

Accounting Manual **for Educational Service** **Districts**



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Public Instruction

September 2003

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**Accounting Manual
for
Educational Service Districts
in the
State of Washington**

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CHAPTER 1
PRINCIPLES OF ACCOUNTING

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Chapter 1 – Principles of Accounting

The following principles are an integral part of the accounting requirements for educational service districts (ESDs) in the state of Washington. They are in conformance with generally accepted accounting principles (GAAP) except where referenced in the ESD principles that follow.

LEGAL COMPLIANCE

There shall be full compliance with all legal requirements. Where legal requirements are in conflict with generally accepted accounting principles (GAAP), legal requirements prevail. Conflicts shall not require maintaining two accounting systems. Rather, the accounting system will be maintained on a legal-compliance basis, but should include sufficient additional records to permit, but do not require, GAAP-based reporting. Therefore the accounting system should make it possible both (1) to present fairly and with full disclosure the financial position and the results of financial operations in conformity with generally accepted accounting principles and (2) to determine and demonstrate compliance with finance-related legal and contractual provisions.

FUND ACCOUNTING

ESD accounting systems are organized and operated on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording financial resources and related liabilities and residual equities or balances that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations.

GAAP require governmental fund financial statements comprised of a balance sheet and statement of revenues, expenditures, and changes in fund balances. The ESD Annual Financial Report, OSPI form F-185 contains these statements. The F-185, accompanying notes, and schedule of long-term debt are required by OSPI. ESDs desiring to prepare GAAP statements and/or comprehensive annual financial reports (CAFRs) must prepare the following additional statements:

- Management's Discussion and Analysis
- Statement of Net Assets (government-wide)
- Statement of Activities (government-wide)
- Reconciliation to Government-wide Statements

Each fund entity is reported under the definitions of this section. The following fund types and funds are used by ESDs:

In addition, for purposes of comprehensive annual financial reports (CAFRs), certain fund entities, or components of fund entities, are presented as another fund type on the combined financial statements as explained below in the definitions of fund entities.

Governmental Fund Type:

General Expense Fund—to account for all financial resources except those required to be accounted for in another fund. Its measurement focus is upon the determination of the financial position and changes in current financial resources.

Proprietary Fund Type:

Proprietary funds focus on determining operating income, changes in net assets (i.e. cost recovery), financial position and cash flows. There are two types of proprietary funds, internal service funds and enterprise funds.

- Internal service funds may be used to report activities that provide 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.
- Enterprise funds *may* be used to report activities where a fee is charged to external users for goods or services. GAAP **require** enterprise funds be used for any activity whose **principal** revenue sources meet any of the following:
 - Debt is backed **solely** by fees and charges.
 - Legal requirement to recover cost. Cost means **all direct costs**, recovery of specific percentage of cost or exclusion of **any** direct cost nullifies the requirement.
 - Policy decision to recover cost. Cost means **all direct costs**, recovery of specific percentage of cost or exclusion of **any** direct cost nullifies the requirement.

The following are enterprise fund types used by ESDs:

- Employee Health Benefits Fund—to account for the activities of operating health benefits plans.
- Insurance Fund—to account for property liability, errors and omissions liability, and/or other self-insurance plans.
- Unemployment Compensation Fund—to account for the activities of the unemployment compensation cooperative.
- Workers' Compensation Fund—to account for the activities of the workers' compensation self-insurance plans.
- Washington School Information Processing Cooperative Fund—to account for the activities of the Washington School Information Processing Cooperative.

Fiduciary Fund Type:

- Private-Purpose Trust Funds—used to report all trust arrangements, other than those properly reported in pension trust funds, under where the principal and income benefit individuals, private organizations, or other governments.
- Pension (and other employee benefit) Trust Funds—used to report resources required to be held in trust for members and beneficiaries of defined benefit plans, defined contribution plans, other post employment benefit plans, or other employee benefit plans administered by the ESD.
- Agency Fund—to report the activities of those funds for which the ESD acts as a fiduciary agent.

ESDs shall establish and maintain those funds required. Only the minimum number of funds consistent with legal and operating requirements should be established, since unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration.

ESDs do not have the legal authority to establish a capital projects or debt service fund. Such governmental funds are allowed by GAAP.

Accountability for and control of the ESD's long-term debt must be maintained. This may, but is not required, to be accomplished through use of long-term debt "holding account" fund. A schedule of long-term debt is a required part of the F-185.

Similarly, ESDs may, but are not required, to account for account for capital assets in a capital asset “holding account” fund.

BOOKS OF ACCOUNT

Books of account for all ESDs shall be maintained on a double-entry basis with a general ledger in which all financial transactions are recorded in summary form.

The use of the double-entry system of accounting requires the installation and maintenance of books of original entry (general journal, cash receipts journal, cash disbursements journal, encumbrances and liquidation register, payroll journal, voucher register—optional), and a general ledger and subsidiary ledgers for each control account contained in the general ledger.

General ledger accounts reflect in summary form the financial operations, while the subsidiary ledgers provide the details of the general ledger control accounts.

BASIS OF ACCOUNTING

This manual prescribes a modified accrual basis of accounting for governmental fund types. Under this basis:

- Revenues are recognized in the accounting period in which they become measurable and available.
- Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for inventories and prepaid expenditures, which are recognized when used, and except for unmatured interest on general long-term debt which should be recognized when due.
- Accounts are provided and procedures are given to record liabilities, encumber appropriations, and establish controls over receivables. [RCW 28A.505.020](#) more explicitly defines the modified accrual basis of accounting.

Fiduciary fund revenues and expenses should be recognized on a full accrual basis. Revenues should be recognized in the accounting period in which they are earned; expenses should be recognized in the period incurred.

Pursuant to [RCW 28A.505.010](#), the following terms are defined:

- “Revenue” means an addition to assets of a fund during a fiscal period that is available to finance expenditures during that fiscal period. Revenue does not accompany the increase of liabilities or represent refunds of previous disbursements. Revenue may be in the form of cash or in the form of noncash assets such as donated commodities. Revenue is limited to amounts received in cash or noncash donations plus or minus adjustment for revenue accruals.
- “Accrual basis expenditures” means expenditures incurred during a given fiscal period, whether paid or unpaid.
- “Revenue accruals” means those revenues anticipated to be received in cash after the close of the fiscal period that represent reimbursement for expenditures incurred by the end of the fiscal period.

Revenue accruals are appropriate for revenues arising from unreimbursed expenditures that will be received in cash at some later time, although they are presently due. Revenues that can be accrued include:

- Categorical grant revenue for which expenditures have been made but payment has not been received.
- Payments from school districts that are due but are not collected by the end of the fiscal period.
- Rental or lease payments for which there are reasonable assurances of payment.

Expenditure accruals are appropriate whenever goods and/or services are received in one accounting period but not paid for until a subsequent accounting period. Typically, this happens when salaries are paid on the first of the month for services received in the previous month. Construction contracts are usually billed on the basis of percentage of completion. At the time of billing, the amounts are accrued and the amounts stay in accruals until paid. Most emphasis is placed on accruals at the financial statement date. At that time it is appropriate to analyze all payables and monthly recurring charges to determine that the accrual is proper. Goods and services received are accrued even though an invoice has not been received.

There are basically two ways of handling accruals and payment of invoices. The one depicted in the other sections of this manual and in the above paragraphs records expenditures and their associated liabilities (accruals) prior to payment. Then all payments reduce the liability. The other method records all payments during the year as expenditures. Then at year-end or at any financial statement date the accruals are recorded.

BUDGETARY CONTROL

The accounting system shall make use of budgetary control over both revenues and expenditures for governmental funds. Budgetary comparisons should be included in the appropriate financial statements and schedules for governmental funds for which an annual budget has been adopted.

In accounting for operations, it is necessary to record both the authorized financial plan and budget and the actual results realized during the fiscal year. General ledger accounts have been provided to record the budget and any subsequent modifications. The accounts in this group are referred to hereafter as budgetary accounts and are a self-balancing series of accounts. A control account will record the estimated revenues detailed in the budget. A control account for appropriations will record the amounts authorized for expenditure, as modified during the fiscal year. Details of estimated revenues and appropriations will be maintained in the subsidiary ledger accounts. Actual revenue and expenditures will not affect these accounts. Accounts are provided to reflect the assets and liabilities of a district and display the results of operations in terms of revenues, expenditures, and fund balance. Accounts have been provided to record the actual revenues. These accounts shall be maintained in subsidiary ledgers that will also show the estimated revenues and the balances to be realized.

Accounts for expenditures shall be maintained in a subsidiary ledger by programs, activities, and objects of expenditures and will reflect appropriations as modified by expenditures and encumbrances.

The budget schedule is set forth in [RCW 28A.310.330](#) and can be found in the *Administrative, Budgeting, and Financial Reporting Handbook for School Districts*.

SYSTEM OF ACCOUNTS

The uniform system of accounts shall be used consistently throughout the budgeting, accounting, and reporting cycles. The uniform classification of accounts is provided in this manual. An explanation of the accounts has been included so that there may be consistency in application.

The chart of accounts is extensive and represents an orderly means of classifying transactions. Only those accounts applicable by virtue of the particular situation and/or management technique must be used. Uniformity in accounts, code numbers, and terminology, as outlined herein, is anticipated in budgeting, accounting, and reporting.

APPROPRIATION AS A PREREQUISITE

An appropriation shall be a prerequisite for all expenditures. The State Constitution (Article 8, Section 4) requires that an appropriation be available before a payment is made for any purpose. The chart of accounts is designed to provide for the accounting within appropriations. [WAC 392-125-040](#) states "The budget as fixed and approved by the superintendent of public instruction shall constitute the appropriation from the general expense fund for an educational service district for the ensuing fiscal year."

GROSS BASIS FOR EXPENDITURES AND REVENUES

Expenditures and revenue accounts shall be maintained on a gross basis. Offsetting entries to revenue and expenditures accounts are not permitted, except for corrections of previous entries. The maintenance of the accounts on this basis will give maximum information regarding the operations of an ESD for budgeting, accounting, and reporting purposes.

ENCUMBRANCES

Encumbrances of general expense fund appropriations shall be maintained. The system requires that each appropriation account shall show the amount appropriated, the amount encumbered, and the amount expended. The principle of this requirement is to guard against the creation of liabilities in excess of the appropriations approved by the board of directors. General ledger accounts are provided for the purpose of creating a formal accounting record of encumbrances. Encumbrances are not reported in the body of the financial statements. At the close of the year, outstanding encumbrances will lapse. At the start of the next fiscal year, encumbrances should be reestablished if still valid.

BUDGETING

As an annual budget is a plan of operations for a fiscal year, budgetary appropriations shall lapse at the close of each fiscal year.

ACCRUALS

Governmental funds use the modified accrual basis of accounting recognizing increases and decreases in financial resources only to the extent they reflect near-term inflows or outflows of cash. Earned revenue collectible soon enough after the close of the fiscal year to be used to pay liabilities of that fiscal year should be accrued.

Any remaining unpaid liabilities at fiscal year end must be accrued. In the case of prepayments and inventory purchases, the expenditure would be provided for in the subsequent year's budget.

RECEIVABLES

Control over receivables shall be maintained.

DIRECT CHARGING

Direct charging of expenditures is the charging to programs in the original recording of expenditures. All programs have designated activities and objects open for direct charging.

General expense fund direct charges shall be transferred through the use of debit and credit transfers from certain production center programs to using programs. This is done to adequately reflect the acquisition of goods or services by the cost center program.

Costs predetermined to be charged on an indirect basis shall not be direct charged to operating programs or activities.

INVENTORY

Inventory accounting methods are to be determined by the circumstances in the educational service district. There are two problems that must be considered: (1) expenditure assignment and (2) timing of expenditures.

When using a central warehouse for handling inventory, it is necessary to process the expenditure of materials that have been stored and subsequently issued. In this instance, items are purchased for which the using program/activity is unknown and therefore expenditure coding is impossible at the time of purchase. Additionally, there may be a timing problem when items are received prior to the fiscal year in which they will be consumed.

When not using a central warehouse, the use of inventory accounts is optional. Coding of expenditures is possible since items are delivered direct to the using program/activity. There may be a problem with purchasing in one fiscal year for use in the next. If the amounts are materially changing from year to year, it will be advantageous to use the inventory accounts. If the amounts were not changing from year to year, the financial statements would not be materially misstated. Although the options exist in these circumstances, it is also important that the method used be consistent from year to year.

Regardless of the method used to account for inventory, the educational service district must record its liability for all goods received by the end of the fiscal period.

ADJUSTMENTS

Adjustments to routine transactions that arose in a previous year are to be recorded against current year revenues or expenditures. The accounting system presented in this manual was adopted to provide for the proper accounting of all ESD transactions. Therefore, adjustments to ending or beginning fund balances in the annual financial reports of ESDs shall be limited to prior year adjustments for the correction of material error or for change in accounting principle.

REPORTING

Legal requirements are not necessarily identical with reporting requirements. An accounting system must be able to accommodate the difference between reporting requirements and legal requirements. The absence of a particular reporting requirement does not relieve the ESD from compliance with the corresponding legal requirement.

Where legal requirements are in conflict with GAAP, legal requirements shall prevail. Sufficient additional records should exist to satisfy GAAP reporting requirements. Records should exist to satisfy the reporting requirements of the primary users of ESD financial statements.

SHARED SERVICES ARRANGEMENTS

Numerous federal programs such as Safe and Drug-Free Schools, Eisenhower Professional Development, and Carl Perkins, as well as many state-funded programs, encourage, and in some instances require, recipients to pool resources and form shared services arrangements, such as consortia, to provide educational services.

A shared service arrangement is formed when two or more school districts and/or educational service districts agree to join together and perform specific services. An arrangement governed by a shared service agreement is *not a separate legal entity*, but a shared service arrangement may be governed by a legal document. The legal document may describe the services to be furnished and address the provision of various administrative functions. Local, state or federal revenues can fund the services provided.

Please note: Responsibilities will vary depending on the specific program and agreement. It is **strongly encouraged** the agreement is in writing, signed by the fiscal agent and all members. In addition, elements within agreements will vary. The following are items which may be considered in the agreement. These are presented as guidelines only:

- Documentation responsibilities
- Budget variance allowances
- Audit disallowance responsibilities
- Matching cost responsibilities
- Reimbursement provisions
- Travel allowances
- Reporting responsibilities
- Insurance coverage responsibilities
- Fiscal agent fee to be paid by members
- Term of agreement
- Treatment of consortia expenditures paid by fiscal agent on behalf of member districts.

Responsibilities of Fiscal Agent

Shared service arrangements usually have a fiscal agent responsible for conducting various administrative duties. The fiscal agent may be a recipient of services under the arrangement, or can administer the arrangement and not receive services. The fiscal agent usually performs the budgeting and accounting responsibilities related to the project. The fiscal agent generally, is responsible for ensuring revenues are used in accordance with grant provisions and **may** be responsible for ensuring other requirements, such as matching and maintenance of effort, are met.

If the program revenues are not used in accordance with the grant provisions, the fiscal agent may be financially responsible for the consequences of instances of noncompliance. The fiscal agent may also be financially responsible if a member school district is unable to pay back its respective portion of questioned costs.

As the title suggests, the entity selected as the fiscal agent for a shared service arrangement, such as a consortium project, is responsible for the overall financial management of the program. This **may** include:

- Processing financial transactions including the request for and deposit of grant revenue, payment or reimbursement of all allowable expenditures and preparation of journal vouchers.

- Maintaining source documentation (invoices, bills, payroll records, etc.) to substantiate expenditures.
- Preparing and submitting requests for program revenues to the granting agency.
- Preparing and distributing to member units a final financial report identifying total program costs to each of the member units (member districts do not report these expenditures). (Individual districts are responsible for reporting their share of expenditures on the annual financial reports submitted to the granting agency).

Responsibilities of Member Districts

Member district responsibilities usually concern employment of personnel, budgeting, accounting and reporting. A shared service arrangement should specifically address these or other responsibilities, as appropriate for the specific agreement. *In general*, the responsibilities may include the following:

- Budgeting. It is the responsibility of each member district to budget the portion of the monies it receives through the fiscal agent.
- Accounting. Each member district is responsible for maintaining and having available for audit accounting records for that portion of the monies it receives from the fiscal agent.
- Reporting. The member district is responsible for reporting monies expended by ***its district only***. In addition, the member district is responsible for submitting detailed expenditure information to the fiscal agent for required state or federal reporting. Member districts do not report monies expended on their behalf by the fiscal agent.

CHAPTER 2

GENERAL LEDGER ACCOUNTS

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Chapter 2 – General Ledger Accounts

A general ledger is basic to an accounting system. The general ledger of a fund is a summary record containing the balance of assets, liabilities, deferred revenues, fund balance, and control accounts that summarize estimated and actual revenues, appropriations, expenditures, and encumbrances.

Subsidiary records/accounts are sometimes used to provide a detailed analysis of a general ledger account. When subsidiary accounts are used, the general ledger account is considered a control account. For budgeting and financial reporting, two subsidiary ledgers are required, one for expenditures and one for revenues. The subsidiary ledgers will provide details of the general ledger control accounts such as 530 Expenditures/Expenses and 960 Revenues. Control accounts are identified on the general ledger account matrix by fund. Other subsidiary accounts may be used locally but are not required in budgeting and financial reporting.

Books of original entry, such as journals and registers, will vary with the type of system used. They provide the necessary means to accumulate the financial transactions for posting to revenue, expenditure, and general ledger accounts.

A system may include the following books of original entry:

- General Journal
- Cash Receipts Journal
- Cash Disbursements Journal
- Encumbrance and Liquidation Register
- Payroll Journal
- Voucher Register (Optional)

The following is a complete list of general ledger accounts for the general expense fund:

GENERAL LEDGER ACCOUNT LISTING

Assets

200	Imprest Cash
230	Cash on Hand
240	Cash or Equivalents on Deposit with County Treasurer
241	Warrants Outstanding
340	Accounts Receivable
344	Insurance Receivable—Current
360	Accrued Interest Receivable
410	Inventory—Supplies and Materials
415	Inventory—Cooperatives
420	Inventory—Lunchrooms
430	Prepaid Items
450	Investments
452	Restricted Assets
475	Amount Available for Debt Service

480	Amount to be Provided for Debt Retirement
490	Capital Assets—Land
491	Capital Assets—Buildings
492	Capital Assets—Pupil Transportation Equipment
493	Capital Assets—Equipment and Leasehold Improvements
494	Capital Assets—Construction in Progress
498	Accumulated Depreciation—Buildings
499	Accumulated Depreciation—Equipment

Budgetary and Expenditure Accounts

510	Estimated Revenues
515	Estimated Other Financing Sources
520	Encumbrances
530	Expenditures/Expenses
540	Appropriated Fund Balance

Liabilities

601	Accounts Payable
602	Contracts Payable—Current
603	Contract Payable—Long-Term
604	Accrued Interest Payable
605	Accrued Salaries
607	Vacation Leave Payable
608	Sick Leave Payable
610	Payroll Deductions and Taxes Payable
631	Estimated Claims Adjustments—Current
632	Estimated Claims Adjustments—Long-Term
633	Estimated Claims Settlements—Current
634	Estimated Claims Settlements—Long-Term
650	Deposits
655	Unearned Revenue
690	Notes and Bonds Payable—Long-Term

Deferred Revenues

750	Deferred Revenue—Receivables
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Fund Balance

820	Reserve for Encumbrances
830	Reserve for Debt Service
840	Reserve for Inventory
850	Reserve for Self-Insurance
865	Reserve for Other Items
870	Reserve for Transportation Equipment
880	Reserve for Instructional Support Programs
881	Reserve for Noninstructional Support Programs

Contributed Fund Equity

890	Unreserved, Undesignated Fund Balance/Retained Earnings
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Budgetary and Revenue Accounts

900	Appropriations
960	Revenues
965	Other Financing Sources

EXPLANATION OF GENERAL LEDGER ACCOUNTS

Assets

200 Imprest Cash

This account is used to segregate and control petty cash and other imprest cash as established by the board of directors.

230 Cash on Hand

This account is used to record all cash received prior to remitting to the county treasurer. Cash on hand or in banks will be recorded in this account.

240 Cash and Equivalents on Deposit with County Treasurer

This account is used to record cash and cash equivalents on deposit with the county treasurer.

241 Warrants Outstanding

This account is used to record all warrants issued and redeemed.

340 Accounts Receivable

This account is used to record accounts owed to the educational service district not recorded in other accounts. Amounts due for claims, damages, tuition, etc., are recorded in this account. Entries may be made in this account as transactions occur or may be recorded at year-end.

344 Insurance Receivable—Current

360 Accrued Interest Receivable

Accrual basis districts use this account to record the amount of interest due on investments. To be susceptible to accrual, the interest income must be measurable and available to finance expenditures of the current fiscal period.

410 Inventory—Supplies and Materials

This account is used to record acquisition and use of supplies and materials. The balance represents supplies and materials in inventory.

415 Inventory—Cooperatives

This account is used to record and account for cooperative inventories that are purchased by the cooperative and resold to participating districts and/or educational service districts. The balance represents supplies and materials in inventory.

420 Inventory—Lunchrooms

This account is used to record the acquisition and use of lunchroom inventories of food and operating supplies. The balance represents food and supplies in inventory.

430 Prepaid Items

This account is used to record items or services purchased that will not be consumed or used entirely in the current fiscal year. This account is not used for contracts that are paid when the goods or services are completely received within the fiscal year. Record only amounts that have been paid.

450 Investments

Temporary investments of moneys, as permitted by statute, are to be recorded in this account.

452 Restricted Assets

Monies or other resources, the use of which are restricted by legal or contractual requirements.

475 Amount Available for Debt Service

This account is used to indicate the fund balance in the debt service fund designated for retirement of bonds. The balance in this account (Account 470) should equal the fund balance (Account 890) in the debt service fund.

Note: Use only if long-term debt “holding” accounts is used.

480 Amount to be Provided for Debt Retirement

This account is used to reflect the total amount of bonds and long-term contracts issued and outstanding. This account is debited at the time of the sale of bonds with the face value of bonds sold. This account is also debited at the time a long-term contract is approved.

Note: Use only if long-term debt “holding” account is used.

490 Capital Assets—Land

491 Capital Assets—Buildings

492 Capital Assets—Pupil Transportation Equipment

493 Capital Assets—Equipment and Leasehold Improvements

494 Capital Assets—Construction in Progress

498 Accumulated Depreciation—Buildings

499 Accumulated Depreciation—Equipment

Budgetary and Expenditure Accounts

510 Estimated Revenues

This account is one of several budgetary accounts that shall be used to record and summarize all budgetary actions of the board of directors. It will not be used to record actual revenues. Details of the amounts comprising estimated revenues would be incorporated in the subsidiary revenue ledger.

515 Estimated Other Financing Sources

This account is a budgetary account used to record and summarize budgetary action for the board of directors for estimated other financing sources that are proceeds from insurance recoveries for loss of capital assets, the sale of equipment and transportation vehicles, and the sale of bonds. In the capital projects fund this also includes proceeds from the sale of real property and proceeds from the sale of equipment (only if bonds are still outstanding that provided resources to buy the property or equipment). It will not be used to record actual other financing sources.

Details of the amounts comprising estimated other financing sources are incorporated in the subsidiary other financing sources ledger.

520 Encumbrances

This account is used to record district commitments to purchase goods or services typically evidenced by purchase orders and contracts. Detail of this account will be maintained in the appropriation expenditure ledger. This is a budgetary account only. The balance of this account prior to the fiscal year's closing will represent total outstanding encumbrances.

530 Expenditures/Expenses

This account is used to record expenditures. Expenditures include both disbursement and accruals. Accruals may be recorded as incurred, but they must be recorded at the end of the fiscal year. Details of the expenditure account will be maintained in the expenditure ledger.

540 Appropriated Fund Balance

This account will be used to record a budget surplus or deficit.

Liabilities

601 Accounts Payable

This account is used to record unpaid liabilities for goods received not provided for in Accounts 602 through 650. This account may be used throughout the year in connection with a voucher register.

602 Contracts Payable—Current

This account is used to record the matured liabilities for goods received or services performed under contractual agreements. This account is used to record the matured portion of long-term contractual liabilities accounted for in the long-term debt group of accounts. Also include in this account new contractual liabilities to be fully paid from current year appropriations.

603 Contracts Payable—Long-Term

The amount of unmatured principal payable on long-term contracts is recorded in this account. The amount should not include any interest charges. Long-term contracts include all agreements whereby the school district obtains goods or services by the end of the current fiscal year and final payment for those goods or services will be made from the appropriation for a subsequent fiscal year. Such agreements include conditional sales contracts, installment purchases, and lease-purchase agreements.

604 Accrued Interest Payable

This account is used to record interest costs related to the current period and prior periods, but not due until a later date. Include in this account cash received for accrued interest generated because bonds were sold between interest payment dates.

605 Accrued Salaries

Record amounts of unpaid salaries earned for services.

607 Vacation Leave Payable

This account is used to record vacation leave that has been earned but not paid. The current portions of these accounts are those amounts normally expected to be liquidated with expendable available financial resources. These should be recorded in the fund that will liquidate the liability.

608 Sick Leave Payable

This account is used to record sick leave that has been earned but not paid. The current portions of these accounts are those amounts that are normally expected to be liquidated with expendable available financial resources. These should be recorded in the fund that will liquidate liability.

610 Payroll Deductions and Taxes Payable

This account is used to record payroll deductions and employers' share of payroll taxes and health insurance. Subsidiary accounts will be needed for O.A.S.I., state employees' retirement, federal income tax withheld, industrial insurance and medical aid, health and medical insurance, health and medical insurance premiums, and annuities.

631 Estimated Claims Adjustments—Current

632 Estimated Claims Adjustments—Long-Term

633 Estimated Claims Settlements—Current

634 Estimated Claims Settlements—Long-Term

650 Deposits

This account is used to record deposits that may be refunded at a later date (e.g., damage deposits).

655 Unearned Revenue

690 Notes and Bonds Payable—Long-Term

750 Deferred Revenue—Receivables

This account is used to offset the receivables recorded in Account 340 Accounts Receivable if such amounts did not increase fund balance.

820 Reserve for Encumbrances

This is the budgetary contra account to Account 520 Encumbrances and reflects the amount of encumbrances placed. It allows the interim presentation of the budgetary amounts without affecting liabilities or fund balance.

830 Reserve for Debt Service

This account provides the means to restrict fund balance for the payment of contractual obligations incurred. The balance of this account represents a restriction of fund balance.

840 Reserve for Inventory

This account is used to reserve a portion of fund balance. Its purpose is to restrict fund balance for the replacement of normal inventory levels that are projected for the next fiscal period. It can only be established or changed by annual budget, budget extension, or board resolution. When General Ledger Inventory Accounts 410 Inventory—Supplies and Materials, 415 Inventory—Cooperatives, and 420 Inventory—Lunchrooms are maintained, an amount equal the value of their projected normal levels must be established in this account.

850 Reserve for Self-Insurance

This account is used to reserve a portion of fund balance for future losses not covered by insurance. The amounts put in this account are either required under self-insurance rules or determined by the board of directors. Contra entries are made to Account 890 Unreserved, Undesignated Fund Balance.

865 Reserve for Other Items

This account is provided as a means for accumulating and restricting fund balance for future uses. The board of directors authorizes the amounts put in this account.

870 Reserve for Transportation Equipment

The ending balance in this account represents the amount reserved for the replacement and major repair of pupil transportation vehicles. In the balance sheet, this account should not be shown with a debit balance.

880 Reserve for Instructional Support Programs

This account is used to accumulate the amount of resources committed to the operation of those expenditure programs listed under instructional support.

881 Reserve for Noninstructional Support Programs

This account is used to accumulate the amount of resources committed to the operation of those expenditure programs listed under noninstructional support.

Contributed Fund Equity

890 Unreserved, Undesignated Fund Balance/Retained Earnings

After the closing of the budgetary, revenue, other financing sources, and expenditure accounts, this account is equal to the excess of assets over liabilities and reserves. The net result of general fund operations is summarized in this account.

900 Appropriations

This account is one of the several budgetary accounts used to summarize all the budgetary actions of the board of directors. This account is used to record the total planned expenditures. The subsidiary account will be incorporated with the expenditure ledger.

960 Revenues

This account is used to record actual revenues supported by subsidiary account codes 10 through 89. Revenues include both receipts and accruals. This account is not used for refund of expenditures.

965 Other Financing Sources

This account is used to record actual other financing sources supported by subsidiary accounts 90 through 99. This account includes both receipts and accruals. Accruals should be recorded when measurable and available.

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CHAPTER 3
REVENUE ACCOUNTS

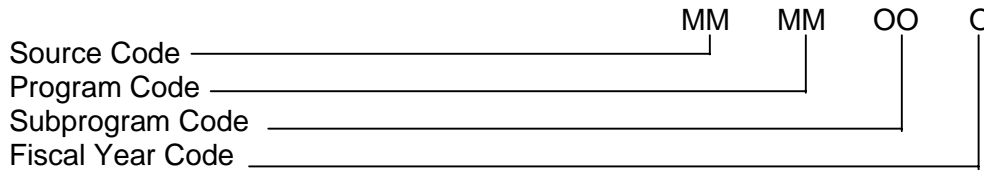
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Chapter 3 – Revenue Accounts

Under the uniform system of revenue classification, revenues are classified by source, program, subprogram, and fiscal year. This classification system will permit the identification of revenues by source and facilitate the preparation of reports and administration of budgets by source and program.

Revenues are classified using a seven-position as follows:



This code is represented by mandatory codes and optional codes designated by the “M” and “O” above. Mandatory source codes are listed by specific source account number in this section of the manual. Mandatory program codes are listed in Section V. Optional code designations are the prerogative of the individual educational service district (ESD).

Adding positions after the fiscal year code to meet individual educational service district requirements can expand this seven-position code.

Subsidiary revenue accounts are created for specific revenues by use of this seven-position code. The subsidiary accounts are summarized in General Ledger Accounts 986 Revenues and 965 Other Financing Sources and are controlled by establishing estimates in Account 510 Estimated Revenues and Other Financing Sources. The subsidiary account numbers, titles, and descriptions change from time to time as the result of legislative appropriations in both the state and federal government. The coding is arranged so that expansion of minimum accounts can be accomplished without modification of the entire coding system.

Revenues are recorded by a unique two-digit number that identifies the type of revenue by general sources. Further specificity of revenue is obtained by coding of revenues that relate to program, subprogram, and fiscal year coding that correlate to expenditure codes.

Listed on the next pages are the revenue source codes. Codes other than those listed cannot be used. The Office of Superintendent of Public Instruction, in cooperation with the educational service districts, will add additional codes when necessary.

General Source Account Numbers and Titles

- 10 through 29 Local Sources
- 30 through 49 State Government Sources
- 50 through 69 Federal Government Sources
- 70 through 79 Payments for Cooperative Programs
- 80 through 89 Payments for Other Programs
- 90 through 99 Other Financing Sources

SPECIFIC SOURCE ACCOUNT NUMBERS AND TITLES

Account Number	Account Title
<u>10 through 29</u>	<u>Local Government Sources</u>
12	Tuition and Fees
13	Sale of Goods, Supplies, and/or Services
14	Food Services Fees and Charges
15	School Bus Fees and Charges
16	Investment Earnings
17	Gifts and Donations
19	Rental of Property
20	Insurance Recoveries
21	Certification Fees
22	Precertification Fees
29	Local Sources, Unassigned
<u>30 through 49</u>	<u>State Government Sources</u>
31	ESD Allotment
32	Special Education
34	State Institutions, Centers, and Homes—Delinquent
36	Special, Pilot, or Enhancement Programs
37	Nursing Services
38	Traffic Safety Education
39	State General Purpose, Unassigned
40	Early Childhood
41	Transportation—Operations
42	Transportation Reimbursement—Depreciation
43	Other State Agencies
49	State Special Purpose, Unassigned
<u>50 through 69</u>	<u>Federal Government Sources</u>
51	Special Education, IDEA
53	Remediation
54	Migrant
58	Mathematics and Science
60	School Food Services
61	Head Start
62	Youth Training Programs
63	USDA Commodities
69	Federal Special Purpose, Unassigned
<u>70 through 79</u>	<u>Payments for Cooperative Programs</u>
71	Payments From School Districts in Washington
72	Payments From School Districts in Other States
73	Payments From Other Entities
<u>80 through 89</u>	<u>Payments for Other Programs</u>
81	Payments From School Districts in Washington
82	Payments From School Districts in Other States
83	Payments From Other Entities

<u>90 through 99</u>	<u>Other Financing Sources</u>
92	Sale of Real Property
93	Sale of Personal Property
94	Compensated Loss of Capital Assets
95	Long-Term Financing

DESCRIPTION OF REVENUE ACCOUNTS

LOCAL GOVERNMENT SOURCES

- 12 Tuition and Fees
Record revenue from tuition and fees paid for by students or adults for instruction or staff development activities including adult job training activities.
- 13 Sale of Goods, Supplies, and/or Services
Record revenue from the sale of goods, supplies, and/or services.
- 14 Food Services Fees and Charges
Record revenue collected locally in the form of cash from students or adults for lunches, breakfasts, milk, and/or ala carte food items.
- 15 School Bus Fees and Charges
Record revenue collected locally from bus riders for the use of pupil transportation equipment.
- 16 Investment Earnings
Record revenue from investments. This also includes earnings from depository bank accounts. Investment service fees charged by the County Treasurer and/or other qualified depositories should be netted from the earning amount recorded as district revenue.
- 17 Gifts and Donations
Record revenue from gifts, grants, conveyances, devices, and bequests of personal or real property, in trust or otherwise, for use or benefit of the ESD.
- 19 Rental of Property
Record revenue from the lease, rental, or occasional use of ESD property. Revenues derived from pupil transportation vehicles shall be recorded under Revenue Account 15.
- 20 Insurance Recoveries
Record revenue from an insurer for damage incurred by the district. Insurance recoveries for capital assets should be recorded in Revenue Account 94 Compensated Loss of Capital Assets.
- 21 Certification Fees
Record revenue from the state certification fees dedicated for the purpose of providing staff in-service.

- 22 Precertification Fees
Record revenue from the state certification fees dedicated for the purpose of providing precertification training.
- 29 Local Sources, Unassigned
Record revenue from any local source for which a specific revenue account has not been provided.

STATE GOVERNMENT SOURCES

- 31 ESD Allotment
Record revenues from the state general fund for the operation of basic ESD services.
- 32 Special Education
Record revenue from the state for programs that provide for the education of students with disabilities, including preschool.
- 34 State Institutions, Centers, and Homes—Delinquent
Record revenue from the state in support of the following programs: State-operated group homes, juvenile parole learning centers, juvenile detention centers, and institutions for juvenile delinquents.
- 36 Special, Pilot, or Enhancement Programs
Record revenue from the state for special, pilot, or enhancement programs.
- 37 Nursing Services
Record revenue from the state for nursing services.
- 38 Traffic Safety Education
Record revenue for the reimbursements from the state for traffic safety education courses and consulting.
- 39 State General Purpose, Unassigned
Record revenue for general purposes from the state for which a specific account has not been provided.
- 40 Early Childhood
Record state revenue for programs serving preschool students.
- 41 Transportation—Operations
Record revenue from the state allocation for the operation of the pupil transportation program.
- 42 Transportation Reimbursement—Depreciation
Record revenue from the allocation from the state for the acquisition of student vehicle transportation. This yearly allocation is based on either the depreciation or replacement cost of the existing bus fleet. Depreciation or replacement cost depends on the date when the vehicle was acquired.

- 43 Other State Agencies
Record revenue for special purposes from state agencies other than OSPI.
- 49 State Special Purpose, Unassigned
Record revenue from the state for special purpose programs for which a specific revenue account has not been provided. This includes amounts paid to the ESD by OSPI for ESD employees to attend meetings or conferences sponsored by OSPI.

FEDERAL GOVERNMENT SOURCES

- 51 Special Education, IDEA
Record revenue from grants to assist in providing a free appropriate public education to all students with disabilities. This revenue has nonsupplanting, excess cost, and maintenance of effort requirements.
- 53 Remediation
Record revenue for the educational needs of disadvantaged children.
- 54 Migrant
Record revenue arising from claims filed for expenditures of educational remediation programs for the children of migratory agricultural workers or fishers.
- 58 Mathematics and Science
Record revenue for mathematics and science issued by the federal government.
- 60 School Food Services
Record revenue from the federal government, based on the number of reimbursable student lunches, breakfasts, and milk served.
- 61 Head Start
Record revenue for Head Start that provides funding for preschool programs for low-income families.
- 62 Youth Training Programs
Record revenue from federal grants for training youth.
- 63 USDA Commodities
Record as revenue the value of USDA commodities, including cash-in-lieu of commodities, distributed during the year. The value of the commodities is determined by the USDA and reported to the districts by the OSPI in the commodities shipment distribution schedule (Report M-150).
- 69 Federal Special Purpose, Unassigned
Record revenue from any federal special purpose source that is not assignable to a specific revenue account.

PAYMENTS FOR COOPERATIVE PROGRAMS

- 71 Payments From School Districts in Washington
Record revenue for programs that are funded on a cooperative basis pursuant to [RCW 28A.310.180](#) or [chapter 39.34 RCW](#).
- 72 Payments From School Districts in Other States
Record revenue for programs that are funded on a cooperative basis pursuant to [RCW 28A.310.180](#) or [chapter 39.34 RCW](#).
- 73 Payments From Other Entities
Record revenue for programs that are funded on a cooperative basis pursuant to [RCW 28A.310.180](#) or [chapter 39.34 RCW](#).

PAYMENTS FOR OTHER PROGRAMS

- 81 Payments From School Districts in Washington
Record revenue for programs or services that are not operated on a cooperative basis.
- 82 Payments From School Districts in Other States
Record revenue for programs or services that are not operated on a cooperative basis.
- 83 Payments From Other Entities
Record revenue for programs or services that are not operated on a cooperative basis.

OTHER FINANCING SOURCES

- 92 Sale of Real Property
Record the proceeds of the sale of land and/or buildings.
- 93 Sale of Personal Property
Record the proceeds of the sale of surplus personal property.
- 94 Compensated Loss of Capital Assets
Record the proceeds from insurance recoveries or other compensation for loss of capital assets. Insurance recoveries for other than capital assets are recorded in Revenue Account 20 Insurance Recoveries.
- 95 Long-Term Financing
Record resources from the creation of long-term debt that allows for the purchase of specific services or equipment, the payment of which is spread over future years. Long-term debt financing is evidenced by a formal contract that obligates the borrower to make payments in future years.

CHAPTER 4

EXPENDITURE ACCOUNTS

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Chapter 4 – Expenditure Accounts

Under this uniform system of expenditure classification, program, subprogram, activity, object of expenditure, and fiscal year classify expenditures. This classification system will permit the identification of expenditures by function and facilitate the preparation of reports and administering budgets by program.

Expenditures are classified using a ten-position code as follows:



This code is represented by mandatory codes and optional codes designated by the “M” and “O” above. Mandatory program, activity, and object of expenditure codes are listed in the appropriate subsections of the accounting manual. Optional code designations are the prerogative of the individual ESD. Program, subprogram, and fiscal year codes are used in conjunction with revenue source codes to facilitate report preparation and budget administration.

Adding positions after the fiscal year code to meet individual ESD requirements can expand this ten-position code.

Listed below are the program, activity, and object of expenditure codes. Codes other than those listed cannot be used. The Office of Superintendent of Public Instruction in cooperation with the educational service districts will add additional codes when necessary.

PROGRAM CODES

The program code provides a method for identifying expenditures as unique plans of activities and procedures designed to accomplish a predetermined objective or set of objectives without regard to revenue sources. The code also provides a method of accumulating expenditures for reporting into three categories:

1. ESD services.
2. Instructional support.
3. Noninstructional support.

SPECIFIC PROGRAM ACCOUNT NUMBERS AND TITLES

ESD Services (Programs 01–09)

01 ESD Core Services

Instructional Programs and Support (Programs 10–59)

10 Instructional Resources
12 Special Education
16 Staff Development
18 Educational Technology
19 K–20
20 Safe and Drug-Free Schools
22 Traffic Safety
24 Math and Science
25 Communication, Reading and Writing
26 Art
27 Social Studies
28 Environmental Education
30 Highly Capable
32 Vocational
34 Early Childhood
36 Migrant Education
38 Alternative Learning Experience
40 Student Assessment
42 State Institutions
46 Health and Fitness
48 Professional Development Centers
59 Other Instructional Support Programs

Noninstructional Support (Programs 60–99)

62 Job Training
64 Data Processing
66 Risk Management
68 Public Communications
70 Transportation
72 Environmental Compliance
73 Nursing Services
74 Human Resource Services
76 Employment Programs
78 Fiscal Agent Services
80 Group Purchasing
82 Equipment Repair
89 Other Noninstructional Support Programs
99 Transportation Equipment

DESCRIPTION OF PROGRAM CODES

01 ESD CORE SERVICES (Program 01)

Accumulates all expenditures for ESD-wide activities and the direct expenditures incurred pursuant to [RCW 28A.310.010](#) for assisting the Office of Superintendent of Public Instruction and the State Board of Education in the performance of their respective statutory or constitutional duties.

INSTRUCTIONAL PROGRAMS AND SUPPORT (Programs 10–59)

Accumulates all expenditures incurred for operating programs that are in support of instructional programs dealing with or aiding in the teaching of students or improving the quality of teaching.

- 10 Instructional Resources
Record expenditures of unit administration and direct services for functions which provide learning materials and/or services specifically designed to improve student learning.
- 12 Special Education
Record expenditures of unit administration and direct services for functions involving the education of special education students by instructing or evaluating pupils in a systematic teaching situation or development of specific programs to assist special education students.
- 16 Staff Development
Record expenditures of unit administration and direct services for functions researching or teaching instructional improvement methods, techniques, or processes to local district or educational service district staff.
- 18 Educational Technology
Record expenditures of unit administration and direct services for functions that utilize high technology methodologies to instruction or educational improvement.
- 19 K–20
Record expenditures for operations and support of the K–20 network.
- 20 Safe and Drug-Free Schools
Record expenditures of unit administration and direct services for functions imparting knowledge of the methods or processes related to drug-free schools. This includes drug and alcohol security, violence prevention, crisis intervention, and counseling.
- 22 Traffic Safety
Record expenditures of unit administration and direct services for functions imparting knowledge of the methods, processes, or values related to traffic safety.
- 24 Math and Science
Record expenditures of unit administration and direct services for functions improving, coordinating, or instructing in math and/or science curriculums.

- 25 Communication, Reading and Writing
Record expenditures of unit administration and direct services for functions improving, coordinating or instructing communication, reading and/or writing curriculums.
- 26 Art
Record expenditures of unit administration and direct services for functions improving, coordinating, or instructing in the fine arts, music, and drama.
- 27 Social Studies
Record expenditures of unit administration and direct services for functions improving, coordinating, or instructing in social studies.
- 28 Environmental Education
Record expenditures of unit administration and direct services for functions improving, coordinating, or instructing in environmental education.
- 30 Highly Capable
Record expenditures for programs for highly capable pupils.
- 32 Vocational
Record expenditures of unit administration and direct services for functions improving, coordinating, or instructing in vocational skills.
- 34 Early Childhood
Record expenditures of unit administration and direct services for functions involving the education of pupils within the age group of birth to 5 years, excluding special education.
- 36 Migrant Education
Record expenditures to assist districts in providing services to migratory children.
- 38 Alternative Learning Experience
Record expenditures of alternative learning experience programs.
- 40 Student Assessment
Record expenditures of unit administration and direct services for functions aiding pupils to assess and understand their abilities, aptitudes, interests, environmental factors, and educational needs.
- 42 State Institutions
Record expenditures of unit administration and direct services for functions involving the education of pupils funded by the state institution formula ([RCW 28A.190.020](#) through [28A.190.060](#)).
- 46 Health and Fitness
Record expenditures of unit administration and direct services for functions improving, coordinating, or instructing in health and fitness education.
- 48 Professional Development Centers
Record expenditures of unit administration and direct services for state-funded professional development centers.

- 59 Other Instructional Support Programs
Record expenditures of instructional support programs not represented in another code.

NONINSTRUCTIONAL SUPPORT (Programs 60–99)

Accumulates all expenditures incurred that represent noninstructional functions of an administrative or student service nature and are only indirectly associated with instructional functions.

- 62 Job Training
Record expenditures of unit administration and direct expanding educational opportunities to acquire basic skills, complete secondary level education, or profit from employment-related training.
- 64 Data Processing
Record expenditures of unit administration and direct services related to the systematic collecting, processing, and reporting of data through the use of electronic data processing methods and procedures.
- 66 Risk Management
Record expenditures of unit administration and direct services for functions related to property/casualty, unemployment, workers' compensation, or employee benefit plans including claims and safety services.
- 68 Public Communications
Record expenditures of unit administration and direct services for functions providing public communications assistance to school districts.
- 70 Transportation
Record expenditures of unit administration and direct services for functions providing coordination or operation of pupil transportation systems.
- 72 Environmental Compliance
Record expenditures of unit administration and direct services for functions providing coordination or assistance in maintenance of facilities in compliance with state or federal laws and regulations.
- 73 Nursing Services
Record expenditures of unit administration and direct services for functions providing nursing services.
- 74 Human Resource Services
Record expenditures of unit administration and direct services for functions providing coordination or operation of personnel services.
- 76 Employment Programs
Record expenditures of unit administration and direct services for functions providing opportunities to continue educational attainment while involved in employment with qualified public or private employers.

- 78 Fiscal Agent Services
Record expenditures of unit administration and direct services for functions where the educational service district provides administration services only.
- 80 Group Purchasing
Record expenditures of unit administration and direct services for functions providing purchasing of supplies, materials, equipment or services.
- 82 Equipment Repair
Record expenditures of unit administration and direct services for functions providing repair and replacement parts for specified equipment.
- 89 Other Noninstructional Support Programs
Record expenditures for other noninstructional support programs.
- 99 Transportation Equipment
Record expenditures of unit administration and direct services for functions related to the purchase or rebuilding of school buses.

EXPENDITURES—SUBPROGRAM

Subprogram code definition and usage are the exclusive prerogative of each ESD. They are used for the identification of functions within the various program areas. Possible uses of these digits are to code such items as listed below when it is advantageous to the ESD.

1. Budget responsibility code (BRC)
2. Location
3. Type of specialized person
4. County
5. Sub-office
6. Internal departments
7. Combinations of the above
8. Source of funding

ACTIVITY CODES

Activity codes further delineate the type of expenditure within a program. Activity coding is required for all expenditure transactions.

Only a limited number of activity codes are allowed for use. A further restriction is that only selected codes may be used with certain programs.

List of Activities

- 11 Board of Directors
- 12 Superintendent's Office
- 13 Business Office
- 14 Financial Services
- 15 Human Resources
- 16 Regional Committee for School District Reorganization

17	Public Information
21	Staff Development
22	Curriculum Support
23	Certification
27	Direct Instruction
51	Transportation Supervision and Coordination
52	Operating Buses
53	Maintenance of School Buses
56	Transportation Insurance
59	Purchase—Rebuilding of Buses
60	Facilities
73	Printing and Copying
75	Motor Pool
83	Debt Service—Interest
84	Debt Service—Principal
98	General Support
99	Debit/Credit Transfer

DEFINITION OF ACTIVITY CODES

- 11 Board of Directors
Include those responsibilities that are not delegated but are retained and carried out by the governing board. Delegated responsibilities will be charged to the activity in which the responsible person is charged.
- 12 Superintendent's Office
This activity relates to ESD-wide administrative responsibility.
- 13 Business Office
This activity consists of the financial and accounting operations for the ESD. Include research and planning for budgeting, accounting, bookkeeping and statistical services, business administration, fiscal control, and purchasing.
- 14 Financial Services
Charge to this activity the expenditures related to providing financial and business services to school districts. Financial and business functions of the ESD should be charged to Activity 13.
- 15 Human Resources
Record the expenditures of the ESD human resources office.
- 16 Regional Committee for School District Reorganization
Charge to this activity the expenditures for personnel and other associated expenditures to run the regional committee within the ESD. This includes research, hearings, coordination with state and county offices, travel, supplies, and all other areas required to complete the regional committee functions.
- 17 Public Information
Record the expenditures for providing information to the public and other governmental agencies.

- 21 Staff Development
Include expenditures for providing training to school district personnel.
- 22 Curriculum Support
Charge to this activity the expenditures for providing curriculum services for school districts.
- 23 Certification
Include the cost of providing certification services.
- 27 Direct Instruction
Include expenditures of instructing pupils in a teaching situation.
- 51 Transportation Supervision and Coordination
Include expenditures managing, directing, supervising, and coordinating the transportation program. Services include those of transportation coordinator, transportation supervisor, bus attendants, monitors, traffic director, radio operator, the secretarial and other assistants who establish routings and schedules, supervisors of vehicle operations, and maintenance and training transportation staff. Include expenditures for ferry fares and medical exams for bus drivers.
- 52 Operating Buses
Include direct operating expenditures for buses and payments to firms for transporting children from two or more families. The only salaries charged to this activity are those of the bus drivers. Only expenditures for fuel are charged to Object of Expenditure 5 Supplies, Instructional Resources, and Noncapitalized Materials under this activity.
- 53 Maintenance of School Buses
The expenditures for maintaining pupil transportation vehicles are charged to this activity. Include such services as mechanical repair, painting, checking for safety, cleaning, greasing, and preventive maintenance. Tires, tubes, anti-freeze, first-aid kits, oils, lubricants, and fire extinguishers are also charged to this activity.
- 56 Transportation Insurance
Include expenditures for insuring pupil transportation vehicles and providing liability protection. Types of insurance include liability, property damage, medical care, collision, fire, and theft damage. Such expenditures will be recorded under Object of Expenditure 7 Purchased Services.
- 59 Purchase—Rebuilding of Buses
Include purchase and rebuilding of school buses and additional equipment. Also included are leases with option to purchase, which are in substance purchase agreements.
- 60 Facilities
This activity is used to directly charge expenditures related to operating the ESD facilities.

- 73 Printing and Copying
This activity is used to directly charge expenditures related to operating an ESD printing and copy center.
- 75 Motor Pool
Record the operating and capital expenditures for agency motor pool vehicles.
- 83 Debt Service—Interest
Record the interest expenditure of matured debt.
- 84 Debt Service—Principal
Record the principal portion of matured debt.
- 98 General Support
Include expenditures that cannot be charged to one of the above activities.
- 99 Debit/Credit Transfer
This activity is used exclusively with the debit and credit transfer objects.

OBJECTS OF EXPENDITURE

Under this system, objects of expenditure will be recorded as a subclassification of the appropriate program and activity codes. The titles and definitions of objects of expenditure are as follows:

- 0/1 Debit/Credit Transfer
The transfer activity and objects enable ESDs to transfer certain direct charges to the program using the resource. The transfer activity of expenditure (99) is used in conjunction with both debit (0) and credit (1) transfer objects of expenditure. The use of credit objects of expenditure is limited to certain expenditure centers that manufacture or produce a finished product or service. These manufacturing or serving expenditure centers are found only in the following programs:

- Program 01 ESD Core Services
- Program 10 Instructional Resources
- Program 16 Staff Development
- Program 18 Educational Technology
- Program 64 Data Processing
- Program 66 Risk Management
- Program 68 Public Communications
- Program 70 Transportation
- Program 80 Group Purchasing
- Program 82 Equipment Repair

The finished product or service is in turn used or consumed by other programs. Debit transfer objects are used to charge these expenditures to the using programs.

The total debit transfer objects of expenditure must always be in balance with the total credit transfer objects of expenditure. The use of the debit/credit activity of expenditures and debit/credit transfer objects of expenditure must be used exclusively

to transfer expenditures from the allowed expenditure centers specified above. This procedure shall not be used to correct coding errors made on original entries.

Debit transfer objects of expenditure shall not be used to direct charge vendor billings to recipient programs for products or services not produced by the manufacturing or serving expenditure centers. Such direct charge items should be recorded directly in the appropriate activity and object of expenditure in the recipient program.

Through the use of transfer objects of expenditure, ESDs will be able to record program expenditures both before and after transfers. This methodology enables ESDs to redistribute expenditures originally charged to manufacturing or serving expenditure centers and at the same time maintain budgetary and accounting control over these centers. This procedure assures full disclosure and visibility of transfer transactions.

2 Salaries—Certificated Employees

Compensation of employees as defined in either [WAC 392-121-200](#) Definition—Certificated employee or [WAC 392-121-201](#) Definition—Agency certificated employee.

3 Salaries—Classified Employees

Compensation of persons employed by the ESD in a position that is not a certificated employee staff position.

4 Employee Benefits and Payroll Taxes

All employee benefit expenditures are charged here.

5 Supplies, Instructional Resources, and Noncapitalized Items

This object includes noncapitalized supplies, materials and instructional resources expendable in nature that are consumed in use. These items may lose their identity through fabrication or incorporation into a different or more complex unit of structure.

6 Not Used

7 Purchased Services

This object includes all expenditures for services rendered via the ESD expressed or implied contract with the exception of items classified as Object 8 Travel. All compensation for services rendered by persons who are not employees, such as attorneys, accountants and auditors, architects, engineers, appraisers, educational consultants, and others compensated on a fee or contractual basis is recorded under this classification.

Compensation payments may consist of labor together with materials furnished in the performance of such services. Purchased services **do not** include labor provided by an employee of the district or materials purchased by the district. In those circumstances, the charge will be to Object of Expenditure 5 Supplies, Instructional Resources, and Noncapitalized Items and Object of Expenditure 3 Salaries—Classified Employees.

Purchased services include telephone, telegraph, and messenger service. Include also the costs of all substances purchased for heating, cooking, and generating power, such as coal, wood, natural or bottled gas, and oil. Expenditures for purchase

of water are also chargeable to this object. Include the following types of expenditures: building repairs, equipment, repairs and service, transportation of things (payments which cannot be allocated directly to the commodity or equipment purchased), and contracted printing (reports, pamphlets, and publications).

Include rentals or royalties paid for the use of land, buildings, structures, machinery, equipment, safe deposit boxes, etc. All memberships and registrations are chargeable to this classification as well as premiums for insurance held by the ESD against fire, accident, liability or property damage, and surety bonds. Include advertising and warrant interest. Include all other services of contractual nature not specified above or in Object of Expenditure 8 Travel.

8 Travel

Travel includes contractual services in connections with carrying staff personnel from place to place and the furnishing of accommodations incident to travel, such as railroad, airplane, bus, taxi, lodging and meals. Also included are per diem allowances; mileage allowances for use of privately owned vehicles; ferry fare; tolls and other expenditures necessitated by travel, such as baggage transfer, garage rent, and other storage fees. Do not include expenditures for pupil transportation.

9 Capital Outlay

Expenditures that are of a capital nature are recorded under this classification. This includes purchase and improvements to grounds, improvements to buildings, replacement of equipment, and additional equipment.

FISCAL YEAR

This digit is used to identify the fiscal year for categorically funded programs. The identification of this code is determined by the ESD.

PROGRAM /ACTIVITY/OBJECT MATRICES

The following pages display the activity/object combinations that are open in each program.

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