

# Chapter 1

## Introduction

The primary purpose of this manual is to provide Florida school districts with a uniform chart of accounts for budgeting and financial reporting. Topics including governmental accounting standards, program cost accounting and reporting, and school internal funds are also addressed. This document is incorporated by reference in Rule 6A-1.001, Florida Administrative Code, pursuant to the requirements of Sections 237.01 and 237.02, F.S.

The chart of accounts included herein is adapted from the United States Department of Education publication, Financial Accounting for Local and State School Systems, which establishes a comprehensive and uniform structure for reporting education fiscal data. The Florida chart of accounts was modified following the initial publication of the Federal manual in 1957 and the major revision of 1973. Subsequent Federal revisions in 1980 and 1990 have also been addressed to ensure compatibility in national statistical reports.

### OVERVIEW

This section presents a brief overview of the accounting structure including fund, revenue, and expenditure classifications.

Fund. A fund is defined as 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. (NCGA Statement 1, paragraph 2) The basic fund structure for Florida school districts follows generally accepted accounting principles for governments.

#### Governmental Funds

- General Fund

- Special Revenue Funds

- Debt Service Funds

- Capital Projects Funds

- Special Revenue Funds

- Permanent Funds

#### Proprietary Funds

- Enterprise Funds

- Internal Service Funds

#### Fiduciary Funds

- Pension Funds

- Investment Trust Funds

- Private-purpose Trust Funds

- Agency Funds

Revenues are categorized by fund, source, and appropriation. Since revenues are usually determined by law, revenue accounts are structured by source (Federal, State, and Local) and specific appropriation.

Expenditures are categorized using the following elements.

Fund	Program
Function	Fiscal Year
Object	Grant
Facility (School)	Project

Function refers to the objective or purpose of an expenditure. Functions are the activities performed to accomplish the objectives of the organization. The activities of school districts are classified into four major functional categories as follows:

Instruction. The activities dealing directly with the teaching of pupils or the interaction between teacher and pupils. Instruction is further classified as Basic (K-12), Exceptional, Vocational-Technical, and Adult General. Another subfunction, "Other Instruction", is provided for programs such as recreation and enrichment and prekindergarten instruction.

Instructional Support Services. This includes administrative, technical, and logistical support to facilitate and enhance instruction. Support Services include Pupil Personnel Services, Instructional Media, Instruction and Curriculum Development Services, and Instructional Staff Training Services.

General Support Services. Those activities associated with establishing policy, operating schools and the school system, and providing the necessary facilities and services for the staff and pupils. This includes salaries and expenses for the Board, General Administration, School Administration, Facilities Acquisition and Construction, Fiscal Services, Food Services, Central Services, Pupil Transportation Services, Operation of Plant, and Maintenance of Plant.

Community Services. Community Services consist of those activities that are not directly related to providing education for pupils in a school system. These include noninstructional services provided by the school system for the community.

Object means the goods purchased or the service obtained. There are eight major object categories provided in this manual:

- Salaries
- Employee Benefits
- Purchased Services
- Energy Services
- Materials and Supplies
- Capital Outlay
- Other Expenses
- Transfers

Facility. The school or office location that is the center for accumulation of costs.

Program. Activities, operations, or organizational units designated to accomplish an objective or purpose. Educational programs are established by law for Florida school districts and are the basis for the program cost accounting and reporting system (see Chapter 5).

Fiscal Year. Denotes the twelve month period to which the annual budget applies. This designation is useful in analyzing costs of programs that extend over more than one fiscal year.

Grant. Code numbers assigned by DOE for reporting state and federal grants.

Project. This classification is used to identify expenditures related to a specific activity such as a construction project or a project funded through grants.

For reporting purposes, grant and project numbers are five character codes, that are designated by DOE. Districts may elect to crosswalk from a local coding structure to the state-designated grant and project numbers.

## ACCOUNTING STANDARDS

Generally accepted accounting principles for governmental entities are established by the Governmental Accounting Standards Board and provide the foundation for financial accounting and reporting for school districts.

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. Generally accepted accounting principles require the use of the modified accrual basis of accounting for governmental funds. This means that revenues are recognized when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are generally recognized when the related fund liability is incurred, if measurable.

Proprietary and fiduciary funds utilize the "full accrual" basis of accounting. That is, revenues and expenses are recognized when they occur regardless of the timing of the related cash flows.

Florida school districts operate the following types of budgetary funds: general, special revenue, capital project, and debt service. As indicated above, the modified accrual basis should be used in accounting and reporting for these funds. Districts maintaining propriety and fiduciary funds should apply the accrual basis of accounting.

Most grants accounted for in the special revenue funds require the expenditure of funds as the primary determinant of eligibility for funding. Therefore, the date of expenditure also becomes the point of revenue recognition for the grant.

An encumbrance system which charges each purchase order, contract, or salary commitment to an appropriation should be used as part of a budgetary accounting system. These transactions cease to be encumbrances when paid, canceled, or when the actual liability is recorded.

## GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT 34

In June, 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments which requires all governments, including special-purpose governments such as school districts, to implement a new financial reporting model. The model includes management's discussion and analysis (MD&A), basic financial statements, notes to the financial statements, and certain other required supplementary information (RSI) other than MD&A.

- The MD&A is a component of RSI that precedes the financial statements.
- The basic financial statements include 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.
  - The government-wide financial statements report information for the government as a whole, except for its fiduciary funds. These statements reflect the economic resources measurement focus and the full accrual basis of accounting.
  - The fund financial statements for governmental, proprietary, and fiduciary funds follow the government-wide financial statements. The governmental and enterprise fund statements reflect major funds and combined non-major funds rather than a fund-type presentation. The fiduciary and proprietary funds continue to utilize the economic resources measurement focus and accrual basis of accounting while the governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. A reconciliation is required to explain the differences between the change in fund balances reported in the fund financial statements and the change in net assets reported in the government-wide financial statements. Reconciling items arise from differences in the measurement focuses and bases of accounting between the statements, and certain required eliminations.
  - The notes to the financial statements are an integral part of the basic financial statements and additional disclosures are required for the new reporting model.
- RSI is supplementary financial information that is required to be presented with the basic financial statements. Required budgetary comparisons include the original and final budgets for the general fund and each major special revenue fund that has a legally adopted annual budget.

One of the primary differences between the government-wide statements and the fund financial statements is the measurement focus and basis of accounting. The government-wide statements reflect the economic resources measurement focus and the full accrual basis of accounting while the fund financial statements for governmental funds continue to reflect the current financial resources measurement focus and the modified accrual basis of accounting.

The following chapters of this manual have been modified to address the requirements of GASB Statement 34 as it relates to the chart of accounts, student internal funds, internal service funds, and fiduciary funds. Additional guidance in the implementation of Statement 34 is available through the Department's publication, Financial Reporting Model Implementation Guide for Florida School Districts.

## Chapter Two

### Balance Sheet Accounts

This chapter provides balance sheet account numbers and related definitions.

#### 1000 ASSETS AND OTHER DEBITS

Assets are probable future economic benefits obtained or controlled by an entity as a result of past transactions or events. Other debits are budgetary accounts that normally have debit balances.

1100 Current Assets. Current assets include cash or other assets that are expected to be converted to cash within the operating cycle.

1110 Cash. Currency, coin, checks, money orders, and banker's drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.

1111 Cash on Demand Deposit. Deposits with fiscal agents, such as commercial banks, for the payment of normal operating expenditures and subject to withdrawal by board warrant.

1112 Petty Cash. Cash on hand maintained for the purpose of paying small obligations when the issuance of a formal voucher and check is not cost-effective. Also, funds established for the purpose of making change or immediate payments of relatively small amounts.

1113 Cash Change Funds. Cash on hand maintained for the purpose of providing cash register change.

1114 Cash with Fiscal/Service Agents. Deposits with fiscal agents, such as commercial banks, for the payment of matured bonds and interest. Also, deposits with self-insurance plan agents.

1115 Cash - Interest Earning Deposits. Deposits which generate interest income usually stipulating the duration of deposit and rate of interest.

1117 Cash on Hand. Currency, coins, and checks received but not yet deposited.

1120 Taxes Receivable. The uncollected portion of taxes that a governmental unit has levied and billed.

1121 Taxes Receivable. Taxes which were levied for the current operating year but are uncollected. This account should be closed at June 30 and amounts held by the Tax Collector on behalf of the School Board should be recorded in account 1220, Due From Other Agencies.

1130 Accounts Receivable. Amounts due on open account from private persons, firms, or corporations for goods and services furnished by the school district.

- 1140 Due From Other Funds. Amounts due for goods or services provided by a particular fund to another fund or for interfund loans.
- 1141 Due From Budgetary Funds. Amounts due from one fund to another. Separate accounts should be maintained for each interfund loan.
- 1142 Due From Internal Funds. Amounts due for advances to internal accounts. Separate accounts should be maintained for each advance.
- 1150 Inventory. Materials and supplies on hand for future use in operations. Subaccounts may be used to identify different types of inventory such as Materials, Purchased Food, and Commodities.
- 1160 Investments. Securities and real estate held for the production of income in the form of interest, dividends, rentals, or lease payments. This account does not include assets used in school district operations. Separate accounts for each category of investments may be maintained.
- 1161 Investments - U. S. Government Securities. Securities of the U. S. Government acquired by the district school board as authorized by statute and held for the production of income in the form of interest.
- 1162 Investments - Section 237.161 Loans. Amounts invested from proceeds of loans made pursuant to Section 237.161, F.S.
- 1163 Investments - SBE/COBI Bonds. State Board of Education Bonds issued on behalf of school districts under Section 18, Article XII of the State Constitution.
- 1164 Investments - State Board of Administration. Amounts placed with the State Board of Administration for investment.
- 1169 Other Governmental Securities. Securities of other governmental agencies authorized by Florida Statutes and not identified above.
- 1170 Interest Receivable on Investments. The amount of interest receivable on investments, excluding purchased interest.
- 1180 Due from Reinsurer. Amounts to be recovered from reinsurance policies.
- 1200 Other Current Assets. All other assets, current in nature, that are not specifically provided for in other sections.
- 1210 Deposits Receivable. Funds deposited by the school district as a prerequisite to receiving services and/or goods.
- 1220 Due From Other Agencies. Amounts due from other governmental units for revenues from Federal, Federal through State, State or other sources.
- 1230 Prepaid Expenses. Payment of items which will benefit future accounting periods.

- 1300 Capital Assets. Land, land improvements, buildings, machinery, furniture, equipment, and all other tangible and intangible assets that are used in operations and have useful lives that extend beyond a single accounting period. If acquired through donation, the capital asset should be recorded using the fair value at the time of acquisition.
- 1310 Land. The acquisition cost of land owned by a school system. If land is purchased, this account includes the purchase price and other costs incurred to prepare the land for use such as legal fees, filling and excavation costs, and other improvements.
- 1315 Land Improvements – Nondepreciable. The cost of permanent improvements to land that are not subject to depreciation.
- 1320 Improvements Other Than Buildings. The cost of permanent improvements, other than buildings, which add value to land. Examples include fences, retaining walls, sidewalks, sewage treatment systems, original or expanded paving projects, fixed playground apparatus, flagpoles, gateways, underground storage tanks, etc., which are not part of the building service systems and similar improvements.
- 1329 Accumulated Depreciation – Improvements Other Than Buildings. The accumulation of systematic and rational allocations of the cost of improvements other than buildings over the useful lives of the assets.
- 1330 Buildings and Fixed Equipment. The cost of permanent structures used to house persons and property owned by a school system. If buildings are purchased or constructed, this account includes the acquisition or construction costs of permanent buildings and fixtures attached to and forming a permanent part of such building.
- 1339 Accumulated Depreciation - Buildings and Fixed Equipment. The accumulation of systematic and rational allocations of the cost of buildings and fixed equipment over the useful lives of the assets.
- 1340 Furniture, Fixtures, and Equipment. The cost of furniture, fixtures, and equipment owned by a school system. This account includes teaching, laboratory, research, diagnostic and testing, and administrative equipment used by or for students.
- 1349 Accumulated Depreciation - Furniture, Fixtures, and Equipment. The accumulation of systematic and rational allocations of the cost of furniture, fixtures and equipment over the useful lives of the assets.
- 1350 Motor Vehicles. The cost of all transportation equipment including vehicles used for pupil transportation and service vehicles (trucks, vans, scooters, motorcycles, passenger cars, or other motorized units).
- 1359 Accumulated Depreciation - Motor Vehicles. The accumulation of systematic and rational allocations of the cost of vehicles over the useful lives of the assets.

- 1360 Construction in Progress. The actual cost incurred to date for construction work undertaken but not yet completed. This account reflects the total construction costs recorded as expenditures in the capital projects funds.
- 1370 Property under Capital Lease. The net present value of lease payments capitalized as assets. When title to the property passes, the value is transferred to the appropriate capital asset account.
- 1379 Accumulated Depreciation – Property under Capital Lease. The accumulation of systematic and rational allocations of the cost of property under capital lease over the useful lives of the assets.
- 1380 Audio Visual Materials and Computer Software. The cost of audio visual materials and computer software which meet the criteria for capitalization.
- 1381 Audio Visual Materials. The cost of audio visual materials owned by a school district.
- 1382 Computer Software. The cost of computer software purchased by a school district. Specifically this refers to the set of programs and associated documentation used to control the operation of a computer. The two primary types of software are (1) **systems software** which include operating systems, programming languages, and utility programs; and (2) **application programs** that are designed to perform tasks such as data base management, spreadsheet functions, instruction, and word processing. Generally, when software is acquired with computer hardware for a single purchase price and the relative value of the software is material to the total cost, it is necessary to allocate the acquisition cost to both the software and hardware in accordance with generally accepted accounting principles for lump-sum or basket purchases. However, **systems software** acquired in conjunction with computer hardware may be recorded as part of the equipment purchase (no allocation of cost to the software) when the software will not be removed, transferred, or in any way separated from the original hardware. In the event that software which was originally recorded as equipment is subsequently removed, transferred, or detached from the original hardware, it would be necessary to retroactively allocate a portion of the original cost, if material, to the software for proper recording of the removal or transfer.
- 1388 Accumulated Depreciation - Audio Visual Materials. The accumulation of systematic and rational allocations of the cost of audio visual materials over the estimated useful lives of the assets.
- 1389 Accumulated Amortization - Computer Software. The accumulation of systematic and rational allocations of the cost of computer software over the estimated useful lives of the assets.

- 1400 Other Debits. Due to the elimination of the general long-term debt account group by GASB Statement 34, Accounts 1410 through 1450, used for Amounts Available/To Be Provided for Debt Service, are no longer necessary and therefore, have been deleted.
- 1500 Budgetary Debits. A group of general ledger accounts that normally have debit balances and are used to achieve budgetary integration within the accounting system.
  - 1510 Estimated Revenues. The amount of revenues estimated to be realized during a budget period, whether collected in the same or subsequent periods.
  - 1520 Encumbrances. Commitments in the form of purchase orders or contracts which are chargeable to an appropriation and which represent a reserve of the budgetary fund balance. Once a purchase order or contract is fulfilled, the encumbrance is removed from the accounting records.

2000 LIABILITIES, OTHER CREDITS, AND FUND BALANCES/NET ASSETS

Liabilities represent probable future sacrifices of economic benefits arising from present obligations to transfer assets or provide services as a result of past transactions. Other Credits are budgetary accounts that normally have credit balances.

- 2100 Current Liabilities. Current liabilities represent obligations expected to be paid from current financial resources usually within the operating cycle or one year.
  - 2110 Salaries, Benefits and Payroll Taxes Payable. Amounts due to employees or others for salaries, benefits, and payroll taxes.
  - 2120 Accounts Payable. Liabilities representing amounts due on open account to private persons or organizations for goods and services received by a school system. (Does not include amounts due to other funds or other governments.)
  - 2130 Judgments Payable. Amounts owed as a result of court decisions, including condemnation awards for private property taken for public use.
  - 2140 Construction Contracts Payable. Amounts due by a school system on contracts for construction of buildings or other structures, and other improvements.
  - 2150 Construction Contracts Payable - Retained Percentage. Amounts due on construction contracts representing a percentage of the total contract price that is not paid pending final inspection, the lapse of a specified time, or both.
  - 2160 Due to Other Funds. Amounts owed for goods and services rendered by a particular fund to another fund within the school district or interfund loans due within one year.
    - 2161 Due To Budgetary Funds. Amounts owed by a particular fund to another fund within the school district (excluding amounts due to school internal funds).

- 2162 Due to Internal Funds. Amounts owed by a particular fund to school internal funds within the district. Separate accounts should be maintained for each liability.
- 2170 Payroll Deductions and Withholdings. Amounts deducted from employees' salaries for withholding taxes and other purposes. A separate liability account may be used for each type of deduction.
- 2180 Matured Bonds Payable. Unpaid bonds that have reached or passed their maturity date. Account 1114, Cash with Fiscal Agent, should be used to record amounts remitted to the paying agent for payment of this liability.
- 2190 Matured Interest Payable. Unpaid interest on bonds that have reached or passed their maturity date. Account 1114, Cash with Fiscal Agent, should be used to record amounts remitted to the paying agent for payment of this liability.
- 2200 Other Current Liabilities. All other current liabilities that are not provided for specifically in preceding subsections.
- 2210 Accrued Interest Payable. Interest costs related to the current and/or prior periods, but not due until a later date. Also, amounts received at the time of a bond sale for interest accrued from the date of issuance to the date of sale.
- 2220 Deposits Payable. Liability for deposits received as a prerequisite to providing services and/or goods.
- 2230 Due to Other Agencies. Amounts owed by the reporting school district to other governmental units. Separate accounts may be maintained for each liability.
- 2240 Due to Fiscal Agent. Amounts due to fiscal agents, such as commercial banks, for servicing the district's matured debt.
- 2250 Section 237.151 Notes Payable. Amounts due on current loans authorized by Section 237.151, F.S.
- 2260 Sales Tax Payable. Sales taxes collected by the district which must be remitted to the state.
- 2270 Estimated Liability for Self-Insurance Program.
- 2271 Estimated Unpaid Claims - Self-Insurance Program. Amount needed to provide for the estimated ultimate cost of settling claims for events that have occurred on or before the balance sheet date, including reported claims and claims incurred but not reported.
- 2272 Estimated Liability for Claim Adjustment Expenses. Amount needed to provide for the estimated ultimate cost required to investigate and settle claims relating to insured events that have occurred on or before the balance sheet date, whether or not reported to the district.

- 2280 Estimated Liability for Arbitrage Rebate. Districts with a calculated arbitrage rebate liability should abate the amount of the "rebate set aside" against the interest revenue account within the fund which has generated interest earnings which are subject to rebate. This amount should be recorded as a liability of the fund earning the interest.
- 2290 Internal Accounts Payable. Amounts held on behalf of others in the internal accounts agency fund.
- 2300 Long-Term Liabilities. Long-term liabilities are debts which a school district plans to hold more than one year.
- 2310 Notes Payable. An unconditional written promise signed by the maker to pay a certain sum of money on demand or at a fixed or determinable future time, either to the bearer or to the person designated therein.
- 2312 Section 237.161/237.162 Notes Payable. Obligations authorized under the provisions of Sections 237.161 and 237.162, F.S. This includes installment loan contracts approved under this statutory authority.
- 2313 Bond Anticipation Notes. Short-term notes sold in anticipation of a bond issue which are full faith and credit obligations of the school district and are to be retired from the proceeds of the bonds to be sold.
- 2315 Obligations Under Capital Leases. The present value of future payments on capitalized lease agreements.
- 2320 Bonds Payable. The face value of obligations representing a written promise, generally under seal, to pay a specified sum of money at a designated maturity date with a fixed rate of interest payable periodically.
- 2321 State Board of Education/Capital Outlay Bond Indebtedness (COBI) Bonds Payable. Principal balance due on bonds issued by the SBE on behalf of the school district under Section 18, Article XII, of the State Constitution. Such bonds have been designated SBE or Capital Outlay Bonded Indebtedness (COBI).
- 2322 District Bonds Payable. Principal balance due on bonds issued by the school district as authorized by the voters of the district.
- 2323 Special Act Bonds Payable. Balance due on the principal amount of bonds or revenue certificates issued by the school district pursuant to authority granted by special acts of the Legislature.
- 2324 Motor Vehicle License Revenue Bonds Payable. Balance due on principal amount of bonds or revenue certificates of the school district as authorized by the legislature.
- 2330 Liability for Compensated Absences. Amounts owed to employees for unpaid vacation and sick leave liabilities based on the right to receive compensation for future absences attributable to services already rendered.

- 2340 Certificates of Participation Payable. Obligations resulting from the issuance of certificates of participation, a financing instrument which provides the issuer with cash to finance construction or capital acquisitions.
- 2350 Estimated Liability for Long-Term Claims. Amounts due for long-term claims which are not otherwise classified, including estimates of insurance claims and judgments.
- 2370 Estimated PECO Advance Payable. Obligation for the repayment of PECO funds received pursuant to Section 235.435(2), F.S.
- 2380 Other Long Term Liabilities.
- 2400 Other Credits. All other liabilities not provided for in preceding subsections.
- 2410 Deferred Revenues. Liabilities resulting from the receipt of unearned revenue.
  - 2411 Deferred Revenue-Public Education Capital Outlay (PECO). The annual allocation of PECO funds for which encumbrance authorizations have not been issued.
  - 2412 Deferred Revenue-Cash Advance From Grants. Unearned revenues represented by cash advanced for grants, etc.
  - 2413 Deferred Revenue - Other.
  - 2414 Deferred Revenue - Classrooms First Program. Unearned revenues represented by cash advanced for the Classrooms First Program.
- 2500 Budgetary Credits. A group of general ledger accounts that normally have credit balances and are used to achieve budgetary integration within the accounting system.
- 2510 Appropriations. Authority granted by the school board to make expenditures and to incur obligations in the name of the school district for specified purposes and amounts during the fiscal year.
- 2700 Fund Equity. The excess of fund assets over fund liabilities. In governmental funds, this difference represents fund balance. In proprietary and fiduciary funds, the difference represents net assets.
  - 2705 Reserved for Endowments. The segregated portion of fund balance indicating that permanent trust fund balance amounts are legally restricted for endowment purposes.
  - 2710 Reserved for State Required Carryover Programs. The segregated portion of fund balance representing the unexpended balances of categorical program funds and earmarked funds carried forward to the subsequent fiscal year pursuant to Rule 6A-1.0141, FAC.

- 2720 Reserved for Encumbrances. An account representing a portion of a fund balance segregated for outstanding encumbrances.
- 2730 Reserved for Inventory. Segregation of a portion of fund balance for the amount of ending inventory.
- 2740 Reserved for Ending Cash Balance. An account used to restrict a portion of fund balance for the amount of cash which is to be carried over for the payment in the subsequent period of expenditures related to the current period.
- 2750 Reserved for Debt Service.
- 2751 Bond Reserve. An account used to restrict a portion of the fund balance in a debt service fund which is required to be established by bond resolution.
- 2752 Other Amounts Reserved for Debt Service. Segregation of a portion of the fund balance in a debt service fund required by legal restrictions.
- 2760 Unreserved Fund Balance. The portion of fund balance representing expendable available financial resources.
- 2762 Designated for Insurance Loss Recoveries. Designated amounts of insurance proceeds which will be used to replace the loss.
- 2763 Designated for (Special Purpose).
- 2764 Designated for Special School Maintenance, Section 236.25(2), F.S.
- 2769 Undesignated.
- 2770 Net Assets, Invested in Capital Assets, Net of Related Debt. The component of the difference between assets and liabilities of proprietary funds that consists of capital assets less accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of those assets.
- 2780 Net Assets, Restricted. The component of the difference between assets and liabilities of proprietary funds that consists of assets with constraints placed on their use by external parties or through constitutional provisions or enabling legislation.
- 2785 Net Assets, Held in Trust. The difference between assets and liabilities of fiduciary funds.
- 2790 Net Assets, Unrestricted. The difference between assets and liabilities of proprietary funds that is not reported as net assets, invested in capital assets, net of related debt or restricted net assets.

## Chapter Three

### Revenue Accounts

This chapter provides revenue account numbers and related definitions.

- 3100 Federal Direct. Revenue received by the district directly from the federal government without the state as a distributing agency.
- 3120 Federal Impact Funds. Funds provided to the district as non-earmarked funds to be used for the support of the total school program when increased enrollment is attributable to federally connected activities.
- 3121 Federal Impact, Current Operations. These are non-earmarked funds, accounted for through the district school fund, to be used for the support of the total school program. A district may qualify for revenue from this source during any school year, when minimum conditions are met. In order to be eligible, not less than three percent (3%) of the total average daily attendance (K-12) must result from pupils who have a parent employed on an eligible federally owned property within the state of Florida. The parent may be a member of the Armed Forces stationed on such property as a private individual, a civil service employee, or an employee of a contractor working on this property. Application forms and instructions are available from the Department of Education.
- 3170 Workforce Investment Act. Amounts received directly to assist in providing job training and employment opportunities for the economically disadvantaged unemployed, and to assure that training and other services lead to maximum employment opportunities.
- 3180 Community Action Programs. Funds provided by the federal government for community action programs to help urban and rural communities mobilize their resources to combat poverty.
- 3190 Other Federal Direct. Other amounts received directly from the federal government.
- 3191 R.O.T.C. Amounts received to assist districts in establishing Reserve Officers Training Corps programs.
- 3199 Miscellaneous Federal Direct. Other sources of direct federal funding not previously classified.
- 3200 Federal Through State. Federal funding distributed through the state to the district.
- 3201 Vocational Education Acts. Formula grant funds provided to assist in conducting and strengthening vocational education programs.
- 3202 Medicaid. Funds received as reimbursement through the federal Medicaid program.

- 3220 Workforce Investment Act. Amounts received to assist in providing occupational training for the unemployed that cannot obtain appropriate full-time employment without training.
- 3226 Eisenhower Math and Science. Funds received to improve the skills of teachers and the quality of instruction in mathematics and science in elementary and secondary schools.
- 3227 Drug Free Schools. Funds received for drug and alcohol abuse education and prevention programs.
- 3230 Individuals with Disabilities Education Act (IDEA). Amounts received from grants for handicapped students, including preschool children ages 3-5.
- 3240 Elementary and Secondary Education Act, Title I. Amounts received from grants to assist in the education of disadvantaged and handicapped students.
- 3251 Adult General Education. Funds provided to encourage and expand basic educational programs for adults.
- 3253 Vocational Rehabilitation. Funds provided for vocational rehabilitation training.
- 3255 National Forest Funds. Revenue received by a district from the sale of timber and forest products from a national forest within the boundaries of the county.
- 3260 National School Lunch Act. Funds, grants-in-aid, and other assistance for providing an adequate supply of foods and facilities for the establishment, maintenance, operation, and expansion of nonprofit school lunch programs.
- 3261 School Lunch Reimbursement. Federal reimbursement distributed by the state for lunches served through this program.
- 3262 School Breakfast Reimbursement. Federal reimbursement distributed by the state for breakfasts served through this program.
- 3263 After School Snack Reimbursement. Federal reimbursement distributed by the state for snacks served through this program.
- 3264 Child Care Food Program. Reimbursements for food served in daycare centers, including food and milk reimbursements.
- 3265 U.S.D.A. Donated Commodities. This account reflects the fair market value of foods donated by USDA.
- 3266 Cash in Lieu of Donated Foods. Amounts received in cash through the donated food program.
- 3267 Summer Food Service Program. Reimbursement for feeding programs, usually conducted during the summer, that are not part of the regular school lunch reimbursement program.

- 3268     Nutrition Education and Training Program. Funding for training of children, teachers and school food service personnel on nutrition and health.
- 3269     Other Food Services. Other food service revenue not previously classified.
- 3270     Elementary and Secondary Education Act (ESEA), Title VI.
- 3290     Other Federal Through State. Other federal funds received from the state. Accounts 3291-3293 are provided for federal funds administered through the state for programs for Cuban, Haitian, Indo-Chinese, or other refugee students.
  - 3291     Cuban and Haitian Refugee Program.
  - 3292     Transition Program For Refugee Children.
  - 3293     Emergency Immigrant Education Program.
  - 3293     Miscellaneous Federal Through State. Other sources of federal through state revenues not previously classified.
- 3300     Revenue from State Sources.
  - 3310     Florida Education Finance Program (FEFP). Revenue received for current operations under this program.
    - 3315     Workforce Development. Amounts received from state funded program for adult education.
    - 3316     Workforce Development Capitalization Incentive Grant. Grant funds provided by the state to defray costs associated with the start up or expansion of workforce development programs.
    - 3318     Adults With Disabilities. Amounts received from the state to fund programs for adults with disabilities.
  - 3320     State Auto License, CO&DS. Since January 1, 1953, all state appropriations for Capital Outlay and Debt Service have been secured through the first receipts from the sale of state automobile license tags. The amount is computed pursuant to Section 236.602, F.S. These funds are earmarked for approved capital outlay and debt service by the Constitution and State Board of Education rules. Separate depository accounts are required for these funds.
    - 3321     CO&DS Distributed. Funds remitted by the state to the district that are available for approved projects.

- 3322 CO&DS Withheld for SBE/COBI Bonds. Section 18, Article XII of the Constitution, authorizes the State Board of Education to sell bonds and revenue certificates for and on behalf of district school boards. These bonds, when issued, must be retired from a portion of the Capital Outlay and Debt Service funds available to participating districts. The state acts as fiscal and paying agent for the districts and computes the annual requirement for reserves, principal, interest, and other debt service items. The debt service requirement is deducted from the district's CO&DS funding and the amounts needed for reporting these items are provided by the Department of Education.
- 3323 CO&DS Withheld for Administrative Expense. The state acts as paying agent for SBE bonds and plan review. The Constitution, implemented by State Board rules, authorizes a minor charge for these services. **This is a book entry provided by the state.**
- 3324 Cost of Issuing SBE/COBI Bonds. An additional charge made of districts participating in the SBE bond sale during the current fiscal year. **This is a book entry provided by the state.**
- 3325 Interest on Undistributed CO&DS. Interest earnings on CO&DS funds held in trust for distribution to districts in the subsequent fiscal year.
- 3326 SBE/COBI Bond Interest. Interest earnings from required reserve maintained during the first three years of each SBE bond issue as provided by the resolution authorizing sale of SBE bonds. The reserve is invested by the state and each district is credited with the pro rata share of interest earnings. The amount of the revenue will be provided by the Department of Education.
- 3330 Categorical State Sources.
- 3334 Florida Teacher's Lead Program. Funds received for disbursement in the form of stipends to classroom teachers for materials and supplies to be used by students assigned to the teachers.
- 3335 Diagnostic and Learning Resources Centers. Funds for use in promotion of an exceptional child program usually restricted by an approved plan or budget.
- 3336 Instructional Materials. Funding allocation for instructional materials. Does not include receipts from collections for lost or damaged textbooks or sale of textbooks.
- 3337 School Breakfast Supplement. Revenue received for the elementary student breakfast supplement pursuant to Section 228.195, F.S.
- 3338 School Lunch Supplement. State reimbursement to the districts for required matching of Federal funds.

3340 Other State Revenue.

- 3341 Racing Commission Funds. Revenue provided to districts pursuant to law from racetrack receipts. Funds may be restricted by terms of this act. (Racetrack funds provided by the Board of County Commissioners as a grant, rather than from a legal requirement, should be recorded in account 3440, Gifts, Grants, and Bequests.)
- 3342 State Forest Funds. Amounts received by those districts in which a state forest is located.
- 3343 State License Tax. Receipts provided from mobile home licenses in accordance with Section 320.081, F.S.
- 3344 District Discretionary Lottery Funds. Funding allocated from the Educational Enhancement Trust Fund pursuant to appropriation by the Legislature.

3350- Other Categorical Sources.  
3370

- 3354 Transportation. Funding provided by the state for student transportation per Section 236.083, F. S.
- 3361 School Recognition Funds. Funding for the School Recognition Program awarded to schools that sustain high performance or demonstrate substantial improvement in student performance.
- 3362 Teacher Recruitment and Retention. Revenue received for the recruitment and retention of full-time instructional personnel.
- 3363 Excellent Teaching Program. Revenue received in the amount of the employer's share of Social Security and Medicare taxes for those teachers who qualify for national board certification and receive bonuses in accordance with Section 236.08106, F.S.
- 3372 Preschool Projects. Programs and initiatives designed to provide funding and services in local communities to children, birth to five years of age, and their families. Includes Prekindergarten Early Intervention, Florida First Start, Collaborative Partnership Incentives, Migrant Pre-School, and Regional Assistance.
- 3373 Reading Programs. Revenue received for intensive reading programs targeted at improving the reading proficiency of students.
- 3375 Public School Technology. Revenue received to enhance the use of technology in the instruction of students.
- 3376 Teacher Training. Revenue received for teacher training including the funds required for inservice personnel training as prescribed in Section 236.081(3), F.S.

- 3378 Full Service Schools. Funding received for the continuation and expansion of the Full Service Schools project.
- 3390 Miscellaneous State Revenue. Other amounts received from the state.
- 3391 Public Education Capital Outlay (PECO). Capital outlay funds derived from the Gross Receipts Tax and distributed pursuant to Section 235.435, F.S. Funds are distributed based upon cash flow needs for projects rather than in a lump sum or annual disbursement. Allocations are initially recorded as deferred revenue with revenue recognition on issuance of an encumbrance authorization.
- 3392 Classrooms First Program. Funding provided for the Classroom First Program pursuant to Section 235.187, F.S., for the construction, renovation, remodeling, repair, or maintenance of education facilities; or debt service on Classrooms First bonds. Allocations are initially recorded as deferred revenue with revenue recognized on issuance of an encumbrance authorization.
- 3393 School Infrastructure Thrift (SIT) Program. Revenue awarded through the SIT program pursuant to Section 235.2155, F. S.
- 3394 Effort Index Grants. Revenues received through Effort Index Grants for educational facilities construction projects pursuant to Section 235.186, F. S.
- 3395 Smart Schools Small County Assistance Program. Funding provided to small counties for the construction, expansion, repair, and renovation of school facilities. The program is a supplement to the Special Facilities Construction Account.
- 3396 Class Size Reduction/Capital Outlay. Capital outlay funds received for the construction of classroom facilities to serve public school students in kindergarten through grade 3.
- 3397 Charter School Capital Outlay Funding. Capital outlay funds provided to charter schools pursuant to Section 228.0561, F.S.
- 3399 Other Miscellaneous State Revenue. Other sources of state funding not previously classified.
- 3400 Revenue From Local Sources.
- 3410 Taxes. Taxes levied by a school system on the assessed valuation of real and personal property located within the district. The budgeted tax revenues must represent at least 95 percent of the yield from the proposed millage (millage x assessed valuation x 95%).
- 3411 District School Taxes. Tax revenues generated from the operating tax millage.

- 3412 District I. & S. Taxes. Amounts from special tax millages levied for the purpose of retiring indebtedness pursuant to SBE Rule 6A-1.037 and authorizing statutes.
- 3413 District Local Capital Improvement Tax. Revenues generated from a tax levy authorized by Section 236.25(2), F.S. for the District Capital Improvement Fund. With school board approval, up to two mills may be levied without voter approval, however, district school boards may include a special tax levy on the ballot submitted to the electorate at the district biennial election.
- 3418 Local Sales Tax. Funds received from a capital outlay sales surtax levied under the authority of a school district or through an interlocal agreement in which the surtax was levied under the county's authority as provided by Section 212.055, F.S.
- 3421 Tax Redemptions. Revenue received during the fiscal year from the clerk of the circuit court for tax redemptions and from the sale of lands acquired for delinquent taxes.
- 3422 Payment in Lieu of Taxes. Amounts received from a local housing authority or similar agency in lieu of the payment of taxes.
- 3423 Excess Fees. All excess fees received from the tax collector.
- 3424 Tuition. Amounts received for the education of nonresidents as prescribed by Section 228.121, F.S.
- 3425 Rent. Amounts received from the rental of property owned by the district and currently used for school purposes or rent from property other than school facilities.
- 3430 Interest, Including Profit on Investment. Interest earnings from amounts held in daily balances, savings accounts, time deposits, or investments. Also, profit on the sale of investments. (Interest or profit should be recorded in the fund that produced the earnings unless specified otherwise by bond resolution or legal documents.)
- 3431 Interest on Investments. Interest earnings on investments in United States Treasury bills, notes, bonds, savings accounts, time certificates of deposit, mortgages, or other interest-bearing obligations.
- 3432 Gain on Sale of Investments. Gains realized from the sale of investments, i.e., the excess of sales proceeds over cost or other basis at the date of sale.
- 3433 Net Increase (Decrease) in the Fair Market Value of Investments. Account established to recognize the change in fair value of investments in accordance with Governmental Accounting Standards Board (GASB) Statement 31.

- 3440 Gifts, Grants, and Bequests. Amounts received from a philanthropic foundation, private individual or organization, or county commission for which no repayment or special service to contributor is expected.
- 3450 Food Service. Revenue received from sale of meals and other related food service activities, including receipts from other agencies or projects for meals provided under contract to various groups or agencies. The following accounts are provided to further classify the various types of receipts such as breakfast, lunch, milk, etc., as required by approved forms.
- 3451 Student Lunches.
- 3452 Student Breakfasts.
- 3453 Adult Breakfasts/Lunches.
- 3454 Student and Adult a la Carte.
- 3455 Student Snacks.
- 3456 Other Food Sales.
- 3460 Student Fees. Student fees which are authorized by statute and established by the school board.
- 3461 Adult General Education Course Fees. Fees charged to adult students for enrollment in adult general education courses as authorized by Section 239.117, F.S., and annual appropriations provisions.
- 3462 Postsecondary Vocational Course Fees. Fees charged to adult students enrolled in adult vocational courses as authorized by appropriations proviso and Section 239.117, F.S.
- 3463 Continuing Workforce Education Course Fees. Fees charged pursuant to Section 239.117, F.S.
- 3464 Capital Improvement Fees. Capital improvement fees charged to students enrolled in postsecondary adult vocational or adult general courses pursuant to Section 239.117, F.S.
- 3465 Postsecondary Lab Fees. Lab fees charged to students enrolled in postsecondary adult vocational or adult general courses pursuant to Section 239.117, F.S.
- 3465 Lifelong Learning Fees. Fees for adult noncredit courses defined by Section 239.105, F.S. and charged pursuant to appropriations proviso.
- 3468 Financial Aid Fees. Fees charged to adult students enrolled in adult vocational and adult general education courses authorized by Section 239.117, F.S. and appropriations proviso.

- 3469 Other Student Fees. Other student fees authorized by statute and not specified above.
- 3470 Other Fees. Other fees authorized by statute and established by the school board.
- 3471 Preschool Program Fees. Fees charged for preschool programs pursuant to Section 228.061(1), F.S.
- 3472 Prekindergarten Early Intervention Fees. Fees charged for prekindergarten early intervention programs pursuant to Section 228.061(2), F.S.
- 3473 School-Age Child Care Fees. Fees charged for school-age child care programs pursuant to Section 228.061(3), F.S.
- 3479 Other Schools, Courses, and Classes Fees. Other student fees authorized by 228.061(4), F.S.
- 3480 Operating Revenues. Proprietary fund revenues directly related to the fund's primary activities. These revenues consist primarily of user charges for goods and services.
- 3481 Charges for Services. Operating revenues generated by a proprietary fund from rendering services to customers.
- 3482 Charges for Sales. Operating revenues generated by a proprietary fund from the sale of goods to customers.
- 3484 Premium Revenue. Operating revenues generated by a proprietary fund from insurance premiums.
- 3489 Other Operating Revenue. Other operating revenues generated by a proprietary fund not previously classified.
- 3490 Miscellaneous Local Sources. Other amounts received from local sources.
- 3491 Bus Fees. Fees received for the use of school buses (except for school activities) including payments from other districts.
- 3492 Transportation Services Rendered for School Activities. Amounts received from school internal accounts in payment of transportation costs for school related activities such as football games, band, or field trips.
- 3493 Sale of Junk. Amounts received from the sale of items classified as junk for salvage or recycle purposes.
- 3494 Receipt of Federal Indirect Cost Rate. Amounts received from federal contracted programs for indirect expenses when an indirect cost rate has been approved by the Department of Education.

- 3495 Other Miscellaneous Local Sources. Other miscellaneous revenues not previously classified.
  - 3496 Impact Fees. Revenue received from intergovernmental agencies derived from fees assessed for development of real property.
  - 3497 Refunds of Prior Year's Expenditures.
  - 3498 Collections for Lost, Damaged, and Sold Textbooks. Amounts received locally for lost and damaged textbooks and sales of textbooks.
  - 3499 Receipts of Food Service Indirect Costs. Collections from the Food Service Fund for indirect costs.
- 3600- Other Financing Sources. Increases in current financial resources other than revenues.  
3700
- 3600 Transfers. Nonreciprocal interfund activity represented by disbursement of cash or goods from one fund within the district to another fund without an equivalent return and without a requirement for repayment.
- 3610 Transfers from General Fund. Amounts received from the general fund with no return or requirement for repayment.
  - 3620 Transfers from Debt Service Funds. Amounts received from debt service funds with no return or requirement for repayment.
  - 3630 Transfers from Capital Projects Funds. Amounts received from capital projects funds with no return or requirement for repayment.
  - 3640 Transfers from Special Revenue Funds. Amounts received from special revenue funds with no return or requirement for repayment.
  - 3650 Interfund. Amounts received from one fund by another fund within the same fund type with no return or requirement for repayment .
  - 3660 Transfers from Permanent Funds. Amounts received from permanent funds with no return or requirement for repayment.
  - 3670 Transfers from Internal Service Funds. Amounts received from internal service funds with no return or requirement for repayment.
  - 3680 Transfers from Trust Funds. Amounts received from trust funds with no return or requirement for repayment.
  - 3690 Transfers from Enterprise Funds. Amounts received from enterprise funds with no return or requirement for repayment.
- 3700 Long-term Debt Proceeds and Sales of Capital Assets. Increases in current financial resources resulting from the receipt of long-term debt proceeds and sales of capital assets.

- 3710 Sale of Bonds. Proceeds from the sale of bonds. The par value or discounted amount realized from the sale should be credited to this account in the Capital Projects Fund. Any premium or accrued interest is used to reduce the interest payable on the issue and should be credited to Accrued Interest Payable in the debt service fund until the first interest payment date following the date of sale.
- 3711 SBE/COBI Bonds. Proceeds from sale of State Board of Education Bonds. Section 18, Article XII, of the State Constitution authorizes district school boards to request the State Board of Education to issue bonds for and on behalf of the local school boards. These bonds do not have to be approved in an election or referendum. The Department of Education acts as agent for the district school board in preparing the resolutions for validation proceedings, requesting bids, printing and delivering the bonds sold, computing the required reserve and the annual amount for the payment of principal, interest and bank charges.
- 3712 District No. 1 Bonds. Proceeds of District No. 1 bonds as authorized by Florida Statutes. This type of indebtedness is usually retired by a special tax levy on the non-exempt assessed value of the real and personal property within the district that issued the bonds.
- 3713 Race Track Revenue Bonds. Proceeds of bonds pursuant to special act of the Legislature pledging race track revenue accruing to the district.
- 3714 Motor Vehicle License Revenue Bonds. Proceeds of bonds pledging motor vehicle license revenue distributed to the districts by the state.
- 3715 Proceeds of Refunding Bonds.
- 3716 Sales Surtax Bonds. Proceeds from bonds issued for capital facilities acquisition and construction. The debt is secured by the pledge of sales tax revenue authorized by Section 212.055, F.S.
- 3720 Loans. Proceeds of loans not repaid during the fiscal year in which obtained.
- 3721 Section 237.161/237.162 Loans. Proceeds of loans authorized under Section 237.161 or 237.162, F.S., which permits the school board to borrow money for specific purposes when approved, including installment purchases under Section 237.161, F.S.
- 3722 Bond Anticipation Loans. Proceeds of notes issued in anticipation of bond sale. These notes must be retired from the proceeds of the bond sale.
- 3724 Capital Lease Agreements. Source of funds for recording assets acquired under capital lease. Lease must be conditioned on the right of the board to terminate the lease at the end of each fiscal year (AGO 063-53).
- 3730 Sales of Capital Assets. Proceeds from sales of capital assets of a school district.

- 3731     Sale of Land. Proceeds from sales of real property (unimproved).
- 3732     Sale of Buildings. Proceeds from sales of land and buildings.
- 3733     Sale of Equipment. Proceeds from sales of equipment.
- 3740     Loss Recoveries. Amounts received from insurance or other sources as result of the loss of school district property from fire, theft or other causes.
  - 3741     Insurance Loss Recovery.
  - 3742     Other Loss Recovery.
- 3750     Proceeds of Certificates of Participation. Proceeds from the issuance of certificates of participation for the purpose of capital acquisition or construction.
- 3760     Proceeds of Forward Supply Contract. Amounts received at the time of bond refunding representing proceeds from a forward supply contract which provides payment to the bond issuer for future interest to be earned on sinking fund investments that are made between the date of maturity and the date of scheduled interest or principal payments.
- 3770     Proceeds from Special Facilities Construction Advance. Funds received from the Special Facilities Construction Account as authorized by Section 235.435(2), F.S.
- 3780     Gain on Disposition of Assets. The excess of the financial inflows over the carrying value of the disposed assets.

## Chapter Four

### Expenditure Accounts

This chapter presents fund and expenditure account numbers and the related definitions.

**NOTE:** Function and object code field sizes are four and three characters, respectively. The state does not currently require direct coding of the third and fourth characters of function codes or the third character of the object code, but may specify such coding in the future.

#### FUNDS

A fund is 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.

<u>Code</u>	<u>Description</u>
00X	<u>Permanent Funds</u> . Funds established to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.
100	<u>General Fund</u> . The fund used to account for all financial resources except those required to be accounted for in another fund.
2XX	<u>Debt Service Funds</u> . Funds established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Debt service funds are as follows:
210	SBE/COBI Bonds. State Board of Education/Capital Outlay Bond Indebtedness (COBI) Bonds issued by the SBE on behalf of the school district under Section 18, Article XII of the State Constitution.
220	Special Act Bonds. Bonds or revenue certificates issued by the school district pursuant to authority granted by special acts of the Legislature.
230	Section 237.161/237.162 F.S. Loans. Loans negotiated under authority of the cited statutory provisions.
240	Motor Vehicle Revenue Bonds. Bonds issued under this expired authority.
250	District Bonds. Bonds issued by the district as authorized by vote of the people of the district.
290	Other Debt Service.
3XX	<u>Capital Projects Funds</u> . Funds established to account for financial resources to be used for the acquisition or construction of major capital facilities. Capital projects funds are as follows:
310	COBI Bonds. Capital projects financed by COBI bond issues.
320	Special Act Bonds. Capital projects financed by Special Act bonds.
330	Section 237.161/237.162 Loans. Capital projects financed by the cited statutory provisions for loans.
340	PECO. Capital projects financed through the Public Education Capital Outlay program.

- 350 District Bonds. Capital projects financed through district bonds.
  - 360 CO & DS. Capital projects financed through the district's allocation of the state Capital Outlay and Debt Service program.
  - 370 Capital Improvement - Section 236.25(2). Capital projects financed through tax levied pursuant to the cited statutes.
  - 380 Voted Capital Improvement Fund. Capital projects financed by millage levied pursuant to vote of the people of the district.
  - 390 Other Capital Projects.
- 4XX Special Revenue Funds. Funds used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes. Use of Special Revenue Funds is required only when legally mandated. In Florida school districts, Special Revenue Funds should include federal categorical aid and a Food Services Fund.
- 410 Food Services.
  - 420 Other Special Revenue.
  - 490-499 Miscellaneous Special Revenue.
- 7XX Internal Service Funds. Funds established to account for any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis, when the reporting government is the predominant participant in the activity.
- 711-715 Self Insurance.
  - 731 Consortium Programs (except self insurance).
  - 791 Other Internal Service.
- 8XX Fiduciary Funds. Funds used to report resources held by a governmental unit in a trustee or agency capacity for others and therefore, cannot be used to support the government's own programs.
- 840-849 Investment Trust Funds.
  - 850-859 Private-purpose Trust Funds.
  - 870-879 Pension Trust Funds.
  - 890-899 Agency Funds.
  - 891 School Internal Funds.
- 9XX Enterprise Funds. Funds established to account for any activity for which a fee is charged to external users for goods and services. The use of an enterprise fund is required if (1) the activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, (2) laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs. All public entity risk pools (Self Insurance - Consortiums) are required to be accounted for as enterprise funds.
- 911-915 Self Insurance Consortium.
  - 921-922 Other Enterprise Programs.

## OBJECT CODES

The object classification indicates the type of goods or services obtained as a result of a specific expenditure. Seven major object categories are identified and described in this handbook: (1) Salaries, (2) Employee Benefits, (3) Purchased Services, (4) Energy Services, (5) Materials and Supplies, (6) Capital Outlay, (7) Other Expenses, and (8) Transfers. These broad categories are further subdivided to capture more detailed expenditure information. These sub-object codes use two of the three characters in the three character field; the third character is reserved for future state specification. Although specified herein, the second character in the salaries object codes is not required, but is available for district consideration. The optional third characters of the 100, 200 and 600 object codes are provided in Appendix B.

<u>Code</u>	<u>Description</u>
100	<u>Salaries</u> . Amounts paid to employees of the school system who are considered to be in positions of a permanent nature, including personnel under written contract substituting for those in permanent positions. See account 750, Other Personal Services, for temporary services. This includes gross salary for personal services rendered while on the payroll of the district school board. Salaries shall be classified as follows:
110	Administrator. Persons with administrative duties who have authority for management policies in district and/or school operations. Included here are the superintendent; deputy, associate, assistant and area superintendents; executive and general directors; assistant directors; supervisors; coordinators; administrators on special assignment; principals; assistant principals; curriculum coordinators, deans and persons who carry out the job responsibilities indicated above with an alternate job title.
120	Classroom Teacher. Staff members assigned the professional activity of instructing students in courses.
130	Other Certified. Included here are all other members of the instructional staff (teachers) as defined in Section 228.041 except classroom teachers and their substitutes. Examples include primary specialists, guidance counselors, psychologists, occupational/placement specialists, and media specialists. Salaries of personnel serving in positions which are part-time classroom teaching and part-time primary specialist (or other role) shall be apportioned to the two objects.
140	Substitute Teacher. Persons who substitute for classroom teachers either on a full-time or part-time basis.
150	Aide. Persons who are aides under the supervision of a classroom teacher, library aides, and other school-level aides and paraprofessionals.
160	Other Support Personnel. Included here are all school board employees not listed in another category. Examples include clerical/secretarial staff, technicians, transportation workers, custodians, cafeteria workers, accountants, architects, computer programmers, nurses, skilled craftsmen, engineers, mechanics, and unskilled laborers.

- 170 Board Members and Attorneys. Persons who serve as school board members and those who are attorneys for the school board.
- 200 Employee Benefits. Amounts paid by the school system on behalf of employees. These amounts are not included in gross salary. Such payments are fringe benefits and, while not paid directly to employees, are part of the cost of employing staff. Benefits are to be identified with the function in which the salaries were recorded. In the special case of Worker's Compensation a functional proration based on an approximate premium cost is required.
- 210 Retirement. A plan whereby a fund of money, built up through contributions from participants and the employer, is used to make regular payments to those who retire from service in the school system by reason of age, disability or length of service.
- 220 Social Security. Contributions of the employer's share of social security for district personnel.
- 230 Group Insurance. Expenditures to provide group insurance coverage for school personnel, such as life, health, and accident.
- 240 Worker's Compensation. Expenditures to provide workers compensation coverage.
- 250 Unemployment Compensation. Expenditures for the district's share of unemployment compensation claims arising from former employees. If claims of any year are material, the cost should be distributed to functions on the basis of salaries paid in the current year. If the claims are immaterial, the costs may be charged to Function 7100.
- 290 Other Employee Benefits. Expenditures for various non-salary benefits for employees not provided in any other account classification.
- 300 Purchased Services. Amounts paid for personal services rendered by personnel who are not on the payroll of the district school board, and other services which the Board may purchase. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.
- 310 Professional and Technical Services. Services which by their nature can be performed only by persons with specialized skills and knowledge which are acquired through intensive academic preparation. Included are the services of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, accountants, etc.
- 320 Insurance and Bond Premiums. Expenditures for all types of insurance coverage (other than group insurance (230)) such as property, liability, fidelity, and bond premiums.
- 330 Travel. Costs for transportation, meals, hotel, registration fees, and other expenses associated with traveling on business for the district school board. Payments for per diem in lieu of reimbursement for subsistence (room and board) also are charged here.

- 350 Repairs and Maintenance. Expenditures for repairs and maintenance services not provided directly by district personnel. This includes contracts and agreements covering the upkeep of grounds, buildings and equipment. Costs for new construction, renovations and remodeling are capital expenditures and therefore are not included.
- NOTE:** Equipment repair services which are direct costs of specific programs within the FEFP shall be charged to the function of Instruction. Equipment repair services rendered for the functions of Transportation and Food Services are to be charged to those functions. Routine maintenance of audio visual equipment should be charged to function 6200. All other equipment repairs may be charged to 8100.
- 360 Rentals. Expenditures for leasing or renting land, buildings, films, and equipment for both temporary and long-range use of the district school board. Include fees charged for annual maintenance of software and broadcast rights fees. Payments on capital leases are not recorded in this account, but are recorded to recognize principal and interest components of each payment.
- 370 Communications. Expenditures to provide telephone service, telegraph service, and postage for the district school system. Telephone service should be charged to function 7900. Other communication costs should be identified with the appropriate function.
- 380 Public Utility Services Other than Energy Services. Expenditures for services usually provided by public utilities except energy services (see Object 400). Examples include water, sewage, and garbage collection.
- 390 Other Purchased Services. Expenditures for all other purchased services not included above such as printing, binding, reproduction, pest control, and other nonprofessional purchased services.
- 400 Energy Services. Expenditures for the various types of energy used by the district are to be classified as follows:
- 410 Natural Gas.
  - 420 Bottled Gas.
  - 430 Electricity.
  - 440 Heating Oil.
  - 450 Gasoline.
  - 460 Diesel Fuel.
  - 490 Other Energy Services.
- 500 Materials and Supplies. Amounts paid for items of an expendable nature that are consumed, worn out, or deteriorated in use, or items that lose their identity through fabrication or incorporation into different or more complex units or substances.
- 510 Supplies. Expenditures for consumable supplies for the operation of a school system, including freight and cartage. Examples include expenditures for instructional, custodial, maintenance supplies, etc.

- 520 Textbooks. Expenditures for textbooks furnished free by districts, including freight. This category also includes the costs of workbooks, textbook binding or repair, and text related materials.
- 530 Periodicals. Expenditures for periodicals and newspapers ordered for the media center (function 6200). Periodicals for other functions should be charged to supplies (510). A periodical is any publication appearing at regular intervals of less than a year and continuing for an indefinite period.
- 540 Oil and Grease. Expenditures for oil and grease for all types of motor vehicles.
- 550 Repair Parts. Expenditures for repair parts, antifreeze, and supplies used in district-owned vehicles, pupil transportation or otherwise, with the exception of gas, oil, grease, gear lubricants, tires, and tubes.
- 560 Tires and Tubes. Expenditures for tires and tube replacement, including recapping. If done in a district-operated garage, labor costs would be recorded under salaries.
- 570 Food. Expenditures for food purchased for use in the food service program. Food or food products used in instructional programs should be charged to materials and supplies, object code 510.
- 580 Commodities. Market value of USDA donated commodities.
- 590 Other Materials and Supplies. Expenditures for all other supplies and materials not included above.
- 600 Capital Outlay. Expenditures for the acquisition of fixed assets or additions of fixed assets. These are expenditures for land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, initial equipment, and additional equipment.
- 610 Library Books. Expenditures for regular or incidental purchases of school library books available for general use by students, including any reference books, even though such reference books may be used solely in the classroom. Also recorded here are costs of freight for school library books.
- 620 Audio-Visual Materials (Non-Consumable). Expenditures for non-consumable materials such as film, filmstrips, recordings, exhibits, charts, maps and globes, regardless of cost, are charged to this account.
  - 621 Capitalized AV Materials.
  - 622 Noncapitalized AV Materials.

- 630 Buildings and Fixed Equipment. All expenditures to acquire existing buildings or to construct new buildings and additions. Construction costs of buildings and additions consist of all expenditures for general construction, advertisements for contracts; payments on contracts for construction; installation of plumbing, heating, lighting, ventilating and electrical systems; built-in lockers; elevators, architectural and engineering services; travel expenses incurred in connection with construction; paint and other interior and exterior decorating; and any other costs connected with planning and construction of buildings or additions to buildings.
- 640 Furniture, Fixtures and Equipment. Expenditures for initial or additional items of equipment such as furniture, furnishings, machinery, and portable bleachers that are not integral parts of the building or building service systems.
- 641 Capitalized Furniture, Fixtures and Equipment.
- 642 Noncapitalized Furniture, Fixtures and Equipment.
- 643 Capitalized Computer Hardware. A computer is a digital, electronic device capable of reading, processing and executing software designed for administrative and instructional uses. The term computer includes not only the main processing unit, but also expansion cards, upgrade devices and peripherals, such as: operating system software (ROM based), installable memory, processor upgrades, video boards, sound cards, network connectivity boards or cards, other expansion and upgrade devices, monitors, printers, scanners, internal and external hard disk drives, floppy disk drives, CD-ROM drives, plotters, modems, computer projection devices, adaptive hardware and other peripherals that attach to the main unit.
- 644 Noncapitalized Computer Hardware.
- 650 Motor Vehicles. Expenditures for all types of motor vehicles. Buses are motor vehicles regularly used for the transportation of pupils of the public schools to and from school or to and from school activities, excepting motor vehicles of the type commonly called pleasure cars and carrying eight pupils or less.
- 651 Buses.
- 652 Other Motor Vehicles.
- 660 Land. Expenditures for the purchase of any land by the school district.
- 670 Improvements Other Than Buildings. Construction costs of permanent improvements and additions, other than buildings and additions, consisting of all expenditures for general construction, advertisements for contracts, payments, or construction. Examples of such improvements are fill dirt, sod, shrubs, fences, retaining walls, sidewalks, sewage treatment systems, original or expanded paving projects, the initial purchase of fixed playground apparatus, flagpoles, gateways, underground storage tanks, etc., which are not parts of building service systems, and similar improvements. If the improvements are purchased or constructed, this account contains the purchase or contract price and related costs. If improvements are obtained by gifts, it records the fair market value at time of acquisition. Include under this classification permanent bleachers requiring footings or foundations, natatoriums and swimming pools, and the necessary filtering and plumbing equipment.

- 680 Remodeling and Renovations. Expenditures for major permanent structural alterations and the initial installation of heating and ventilating systems, electrical systems, plumbing systems, fire protection systems, and other service systems in existing buildings are renovations which should be capitalized. Installation of replacement systems should be capitalized and the replaced systems removed from the accounting records. Remodeling projects should be capitalized. Remodeling or improvement of buildings usually takes place within the existing floor area, while a building addition extends the floor area. See Section 235.011(16) and (17), F.S. Repairs to buildings and service systems are classified as maintenance of plant.
- 690 Computer Software. The set of programs and associated documentation used to control the operation of a computer. The two primary types of software are (1) **systems software** which include operating systems, programming languages, and utility programs; and (2) **application programs** that are designed to perform tasks such as data base management, spreadsheet functions, instruction, and word processing. Generally, when software is acquired with computer hardware for a single purchase price and the relative value of the software is material to the total cost, it is necessary to allocate the acquisition cost to both the software and hardware in accordance with generally accepted accounting principles for lump-sum or basket purchases. However, **systems software** acquired in conjunction with computer hardware may be recorded as part of the equipment purchase (no allocation of cost to the software) when the software will not be removed, transferred, or in any way separated from the original hardware. In the event that software which was originally recorded as equipment is subsequently removed, transferred, or detached from the original hardware, it would be necessary to retroactively allocate a portion of the original cost, if material, to the software for proper recording of the removal or transfer.
- 691 Capitalized Software.
- 692 Noncapitalized Software.
- 700 Other Expenses. Amounts paid for goods and services not otherwise classified above. This includes expenditures for the retirement of debt, the payment of interest on debt, judgments against the school system, and the payment of dues and fees.
- 710 Redemption of Principal. Expenditures from current funds to retire serial bonds or Section 237.161 loans.
- 720 Interest. Expenditures from current funds for interest on serial bonds, Section 237.161 or Section 237.151 loans.
- 730 Dues and Fees. Expenditures for dues and fees include dues in professional organizations as determined by school board policy and procedures. Also included are tuition fees for employee training activities when paid separately from travel. Fees paid relative to the issuance or service of debt and commissions for collection of taxes are also recorded here.

- 740 Judgments/Settlement of Litigation Against School System. Expenditures from current funds for all judgments (except as indicated) against the school system that are not covered by insurance. Judgments against the school system resulting from failure to pay bills or debt service are recorded under the appropriate expenditure accounts as though the bills or debt service had been paid when due. Also record settlements of litigation in this account.
- 750 Other Personal Services. Compensation paid to persons (including substitute teachers not under written contract) on temporary appointment. See temporary position definition in rules of the Division of Retirement. These services may be in lieu of those rendered by an absent regular employee or for the creation of temporary additional capacity as authorized by the board. The annual budget should anticipate the payment of such compensation prior to payment of same. Payments made from these funds are not subject to retirement deductions; however, Federal income tax is to be withheld in accordance with the withholding tables. Other personal services may be budgeted in any area of responsibility.
- 760 Payments to Refunded Bond Escrow Agent. Payments escrowed pursuant to refunding contract.
- 770 Claims Expense. Expenditures by Internal Service Fund to settle claims of participating funds or agencies.
- 780 Depreciation Expense. The portion of the cost of a fixed asset which is charged to expense during a particular period. See Balance Sheet accounts 1339, 1349, and 1359.
- 790 Miscellaneous Expense. Expenditures for other expenses which cannot be assigned to one of the above categories are to be charged to this account. Included here is the expenditure for Federal Indirect Cost and for Food Service Indirect Cost.
- 810 Loss on Disposition of Assets. The excess of the carrying value of the disposed assets over the financial inflows generated from the disposition.
- 900 Transfers. Nonreciprocal interfund activity represented by disbursement of cash or goods from one fund within the district to another fund without an equivalent return and without a requirement for repayment.
- 910 Transfers to the General Fund. Amounts disbursed to the general fund with no return or requirement for repayment.
- 920 Transfers to Debt Service Funds. Amounts disbursed to debt service funds with no return or requirement for repayment.
- 930 Transfers to Capital Projects Funds. Amounts disbursed to capital projects funds with no return or requirement for repayment.
- 940 Transfers to Special Revenue Funds. Amounts disbursed to special revenue funds with no return or requirement for repayment.

- 950 Interfund Transfers. Amounts disbursed to a fund within the same fund type with no return or requirement for repayment.
- 960 Transfers to Permanent Funds. Amounts disbursed to permanent funds with no return or requirement for repayment.
- 970 Transfers to Internal Service Funds. Amounts disbursed to internal service funds with no return or requirement for repayment.
- 980 Transfers to Trust Funds. Amounts disbursed to trust funds with no return or requirement for repayment.
- 990 Transfers to Enterprise Funds. Amounts disbursed to enterprise funds with no return or requirement for repayment.

FUNCTION

Function classifications indicate the overall purpose or objective of an expenditure. Functions are group-related activities aimed at accomplishing a major service or regulatory responsibility. The activities of a local school system are classified into five broad areas: Instruction, Instructional Support, General Support, Community Services, and Non-program Charges (Debt Service and Transfers). The four character field required for function codes does not currently specify the third and fourth characters. The subfunctions presently identified for 6100 and 7700 are recommended but not required.

The following expenditures should be classified by function as indicated below:

<u>Employee Benefits</u>	<u>Function</u>
Employee Health, Life and Accident	Identify or allocate to employee function on basis that reflects cost incidence.
Cafeteria Benefits	Identify or allocate to employee function on basis that reflects cost incidence.
Workers Compensation	Identify or allocate to employee function (see p. 4-4) on basis that reflects cost incidence.
Unemployment Compensation	Identify or allocate to employee function (see p. 4-4) on basis that reflects cost incidence. If immaterial, may be charged to Function 7100.
 <u>Insurance</u>	
Property	Function 7900
Boiler	Function 7900
Casualty (General Liability & Automobile)	Function 7900
Casualty-Pupil Transportation	Function 7800
Fidelity Bonds	Function 7100

<u>Code</u>	<u>Description</u>
5000	<u>Instruction</u> . Instruction includes the activities dealing directly with the teaching of pupils, or the interaction between teacher and pupils. Teaching may be provided for pupils in a school classroom, in another location such as in a home or hospital, and other learning situations such as those involving co-curricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here are the activities of aides or assistants of any type which assist in the instructional process. Pupil transportation costs are <u>not</u> to be charged to Instruction.
5100	Basic (FEFP K-12). The Basic Program is that part of the school board's Full-Time Equivalent (FTE) eligible instructional program which is not identified as Special Programs for Exceptional Students, Vocational-Technical or Adult General Education. Programs for Students at Risk are included in the function.
5200	Exceptional. Programs for exceptional student education are determined by law. Criteria for each program is specified by State Board of Education Rule.
5300	Vocational-Technical. Vocational-Technical programs are established by law with program criteria established through State Board of Education Rule. All vocational courses are categorized into programs established by the Legislature.
5400	Adult General. All Adult General course offerings which are funded under Workforce Development.
5500	Other Instruction. Instruction not qualifying for FEFP funding; such as instruction provided in recreation and leisure courses, Lifelong Learning, or in Pre-kindergarten programs not funded through the FEFP or Workforce Development. Childcare programs, if fee supported, should be coded to Function 9100. Project or cost center accounting may be needed for such programs in order to capture support costs.
6000	<u>Instructional Support Services</u> . Provides administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction. Instructional Support Services exist as adjuncts for the fulfillment of the behavioral objectives of the instruction functions, rather than as entities within themselves. Although some supplies and operational costs are generated in instructional support, the major concern will be in the area of personnel.
6100	Pupil Personnel Services. Those activities which are designed to assess and improve the well-being of pupils and to supplement the teaching process. These activities are classifiable under the following subfunctions: <ul style="list-style-type: none"> <li>6110 Attendance and Social Work. Pertains to promoting and improving school attendance of pupils. It includes early identification of patterns of nonattendance, promoting positive pupil and parent attitudes toward attendance, analysis of causes of nonattendance, and enforcement of compulsory attendance.</li> </ul>

- 6120 Guidance Services. Pertains to helping pupils assess and understand their abilities, aptitudes, interests, environmental factors, and educational needs; assisting pupils in increasing their understanding of educational and career opportunities; and aiding pupils in making optimum use of educational and career opportunities through the formulation of realistic goals. It includes counseling pupils and parents, evaluating the abilities of pupils, assisting pupils in making 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 services.
- 6130 Health Services. Pertains to physical and mental health services which are not direct instruction. It includes activities involved with providing the pupil with appropriate medical, dental, psychiatric, and nurse services.
- 6140 Psychological Services. This area includes the professional services of a psychologist for pupil test analysis and for mental diagnosis. Pertains to supplementing the school system reservoir of information identifying the individuality of each pupil, his capacities, achievements, interests, potentialities, and needs; studying individual pupils who are experiencing acute problems of educational development in order to furnish diagnostic information; and suggesting programs concerning the psychological aspects of these problems.
- 6150 Parental Involvement. This function primarily relates to federal projects that require parent participation as a requirement of the grant.
- 6190 Other Pupil Personnel Services. Pupil personnel services not classified elsewhere in 6100 subfunctions. This would include positions such as diagnostic and child find specialists. In making the program cost report, these specialists are to be identified to appropriate FEFP programs through use of school/program tables.
- 6200 Instructional Media Services. Consists of those activities concerned with the use of all teaching and learning resources, including hardware and content materials. Educational Media are defined as any devices, content materials, methods, or experiences used for teaching and learning purposes. These include printed and non-printed sensory materials. Included are school media centers (school libraries) and central media center operations. Routine repair and maintenance of audio visual equipment should be coded to this function.
- 6300 Instruction and Curriculum Development Services. Activities designed to aid teachers in developing the curriculum, preparing and utilizing special curriculum materials, and understanding and appreciating the various techniques which stimulate and motivate pupils. Included in this function are the following instructional support specialists: primary, technology, learning resource, and behavioral. In making the program cost report, these specialists are to be identified to appropriate FEFP programs through use of school/program tables.

- 6400 Instructional Staff Training Services. Activities designed to contribute to the professional or occupational growth and competence of members of the instructional staff (defined in Rule 6A-1.051, FAC) during the time of their service to the school board or school. Among these activities are workshops, demonstrations, school visits, courses for college credits, sabbatical leaves, and travel leaves. All Inservice Training costs are to be recorded in this function and Function 7730 (Non-Instructional). Substitute teachers hired to cover classes of teachers participating in training is a cost of inservice training.
- 7000 General Support Services. Consist of those activities concerned with establishing policy, operating schools and the school system, and providing the essential facilities and services for the staff and pupils.
- 7100 Board. Consists of the activities of the elected or appointed body which has been created according to state law and vested with responsibilities for educational activities in a given administrative unit. Also included here are expenses of Board Attorney and other legal services, independent auditors, internal auditors that report directly to the Board, negotiators, lobbyists, etc.
- 7200 General Administration (Superintendent's Office). Consists of those activities performed by the superintendent and assistant superintendents in general direction and management of all affairs of the school system. This includes all personnel and materials in the office of the superintendent.
- Activities of the offices of the deputy superintendent and associate or assistant superintendents should be charged here unless the activities can be placed properly into another function. When two or more functions are directed by the same individual, the services of that individual's office are charged to the office of the superintendent or prorated between the functions.
- 7300 School Administration (Office of the Principal). Consists of those activities concerned with directing and managing the operation of a particular school. It includes the activities performed by the principal, assistant principal, and other assistants in general supervision of all operations of the school, evaluations of staff members of the school, assignment of duties to staff members, supervision and maintenance of the records of the school, and coordination of school instructional activities with instructional activities of the school system. Includes clerical staff for these activities.
- 7400 Facilities Acquisition and Construction. Consists of those activities concerned with the acquisition of land and buildings, remodeling buildings, construction of buildings and additions, initial installation or extension of service systems and other built-in equipment, and improvements to sites.
- 7500 Fiscal Services. Consists of those activities concerned with fiscal operation of the school system. This function includes budgeting, receiving and disbursing cash, financial accounting, payroll, inventory control, and internal auditing.

- 7600 Food Services. Consists of those activities concerned with providing food to pupils and staff in a school or school system. This function includes the preparation and serving of regular and incidental meals, lunches or snacks in connection with school activities and the delivery of food. Food purchased and served outside the district's defined Food Services program are to be charged as a purchased service of the applicable function.
- 7700 Central Services. Activities, other than general administration, which support each of the other instructional and supporting services programs. These activities are defined in the following sub-functions:
- 7710 Planning, Research, Development, and Evaluation Services. Activities, on a systemwide basis, associated with conducting and managing programs of planning, research, development, and evaluation.
- 7720 Information Services. Activities concerned with writing, editing, and other preparation necessary to disseminate educational and administrative information to pupils, staff, managers, or to the general public through direct mailing, the various news media, or personal contact.
- 7730 Staff Services. Activities concerned with maintaining an efficient staff for the school district including such activities as recruiting and placement, staff transfers, health services, and staff accounting. Inservice training of non-instructional personnel is to be recorded as a cost of this function.
- 7740 Statistical Services. Activities concerned with manipulating, relating, and describing statistical information.
- 7750 Data Processing Services. Activities concerned with preparing data for storage, storing data, and retrieving data for reproduction as information for management and reporting.
- 7760 Internal Services. Activities concerned with buying, storing, and distributing supplies, furniture, and equipment; activities concerned with duplicating and printing for the school board; and mail room and courier services.
- 7790 Other Central Services.
- 7800 Pupil Transportation Services. Consists of those activities which have as their purpose the conveyance of pupils to and from school activities, either between home and school, school and school or on trips for curricular or co-curricular activities. Expenditures for the administration of pupil transportation services are recorded under these accounts, together with other pupil transportation expenses.

- 7900 Operation of Plant. Consists of activities concerned with keeping the physical plant open and ready for use. Major components of this function are utilities, including telephone service, custodial costs, and insurance costs associated with school buildings. Includes cleaning, disinfecting, heating, moving furniture, caring for grounds, school crossing guards, security and other such activities that are performed on a daily, weekly, monthly or seasonal basis. Operation of plant does not encompass repairs and replacements of facilities and equipment. Custodians may do "light" maintenance tasks, but should be coded to function 7900.
- 8100 Maintenance of Plant. Consists of activities that are concerned with keeping the grounds, buildings and equipment at an acceptable level of efficiency through repairs or preventative maintenance.
- NOTE:** Equipment repair services which are direct costs of specific programs within the FEFP shall be charged to the function of Instruction when the amount of such services is material in relation to the cost of the programs. Equipment repair services rendered for the functions of Pupil Transportation (7800) and Food Services (7600) are to be charged to these functions. Routine maintenance of audio visual equipment is to be charged to Instructional Media Services (6200). All other equipment repairs may be charged to 8100. If the maintenance labor force is used to construct facilities, the costs should be reclassified to function 7400.
- 9100 Community Services. Community Services consist of those activities that are not related to providing education for pupils in a school system. These include services provided by the school system for the community as a whole or some segment of the community, such as community recreation programs, civic activities, public libraries, programs of custody and care of children, and community welfare activities. Does not include instructional programs. Fee supported instructional programs should be coded to 5500.
- 9200 Debt Service. Payments of principal and interest for the retirement of debt.
- 9700 Transfers. Nonreciprocal interfund activity represented by disbursement of cash or goods from one fund within the district to another fund without an equivalent return and without a requirement for repayment.

## FACILITY

Florida law requires financial reporting on a school basis. By statute, a school is defined as, ". . . an organization of pupils for instructional purposes on an elementary, secondary or other public school level, approved under regulations of the State Board of Education." In many instances, "Facility" is synonymous with "school." Accounting for the financial transactions of a school district will require the identification of a number of facilities or cost centers which are not schools, however, the operating costs associated with such centers will be attributed to schools on program cost reports. The four digit numbers for schools are assigned by the Department of Education. Administrative departments are designated by the 9000 series of numbers.

## PROGRAM

Section 237.34, Florida Statutes, requires program cost reporting. This reporting is to be accomplished as described in Chapter 5 of this manual.

## FISCAL YEAR

Fiscal year denotes a twelve-month period of time to which the annual budget applies and at the end of which a school system determines its financial position and the results of its operations. In transmitting records to DOE, fiscal year shall be identified as illustrated here:

01 for FY 2000-2001

00 for FY 1999-2000

## GRANT

Grant numbers are assigned by DOE to control reporting of expenditures for state and federal grants. This is a five character reporting field. Districts may elect to crosswalk from a locally designed code structure.

## PROJECT/REPORTING

This dimension is used to account for expenditures on specific projects funded through grants and to account for construction projects. This is a five character field. Districts may elect to crosswalk from a locally designed code structure.

**NOTE:** The expenditure of money received and recorded under revenue account code 3344, District Discretionary Lottery Funds, shall be recorded and reported through Grant and Project/Reporting. Expenditures recorded must be consistent with policies and procedures established by the district to define enhancement and expenditures consistent with that definition.

## Chapter Five

### Program Cost Accounting and Reporting

Section 237.34, Florida Statutes requires program cost accounting and reporting on a school-by-school basis.

Cost reporting has two central elements:

1. Identification of direct program costs and aggregation of these costs by program, and
2. Attribution of indirect costs to programs on an appropriate basis.

Program costing is not accomplished solely by the day-to-day transactions as recorded on the district's accounting records. In fact, such a transaction-based system is difficult and expensive to manage since many transactions involve more than one program and the attributed indirect costs would have to be adjusted several times during the fiscal year. Effective budgetary control, an essential component of the accounting system, becomes an increasingly complex matter under such a system. This is particularly true in Florida's structure where statute directs that funded programs are to be costed. Beginning with the 1997-98 fiscal year, exceptional education program funding follows the student into all classes, not just special education classes. Students identified as needing English for Speakers of Other Languages (ESOL) programming are generally taught in Basic Programs funded classes (which also may have exceptional education students in membership). The financial accounting system provides the foundation for program costing. However, this system probably precludes capturing all funding and cost at the program level. At the time program costs are prepared, certain cost accounting procedures must be applied to the amounts produced by the financial accounting system. These procedures are applied on a systematic basis and are documented for audit trail purposes. The following sections detail Florida's program costing procedures.

#### COSTS TO BE REPORTED

With the exception of capital object expenditures for land, land improvements, buildings and fixed equipment and remodeling/renovations, ALL function 5000-8100 expenditures from the General Fund and Special Revenue Funds will be included in program costs (except function 5500). Two separate cost reports, by school, are to be produced; one for General Fund expenditures and one for Special Revenue Funds expenditures.

Each set of school reports will be aggregated to produce a report for the General Fund and a report for the Special Revenue Funds. The aggregate reports will include the following items to reconcile to the annual financial report expenditure totals from the General and Special Revenue Funds:

- Recreation & Enrichment Programs
- Other Specified Programs
- Non-Program Capital Expenditures
- Community Services (Function 9100)
- Debt Service (Function 9200)

Transportation and Food Services will be reported on a school-by-school basis, but will not be attributed as costs of programs.

#### COST ELEMENTS

Cost reporting elements include direct and indirect costs. Direct costs are classified into major objects. Indirect costs are classified as school level or district level. State Board of Education Rule 6A-1.014 distinguishes costs as school or district level. The distinction is made on the nature of the cost, rather than the cost center to which the expenditure is charged.

The major objects of direct cost are:

- Salaries (Object 100 as defined in the Red Book)
- Benefits (Object 200)
- Purchased Services (Object 300)/Energy Services (Object 400)
- Materials and Supplies (Object 500)
- Other Expenses (Object 700)
- Capital Outlay (Object 600 except Buildings and Fixed Equipment (630), Land (660), Land Improvements (670), and Remodeling/Renovation (680))

Direct costs of programs are those costs identified with the function 5000, (except function 5500) Instruction. Direct costs include the above objects under the function, Instruction.

Direct salaries and benefits are the largest cost elements to be considered in program costing. In those instances in which a teacher serves more than one program, it is necessary to divide the total salary accurately between programs.

The following procedure will be used:

- (1) The number of periods or instructional modules for each instructor will be determined.
- (2) The instructor's salary will be divided by the number of periods or time modules.
- (3) In the case of Special Programs (Exceptional, At-Risk, Vocational, or Adult) the salary for each program is the product of the number of periods in each of the designated programs and the period salary. Exceptions occur in that a vocational class may include high school and adult students. In this situation, it is necessary to consider the number of students and the relative time of instruction in each reporting category.
- (4) In the case of Basic Programs, it is necessary to examine the class grade level composition since the student's grade level determines FTE earnings. If there are students from two grade groups (4-8) and (9-12), it is necessary to split the period salary accordingly.

An example of the procedure discussed above would be a teacher earning \$21,000.00 and having the following time schedule and Basic Program pupil load:

<b>Time Module</b>	<b>Assignment</b>	<b>Number of Students</b>	
		<b>8th Grade</b>	<b>9th Grade</b>
1	Planning	XXX	XXX
2	Vocational (6-12)	XXX	XXX
3	Vocational (6-12)	XXX	XXX
4	English	16	16
5	English	10	20
6	English	12	14

In the illustration above, \$4,200.00 will be assigned to each student contact period or time module (\$21,000.00 x .20). Vocational (6-12) is a category in itself. Grade levels for these periods are ignored - \$8,400.00 will be assigned to Vocational (6-12) for this teacher.

The \$4,200 assigned 4th period will be prorated equally to the 4-8th grade program and the 9-12th grade program (\$2,100.00 each).

The \$4,200.00 assigned 5th period will be prorated as follows:

one-third (10/30) to 4-8th grade program = \$1,400.00  
two-thirds (20/30) to 9-12th grade program = \$2,800.00

The \$4,200 assigned sixth period will be prorated as follows:

12/26 or 46% = \$1,932.00 salary for the 4-8th grade program  
14/26 or 54% = \$2,268.00 salary for the 9-12th grade program

The \$21,000 will therefore be prorated as follows:

Vocational (6-12) = \$8,400.00  
Basic, 4-8 = 5,432.00  
Basic, 9-12 = 7,168.00  
\$21,000.00

This information will also be used to determine full-time equivalent staff positions for the staff attribution schedule. Indirect costs are attributed on three bases: Staff (number of teachers), FTE students, and Time/Space. For this purpose, full-time equivalent teachers by program are determined concurrently with salaries by program.

40 percent or .40 FTE staff positions will be assigned to Vocational (6-12) program for this teacher.

period 2 .20  
period 3 .20

.26 FTE staff positions will be assigned to the 4-8 grades category.

period 4 .10  
period 5 .07  
period 6 .09

.34 FTE staff positions will be assigned to the 9-12 grades category.

period 4 .10  
period 5 .13  
period 6 .11

The Program Cost Reporting System attributes salaries to programs and computes the full-time equivalent staff positions by program when assignment data by period, annual salary data, and days worked of annual contract period, are input for each teacher.

The other objects of Function 5000 are a relatively small part of total program costs. These costs may be specifically identified to particular programs or attributed on the following bases: Purchased Services (FTE), Materials and Supplies (FTE), Capital Outlay (FTE), and Other Expenses (Staff).

Indirect costs (functions 6100-8100) are those which are of such nature they cannot be readily or accurately identified with a program or the instructional function. For example, the custodial staff of a school may clean areas used jointly by individuals performing under Instruction, Instructional Support or General Support functions.

## ATTRIBUTION OF COSTS

Three bases are used for attributing indirect costs to the instructional programs.

**FTE students** for those costs which tend to increase or decrease with the number of students or which are otherwise related to students.

**Staff** (number of full-time equivalent teachers paid from General Fund and Special Revenue Funds) for those costs which tend to increase or decrease with the number of teachers or which are otherwise more related to staff than students.

**Time and Space** are used for those costs which vary with the amount of space used by programs.

These bases are related to Instructional Support and General Support functions as follows:

### **FTE Students**

Pupil Personnel Services, Instructional Media, Food Service, Pupil Transportation Services, and Board.

### **Staff**

Instruction and Curriculum Development, Instructional Staff Training Services, General Administration, School Administration, Fiscal Services, and Central Services.

### **Instructional Time/Space**

Operation of Plant, Maintenance of Plant, and Facilities Acquisition and Construction.

## RATIONALE FOR ATTRIBUTION

Two factors are involved in determination of required attribution basis:

- (1) The causal relationship between the expense item and the programs benefited. There are certain expenditures which tend to increase or decrease as the number of students or staff, or other factors vary.
- (2) Cost involved in employing a particular attribution basis. A basis may be preferred in terms of causal relationship, but the cost of securing data for its use may not be justified by the additional degree of accuracy derived.

Florida specifies a basis for each support function. Some activities within a particular function may be more appropriately attributed on a different basis than other activities of the same function. However, practicality (cost) dictates that all costs of the function be attributed in accordance with the most significant causal relationship.

The following paragraphs address each support function and the attribution basis to be used.

Pupil Personnel Services include Attendance and Social Work, Guidance Services, Health Services and Psychological Services provided to pupils. The attribution base selected for Pupil Personnel Services is FTE Students.

Although the provision of services to teachers is an important part of Instructional Media Services, the service of librarians to pupils is the predominant activity. This activity would increase or decrease relative to the increase or decrease of students. The factor of FTE students was selected to prorate these services to program categories.

Instruction and Curriculum Development and Instructional Staff Training Services are almost entirely involved in instructional staff activities. These services should be attributed on an instructional staff basis.

The Board is involved in many activities involving service to students and staff. For purposes of Cost Reporting, these services should be attributed on an FTE student basis.

The majority of activity in General Administration involves managing personnel. Although it is recognized that many other activities are carried on which are pupil and space related, this function should be attributed on an instructional staff basis.

To attribute costs on a total staff basis would involve a secondary attribution that could result in additional expense but may not increase the accuracy of the attribution.

Under the description of activities involved in the function, School Administration, many are involved with the instructional staff of the school. Because of their heavy involvement with students, a split between attribution bases may be warranted. For the present, this function should be attributed on a staff basis, due to the efforts necessary in making this split.

Facilities Acquisition and Construction, Operation of Plant, and Maintenance of Plant consist mostly of acquiring, cleaning and maintaining space. To visualize the inadequacies of attributing indirect operation and maintenance cost on an FTE or Staff basis, the following diagram is offered:

**K-12 BASIC CLASSROOM\***  
**Typical Structure**  
  
**1 Teacher**  
**27 FTE Students**  
**750 Square Feet**

**VOCATIONAL LAB\***  
**Typical Structure**  
  
**1 Teacher**  
**18 FTE Students**  
**1500 Square Feet**

**SPEECH THERAPY SPACE\***  
**Typical Structure**  
  
**1 Teacher**  
**3 FTE Students**  
**100 Square Feet**

\*Not to scale

The Program Cost Reporting System provides for inputting each teacher's space from existing district systems. Alternatively, models of space usage may be used.

In reviewing attribution of maintenance and operation in cost accounting literature, space is the most recommended basis. Consultation with school facilities personnel also indicates that space would be the better of the alternatives.

Maintenance costs should be recorded as direct to program categories when the cost is a result of the characteristics of the program. For example: a maintenance contract on typewriters used for a vocational program. Where possible, other maintenance costs should be recorded by building. Any remaining maintenance costs should be attributed to schools and programs on a space basis.

Fiscal Services and Central Services involve budgeting, receiving, disbursing, payroll, buying, storing, etc. These activities increase or decrease in relationship to the numbers of staff served. Fiscal Services and Central Services should therefore be attributed on the basis of instructional staff. As in the case of similar functions, a primary and secondary attribution (involving total staff) might be warranted if not for the expense involved in making such an attribution.

Food and Transportation services increase or decrease in relation to the number of students served. These costs should be attributed on the basis of FTE students. Food Service costs by school center and district-wide costs shall be attributed on FTE. While Food Service and Transportation are not to be attributed to programs, it is necessary to report these costs by school.

### SOURCES OF ATTRIBUTION FACTORS

Annual FTE by school and by program is to be taken from the FTE submitted to the Department of Education.

The Staff figures are based on the full-time equivalent teachers by program. Full-time is defined as a teacher serving a regular teaching contract for the school year. Short course and summer courses must be equated to the regular term. The Florida Inventory of School Houses (FISH) reports all spaces for each school. Time usage of space must be established with reference to the class schedule. Districts may use space models in which a typical program space is used for each teacher identified with the program.

### ATTRIBUTION TABLES

The attribution factors (FTE, Staff, and Space) of all programs constitute the overall attribution table for indirect costs. These factors provide for the attribution of indirect costs for both school and district level expenditures. One attribution table is not adequate for accurate distribution of all expenditures. For example, a district's General Fund is involved with all schools and all programs, while compensatory expenditures are to be made only for certain target schools and programs. Thus, School/Program tables are used to attribute indirect costs and prorate certain residual direct costs. All costs must be associated with a school/program table. Each district designates the school/program tables needed to accurately cost its program.

For example:

#### **General Fund**

General Fund expenditures except those specified to other tables. This table includes all schools and programs.

**Transportation Expenditures.** Exclude schools and programs not served, such as Adult Education.

## Special Revenue Funds

**Food Service Expenditures.** Include schools having Food Service and exclude non-participating programs such as Adult Education.

**Migrant Program Expenditures.** Include only schools and programs served.

**Vocational Project Expenditures.** Include only schools and programs served.

**Adult Basic Education Project Expenditures.** Include only schools and programs served.

**Exceptional Student Education, Federal Project Expenditures.** Include only schools served.

Districts will have more tables than illustrated here. The number of tables will vary based on the district's program and the identification of programs in its accounting system.

## SPECIAL CONSIDERATIONS

1. Aides exclusively assigned to particular programs shall be identified to those programs.
2. Contracted services expenditures which have been handled at the district level, but which are incurred for specific programs, shall be reported as direct costs for the specific programs.

For example, a school board may have contracted for services for students reported in Physical or Occupational Therapy program, but because the contract was developed by the district office, the expenditure may not have been reported as a direct program cost for ESE.

Contractual expenditures which are similar to the cited example shall be reported as costs of the program benefited. This can be accomplished through use of special tables in the cost reporting system.

3. Exceptional Student Education Programs (beginning 1997-98)
  - a. Students receiving exceptional education service are reported in ESE for the full day. Therefore, all Basic, Vocational, and At-Risk teachers with ESE students in their classes are to be reported as ESE in proportion to the number of ESE students to all students in their classes (period by period).
  - b. All ESE teaching personnel (team teachers, co-teachers, facilitators, consulting teachers, and lab teachers) are to be reported as ESE direct costs.
4. Adult Education
  - a. Plant Operating Costs - When separate school numbers are assigned to day and evening programs conducted in the same plant, operating costs (utilities, custodial and maintenance) shall be attributed to both schools.
  - b. Director of Adult Education Costs - When the Director of Adult Education also performs the function of principal of an adult school, administrative costs shall be split between school level and district level indirect.

## COMPUTER PROGRAMS FOR COST ACCOUNTING

The Automated Cost Reporting System was developed to accomplish the large number of mathematical calculations required for distributing salaries to programs served, developing indirect cost attribution factors and attributing indirect costs to these factors. Phase I of the system distributes salary and develops Staff and Time/Space factors as described. The second phase creates attribution tables. The third and final

phase uses the results of the preceding phases plus additional expenditure data in the production of the required reports and supplemental cost analysis reports.

The program logic of the Automated Cost Reporting System is consistent with the requirements found in this chapter.

## COST REPORTING PROCESS

Direct salaries for teachers must be determined programmatically by the process described earlier and summarized in the following sentence. If a teacher teaches more than one time module and different programs are involved in each time module, the year-to-date salary of the teacher first should be divided by the number of time modules taught and then multiplied by the percent of students in the categories within the time modules.

Direct salaries for substitute teachers (when not specifically identified to a program because of the nature of the substitute service) are to be attributed on a Staff basis. Direct Salaries for classroom aides serving more than one program are to be attributed on a Staff basis, if the time of service for each program is not readily determinable. Salary supplements generally should be distributed in the same manner as regular pay.

However, when the supplement is not related to regular duties, a Staff attribution should be used to distribute the supplement. Other salary amounts paid to teachers (conversion of sick leave on retirement and sabbatical leave) should be handled on a district-wide staff attribution.

Employee benefits are calculated based on a district or school percentage of benefits paid to salaries paid (option 1) or through direct input to programs (option 2). Option 1 is preferred over handling benefits by transaction because of the detail involved in tracing by transaction. The percent of variance for groups of teachers is not of enough significance to justify the detail necessary in handling by transaction. This is also likely true of benefits by school. Unless there is an unusual benefit variance by school, it is recommended that Option 1 users select the district level (by table) calculations.

Direct purchased services may be recorded from transactions for programs. The balance of direct purchased services, after deduction of transactions identified to specific programs is prorated on an FTE basis, either through school or district proration.

Other expenses may be recorded directly from transactions for programs. The balance of direct other expenses, after deduction of transactions identified to specific programs, is prorated on a Staff basis, either through school or district proration.

Capital Outlay expenses may be recorded directly from transactions for programs. The balance of direct capital outlay, after deductions for transactions identified to specific programs, is prorated on an FTE basis, either through school or district proration.

Indirect school costs are those indirect costs which are either identified to the school by transaction or are prorated to the school on an approved basis. These school indirect costs are attributed to cost programs within the school on either the number of full-time equivalent (FTE) students in the program, the number of full-time equivalent staff members in the program or the space used by the program.

Indirect district-wide costs are those indirect costs which are identified to district-wide support activities.

These indirect district-wide costs are attributed to programs within schools based either on FTE students, FTE staff members or space used by the programs.

District indirect costs applicable to all programs are distributed to all programs. Indirect cost applicable only to one program or to a subset of programs are distributed only to those program(s) through use of a school/program table for that purpose.

## DESCRIPTION OF ATTRIBUTION PROCESS

Attribution bases are applied to indirect cost function codes as follows:

<u>FTE</u>	<u>STAFF</u>	<u>SPACE</u>
6100	6300	7400
6200	6400	7900
7100	7200	8100
7600	7300	
7800	7500	
	7700	

Direct costs which cannot be identified to specific programs will be attributed by object of expenditure as follows:

<u>FTE</u>	<u>STAFF</u>
Purchased Services	Salaries (residual amounts only)
Materials/Supplies	Benefits (residual amounts only)
Capital Outlay	Other Expenses

Salaries and Benefits are to be directly identified to a program, however, salary amounts for instructional aides (not exclusively assigned to particular programs) and substitutes plus some supplemental salary payments as described previously may be attributed. These small amounts not directly identified with a program are termed residual amounts in that they are direct in nature, but identification stops short of a program (school or district level). The other objects of direct costs constitute about five percent of program costs. The nature of a large portion of these items is such that direct identification to programs is impractical. Accordingly, these objects are frequently recorded only to the school level.

## CALCULATION

Within each school/program table the calculation of attributed amounts are the same. The school/program table defines the schools and programs within schools for which attribution factors are to be included in the distribution of costs associated with the school/program table. Calculations for each attribution base (FTE, Staff, and Space) are handled identically.

- (1) District level indirect costs attributable to all schools and programs. An example would be Function 7100 (Board). This cost should be in the "ALL" school/program table. The amount would be attributed to all programs at all schools. For each program at each school the amount would be the product of multiplying the dollar amount of Function 7100 by a fraction - the numerator of which is the FTE of the program at the school and the denominator is the FTE of all programs at all schools.
- (2) District level indirect costs attributable to a group of programs only. An example would be the costs of supporting the office of the Assistant Superintendent for Vocational Education. These costs are a part of Function 7200, General Administration, but the benefit is limited to vocational education. This cost should be attributed only to vocational programs. Accordingly, through use of a table devoted to vocational programs, the cost is distributed to each vocational program at each school by a fraction in which the numerator is the staff of the particular vocational program at that school and the denominator is the staff of all vocational programs in the district.
- (3) District level indirect costs attributable only to a single program. An example would be the salary and benefits of a Program Coordinator (Function 6300) who serves only one program. This situation would call for use of a special table devoted to the program. The numerator of

the fraction used to distribute this cost to each school would be the staff of the program at the school and the denominator would be the staff of the program for the district.

- (4) School indirect costs recorded to school level. The amount attributed to each program at that school would be determined by the factor (FTE, Staff or Space determined by the function) for each program relative to the aggregate of that factor for all programs at the school. For example, one teacher is employed in the Exceptional Student Education (ESE) program of a school and there are nine other full-time teachers. One-tenth of school indirect costs to be attributed on a Staff basis would be attributed to ESE.
- (5) School indirect costs recorded at district level. These amounts are school level by State Board Rule 6A-1.014. Practicality requires recording at district level. An example of such costs would be maintenance labor. These amounts are attributed in the same manner as district indirect costs, but reported as additions to school indirect. See controls 2000, 2001, and 2002 for the correct entry of this data.
- (6) Residual direct amounts. The nature of these items is described in the preceding section. These amounts are attributed in the same manner as district or school indirects except that the amounts are added to the particular object of direct costs.
- (7) Food Service and Transportation. These amounts are not attributed to programs, but are based on each school's share of FTE exclusive of Adult Education programs and off-campus vocational programs. Schools not served should be deleted from the tables needed for the functions.

## Chapter Six

### Internal Service Funds

Internal service funds are established to account for any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. An internal service fund should be used only when the reporting government is the predominant participant in the activity. Otherwise, the activity should be reported as an enterprise fund. (Statement 34, paragraph 68)

As a proprietary fund, an internal service fund utilizes the total economic resources measurement focus and the accrual basis of accounting. Therefore, revenues are recognized in the accounting period in which they are earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. Although generally accepted accounting principles do not require the use of an internal service fund, SBE Rule 6A-1.099, requires the use of an internal service fund for all educational consortia activities. The authorizing statute is Section 230.23(12), F.S., which states that school boards "may establish and participate in educational consortia which are designed to provide joint programs and services to cooperating school districts, consistent with the provisions of s. 4(b), Art. IX of the State Constitution."

The following principles regarding internal service funds (or enterprise funds required for self-insurance pools) apply to educational consortia are:

- a. All monies received by a consortium shall be deposited to the official accounts of the host district (recipient agency) and shall be separately accounted for in an internal service fund.
- b. All transactions for the consortium shall be recorded in the proper account within the fund. Projects submitted on behalf of the consortium shall be recorded directly in the internal service fund. Revenues generated by billing to participating districts shall be recorded directly in the internal service fund.
- c. Expenditures for operating costs of the consortium, including any rent or service charge due the host district's general fund, shall be charged to the fund. Contractual services performed by the consortium for the host district shall be accounted for in the same manner as those for other consortium members; i.e., there would be an expenditure charged to the general or special revenue fund of the school district receiving services and revenue credited to the internal service fund. Amounts charged by the consortium shall be sufficient to cover all costs of goods or services provided to member districts. Records of the consortium shall be in sufficient detail to determine that member districts receive full value of purchased goods or services. For instance, if a member district pays \$10,000 for goods or services from the consortium, the records of the consortium shall reflect that \$10,000 of goods or services were provided to the member district.
- d. The disposition of unexpended cash balances at the end of each fiscal year should be by refund to the participating consortia members; however, the host district may, with the consent of the participating members, carry forward cash balances for use in the ensuing fiscal year.
- e. Districts that serve as the host district for more than one consortium shall maintain separate records for each consortium.

- f. The account that a consortium should use when revenues are recognized from member districts is 3481, Charges for Services. The initial receipt of money from member districts shall be handled on the books of the host district as deferred revenue. The participating member district shall record disbursements to the consortium as a receivable until goods or services are received. At that time an expenditure shall be recorded on the accounts of the member district and revenue shall be recognized on host district's accounts.

Contracted services and activities rendered by an educational consortium may include, but not be limited to, bidding, contracting and purchasing arrangements for the purpose of implementing the following examples of the types of programs or functions provided.

1. Programs:
  - a. Teacher Education Center
  - b. Inservice Training for Non-instructional Personnel
  - c. Federal Programs
  - d. Student Testing
  - e. State and Federal Mandated Programs
  
2. Functions:
  - a. Instructional Services
  - b. Fiscal Services
  - c. Data Processing and Management Information Services
  - d. Pupil Personnel Services
  - e. Purchasing
  - f. Printing
  - g. Media Center

Any other services to member districts deemed necessary by the Board of Directors of the consortium may also be rendered.

Additional information regarding the account structure necessary to record the activity described above can be found in Chapters 2, 3, and 4 of this manual.

## Chapter Seven

### School Internal Funds

#### SECTION I - PRINCIPLES

1. The school board shall be responsible for administration and control of internal funds of the district school system, and in connection therewith shall:
  - a. adopt written rules governing the receipt and disbursement of all internal funds and for the accounting for property pursuant to Florida Statutes.
  - b. provide for an annual audit of internal funds in accordance with Rule 6A-1.087, FAC.
2. The financial transactions of school organizations shall be accounted for in the school internal funds. All funds handled by school board employees during normal working hours shall be included in and become part of the internal funds of the school unless accounted for in the district level accounting system. All organizations of the school, or operating in the name of the school, which obtain moneys from the public shall be accountable to the board for receipt and expenditure of those funds in the manner prescribed by the board. If authorized by school board rule, a school based direct support organization as authorized by Section 237.40, F.S., may have all financial transactions accounted for in school internal funds.
3. Funds collected by and used for the benefit of faculty and staff may be exempt from the preceding requirements at the option of the school board.
4. School internal account funds shall be used to benefit activities authorized by the district school board.
5. Student participation in fundraising activities shall not be in conflict with the program as administered by the school board.
6. The objective of fundraising activities by the school, by any group within, or in the name of the school shall not conflict with programs as administered by the school board.
7. Funds collected shall be expended to benefit those students in school unless those funds are being collected for a specific documented purpose or are generated by vocational production shops. Vocational production revenue shall benefit the students or program that generated the funds or the student body. Those internal account funds designated for general purposes shall be used to benefit the student body.
8. Collecting and expending of school internal account funds shall be in accordance with the Florida Constitution, Florida Statutes, State Board of Education rules, and school board rules. Sound business practices should be observed in all transactions.
9. Each school organization should operate within a budget formulated by the organization members. The format of the budget shall be prescribed by the principal if not prescribed by school board rule.

10. Purchases from internal accounts shall not exceed the resources of the applicable student activity/project account, except for items acquired for resale or items authorized by school board rule. Purchases to support instructional programs may be made from revenue derived from production work of vocational programs.
11. An adequate system of internal controls shall be maintained in order to safeguard the assets of the school internal funds.

## SECTION II - GENERAL PRACTICES

1. All employees having responsibility for handling and recording internal funds financial transactions shall be bonded through the district.
2. Purchases from internal funds must be authorized in writing by the principal or designee. Neither the school nor the school board shall be liable for any purchase made in the name of the school without express written approval.
3. District approved pre-numbered receipt forms shall be used as the means of recording cash received, and as the basis for entries to the accounting records.
4. Approved pre-numbered checks shall be used as the means for disbursing funds, and as the basis for accounting entries, with the exception of disbursements from properly established petty cash funds.
5. Promissory notes, installment contracts or lease purchase agreements shall not be executed in the name of a school or any school organization except as authorized by the school board.
6. Internal funds shall not be used to cash checks to accommodate individuals, make any kind of loans, pay any form of compensation directly to employees, or extend credit. Employees of the district who are compensated for additional services, such as game personnel to work at athletic events, shall be paid through the district payroll department or when appropriate as prescribed by school board rule. Designated area vocational technical centers may cash checks and make loans as necessary to administer student grant and loan programs funded by federal, state, or private sources.
7. Internal funds shall be accounted for on the same fiscal year basis as all other school district funds. No school organization shall make expenditures that exceed the cash resources available to that organization. All accounts payable shall be disclosed to the school board at year end.
8. Bank statements shall be reconciled as soon as received, preferably by a person other than the person who receipts and disburses funds.
9. Monthly financial reports shall be made in approved written form to provide the school's administration with financial information necessary for decision making. An annual report will provide data for inclusion of internal funds in the district's annual financial statement.
10. Account balances shall be subject to limits which the school board may prescribe.

SECTION III - STANDARDS, PRACTICES AND PROCEDURES

1.0 CONTROL OF CASH RESOURCES

1.1 DEPOSITORIES FOR INTERNAL FUNDS

Depositories in which internal funds are kept must be qualified public depositories, approved by the school board, and required to furnish the same type of security for deposits as is required for other district school board funds.

1.2 BANK ACCOUNTS

Each school shall have only one checking account which shall be entitled "(SCHOOL NAME) Internal Fund, The School District of \_\_\_\_\_ County Florida," or alternative which clearly identifies the school and school district. This account title must be imprinted on all internal fund checks and deposit slips. All monies received by the school will be deposited intact as collected into this account and all disbursements will be made by checks drawn on this account. Savings or investment accounts shall be titled in the same manner. Additional checking accounts may be utilized by designated area vocational technical centers if required in the administration of student grant or loan programs. The name of such program shall be incorporated in the account title.

1.3 CHECK SIGNATURES

- (a) Each account shall have at least two authorized check signers, one of whom must be the principal. These names shall be kept on file for audit. All checks must be signed with two signatures as prescribed by the principal if not prescribed by school board rule.
- (b) The principal is responsible for all financial transactions and proper check signatures.
- (c) Under no circumstances shall checks be presigned.

1.4 CASH COLLECTIONS AND DEPOSITS

- (a) All money collected by the school must be substantiated by pre-numbered receipts, consecutively numbered class receipt records, reports of monies collected, pre-numbered tickets, reports of tickets issued and sold or other auditable records.
- (b) Insofar as is practicable, all money should be collected in the school office. Collections made outside of the school office must be turned in to the school office no later than the next business day.
- (c) All money collected must be deposited intact to a depository as frequently as feasible and as dictated by sound business practices. **IN ANY EVENT, FUNDS COLLECTED MUST BE DEPOSITED WITHIN FIVE (5) WORKING DAYS AFTER RECEIPT.**
- (d) All deposits must equal the total amount of money taken in and recorded on receipts for the period covered by the deposit. Deposit slips shall be made in the number of copies necessary to meet the approved accounting procedures. All checks received shall be deposited with a restrictive endorsement of for deposit only and specifying the account title and number.
- (e) The principal or designee shall be notified immediately of any errors in deposits or disbursements and shall take appropriate action to effect correction.

- (f) All checks, receipt forms and tickets shall be pre-numbered and perpetual inventories of each shall be maintained. Inventories shall show the beginning and ending numbers of all documents acquired and issued. In all cases where tickets are used, ticket reports and unsold tickets must be available for audit. Any pre-numbered documents shall be accompanied by a certified statement of the numbers received.

## 1.5 INVESTMENTS

- (a) The school board shall adopt policies pertaining to the investment of school funds not needed for immediate expenditures. The adopted policies shall make provisions for investing or placing on deposit all such funds in order to earn the maximum possible yield under the circumstances. (Section 230.23(10)(k), F. S.)
- (b) Internal funds which are temporarily idle shall, as required by law, be invested pursuant to policies of the school board using any medium of investment legal for public funds, and may not exceed insurance protection or other legal collateral limits. (Rule 6A-1.085, FAC)

## 1.6 COLLECTION OF WORTHLESS CHECKS

- (a) The principal is responsible for seeking reimbursement for any unpaid check returned by the bank.
- (b) A check can be declared uncollectable and written off the books only by action of the school board or designated officer. This action will be taken only after every legal and reasonable effort at collection by the principal has been exhausted.
- (c) The school principal may require payment for school obligations in cash, money order, or other form of guaranteed payment if it is deemed necessary.

## 2.0 STUDENT ACTIVITY/PROJECTS

### 2.1 ATHLETICS

All revenue and expenditures involving athletic business transacted at the school level shall be recorded in accounts in this classification.

### 2.2 MUSIC

- (a) Proceeds from activities of musical organizations; donations to these groups; and their expenses for supplies and trips shall be recorded in this classification.
- (b) Collections from students for rental or maintenance of uniforms or instruments shall be recorded in separate accounts in this classification, or in trust if restricted as to use.

### 2.3 CLASSES, CLUBS AND DEPARTMENTS

- (a) Class and club accounts are those which support a group of students within a community of interest with a roster of members, officers, and a sponsor. Approval for the existence of all club and class activities is the responsibility of the principal.
- (b) The sponsor of each school club or organization is responsible for providing adequate financial documents and records to the principal and is responsible for retaining duplicates of said documents and records. These records may include an organization budget; duplicate

receipts for all income from dues, fund-raising activities, entertainments, assessments, or donations; and approved requests for payments.

- (c) All collections received by any club or school organization must be deposited in the school internal fund.
- (d) All disbursements by any club or school organization must be made by an internal fund check, or from an approved petty cash fund. Disbursements shall be approved by the appropriate organization officer, when the organization has officers, the sponsor and the principal.
- (e) A financial report shall be filed with the principal's office at the close of each fund-raising activity. To accommodate collection of data for this report a separate account for the activity may be established. The organization sponsor shall participate, along with the finance clerk, in the designation of transactions to be recorded in each of the organization's accounts.
- (f) Class and club monies shall be expended for the benefit of the class or club or for purposes designated by the class or club that participated in generation of the revenue.
  - (1) Any remaining balance in the account of a class that has graduated shall be transferred to the general miscellaneous account at the discretion of the principal.
  - (2) Any remaining balance in the account of an inactive student organization shall be considered as belonging to the general miscellaneous account and shall be closed at the end of the following school year.
- (g) Departments may be structured similar to classes and shall conduct financial activities subject to the above.

#### 2.4 TRUST

- (a) Funds collected for a specific, restricted purpose shall be accounted for in a trust account.
- (b) Trust funds shall be expended only for the purpose for which collected. When the purpose of the trust fund has been accomplished or becomes inoperative, unused trust funds shall be returned to the person(s) from whom collected, if practicable. Donors may designate an alternative purpose. Funds which can not be returned shall be handled in accordance with school board policy.
- (c) At no time shall a trust account have a deficit.
- (d) If a school organization undertakes a project extending beyond the current fiscal year, or receives a restricted donation to be used over a period of time beyond the year in which received, approval must be granted in accordance with school board rules, and the funds held in a trust account.
- (e) Collections for the school board, such as out-of-state tuition, adult matriculation and tuition fees, course fees, reimbursement for damages, or telephone charges are trust funds. Sales tax collected for the State is also a trust account.

- (f) Collections for parking decals issued by secondary schools and vocational schools may be restricted by the school board as to use, and if so, should be accounted for separately in a trust account.
- (g) Funds collected from students as deposits for use of locks, and restricted by the school board as to use, shall be accounted for separately in a trust account.

## 2.5 GENERAL

- (a) This category encompasses all other accounts for funds which are to be utilized for the general welfare of the student body.
- (b) Separate accounts shall be maintained for activities such as the school store and other activities when it is good business practice to separately monitor the financial status of the activity. Activities not accounted for separately shall be recorded in a miscellaneous account.

## 3.0 PURCHASING

### 3.1 REQUIREMENTS

- (a) The requirements pertaining to purchases and securing bids on purchases made from public tax funds shall be observed when purchases are made from internal funds except that:
  - (1) School board approval of internal account vouchers is not required unless specifically provided for by school board rule.
  - (2) School board requirements for internal funds may be more strict than those required for tax funds. (Rule 6A-1.091, FAC)
- (b) Insofar as is possible, purchases of the same or a similar nature to be used in more than one school should be combined and purchased only after approval of the school board. (Rule 6A-1.091, FAC).

### 3.2 RESPONSIBILITY

- (a) The school principal is fully responsible for all purchases and purchase commitments requiring present or future disbursements of internal fund monies. A signed commitment from the principal or designee(s) must be on file before any purchase is made. Vendors shall be notified of this policy. No purchase shall be made unless sufficient resources are available, except items for resale.
- (b) The school board may delegate by rule to such individuals as it may deem appropriate, the making of purchases from internal funds and the securing of quotations and awarding of contracts. (Rule 6A-1.091, FAC)
- (c) No person, unless authorized to do so under regulations of the school board, may make any purchase involving the use of school funds. (Rule 6A-1.012, FAC)

### 3.3 BIDS

- (a) Bids shall be requested from three or more sources for any authorized purchase exceeding amounts set forth in a scale of district sizes and purchase amounts. (Rule 6A-1.012, FAC)

- (b) The school board shall have authority to reject any or all bids and request new bids. In acceptance of bids, the school board shall accept the lowest and best bid. (Rule 6A-1.012, FAC)
- (c) School boards may establish more strict requirements for bids.
- (d) School boards may establish procedures requiring competitive quotations for all or selected types of purchases in amounts under the board adopted bid requirement. Such quotations shall be documented.
- (e) Proposed purchases in excess of the district bid limit must comply with bid requirements of Florida Statutes, State Board of Education Rules, and school board rules. These will be referred to the district purchasing department for development of specifications, bids, advertising and processing.
- (f) When the district has a bid in effect, purchases of items covered must be made from the approved vendor unless the same item may be purchased elsewhere at a lower cost.

#### 3.4 PETTY CASH

If authorized by school board rule, petty cash funds may be established for internal funds.

#### 3.5 RESTRICTED EXPENDITURES

- (a) The following expenditures from internal funds are deemed inappropriate and shall not be made except from trust funds collected for a specifically identified purpose.
  - (1) Equipment, supplies, forms, and postage for curricular or classroom use for which school board funds are available. However, revenue derived from vocational education production shops may be used for these purposes.
  - (2) Curricular-related travel; professional, technical, or consultant services; or other items for which school board funds are available. However, revenue derived from vocational education production shops may be used for these purposes.
  - (3) Articles for the personal use of any student, employee, or other person; except those items which are identifiable as being in recognition of service or promotion of school activities and those items identified under Rule 6A-1.043, FAC, Promotion and Public Relations Expenditures.
  - (4) Personal memberships or subscriptions.
  - (5) Salaries or other compensation for duties or assignments which are the responsibility of the school district.
  - (6) Loans, credit, or accommodation purchases for anyone.
  - (7) Repairs and maintenance of school board equipment for which school board funds are available. However, revenue derived from vocational education production shops may be used for these purposes.

#### 3.6 PROPERTY ACQUISITION AND CONTROL

- (a) Tangible personal property as defined in Chapter 274.01, F.S., purchased or acquired by donation becomes the property of the school board and is subject to the board's procedures for property control.
- (b) Notification to the appropriate district office is required when items that meet the criteria for fixed assets are purchased or received as a donation. A full description of any equipment or property acquired by a school must be given, including make, model, serial number, date acquired and total cost, or fair market value for donated property.
- (c) Expenditures for buildings, remodeling, renovation, repairs, or alteration to the facilities, or any property involving risk must have prior written approval of the superintendent or designee.
- (d) Approval must be obtained from the superintendent or designee to change, alter, or attach permanent fixtures to school property; or to utilize more than the ordinary amount of utilities.

#### 4.0 GENERAL STANDARDS, PRACTICES AND PROCEDURES

##### 4.1 REPORTS

- (a) The principal's financial report and any other interim reports shall be prepared and submitted according to the schedule and format prescribed in district adopted procedures.
- (b) At the close of the school year the annual report shall be prepared as district procedures provide, and shall be attested to by the principal and the preparer by their signatures as to its accuracy in reflecting the year's activity and year-end balances to be included in the District Annual Financial Report.

##### 4.2 AUDITS

- (a) The school board shall provide for an annual audit of internal funds.
- (b) In accordance with Rule 6A-1.087(2), FAC, the signed, written report of the audit shall include notations of any failure to comply with Florida Statutes, State Board of Education Rules and rules of the school board. The report, which must also provide commentary as to financial management and irregularities, shall be presented to the school board while in session and filed as a part of the public record.

##### 4.3 COOPERATIVE ACTIVITIES

- (a) A cooperative activity is one in which the school participates with outside groups such as the P.T.A. or booster clubs through planning, staging, or conducting school-related activities. Such activities may be held on or off the school grounds and will usually take the form of fund-raising events such as carnivals, paid entertainments, or food sales.
- (b) Such activities must be approved by the principal and be beneficial to students. District procedures shall be followed to provide appropriate accounting for funds and to ensure compliance with policies contained herein. If a share of the proceeds is to be disbursed to the cooperating group, a prior written agreement should be executed.

##### 4.4 FUNDRAISING

- (a) Each fundraising activity shall be planned to finance a specified objective.

- (b) Each fundraising activity shall have the approval of the organization sponsor and the principal.
- (c) The principal shall control the fundraising activities conducted in the name of the school, and assure that the purposes are worthwhile.
  - (1) Raffles and other activities of chance shall not be conducted for school connected activities.
  - (2) Fundraising activities for which students are charged an admission shall not be presented during school hours.
- (d) When any school organization or group is involved in a fundraising activity or any function exposing the school board to extraordinary liability, approval must be obtained in advance from the superintendent or designee.
- (e) Collections for all school sponsored fundraising activities must be deposited in the internal fund, and all transactions in connection with the activity conducted in accordance with school board rules.

#### 4.5 RETENTION OF RECORDS

- (a) Chapters 119 and 267, F.S., provide that no public official may mutilate, destroy, sell, loan or otherwise dispose of any public record without the consent of the Bureau of Records and Information Management of the Department of State. Provided applicable audits have been released, records may be disposed of in accordance with procedures established by Department of Records and Forms Management. Examples of such records for internal funds could include check requisitions and documentation, canceled checks, recap of collections, journals, ledgers, financial reports, purchase orders, payroll records, and serialized forms.
- (b) Procedures for destruction of records shall be in accordance with Chapters 119 and 267, F.S.

#### 4.6 SALES OF FOOD AND BEVERAGES

The sale of food or beverages to students by direct sale or through vending machines shall be in accordance with Rule 6A-7.042, FAC.

#### 5.0 MODIFICATION OF CHAPTER PROVISIONS

##### 5.1 CENTRALIZED ACCOUNTING SYSTEMS

Districts which utilize centralized accounting systems for internal funds may apply to the Commissioner of Education for modification of the policies and procedures in this chapter.

##### 5.2 EMERGENCY MODIFICATIONS

Districts may apply to the Commissioner of Education for modification of the policies and procedures in this chapter. Such application shall state the specific provision herein and the emergency or reason for which relief is sought. Approval of any modification shall be valid up to one year.

##### 5.3 VOCATIONAL CENTERS

The director of a designated area vocational technical center shall assume the duties and responsibilities assigned to the position of principal by this chapter.

#### 5.4 ECONOMIC EDUCATION PROJECTS

Economic Education Projects may be exempted from Sections IV at the discretion of school boards with the following stipulations:

1. That administrative oversight continue to assure that activities are in the best interest of the students and the school.
2. That involved employees are bonded.
3. That checks drawn on bank accounts be controlled so that a teacher or sponsor's authorization is required, and
4. That bank statements are currently reconciled and reviewed by the principal.

Economic Education projects include Junior Achievement programs and similar programs which link the curriculum with appropriate economic education activities.

#### SECTION IV

##### CHART OF ACCOUNTS SCHOOL INTERNAL FUNDS

Fund Group (Trust and Agency Funds)	800	
Balance Sheet Accounts	As provided in Chapter 2	
Revenue Accounts	3900	
Student Activity/Project	10000	Athletics
	20000	Music
	30000	Classes
	40000	Clubs
	50000	Departments
	60000	Trust
	70000	General
Expenditure Accounts		
Function	9800	
Object	As provided in Chapter 4	
Student Activity/Project	10000	Athletics
	20000	Music
	30000	Classes
	40000	Clubs
	50000	Departments
	60000	Trust
	70000	General

## SECTION V - SCHOOL INTERNAL FUND DEFINITIONS

This section contains definitions of terms used in this guide and such additional terms as seem necessary to achieve common understandings concerning financial accounting procedures for internal funds. Internal funds are defined as all local school funds derived by any public school from all activities or sources. The glossary is arranged alphabetically with appropriate cross-referencing where necessary.

Some of the definitions shown are taken or adapted from the recommendations of the National Committee on Governmental Accounting. Others have been taken or adapted from Handbook I and Handbook II in the State Education Records and Reports Series.

Account - A record of financial transactions that are similar in terms of a given frame of reference, such as purpose, objective, or source.

Accounting Period - A period of time for which financial statements are prepared. (i.e., July 1 through June 30).

Accounts Payable - Unpaid balances or invoices against an internal fund which are owed.

Accounts Receivable - Amounts owed to the internal funds.

Accrual Basis - Recording of revenues and expenditures at the time revenue is earned or at the time an expenditure results in a liability regardless of when the actual cash receipt or disbursement occurs.

Asset - Something of value that is owned by an entity.

Assets, Current - Cash and other assets readily converted into cash, such as accounts receivable, inventory, and some prepaid expenses.

Assets, Fixed - Land, buildings, machinery, furniture, and other equipment which the school system intends to hold or continue in use over a long period of time. "Fixed" denotes probability of intent to continue use or possession, and does not indicate immobility of an asset.

Audit - An examination of records and documents by an auditor in the process of securing evidence for one or more of the following purposes: (a) determining the propriety of completed transactions, (b) ascertaining whether all transactions have been recorded, (c) determining whether transactions are accurately recorded in the accounts and in the statements drawn from the accounts.

Balance - The difference between the total debits and the total credits of an account; the total of an account containing only debits or only credits.

Bank Deposit - The total amount of money taken in and recorded on receipts for a specified time period and deposited intact with a depository.

Capital Outlay - Expenditures for land or existing buildings, improvement of grounds, construction of buildings, additions to buildings, remodeling of buildings, or equipment.

Cash - Currency, checks, postal and express money orders, and bank deposits including certificates of deposit.

Cash Basis - The basis of accounting under which revenues are recorded only when actually received and only cash disbursements are recorded as expenditures.

Cash Discount - An allowance received or given if payment is completed within a stated period. The term is not to be confused with "trade discount".

Change Fund - An amount of money obtained by issuing a check to a designated individual for the purpose of making change for a specific event. No expenditures are to be made from these monies.

Check - A written order on a bank to pay on demand a specified sum of money to a named person, to his order, or to bearer from money on deposit to the credit of the maker. It is canceled when it has been paid by the bank and thus "cleared" and returned to the writer.

Closing the Books - The process of putting the account books in order at the end of a month, or a fiscal period, so that a trial balance and financial reports may be prepared.

Commemorative Item - Personalized articles such as class jewelry, announcements, caps and gowns, yearbooks, cards and invitations, insignia, and school pictures.

Commission - A share of sale proceeds from any company or individual given the school in return for the sale, rental, or promotion of any items within the school.

Concession - The act of granting to an individual or group a right that resides with the school.

Deficit - The excess of the obligations of an account over its resources.

Deposit in Transit - A deposit which has been transmitted to the bank and recorded in the school ledgers but was not reflected on the monthly bank statement because it was not received before the bank's preparation of the statement.

Deposit, Property - Money collected from students and held in a school account for return at a designated time for the purpose of covering losses or damages to school-owned supply and equipment items while being used by the students.

Depositories - Banks or savings and loan institutions where schools conduct the business of depositing and withdrawing money.

Disbursements - Money paid out.

Double Entry - A system of bookkeeping which requires for every entry made to the debit side of an account or accounts, an entry for the corresponding amount or amounts must be made to the credit side of another account or accounts.

Dues - A regular charge made to students for the privilege of being a member of a particular club or student body organization.

Encumbrance - A restriction of available money by issuance of a purchase order.

Equipment - A material item of a non-expendable nature, such as a built-in facility, a movable or fixed unit of furniture or furnishings, an instrument or apparatus, a machine (including attachments), instructional skill-training device, or a set of small articles whose parts are replaceable or repairable, the whole retaining its identity and utility over a period of time which is characteristic for items of its class.

Expenditures - Decreases in net financial resources. If accounts are kept on the accrual basis, this includes total charges incurred, whether paid or unpaid. On the cash bases, payments are termed disbursements.

Expense, Travel - Expenses incurred by students and sponsors of a school activity in connection with travel related to the activity other than those expenses directly chargeable to student transportation.

Fidelity Bond - A bond guaranteeing the school board against losses resulting from the dishonest actions of employees.

Finance Clerk - Person assigned responsibilities for internal accounts bookkeeping.

Financial Statement - A formal written presentation which sets forth information concerning the financial condition of the school internal funds.

Fiscal Period - Any period at the end of which a school determines its financial condition and the results of its operations, and closes its books.

Fiscal Year - As it pertains to internal funds, July 1 through June 30.

General Ledger - A book, file, or other device in which accounts are kept to the degree of detail necessary to summarize the financial transactions of the school. General ledger accounts may be kept for any group of receipts or expenditures on which an administrative officer wishes to maintain fiscal control.

Gift - Something of value received for which no repayment or special service to the contributor is expected.

Grant - Money received by a school activity for which no repayment is expected but for which certain conditions exist relative to the disbursement of funds.

Inactive Account - An account is considered inactive upon declaration of the principal when; (1) no financial transactions have occurred within one year and the need for the organization has passed; or (2) a class has graduated.

Intact, or Deposit Intact - The practice in which money is presented to a bank or bookkeeper for the credit of the school's internal fund in the same form as received. This means that any receipt of funds in the form of cash shall be deposited as cash. The cashing of a check from funds on hand would be a violation of this concept as would be the substitution of a check for cash.

Internal Control - A plan of organization under which employees' duties are so arranged, and records and procedures so designed, as to make it possible to exercise effective accounting control over assets, liabilities, revenues, and expenditures. For example, under such a system, work is subdivided so that no one employee performs a complete cycle of operations. The procedures to be followed are definitely laid down and such procedures call for proper authorizations by designated officials for all actions to be taken.

Inventory - The cost of supplies and equipment on hand not yet distributed to requisitioning units.

Inventory Record - A detailed list or record showing quantities, descriptions, values, units of measure, and unit prices.

Investments - Temporarily idle funds placed in interest earning accounts.

Invoice - A vendor's notification of merchandise provided or services rendered to a purchaser with the quantity, prices, and charges stated. Other information customarily shown on the invoice are the customer's order number, order date, date of delivery or shipping, and terms of payment.

Journal - The accounting record in which financial transactions of the school are formally recorded for the first time.

Liabilities - Debt or other legal obligations arising out of transactions which are payable but not necessarily due. (Encumbrances are not liabilities, they become liabilities when the services or materials for which the encumbrance was established have been rendered or received.)

Memoranda (Memo) Account - An informal record of an internal fund transaction that cannot be recorded under the regular financial accounts but for which a record is desired. (i.e. ENCUMBRANCES)

Outstanding Check - A check issued and recorded by the school which has not been presented to the bank for payment prior to issuance of the monthly bank statement.

Outstanding Deposit - (See Deposit in Transit)

Overdrawn - A situation in which a check has been written for an amount in excess of that on deposit. An overdraft is the amount by which withdrawals exceed the depositor's available balance.

Perpetual Inventory - An inventory system which is initiated by a physical inventory and perpetuated by entry of receipts and withdrawals, thereby reflecting current balances on hand for each item.

Petty Cash - Cash paid out in small amounts for authorized expenditures. Petty cash may be used to reimburse persons or to make a direct purchase. (Petty cash funds must be authorized.) Payments must be evidenced by petty cash vouchers which are signed receipts that show the purpose, date, and amount.

Posting - The act of recording to an account in a ledger the detailed or summarized data contained in the documents of original entry.

Pre-Numbered Documents - Checks, receipt forms, tickets, and similar items which have been consecutively numbered and controlled before use.

Prior Authorization - A written approval granting authority to enter into a contract, to obligate funds for a purchase, or to receive a benefit, before such an action occurs.

Purchase Order - A document issued to a vendor authorizing the delivery of goods or services which implies the obligation of funds.

Reconciliation of Bank Statement - A statement of the details of the differences between the bank statement and the cash account record to show agreement of the adjusted balances.

Refund - An amount paid back or credit allowed.

Reimbursement - Repayment of authorized expenditures made on behalf of the school's internal fund.

Repairs, Minor - The restoration to a usable condition of a given piece of equipment, building, or grounds. Cost of new construction, renovating, and remodeling are not included here but are considered capital outlay.

Reports - Written statements of information which are made by a person, unit, or organization for the use of some other person, unit, or organization.

Requisition - A written request, usually from one department to the purchasing officer or to another department, for specified articles or services.

Student Activities - Direct and personal services for public school students, such as interscholastic athletics, entertainments, publications, clubs, band, or orchestra, that are managed or operated by students under the guidance and direction of authorized adults, and are not part of the regular instructional program.

Student Organization - Any group of students organized on campus into a single body for the purpose of pursuing common goals and objectives. This includes the various types of student clubs and class organizations which, with proper approval by school authorities, are managed and operated by students under the direction or supervision of authorized adults.

Subsidiary Ledger - A record of the financial transactions of a given activity showing the receipts, expenditures, transfers, adjustments, and balances for the activity's account.

Supply - An item of expendable nature that is consumed, worn out, or deteriorated in use; or one that loses its identity through fabrication or incorporation into a different or more complex unit or substance.

Supporting Documentation - Evidence attesting to the authenticity, accuracy and authority of a financial transaction.

Surety Bond - A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document, through non-performance or through defalcation. For example, a surety bond may be required of a contractor or an official handling cash or securities.

Trade Discount - An allowance made to those engaged in certain businesses and allowable irrespective of the time when the account is paid. The term should not be confused with "Cash Discount".

Transfer - Money which is taken from one account and added to another account. Transfers are not receipts or expenditures.

Trust and Agency Funds - Funds used to account for money and property held by a governmental unit in the capacity of trustee, custodian, or agent.

Voided Check - A check which has been declared void. A check on which an error has been made in writing, such as an incorrect amount, signature, or a discrepancy in the information included. The check is made void by mutilating the signature space and the check is retained.



## Chapter Eight

### Fiduciary Funds

Fiduciary funds should be used to report assets held in trustee or agency capacity for others and therefore, can not be used to support the government's own programs. Fiduciary funds should be reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans. (Statement 34, paragraph 107) Statement 34 specifically excludes fiduciary funds from presentation in the government-wide financial statements, but requires fiduciary fund financial statements to be reported by fund type.

Statement 34 identifies fiduciary funds as pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Trust funds are used to report resources held and administered by the reporting government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. Trust funds are distinguished from agency funds generally by the existence of a trust agreement that effects the degree of management involvement and the length of time that the resources are held. (Statement 34, paragraph 69)

Pension Trust Funds should be used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans. (Statement 34, paragraph 70)

Investment Trust Funds should be used to report the external portion of investment pools reported by the school district. (Statement 34, paragraph 71)

Private-purpose Trust Funds should be used to report all other trust arrangements under which principal and/or income benefit individuals, private organizations or other governments. Specifically, scholarship trust funds should be classified as private-purpose trusts. (Statement 34, paragraph 72)

Agency Funds should be used to report resources held by the school district in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. (Statement 34, paragraph 73)

## APPENDIX A

### SUPPLIES AND EQUIPMENT

In this section criteria are provided for the solution of the everpresent problem in financial accounting - distinguishing between supplies and equipment. These guides consist of criteria for classifying an item as supply and criteria for classifying an item as equipment. Equipment built-in or fixed to the building or grounds is considered a part of the building or land improvement, and is to be charged to those respective accounts.

#### CRITERIA FOR SUPPLY ITEMS

A supply item is any article or material which meets any one or more of the following conditions:

1. It is consumed in use.
2. It loses its original shape or appearance with use.
3. It is expendable, that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to replace it with an entirely new unit rather than repair it.
4. It is an inexpensive item, having characteristics of equipment, whose small unit cost makes it inadvisable to capitalize the item.
5. It loses its identity through incorporation into a different or more complex unit or substance.

#### CRITERIA FOR EQUIPMENT ITEMS

An equipment item is a material unit which meets all of the following conditions:

1. It retains its original shape and appearance with use.
2. It is nonexpendable, that is usually more feasible to repair it rather than replace it with an entirely new unit.
3. It represents an investment of money which makes it feasible and advisable to capitalize the item.
4. It does not lose its identity through incorporation into a different or more complex unit or substance.

Criterion number 4 is very important, especially if capital outlay expenditures are to be depreciated, in memorandum accounting, to arrive at equipment use cost.

## APPENDIX B

### OPTIONAL OBJECT CODES

The optional third digit object account shown below is compatible with the current automated state data bases as adopted. Districts may elect to use this third digit in order to provide information requested in the automated state data base system.

#### SALARIES

1. Regular Pay
2. Overtime Pay
3. Supplements
4. Terminal Pay - (payment for unused annual leave)
5. Sick Leave Buy Back - (payment for unused sick leave)
6. Sabbatical Leave
7. Merit Pay
8. (Not assigned)
9. Other (e.g., uniform allowance, etc.)

#### BENEFITS

1. Health and Hospitalizations
2. Life Insurance
3. Commercial or Merit and Insurance Annuity Plan
4. Cafeteria Plan
9. Other

#### LIBRARY BOOKS (Object 610 Only)

1. New Libraries
2. Existing Libraries