Fixed Asset Group of Accounts by a debit to Equipment and a credit to General Fixed Assets, General Fund Revenues.

Fixed Asset Accounting Subsequent to Acquisition

Once the school district has acquired and properly recorded its fixed asset information on the book of accounts, subsidiary records on each recorded asset should be set up with the following information:

- (1) Class code;
- (2) Sequence or voucher number;
- (3) Name and address of vendor;
- (4) Abbreviated description;
- (5) Date of acquisition;
- (6) Unit charged with custody;
- (7) Location;
- (8) Cost;
- (9) Fund account from which purchased;
- (10) Method of acquisition;
- (11) Estimated life;
- (12) Date, method, and authorization of disposition.

The recommended equipment card provided in Part I, Property Accounting for Colorado School Districts, "Conducting the Physical Inventory," allows space for this kind of information.

All fixed assets procured by the district should be appropriately marked and identifiable. Periodic inventories conducted on a regular basis should be taken by authorized personnel.

Proper accounting for costs related to fixed assets after their acquisition requires careful differentiation between maintenance expenditures and betterments. Maintenance costs are those outlays which are necessary to keep an asset in its intended operating condition, but which do not materially increase the value of the asset. Expenditures which result in material increase of value of the asset should be included in fixed asset accounting.

Disposition of General Fixed Assets

As a rule, fixed assets of school districts are disposed of in transactions where assets of similar function, longer life, and larger value are acquired from outside individuals and business firms. In these cases, the district pays cash for the new asset in one of two amounts:

- (1) A total price if there is no trade-in or the replaced asset is worn out or valueless;
- (2) The difference between the total purchase price and the value of any trade-in or salvage value.

In either case the deductions in assets are made on the basis of the original cost of the replaced item and the additions to fixed assets are made on the basis of the cost of the replacement, without the trade-in or salvage value of the replaced item.

Recommended School Accounting Principles

The following list of recommended accounting principles and procedures was adopted by the National Association of School Business Officials at their 50th meeting held in San Francisco, California, on October 21, 1964.

Since these principles and procedures are vital to sound accounting and efficient business management, the recommendations herein are reproduced in their entirety:

1. A school district's accounting system must make it possible to:
 - a. show that legal provisions have been complied with and
 - b. to reflect the financial condition and financial operations of the school district.
2. If legal and sound accounting provisions conflict, legal provisions must take precedence.

It is, however, the school district's duty to seek changes in the law which will make such law in harmony with sound accounting principles.

3. The general accounting system should be on a double-entry basis with a general ledger in which all financial transactions are recorded in detail or in summary.
4. Every school district should establish the funds called for either by law or by sound financial administration. It should be recognized, however, that funds introduce an element of inflexibility in the financial system. Accordingly, consistent with legal provisions and requirements of sound financial administration as few funds as possible should be established. The classification of funds to the extent required should be followed in the budget document and in the school district's financial report.
5. A complete self-balancing group of accounts should be established for each fund. This group should include all of the accounts necessary to set forth the financial condition and financial operations of the fund and to reflect compliance with legal provisions.
6. A clear segregation should be made between the accounts relating to current assets and current liabilities and those relating to fixed assets and long-term liabilities. With the exception of Working Capital or Trust Funds, fixed assets should not be carried in the same fund with current assets but should be set up in a self-

balancing group of accounts termed by the National Committee in Governmental Accounting as General Fixed Assets Group of Accounts. Similarly, long-term liabilities should not be carried with current liabilities of any fund but should be shown in a separate self-balancing group of accounts.

7. The fixed asset group of accounts should be maintained on the basis of original cost, or the estimated cost if the original cost is not available; or in the case of gifts, the appraised value at the time received.
8. Depreciation on the general fixed assets of a school district should not be recorded in the accounts, unless cash for replacements can legally be set aside. Depreciation on such assets may be computed for unit cost purposes, even if cash for replacement cannot legally be set aside, providing these depreciation charges are used for memorandum purposes only and are not reflected in the accounts.
9. The accounting system should provide for budgetary control for both revenues and expenditures, and the financial statements should reflect, among other things, budgetary information.
10. The use of the accrual basis in accounting for revenues and expenditures is recommended to the extent applicable. Revenues, partially offset by provisions for estimated losses, should be taken into consideration when earned, even though not received in cash. Expenditures should be recorded as soon as liabilities are incurred.
11. Revenues should be classified by fund and source; and expenditures by fund, function, department, activity, character and by main classes of objects. This classification will permit reporting to governmental agencies on a basis consistent with recommendations of the Office of Education of the United States Department of Health, Education and Welfare in its 1957 publication entitled, "Financial Accounting for Local and State School Systems, Standard Receipt and Expenditures Accounts."
12. Cost accounting systems should be established wherever costs can be measured. Each cost accounting system should provide for the recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific

job. Although depreciation on general fixed assets may be omitted in the general accounts and reports, it should be considered in determining unit cost if a cost accounting system is used.

13. A common terminology and classification should be used consistently throughout the budget, the accounts, and the financial reports.

Recommended School Accounting Procedures

1. The accounts should be centralized under the direction of one officer. He should be responsible for keeping or supervising all accounts and for preparing and issuing all financial reports.
2. A budget should be prepared by every organizational unit of the school district, even if not required by law, because such budgets are essential to proper management of the school district's financial affairs. A distinction between the different funds must be made in such budgets.
3. As soon as purchase orders or contracts are signed, the resulting obligations should be recorded at once as encumbrances of the funds and appropriations affected.
4. Where applicable, inventories of both consumable and permanent property should be kept in subsidiary records controlled by accounts in the general accounting system and physical inventories of both consumable and permanent property should be taken at least annually with the accounts and records made to agree with such inventories.
5. Financial reports should be prepared monthly or oftener to show the current condition of the budgetary accounts and other information necessary to control operations. At least once each year a general financial report should be prepared and published.
6. An independent annual audit is recommended.

How to Establish General Fixed Assets Groups of Accounts

The following seventeen procedures are recommended by Professor Sam B. Tidwell as a quick, efficient, and complete method for the establishment of General Fixed Asset Accounts.

1. Responsibility for accounting for general fixed assets has to be placed and authority necessary to establish and maintain adequate accounting standards for the school district's general fixed assets has to be granted. Procedures established must be integrated with general accounting practices and procedures of the school district.
2. Asset nomenclature and classification should be developed for land and grounds, buildings, improvements other than buildings, machinery and equipment. This will probably be a temporary classification and statement of nomenclature subject to modification as the process develops.
3. A statement setting forth the objectives of the board of education should be prepared and distributed to the principal of each school and to the heads of each administrative unit of the school system. Administrative control over one asset by two or more organizational units should be eliminated and responsibility for that asset should be placed under one administrative control. The statement should set forth the preliminary asset classification and nomenclature for information of all concerned.
4. A request should be issued to each administrative unit head and to each principal to take a physical inventory of general fixed assets within his organizational unit on or before a certain date indicated by the request. The inventory should be reported in terms of the preliminary classification and nomenclature. For assets found to exist for which no preliminary nomenclature or classification has been suggested, the principal or administrative officer should be encouraged to describe the asset briefly as a part of his inventory report. For quick and economical preparation, the principal may request each teacher to take the inventory within his classroom. No one should be in a position better to describe or determine nomenclature of classroom equipment than the classroom teacher. If this procedure is adopted, the date on which the teacher is requested to complete the inventory should be established well in advance of the date of the request.

5. Because much of the information about such things as the date of acquisition and purchase price is not available, instructions should provide for freedom to exercise judgment in estimating an asset's original cost, date of purchase, and remaining useful life. When the assets to be included in this group of accounts are determined, a valuation should be placed on them by using either of the following suggested bases:
 - A. Cost, by invoice or other documents bearing on the original cost of the asset.
 - B. Appraisal as at the date of inventory, indicating whether stated at appraisal, or replacement value.
6. When values are established for those assets to be included in this group of accounts, ledger cards can be prepared for subsidiary accounts. These, then, can be totaled for controlling account entry.
7. Transactions involving general fixed assets should be coordinated—subsequent to the date of creation of this group of accounts—with the fund making the expenditure at the date of acquisition.
8. In order that assets can be brought under proper administrative control by the use of individual numbers, a numbering system should be developed indicating location of the asset as well as its major classification.
9. An inventory team should move from one organizational unit to another during the year with the objective of verifying the inventory while placing a permanent identification number on each asset to be accounted for through the general fixed assets group of accounts. The number placed on the asset should correspond to the number contained in the subsidiary ledger.
10. Close coordination is required between the fund acquiring and equipping a new plant, building, room or office and the general fixed assets group of accounts. A system through which property can be transferred from one organizational unit to another must be established to work efficiently and effectively.
11. Responsibility for safekeeping, maintenance, and repair should be assigned to the administrative officer in charge of the organizational unit to which the asset is charged.

12. All purchases of equipment, transfers, sales, or other disposition of fixed assets should be centralized, and responsibility placed for providing documents necessary to authorize the transaction.
13. A physical inventory should be taken at least once per year. If an asset is recorded and is found to be missing, proper inquiry should be made to determine why it is missing. Administrative action should be initiated immediately to minimize losses or to file a claim for indemnification in the event of a loss covered by insurance.
14. The physical inventory and the subsidiary ledger accounts should be brought into agreement once each year. This also requires reconciliation of the subsidiary ledger with the controlling accounts in the general ledger of the general fixed assets group of accounts.
15. Procedures related to disposal of general fixed assets should be established, and authority for sale, exchange, or retirement should be granted in writing.
16. The annual report of general fixed assets should be used in determining the adequacy of insurance coverage on general fixed assets.
17. Assets in possession of the school district under a lease agreement should not be included in the inventory. Assets owned by the United States Government may also be in possession of the school district. In these cases it is the responsibility of the school district to keep appropriate records to distinguish between the kinds of property ownership.

Statements of Fixed Assets

The basic statement which should be prepared from the beginning balance schedule of fixed assets is illustrated in Exhibit A—Schedule of General Fixed Assets—Beginning Balance. This is supported by the Journal Entries of General Fixed Assets as given in Exhibit B.

Exhibit C shows the Schedule of General Fixed Assets—Ending Balance—and provides summary information of fixed assets acquired during the fiscal year.

The two Schedules of General Fixed Assets—Beginning Balance and Ending Balance, Exhibits A and C—illustrate the fixed assets classified by type: land, buildings, and equipment. This is offset by a breakdown of accounts indicating the source of funds from which the assets were acquired.

Since the Schedules of General Fixed Assets gives recorded historical costs only in summary form, local school districts may find it helpful to supplement these summary statements by a Supporting Schedule of General Fixed Assets—Statement of Changes as illustrated in Exhibit D. This supplementary information provides a more detailed breakdown of additions and deductions that occur during the course of the fiscal year.

Illustrative Accounting for General Fixed Assets

A beginning balance at the start of the fiscal year is given in Exhibit A. The Journal Entries made in the prior fiscal year are illustrated in Exhibit B. If the amounts given in Exhibit A and entries posted to the Accounts Exhibit B, as shown, are correct, the resulting totals will balance.

EXHIBIT A

Schedule of General Fixed Assets—Summary Statement

Beginning Balance—Start of Fiscal Year, July 1, 1970

| | Debit Balance | Credit Balance |
|--|------------------|-------------------|
| Land | \$1,225,000 | |
| Buildings | 3,271,600 | |
| Equipment | 803,000 | |
| Investment in General Fixed Assets from: | | |
| A. Building Fund | | |
| 1. Sale of General Obligation Bonds | | \$2,996,600 |
| 2. Federal Grants | | 1,000,000 |
| 3. Other Sources | | 300,000 |
| B. General Operating Fund | | |
| 1. Property Taxes | | 800,000 |
| 2. Federal Grants | | 53,400 |
| 3. Other Sources (Smith Endowment) | | 46,600 |
| C. Capital Reserve Fund | | |
| 1. Property Taxes | | 100,000 |
| 2. Other Sources (Smith Endowment) | | 3,000 |
| Total General Fixed Asset Investment | \$5,299,600 | \$5,299,600 |

EXHIBIT B

Journal Entries of General Fixed Assets

Starting Fiscal Year, July 1, 1970

| | Debit Balance | Credit Balance |
|--|------------------|-------------------|
| <u>Land</u> | \$ 75,000 | |
| <u>Buildings</u> | 525,000 | |
| Investment in Fixed Assets from: <u>Building Fund</u> | | |
| Sale of General Obligation Bonds | | \$375,000 |
| Federal Grants | | 200,000 |
| Other Sources | | 25,000 |
| (Recorded value of administrative and business buildings) | | |
| <u>Equipment</u> | 148,000 | |
| Investment in Fixed Assets from: <u>General Fund</u> | | |
| Property Taxes | | 125,000 |
| Federal Grants | | 13,000 |
| Other Sources | | 10,000 |
| (Recorded acquisition of office equipment in all district buildings) | | |
| <u>Buildings</u> | 46,600 | |
| Investment in Fixed Assets from: <u>General Fund</u> | | |
| Student Activity Account (Other Sources) | | 46,600 |
| (Recorded acquisition of new air conditioning unit for Student Center) | | |
| <u>Buildings</u> | 5,000 | |
| Investment in Fixed Assets from: <u>Capital Reserve Fund</u> | | |
| Property Tax | | 5,000 |
| (Recorded removal—old air conditioning unit listed in preceding entry) | | |

EXHIBIT B (2)

Journal Entries, Fiscal Year 1970

| | Debit Balance | Credit Balance |
|---|------------------|---------------------------------|
| Investment in Fixed Assets from: <u>Building Fund</u> Federal Grant | \$ 15,000 | |
| <u>Equipment</u> (Recorded sale—mobile instructional building. One year old, original cost \$15,000) | | \$ 15,000 |
| <u>Land</u> | 150,000 | |
| Investment in Fixed Assets from: <u>Building Fund</u> Sale of General Obligation Bonds (Recorded site purchase of high school) | | 150,000 |
| <u>Land</u> | 200,000 | |
| <u>Buildings</u> | 1,695,000 | |
| Investment in Fixed Assets from: <u>Building Fund</u> Sale of General Obligation Bonds Federal Grant Other Sources (Smith Endowment) (Recorded value all instructional buildings) | | 1,458,000 272,000 165,000 |
| <u>Equipment</u> | 100,000 | |
| Investment in Fixed Assets from: <u>General Fund</u> Property Taxes (Recorded equipment value all instructional buildings) | | 100,000 |
| <u>Equipment</u> | 40,000 | |
| Investment in Fixed Assets from: <u>Capital Reserve Fund</u> Property Taxes Other Sources (Recorded equipment value all instructional buildings) | | 37,000 3,000 |

EXHIBIT B (3)

Journal Entries, Fiscal Year 1970

| | Debit Balance | Credit Balance |
|---|------------------|---------------------------------|
| <u>Equipment</u> | \$ 15,000 | |
| Investment in Fixed Assets from: <u>General Fund</u> Property Taxes (Recorded equipment removal traded in on new metal lathe at high school) | | \$ 15,000 |
| <u>Land</u> | 600,000 | |
| <u>Buildings</u> | 1,000,000 | |
| Investment in Fixed Assets from: <u>Building Fund</u> Sale of General Obligation Bonds Federal Grants Other Sources (Smith Endowment) (Recorded completion of Auditorium, Gymnasium Special Services Center, including land and site development) | | 1,000,000 500,000 100,000 |
| <u>Land</u> | 53,400 | |
| Investment in Fixed Assets from: <u>General Fund</u> Federal Grant (Recorded site value for Special Services Center) | | 53,400 |
| <u>Land</u> | 58,000 | |
| Investment in Fixed Assets from: <u>Capital Reserve Fund</u> Property Taxes (Recorded site value joint project, Special Services Center) | | 58,000 |
| <u>Equipment</u> | 385,000 | |
| Investment in Fixed Assets from: <u>General Fund</u> Property Taxes (Recorded completion equipment assets of Audi- torium, Gym, and Special Services Center) | | 385,000 |

EXHIBIT B (4)

Journal Entries, Fiscal Year 1970

| | Debit Balance | Credit Balance |
|--|------------------|-------------------|
| <u>Equipment</u> | \$ 100,000 | |
| Investment in Fixed Assets from: <u>General Fund</u> Property Taxes (Recorded completion equipment assets in all instructional buildings) | | \$ 100,000 |
| <u>Land</u> | 13,600 | |
| Investment in Fixed Assets from: <u>Building Fund</u> Sale of General Obligation Bonds (Recorded purchase of land for future expansion) | | 13,600 |
| Investment in Fixed Assets from: <u>General Fund</u> Property Taxes | 75,000 | |
| <u>Land</u> (Recorded sale of school property from General Fund, original cost \$75,000) | | 75,000 |
| Total: Beginning Balance Invested in General Fixed Assets | \$5,299,600 | \$5,299,600 |

EXHIBIT C

Schedule of General Fixed Assets—Summary Statement

Ending Balance, End of Fiscal Year June 30, 1971

General Fixed Assets

| | |
|---------------------------------------|------------------|
| Land | \$1,259,500 |
| Buildings | 4,344,750 |
| Equipment | <u>1,722,250</u> |
| Total Investment General Fixed Assets | \$7,326,500 |

Investment in General Fixed Assets from:

| | |
|-------------------------------------|--------------|
| A. Building Fund | |
| 1. Sale of General Obligation Bonds | \$4,304,250 |
| 2. Federal Grants | 1,000,000 |
| 3. Other Sources | 300,000 |
| B. General Operating Fund | |
| 1. Property Taxes | 1,000,000 |
| 2. Federal Grants | 300,000 |
| 3. Other Sources (Smith Endowment) | 200,000 |
| C. Capital Reserve Fund | |
| 1. Property Taxes | 219,250 |
| 2. Other Sources (Smith Endowment) | <u>3,000</u> |
| Total Investment in Fixed Assets | \$7,326,500 |

EXHIBIT D

Supporting Schedule of General Fixed Assets—Statement of Changes

Fiscal Year Ending June 30, 1971

Statement of Changes

| | Fixed Assets Start of Year | Additions | Deductions | Fixed Assets End of Year |
|---|-------------------------------|--------------------|-----------------|-----------------------------|
| Land | \$1,225,000 | \$ 109,500 | \$75,000 | \$1,259,500 |
| Buildings | 3,271,600 | 1,073,150 | | 4,344,750 |
| Equipment | 803,000 | 934,250 | 15,000 | 1,722,250 |
| <u>Total Investment in General Fixed Assets</u> | <u>\$5,299,600</u> | <u>\$2,116,900</u> | <u>\$90,000</u> | <u>\$7,326,500</u> |
| Investment in General Fixed Assets from: | | | | |
| A. Building Fund | | | | |
| 1. Sale of General Obligation Bonds | \$2,996,600 | \$1,382,650 | \$75,000 | \$4,304,250 |
| 2. Federal Grants | 1,000,000 | | | 1,000,000 |
| 3. Other Sources | 300,000 | | | 300,000 |
| B. General Operating Fund | | | | |
| 1. Property Taxes | 800,000 | 200,000 | | 1,000,000 |
| 2. Federal Grants | 53,400 | 261,600 | 15,000 | 300,000 |
| 3. Other Sources | 46,600 | 153,400 | | 200,000 |
| C. Capital Reserve Fund | | | | |
| 1. Property Taxes | 100,000 | 119,250 | | 219,250 |
| 2. Other Sources | 3,000 | | | 3,000 |
| <u>Total Investment in General Fixed Assets</u> | <u>\$5,299,600</u> | <u>\$2,116,900</u> | <u>\$90,000</u> | <u>\$7,326,500</u> |

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