



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**PHIL BRYANT**  
AUDITOR

TO: Governmental Entities  
FROM: Rodney D. Zeagler, Deputy State Auditor  
SUBJECT: Financial Accounting Manuals  
DATE: May 13, 2005

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Sections 7-7-211 and 37-37-1, Mississippi Code Annotated (1972), require the Office of the State Auditor to prescribe systems of accounting, budgeting and reporting financial facts in conformity with legal requirements and with generally accepted accounting principles for county governments and public school districts of the state. In an effort to meet this responsibility, the Office of the State Auditor has issued financial accounting manuals. The last completely revised manuals were issued in July 2002, with various parts of the public school district manual being revised annually since July 2002.

Sections of the manuals identify various generally accepted accounting principles applicable to the entities. Other sections identify legal requirements applicable to the entities. The manuals also include sections on internal controls related to the entities' operations.

For audit periods beginning on or after January 1, 2003, new *Government Auditing Standards*, issued by Comptroller General of the United States, on auditor independence are effective. One aspect of the new independence standards deals with audit organizations providing nonaudit services to clients. Audit organizations should not provide nonaudit services that involve performing management functions or making management decisions. The new independence standards do allow auditors to advise entity management on issues related to the knowledge and skills of the auditor without impairing the auditor's independence. Auditors may also provide tools and methodologies, such as best practice guides, and internal control assessment methodologies that can be used by management without impairing the auditor's independence. **However, auditors should not make management decisions or perform management functions.**

For audit periods beginning after January 1, 2003, and until revised manuals can be issued, the Office of the State Auditor considers the prescribed financial accounting manuals for county governments and public school districts as providing information based on our technical skills and knowledge about accounting principles, best practices related to internal controls, and state laws that apply to each entity. The decision on how to implement these practices is the decision of the entity's management. While some sections of the manuals are phrased as requirements, the Office of the State Auditor considers these to be tools and best practices to assist the entity's management in developing policies and procedures appropriate for their entity since management is responsible for their adoption and implementation. **Reportable conditions and instances of noncompliance will not be reported for instances in which an entity demonstrates that it has implemented adequate alternative internal controls or acceptable generally accepted accounting principles other than those described in the manuals but, which produce similar acceptable levels of safeguards and reporting accuracy as those identified in the manuals.**

**FINANCIAL ACCOUNTING MANUAL**  
**FOR**  
**MISSISSIPPI PUBLIC SCHOOL DISTRICTS**



**Effective for Fiscal Years That Begin**

**On or After July 1, 2002**

**Prescribed By:**

**Office of the State Auditor**

**PHIL BRYANT, STATE AUDITOR**



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## INTRODUCTION

In accordance with Sections 7-7-211(a) and 37-37-1, Miss. Code Ann. (1972), this Financial Accounting Manual for Mississippi Public School Districts is prescribed by the Office of the State Auditor for public school district accounting in the State of Mississippi.

All public school districts are required to keep their accounting records in conformity with this edition, effective for fiscal years that begin on or after July 1, 2001. This manual replaces and supercedes the Financial Accounting Manual for Mississippi Public School Districts which was issued by this office in 1996.

This edition is the latest successor to the original edition which was first issued in 1985. Early in that year, a committee composed of representatives from the Mississippi State Department of Education, the Mississippi Association of School Business Officials (MASBO) and the Mississippi State Auditor's Office met initially and discussed the financial and accounting needs of Mississippi's public school districts. As a result of the committee's efforts, the July, 1985 edition of this manual was developed. The committee members who gave of their time and efforts in initially developing that edition, and the entities they represented at that time, were:

Smith Sparks	Mississippi State Department of Education
Ruth Garling	Mississippi State Department of Education
Scott Dutt	Mississippi Association of School Business Officials
Jude McDonnell	Mississippi Association of School Business Officials
Joyce Tuttle	Mississippi Association of School Business Officials
Roger McDaniel	Mississippi Association of School Business Officials
Steve Duncan	Mississippi State Auditor's Office
Leslie Shivers	Mississippi State Auditor's Office
Dale Brooks	Mississippi State Auditor's Office
Jim Vinson	Mississippi State Auditor's Office
David Phillips	Mississippi State Auditor's Office

## PROCEDURE TO REQUEST A REVISION OF THIS MANUAL

All requests for a revision to this manual must be submitted in writing to the Office of the State Auditor. At the discretion of the Office of the State Auditor, revision requests will be submitted to the Research Committee established by the Mississippi Association of School Business Officials. The Research Committee will review, evaluate, and report to the Office of the State Auditor any and all desired changes to the manual. All revisions to this manual must be approved by the Office of the State Auditor.

All revision requests should be submitted to:

Director of Educational Audits  
Office of the State Auditor  
Post Office Box 956  
Jackson, Mississippi 39205

Requests received by October 1 will be considered for revision to the manual for the fiscal year beginning the following July 1. All manual revisions will be disseminated in a timely fashion to all Mississippi public school districts by the Office of the State Auditor.

## OVERVIEW OF CHANGES FROM PREVIOUS EDITION OF THIS MANUAL

1. All pages should reference a "Revised 2/1/2003" at the top of the page, except for the "Cover Page", "Table of Contents" and Pages i through iii.
2. GASB 34's implementation required adding or reclassifying individual Funds, Balance Sheet Accounts, Revenue Accounts and Expenditure Account classifications. A complete review of this manual should be made to insure your records are in conformity with all modifications.





## **SECTION A**            **BASIC PRINCIPLES**

### **Accounting Principles**

The financial records and statements of all Mississippi public school districts will be kept and presented in accordance with generally accepted accounting principles in the United States of America. Generally accepted accounting principles for school districts are derived from the official pronouncements of the Governmental Accounting Standards Board (GASB). As GASB makes authoritative pronouncements, this manual will be updated.

On June 30, 1999, the Governmental Accounting Standards Board approved GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments. This Statement describes the minimum set of financial statements, note disclosures and required supplementary information that must be presented in a financial report for an independent auditor to assert, without qualification or further comment, that a government's financial statements are fairly presented in conformity with generally accepted accounting principals (GAAP). Implementation of GASB 34 requirements will be detailed in Section N of this Manual. Due to reporting requirements of the Mississippi Department of Education, the Basis of Accounting as noted below and all related Sections of the Manual, except Section N, must be implemented to meet reporting requirements of the Mississippi Department of Education.

### **Basis of Accounting**

An entity's basis of accounting determines when transactions and economic events are reflected in its financial records. All Mississippi public school districts will prepare financial records using the modified accrual or accrual basis of accounting. The modified accrual or accrual basis of accounting, as appropriate, should be utilized in measuring financial position or operating results, as follows:

- A. Governmental fund revenues, expenditures, other financing sources and uses and related assets and liabilities should be recognized on the modified accrual basis. Revenues should be recognized in the accounting period in which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest not matured on general long-term debt, which should be recognized when due. Transfers should be recognized in the accounting period in which the inter-fund receivable and payable arise.
- B. Proprietary fund revenues, expenses and related assets and liabilities should be recognized on the accrual basis. Revenues should be recognized in the accounting period in which they are earned and become measurable. Expenses should be recognized in the period incurred, if measurable.
- C. Fiduciary fund revenues and expenditures and related assets and liabilities should be recognized in the accounting period in which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable. Transfers should be recognized in the accounting period in which the inter-fund receivable and payable arise. Agency Fund assets and liabilities should be accounted for on the modified accrual basis.

The Modified Accrual Basis and Accrual Basis of accounting are described below.

**Modified Accrual Basis:**

**Revenues:**

Revenues are defined as an increase in the governmental unit's current financial resources. Revenues are recognized when they are susceptible to accrual, which means they must be both measurable and available. Revenues are measurable when the amount of the revenue is subject to reasonable estimation. Revenues are available when the revenue is subject to collection within the current period, or after the end of the period but in time to pay liabilities outstanding at the end of the current period.

**Expenditure:**

Expenditures are recognized when the related liability is incurred, if measurable, except for interest and principal on general long-term debt, which is recognized when due and payable. Expenditures should be accrued at the end of the year when they are expected to use expendable financial resources. Generally, this means that expenditures that will be paid within a short period after the year-end are subject to year end-end accrual.

**Accrual Basis:**

Revenues are recognized when the earning process is complete or virtually complete and an exchange has taken place. Accrual accounting attempts to record the financial effects on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events, and circumstances occur rather than only in the periods in which cash is received or paid by the enterprise. Accrual accounting is concerned with the process by which cash expended on resources and activities is returned as more(or perhaps less) cash to the enterprise, not just with the beginning and end of the process.

The essential elements of the accrual accounting method include:

1. The deferral of expenditures and the subsequent amortization of the deferred costs (prepaid expenses, supplies, etc.),
2. The deferral of revenues until they are earned (property taxes received in advance).
3. The capitalization of certain expenditures and the subsequent depreciation of the capitalized costs (depreciation of cost of machinery), and
4. The accrual of revenues that have been earned and expenses that have been incurred.

Recognizing revenue under both methods of accounting normally results in recording certain receivables (assets). These receivables consist of the uncollected but realized portions of the related revenue recognized for the current period.

A liability account (deferred revenue) results for certain cash and asset transactions when they are measurable but not yet earned. Cash received in advance and assets such as donated commodities received and valued under the consumption method of inventory valuation are reported as deferred revenue (liability account) in these cases. The revenue is recognized when these type transactions have met both the measurable and earned criterion.

## **Fund Accounting**

Governmental accounting systems should be organized and operated on a fund basis. 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.

The following types of funds and account groups shall be used by Mississippi public school districts:

### **Governmental Funds**

General Fund - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

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

Permanent Funds - to account for assets held by the governmental unit where only the earnings the assets generate may be used by the governmental unit.

### **Proprietary Funds**

Enterprise Funds - to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds

Agency Funds - to account for resources held by a governmental unit on a temporary, purely custodial basis.

Private Purpose Trust Funds - to account for resources held by the governmental unit for others that cannot be used to support the entities operations.

Account Groups

Account groups are not "funds." They are concerned only with the measurement of financial position and not involved with measurements of results of operations. Account Groups consist of the following:

General Fixed Asset Account Group:

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds.

General Long-Term Account Group:

Long-term debt is accounted for in the General Long-term Debt Account Group.

**SECTION B**                      **MISCELLANEOUS ISSUES****INDEX OF SUBJECTS IN THE ORDER PRESENTED IN THIS SECTION**

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A. Accounting Systems

The accounting system consists of the methods and records established to identify, assemble, analyze, classify, record and report a government's transactions and to maintain accountability for the related assets and liabilities. Sections E, F, G, H, I, J, K, M and N of this Manual have been established for the purpose of defining the accounting system to be used by all public school districts.

B. Timeliness

It is imperative that all financial records and supporting documentation be maintained on a timely basis and include accurate and reliable information. Timely shall be defined as monthly. All records and reports should be completed and filed by the end of the following month, unless other requirements apply.

C. Pre-numbered Documents

All receipts and checks shall be pre-numbered. Purchase orders and other control documents shall also be pre-numbered unless the school district clearly demonstrates that the use of pre-numbered documents would be inefficient. In such situations, adequate control shall be maintained by sequentially numbering the documents as they are used. The pre-numbering of documents insures that all such documents can be sequentially accounted for. Documents which are numbered by computer software will be allowed provided there are adequate controls to prevent the overriding of the computer program performing this function.

D. Personnel Files

There shall be individual personnel files in the school district central office which include contracts, a copy of teacher certificates, wage authorizations, federal and state withholding authorizations, and other deduction information. Individual personnel files shall stand alone to support payroll checks issued to individuals.

E. Receipt Files

All monies shall be receipted to the school district utilizing pre-numbered receipts (2 parts) and be maintained in a bound book or ledger. Under no circumstance shall monies be deposited to any bank account without a proper receipting of such monies. Any documentation necessary to support the receipts shall be maintained on file. All receipts shall include date, received from, amount, account classification and signature of receiver, at a minimum. Electronic transfers of funds should also have receipts assigned for reporting purposes. Receipt files should be prepared and filed by month. These files should contain receipts filed in numerical order along with all supporting documentation (i.e. remittance advices, etc.).



F. Paid Invoice Files

Paid invoice files are to be maintained in the following manner:

1. Paid invoice files shall contain all information necessary to support the payment transaction. School districts shall utilize a system of filing paid invoices which promotes easy access and review. Acceptable filing systems with appropriate supporting documentation include:
  - A. Filing paid invoices by fund and by check number or claim number.
  - B. Filing paid invoices by vendor in alphabetical order (PREFERRED).
  - C. Filing paid invoices by purchase order number.
  - D. Filing paid invoices by voucher number.

Upon receipt of all invoices, the district shall date the invoice as of the date it is actually received from the vendor.

Paid invoices shall be stamped "PAID" as a control feature to help prevent repayment. Paid invoices shall contain check number, claim number (if applicable), fund code, function code and object code. This could be accomplished by a cover sheet generated by your computer system and attached to the paid invoices.

G. Depository Reconciliations

All school districts are to properly reconcile all depository accounts monthly. This reconciliation should be completed in a timely manner. School districts shall maintain the bank statements intact following the reconciliation process. Cancelled checks may be pulled from the bank statements and filed numerically, only after an accurate and reliable reconciliation of the depository accounts has taken place. If canceled checks are filed numerically, all other remittance advises received in the bank statement shall be attached to, and filed with, the bank statement.

H. Quote or bid records

All school districts are to maintain quote or bid records which are cross-referenced to purchase orders, invoices and board approval, if applicable, to substantiate that applicable purchasing laws have been complied with. Records related to sealed bids received in response to advertisements are to be maintained in a bid file by bid number. Records related to quotes (bids obtained without formal advertising) may be maintained in a quote file by quote number or may simply be attached to, and filed with, the paid invoice. The school board's approved policies on purchasing should detail the district's procedures to be followed.

I. Petty Cash

A petty cash account may be established to handle small payments for incidental items that occur at the local school and/or at the district administrative office(s). This would include such items as postage, express charges, small supplies and similar items. The school board should approve policies and procedures in determining the amount, the designated person responsible for the petty cash account, determine if the person responsible shall be bonded, and provide adequate safeguards for the petty cash account. At no time shall any type loan, personal or otherwise, be made from the petty cash account. Transactions should be accounted for on a monthly basis.

The petty cash account will be established by writing a check on the district maintenance fund for the proper amount as authorized by the school board. The check will be made payable to the person who is responsible for the petty cash account. At no time should a petty cash account be established by writing a check on a fund which is under the control of the person who is responsible for the petty cash account.

Disbursements from the petty cash account shall be supported by invoices, statements, receipts or other documentation. This documentation shall remain with the petty cash account until the fund is replenished. The sum of this documentation and the remaining cash shall, at all times, be equal to the original amount of the petty cash account. This shall be periodically checked by the superintendent's office. The petty cash account will be replenished when the cash is nearly exhausted. Replenishment takes place by presenting an itemized listing of all disbursements with documentation to the superintendent's office. After verification by the superintendent's office, a check is written for the amount of the itemized listing and made payable to the person responsible. At this time the superintendent's office will enter the accounting data for the petty cash account disbursements into the accounting records.

J. Payroll Clearing Fund

A payroll clearing fund shall be established by each school district to account for salaries and the related salary withholdings paid from governmental funds. Each pay period the total gross amount of the payroll shall be transferred from the governmental funds to the payroll clearing fund. The gross amount transferred will be charged to the appropriate expenditure functions in the expenditure register of each governmental fund. The net payroll amounts due to school district personnel shall then be written from the payroll clearing fund. The matching portion of benefits paid by the LEA shall be transferred from the governmental funds to the payroll clearing fund. The LEA's portion transferred will be charged to the appropriate expenditure functions in the expenditure register of each governmental fund. The total amount due to outside entities for withholdings or benefits shall then be written from the payroll clearing fund. The payroll clearing fund shall be classified as an Agency Fund.

K. Accounts Payable Clearing Fund

An accounts payable clearing fund shall be established by each school district to account for claims paid from the governmental funds. Each month the total dollar amount of claims is transferred from the governmental funds to the accounts payable clearing fund. The amounts transferred will be charged to the appropriate expenditure functions of each governmental fund. The amounts due to individual vendors will then be written from the accounts payable clearing fund. The accounts payable clearing fund shall be classified as an Agency Fund.

L. Agency Funds

Agency Funds are custodial (assets equal liabilities) and thus do not involve measurement of results of operations. It is not necessary to budget Agency Funds. They include the clearing funds and the Club Funds.

M. Unemployment Compensation Revolving Fund

School districts which maintain an unemployment compensation revolving fund shall make all payments to the Mississippi Employment Security Commission from this fund. The unemployment compensation revolving fund shall be replenished before June 30 of each year. Replenishment takes place when the balance in the fund falls below the required 2% of the first \$6,000 of covered wages for an individual calendar year and shall be accomplished by an operating transfer between funds. Expenditures to the Mississippi Employment Security Commission from the revolving fund shall be coded to the appropriate expenditure function as it related to the individual for which the payment has been made.

N. Interest Income

Interest income shall be recorded as revenue in the fund which invests the principal amount. The school district's Board of Education may transfer unrestricted interest income to the General Fund. Interest income in excess of \$100 per fiscal year shall be allocated back to the fund or funds from which the deposit or investment was made. Interest income of less than \$100 can be deposited directly to the district maintenance fund. The board shall adopt policies and procedures that would reasonably allocate interest earned in excess of \$100 per fiscal year. Special rules may apply to interest income on the investment of federal funds. It is advisable to contact the Mississippi State Department of Education or the Office of the State Auditor regarding the allocation of interest income on federal funds.

O. Depositories

Section 37-7-333, Mississippi Code Annotated (1972), state in part that "All such allotments or funds shall be placed in the depository or depositories selected by the school board in the same manner as provided in Section 27-105-305 for the selection of county depositories. Provided, however, the annual notice to be given by the school board to financial institutions may be given by the school board at any regular meeting subsequent to the board's regular December meeting but prior to the regular May meeting. The bids of financial institutions for the privilege of keeping school funds may be received by the school board at some subsequent meeting, but no later than the regular June meeting; and the selection by the school board of the depository or depositories shall be effective on July 1 of each year. School boards shall advertise and accept bids for depositories, no less than once every three (3) years, when such board determines that it can obtain a more favorable rate of interest and less administrative processing. Such depository shall place on deposit with the superintendent of schools the same securities as required in Section 27-105-315."

Section 27-105-315, Mississippi Code Annotated(1972) states that "(1) Any financial institution in a county, or in an adjoining county where there is no financial institution in the county qualifying, whose accounts are insured by the Federal Deposit Insurance Corporation or any successors to that insurance corporation may qualify as a county depository, if the institution qualifies as a public funds depository under Section 27-105-5 or a public funds guaranty pool member under Sections 27-105-5 and 27-105-6. The qualified financial institution shall secure those deposits by placing qualified securities on deposit with the State Treasurer as provided in Section 27-105-5."

(2) Notwithstanding the foregoing, any financial institution not meeting the prescribed ratio requirement whose accounts are insured by the Federal Deposit Insurance Corporation or any successors to that insurance corporation, may receive county funds in an amount not exceeding the amount that is insured by that insurance corporation and may qualify as a county depository to the extent of that insurance.

A memo dated September 15, 2001 from the Treasury Department of the State of Mississippi to Banks stated in part, "Pledging to the State Treasurer on behalf of public entities will begin on October 1, 2001. Arrangements with your particular Safekeeping Banks should be made to start implementation of such pledging on October the first."

P. Deferred Compensation Plans

Deferred compensation plans offer employees the opportunity to defer receipt of a portion of their salary and the related liability for federal income taxes. Several sections of the Internal Revenue Code (IRC) authorize certain state and local governments to provide deferred compensation plans for their employees. The deferred compensation plans of Mississippi school districts are the plans authorized by IRC Section 457. Liability for federal income taxes under IRC Section 457 plans is deferred until the funds are withdrawn by the participant or designated beneficiary in accordance with the terms of the agreement. The participant becomes eligible to withdraw funds upon termination, retirement, death or unforeseeable emergency. Due to the implementation effective January 1, 1997 of changes made to the federal Internal Revenue Code in 1996, the deferred amounts and related earnings held by the Mississippi Deferred Compensation Plan (MDCP) are no longer accessible to the school district and its creditors; i.e., the assets are held by the MDCP for the exclusive benefit of the employees who made the deferrals. Consequently, the assets held by the MDCP and the related liability should not be reflected on the school district's financial statements for fiscal years ending on or after June 30, 1997.

Q. Single Audit Act

Mississippi public school districts will have single audits performed by the Mississippi State Auditor's Office or by an independent accounting firm for the fiscal year ending June 30, 1986, and for each succeeding fiscal year thereafter for which the school district is required to have a single audit performed. Federal cost-sharing can help, in part, to defray the cost of single audits. Reimbursement by the federal government is generally limited to the ratio of total federal assistance expended by the recipient during the year audited to the recipient's total expenditures for that year. The Mississippi State Department of Education shall have pass-through entity responsibilities for all Mississippi public school districts. School districts should contact the audit resolution officer with the Mississippi State Department of Education to resolve any audit findings that affect federal programs in their district.

R. Inventories

Purchased Food and Supplies

At or near the fiscal year-end, school personnel should take a physical inventory of the goods on hand. This would include supplies and food items. ***[NOTE: Guidance for items inventoried as capital assets is provided in Section G of this manual.]*** The district should plan this process in advance and should provide inventory teams with detailed instructions regarding their function. The count should be recorded on worksheets that contain, at a minimum, the following information:

1. Number of units on hand
2. Description of units
3. Unit price
4. Total unit amount

The inventory on hand should be priced under the First-in, First-out (FIFO) method. Under FIFO, the most recent invoice price is assigned to the units remaining on hand. The grand total of the inventory on hand should be placed on the school district's balance sheet under the proper account (i.e., inventory of food, inventory of supplies, etc.) by making the necessary journal entries in the accounting records.

Donated Commodities

Procedures established by the Mississippi Department of Education's Child Nutrition Division should be followed. Details may be found in the Policy and Procedures Manual for Child Nutrition Programs.

## S. Sixteenth Section Funds

The following statutes concerned with sixteenth section issues are presented for your convenience and review.

## Section 29-3-113, Mississippi Code Annotated (1972):

The principal fund shall be a permanent township fund which shall consist of funds heretofore or hereafter derived from certain uses or for certain resources of school trust lands which shall be invested and, except as otherwise provided in this section, only the interest and income derived from such funds shall be expendable by the school district. The principal fund shall consist of:

- (a) Funds received for easements and rights-of-way pursuant to Section 29-3-91;
- (b) Funds received for sales of lieu land pursuant to Sections 29-3-15 through 29-3-25;
- (c) Funds received from any permanent damage to the school trust land;
- (d) Funds received from the sale of nonrenewable resources including but not limited to the sale of sand, gravel, dirt, clays and royalties received from the sale of mineral ores, coal, oil and gas;
- (e) Funds received from the sale of buildings pursuant to Section 29-3-77;
- (f) Funds received from the sale of timber; and
- (g) Funds received pursuant to Section 29-3-23(2).

It shall be the duty of the Board of Education to keep the principal fund invested in any direct obligation issued by or guaranteed in full as to principal and interest by the United States of America or in certificates of deposit issued by a qualified depository of the State of Mississippi as approved by the State Treasurer. The certificates of deposit may bear interest at any rate per annum which may be mutually agreed upon but in no case shall said rate be less than that paid on passbook savings. The Board of Education is likewise authorized to invest said funds in interest bearing deposits or other obligations of the types described in Section 27-105-33, as the same now is or may hereafter be amended, or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that one hundred percent (100%) of said funds are hereby authorized to be so invested. For the purposes of investment, the principal fund of each township may be combined into one or more district accounts; however, the docket book of the county superintendent shall at all times reflect the proper source of such funds. Provided that funds received from the sale of timber shall be placed in a separate principal fund account, and may be expended for any of the purposes authorized by law.

The Board of Education shall have authority to borrow such funds at a rate of interest not less than four percent(4%) per annum and for a term not exceeding twenty (20) years, for the erection, equipment or repair of said district schools, to provide local funds for any building project approved by the State Board of Education or to provide additional funds for forest stand improvement as set forth in Section 29-3-47. In addition, the board may borrow such funds under the same interest restrictions for a term not exceeding ten (10) years to provide funds for the purchase of school buses. The Board of Education of any school district in any county that has an aggregate amount of assets in its principal fund in excess of Five Million Dollars (\$5,000,000.00), may deduct an amount not to exceed Five Hundred Thousand Dollars (\$500,000.00) for the purpose of covering the cost of asbestos removal from school district buildings. Such asbestos removal shall be construed to constitute the repair of school district facilities as prescribed in Section 29-3-115. No school land trust funds may be expended after the annual payment date until the payment is made on such loan. The annual payment can be made from any funds available to the school district except minimum foundation program funds. It shall be unlawful for the Board of Education to borrow any sixteenth section school funds in any other manner than that prescribed herein, and if any such funds shall be borrowed or invested in any other manner, any officer concerned in making such loan and investment or suffering

the same to be made in violation of the provisions of this section, shall be liable personally and on his official bond for the safety of the funds so loaned.

Section 29-3-115, Mississippi Code Annotated (1972)

The expendable funds derived from sixteenth section or lieu lands may be expended for the building and repair of schoolhouses, teachers' homes, and other school facilities, the purchase of furniture, school vehicles and equipment for same, the payment of teachers' salaries, and for all other purposes in operating and maintaining the schools of the district to which such funds belong for which other available school funds may be expended. Such funds may also be expended for clearing, draining, reforesting and otherwise improving any sixteenth section lands of township to which any such available funds may belong. Such funds may also be expended for the purpose of paying any drainage district taxes, costs, expenses, and assessments for which the sixteenth section may be liable, and in such case the same shall be paid by the board of education out of any funds which would otherwise be paid over to the school district entitled thereto under the provisions of sections 29-3-115 through 29-3-123. Such funds may also be expended to pay all reasonable and necessary attorneys' fees incurred to clear the title on any sixteenth section lieu lands located outside the county.

Section 29-3-119, Mississippi Code Annotated (1972)

- (1) Where there is only one (1) school district in the township to which the available funds belong, such school district shall be entitled to the whole of such funds, and the funds shall be handled in the manner set forth in this section.
- (2) In cases where a township having available funds is occupied by two (2) or more school districts or parts of school districts, the available funds of the township shall be divided between the districts lying wholly or partly within such township in proportion to the number of children residing in that portion of each district which lies within such township and who are enrolled in the schools of that district, as compared to the total number of children residing in such township and enrolled in the schools of all districts lying wholly or partly in that township. For such purpose, annual lists shall be made of all children who reside in the township and who are enrolled in the schools of each district lying wholly or partly in that township, which lists shall be made in accordance with Section 29-3-121. Municipal separate school districts shall be entitled to their pro rata part of such funds in the same manner as other school districts.
- (3) Where there is no child residing in a township in which funds are available for distribution and where one or more school districts embrace all or part of any such township, such funds shall be distributed in the following manner:
  - (a) Where any such township is located wholly within one (1) school district, the available township funds shall be distributed to that school district.
  - (b) Where any such township having such funds available for distribution is located either in whole or in part in two (2) or more school districts, such available funds shall be distributed to the two (2) or more school districts in proportion to the number of children residing in that part of the two (2) or more school districts which is common or coextensive to each of the school districts, distribution being made on the basis of the enrollment of the school children in their respective school districts.
- (4) The school district having jurisdiction and control of the sixteenth section or lieu lands in the township (the "custodial school district") shall pay to each other school district lying wholly or partly in the township which is entitled to a part of the township funds the district's pro rata share of the available township funds, as determined from the lists of children prepared pursuant to Section 29-3-121, promptly after collecting such funds. The custodial school district shall make its books and records pertaining to the income and funds of any shared township available for inspection and copying to all other school districts sharing in the

income from the township upon reasonable notice of such request. Any district entitled to such funds which is not paid promptly may assert a claim against the custodial school district for its share of the funds not later than twelve (12) months from the end of the calendar year in which the custodial school district collected such funds.

Section 29-3-121, Mississippi Code Annotated (1972):

It shall be the duty of the superintendent of each school district to make or cause to be made annual lists of the children enrolled in the schools of such district and who reside in such district, which lists shall be based upon the end of the first month enrollment required to be reported to the State Department of Education for the then current school year. The lists shall be made separately as to the townships in which such children reside. Such lists shall be filed with the superintendent of the custodial school district on or before December 31 of each year, and the lists shall be used in making the division of the available funds of each township during the ensuing calendar year, as provided by Section 29-3-119. The superintendent of the custodial school district shall make such lists available, upon request, to each school district sharing in the revenues of the township. Any school district failing to timely provide the list to the superintendent of the custodial school district shall forfeit its right to such funds unless the school board of the custodial school district and the school board of the other district or districts entitled to such funds have executed a written agreement providing for the distribution of such funds in a manner agreed upon by the school districts. All such lists shall be retained and preserved by the superintendent of the custodial school district as a public record. Such lists shall not be made, however, as to any township which is wholly within one (1) school district. If any superintendent of a school district participating in the division of such funds shall challenge in writing the accuracy of any such list, the Office of the State Auditor, upon receipt of such challenge, may, in its discretion, order and arrange for and supervise a recount of the children enrolled in the schools of such district and who reside in such district. All costs incurred in conducting the recount shall be borne by the challenging district and the district in which the recount is conducted on a pro rata basis, as determined from the results of the recount. Such costs may be paid from the school district's share of the available township funds. Such recount, when obtained, shall supersede the original list for the purposes of Sections 29-3-115 through 29-3-123.

The following information is presented to help clarify the statutes reported above.

### Principal Funds

A single sixteenth section principal fund should be established for all townships where the land area encompasses a single school district. All transactions should be accounted for within this one fund.

If an individual township's land area includes the land area of two or more school districts, then a separate principal fund should be established to account for transactions resulting from the generation of revenue from the sixteenth section land within that individual township that is legally required to be placed in a sixteenth section principal fund. This will facilitate the division of shared sixteenth section principal fund's net income.

#### Sources of Funds:

1. Easements and right-of-ways.
2. Permanent damages.
3. Sale of lieu lands.
4. Sale of 16<sup>th</sup> Section lands for industrial purposes.
5. Sale of non-renewable resources; sand, gravel, dirt, clay, royalties from mineral ores, coal, oil and gas.
6. Sale of buildings.
7. Interest on investments and loans.
8. Pro rata revenue from other districts.

#### Uses of Funds:

1. Purchase of investments.
2. Purchase of lieu lands
3. Loans for school building purposes, forest stand improvements and purchase of school buses.
4. Transfer of expendable revenues to the district maintenance fund or a building fund by board order.



Interest Funds

A single sixteenth section interest fund should be established for all townships where the land area encompasses a single school district. All transactions should be accounted for within this one fund.

If an individual township's land area includes the land area of two or more school districts, then a separate sixteenth section interest fund should be established to account for transactions resulting from the generation of revenue from the sixteenth section land within that individual township that is legally required to be placed in a sixteenth section interest fund. This will facilitate the division of shared sixteenth section interest fund's net income.

## Sources of Funds:

1. Oil, gas and mineral leases, including bonus or delay rental payments.
2. Payments from agriculture, residential, commercial, industrial or other leases.
3. Interest on investments.
4. Sale of timber (optional).
5. Transfers from other funds.
6. Pro rata revenue from other districts.

## Uses of Funds:

1. Purchase of investments.
2. Transfers to the district maintenance fund or to a building fund by board order.
3. Pay drainage district taxes and assessments.
4. Improvement of sixteenth section lands.
5. Cost of land reclassifications.
6. Board authorized attorney fees.

Forestry Escrow Fund

Section 29-3-47 of the Mississippi Code establishes the forestry escrow fund for the school district. A portion of this section reads: "For its services the state forestry commission shall be entitled to receive its actual expenses incurred in the discharge of the duties herein imposed. In order to provide funds with which to pay for the general supervision and sale of forest products, fifteen percent (15%) of all receipts from the sales of forest products shall be placed by the board in a forestry escrow fund and reserved to pay for work performed by the state forestry commission. Such payments shall be equal to the actual expenses incurred by the commission as substantiated by itemized bills presented to the board."

Section 29-3-45 of the Mississippi Code gives direction for the management of sixteenth section lands. A portion of this section read: "The board of education shall by order placed upon its minutes, enter into an agreement with the State Forestry Commission for the general supervision and management of all lands classified as forest lands, as here in above provided, and of all timber under the control of the board on sixteenth section lands, and lieu lands which have not been so classified; however, any school board may contract with private persons or businesses for the reforestation of sixteenth section lands. When such agreement has been entered into, no timber shall be sold from any of said sixteenth section lands or lieu lands except such as have been marked for cutting by the State Forestry Commission's employees, and the said Forestry Commission, or its designated employee, shall fix the minimum total cash price or minimum price per unit, one thousand (1,000) feet or other measure, at which said marked timber shall be sold. Said sales may be made for a lump sum or upon a unit price as in the opinion of the board may be calculated to bring the greatest return. Sales shall be made upon such other terms and conditions as to manner of cutting, damages for cutting of unmarked trees, damages to trees not cut and other pertinent matters as the Board of Education shall approve."

Sources of Funds:

1. 15 % of timber and forest product sales.
2. Interest on investments.

Uses of Funds:

1. Purchase of investments.
2. Payment of itemized invoices submitted by the Mississippi Forestry Commission.
3. Transfer of any excess of legally restricted funds, as determined by written documentation from the Mississippi Forestry Commission.
4. Transfer of expendable revenues to the district maintenance fund or to a building fund by board order.

T. Tuition

Tuition shall be defined as the money paid to another school district for the purpose of providing educational services for students attending the other school district. This would include the money transferred to another school district for providing the basic education for transfer students (when the agreement calls for tuition to be paid) or for other agreed upon services (e.g., vocational education, alternative school programs, special education, pupil transportation, etc.). The tuition expenditure of the district transferring the students should be accounted for under the appropriate instructional expenditures function with the tuition expenditure object code. The district receiving the students should account for the tuition revenue under the local revenue code.

## U. Ad Valorem Tax Requests, Escrow and Shortfall Calculations

Section 37-57-1, Mississippi Code Annotated (1972), states:

(1) (a) The boards of supervisors of the counties shall levy and collect all taxes for and on behalf of all school districts which were within the county school system or designated as special municipal separate school districts prior to July 1, 1986. Such taxes shall be collected by the county tax collector at the same time and in the same manner as county taxes are collected by him, and the same penalties for delinquency shall be applicable. The governing authorities of the municipalities shall levy and collect all taxes for and on behalf of all school districts which were designated as municipal separate school districts prior to July 1, 1986. Such taxes shall be collected by the municipal tax collector at the same time and in the same manner as municipal taxes are collected by him, and the same penalties for delinquency shall be applicable. The county or municipal tax collector, as the case may be, shall pay such tax collections, except for taxes collected for the payment of the principal of and interest on school bonds or notes and except for taxes collected to defray collection costs, into the school depository and report to the school board of the appropriate school district at the same time and in the same manner as the tax collector makes his payments and reports of other taxes collected by him. Provided, however, the State Board of Education shall determine the appropriate levying authority for any school district created or reorganized after July 1, 1987.

(b) For the purposes of this chapter and any other laws pertaining to taxes levied or bonds or notes issued for and on behalf of school districts, the term "levying authority" means the board of supervisors of the county or the governing authorities of the municipality, whichever levies taxes for and on behalf of the particular school district as provided in paragraphs (a) and (b) of this subsection.

(2) The levying authority for the school district shall, at the same time and in the same manner as other taxes are levied by the levying authority, levy a tax of not less than twenty-eight (28) mills for the then current fiscal year, less the estimated amount of the yield of the School Ad Valorem Tax Reduction Fund grant to the school district as determined by the State Department of Education or twenty-seven percent (27%) of the basic adequate education program cost for such school district, whichever is a lesser amount, upon all of the taxable property of the school district, as required under Section 37-151-7(2)(a). However, in no case shall the minimum local ad valorem tax effort for any school district be equal to an amount that would require a millage rate exceeding fifty-five (55) mills in that school district. Provided, however, that if a levying authority is levying in excess of fifty-five (55) mills on July 1, 1997, the levying authority may levy an additional amount not exceeding three (3) mills in the aggregate for the period beginning July 1, 1997, and ending June 30, 2003, subject to the limitation on increased receipts from ad valorem taxes prescribed in Sections 37-57-105 and 37-57-107. Nothing in this subsection shall be construed to require any school district that is levying more than fifty-five (55) mills pursuant to Sections 37-57-1 and 37-57-105 to decrease its millage rate to fifty-five (55) mills or less. In making such levy, the levying authority shall levy an additional amount sufficient to cover anticipated delinquencies and costs of collection so that the net amount of money to be produced by such levy shall be equal to the amount which the school district is required to contribute as its said minimum local ad valorem tax effort. The tax so levied shall be collected by the tax collector at the same time and in the same manner as other ad valorem taxes are collected by him. The amount of taxes so collected as a result of such levy shall be paid into the district maintenance fund of the school district by the tax collector at the same time and in the same manner as reports and payments of other ad valorem taxes are made by said tax collector, except that the amount collected to defray costs of collection may be paid into the county general fund. The levying authority shall have the power and authority to direct and cause warrants to be issued against such fund for the purpose of refunding any amount of taxes erroneously or illegally paid into such fund where such refund has been approved in the manner provided by law.

Section 37-57-104, Mississippi Code Annotated (1972), states:

(1) Each school board shall submit to the levying authority for the school district a certified copy of an order adopted by the school board requesting an ad valorem tax effort in dollars for the support of the school district. The copy of the order shall be submitted by the school board when the copies of the school district's budget are filed with the levying authority pursuant to Section 37-61-9. Upon receipt of the school board's order requesting the ad valorem tax effort in dollars, the levying authority shall determine the millage rate necessary to generate funds equal to the dollar amount requested by the school board. For the purpose of calculating this millage rate, any additional amount that is levied pursuant to Section 37-57-105(1) to cover anticipated delinquencies and costs of collection or any amount that may be levied for the payment of the principal and interest on school bonds or notes shall be excluded from the limitation of fifty-five (55) mills provided for in subsection (2) of this section.

(2) (a) Except as otherwise provided under paragraph (b) or (c) of this subsection, if the millage rate necessary to generate funds equal to the dollar amount requested by the school board is greater than fifty-five (55) mills, and if this millage rate is higher than the millage then being levied pursuant to the school board's order requesting the ad valorem tax effort for the currently existing fiscal year, then the levying authority shall call a referendum on the question of exceeding, during the next fiscal year, the then existing millage rate being levied for school district purposes. The referendum shall be scheduled for not more than six (6) weeks after the date on which the levying authority receives the school board's order requesting the ad valorem tax effort.

When a referendum has been called, notice of the referendum shall be published at least five (5) days per week, unless the only newspaper published in the school district is published less than five (5) days per week, for at least three (3) consecutive weeks, in at least one (1) newspaper published in the school district. The notice shall be no less than one-fourth (1/4) page in size, and the type used shall be no smaller than eighteen (18) point and surrounded by a one-fourth-inch solid black border. The notice may not be placed in that portion of the newspaper where legal notices and classified advertisements appear. The first publication of the notice shall be made not less than twenty-one (21) days before the date fixed for the referendum, and the last publication shall be made not more than seven (7) days before that date. If no newspaper is published in the school district, then the notice shall be published in a newspaper having a general circulation in the school district. The referendum shall be held, as far as is practicable, in the same manner as other referendums and elections are held in the county or municipality. At the referendum, all registered, qualified electors of the school district may vote. The ballots used at the referendum shall have printed thereon a brief statement of the amount and purpose of the increased tax levy and the words "FOR INCREASING THE MILLAGE LEVIED FOR SCHOOL DISTRICT PURPOSES FROM (MILLAGE RATE CURRENTLY LEVIED) MILLS TO (MILLAGE RATE REQUIRED UNDER SCHOOL BOARD'S ORDER) MILLS," and "AGAINST INCREASING THE MILLAGE LEVIED FOR SCHOOL DISTRICT PURPOSES FROM (MILLAGE RATE CURRENTLY LEVIED) MILLS TO (MILLAGE RATE REQUIRED UNDER SCHOOL BOARD'S ORDER) MILLS." The voter shall vote by placing a cross (X) or checkmark (&#8730;) opposite his choice on the proposition. If a majority of the registered, qualified electors of the school district who vote in the referendum vote in favor of the question, then the ad valorem tax effort in dollars requested by the school board shall be approved. However, if a majority of the registered, qualified electors who vote in the referendum vote against the question, the millage rate levied by the levying authority shall not exceed the millage then being levied pursuant to the school board's order requesting the ad valorem tax effort for the then currently existing fiscal year. Nothing in this subsection shall be construed to require any school district that is levying more than fifty-five (55) mills pursuant to Sections 37-57-1 and 37-57-105 to decrease its millage rate to fifty-five (55) mills or less. Further, nothing in this subsection shall be construed to require a referendum in a school district where the requested ad valorem tax effort in dollars requires a millage rate of greater than fifty-five (55) mills but the requested dollar amount does not require any increase in the then existing millage rate. Further, nothing in this subsection shall be construed to require a referendum in a school district where, because of a decrease in the assessed valuation of the district, a millage rate of greater than fifty-five (55) mills is necessary to generate funds equal to the dollar amount generated by the ad valorem tax effort for the currently existing fiscal year.

(b) Provided, however, that if a levying authority is levying in excess of fifty-five (55) mills on July 1, 1997, the levying authority may levy an additional amount not exceeding three (3) mills in the aggregate for the period beginning July 1, 1997, and ending June 30, 2003, subject to the limitation on increased receipts from ad valorem taxes prescribed in Sections 37-57-105 and 37-57-107.

(c) If the levying authority for any school district lawfully has decreased the millage levied for school district purposes, but subsequently determines that there is a need to increase the millage rate due to a disaster in which the Governor has declared a disaster emergency or the President of the United States has declared an emergency or major disaster, then the levying authority may increase the millage levied for school district purposes up to an amount that does not exceed the millage rate in any one (1) of the immediately preceding ten (10) fiscal years without any referendum that otherwise would be required under this subsection.

(3) If the millage rate necessary to generate funds equal to the dollar amount requested by the school board is equal to fifty-five (55) mills or less, but the dollar amount requested by the school board exceeds the next preceding fiscal year's ad valorem tax effort in dollars by more than four percent (4%), but not more than seven percent (7%) (as provided for under subsection (4) of this section), then the school board shall publish notice thereof at least five (5) days per week, unless the only newspaper published in the school district is published less than five (5) days per week, for at least three (3) consecutive weeks in a newspaper published in the school district. The notice shall be no less than one-fourth (1/4) page in size, and the type used shall be no smaller than eighteen (18) point and surrounded by a one-fourth-inch solid black border. The notice may not be placed in that portion of the newspaper where legal notices and classified advertisements appear. The first publication shall be made not less than fifteen (15) days before the final adoption of the budget by the school board. If no newspaper is published in the school district, then the notice shall be published in a newspaper having a general circulation in the school district. If at any time before the adoption of the budget a petition signed by not less than twenty percent (20%) or fifteen hundred (1500), whichever is less, of the registered, qualified electors of the school district is filed with the school board requesting that a referendum be called on the question of exceeding the next preceding fiscal year's ad valorem tax effort in dollars by more than four percent (4%), then the school board shall adopt, not later than the next regular meeting, a resolution calling a referendum to be held within the school district upon the question. The referendum shall be called and held, and notice thereof shall be given, in the same manner provided for in subsection (2) of this section. The ballot shall contain the language "FOR THE SCHOOL TAX INCREASE OVER FOUR PERCENT (4%)" and "AGAINST THE SCHOOL TAX INCREASE OVER FOUR PERCENT (4%)." If a majority of the registered, qualified electors of the school district who vote in the referendum vote in favor of the question, then the increase requested by the school board shall be approved. For the purposes of this subsection, the revenue sources excluded from the increase limitation under Section 37-57-107 also shall be excluded from the limitation described in this subsection in the same manner as they are excluded under Section 37-57-107. Provided, however, that any increases requested by the school board as a result of the required local contribution to the Mississippi Adequate Education Program, as certified to the local school district by the State Board of Education under Section 37-151-7(2), Mississippi Code of 1972, shall not be subject to the four percent (4%) and/or seven percent (7%) tax increase limitations provided in this section.

(4) If the millage rate necessary to generate funds equal to the dollar amount requested by the school board is equal to fifty-five (55) mills or less, but the dollar amount requested by the school board exceeds the seven percent (7%) increase limitation provided for in Section 37-57-107, the school board may exceed the seven percent (7%) increase limitation only after the school board has determined the need for additional revenues and three-fifths (3/5) of the registered, qualified electors voting in a referendum called by the levying authority have voted in favor of the increase. The notice and manner of holding the referendum shall be as prescribed in subsection (2) of this section for a referendum on the question of increasing the millage rate in school districts levying more than fifty-five (55) mills for school district purposes.

(5) The aggregate receipts from ad valorem taxes levied for school district purposes pursuant to Sections 37-57-1 and 37-57-105, excluding collection fees, additional revenue from the ad valorem tax on any newly constructed properties or any existing properties added to the tax rolls or any properties previously exempt which were not assessed in the next preceding year, and amounts received by school districts from the School Ad Valorem Tax Reduction Fund pursuant to Section 37-61-35, shall be subject to the increase limitation under this section and Section 37-57-107.

(6) The school board shall pay to the levying authority all costs that are incurred by the levying authority in the calling and holding of any election under this section.

(7) The provisions of this section shall not be construed to affect in any manner the authority of school boards to levy millage for the following purposes:

- (a) The issuance of bonds, notes and certificates of indebtedness, as authorized in Sections 37-59-1 through 37-59-45 and Sections 37-59-101 through 37-59-115;
- (b) The lease of property for school purposes, as authorized under the Emergency School Leasing Authority Act of 1986 (Sections 37-7-351 through 37-7-359);
- (c) The lease or lease-purchase of school buildings, as authorized under Section 37-7-301;
- (d) The issuance of promissory notes in the event of a shortfall of ad valorem taxes and/or revenue from local sources, as authorized under Section 27-39-333; and
- (e) The construction of school buildings outside the school district, as authorized under Section 37-7-401. Any millage levied for the purposes specified in this subsection shall be excluded from the millage limitations established under this section.

Section 37-57-105, Mississippi Code Annotated (1972), states: (1) In addition to the taxes levied under Section 37-57-1, the levying authority for the school district, as defined in Section 37-57-1, upon receipt of a certified copy of an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars for the support of the school district, shall, at the same time and in the same manner as other ad valorem taxes are levied, levy an annual ad valorem tax in the amount fixed in such order upon all of the taxable property of such school district, which shall not be less than the millage rate certified by the State Board of Education as the uniform minimum school district ad valorem tax levy for the support of the adequate education program in such school district under Section 37-57-1. Provided, however, that any school district levying less than the uniform minimum school district ad valorem tax levy on July 1, 1997, shall only be required to increase its local district maintenance levy in four (4) mill annual increments in order to attain such millage requirements. In making such levy, the levying authority shall levy an additional amount sufficient to cover anticipated delinquencies and costs of collection so that the net amount of money to be produced by such levy shall be equal to the amount which is requested by said school board. The proceeds of such tax levy, excluding levies for the payment of the principal of and interest on school bonds or notes and excluding levies for costs of collection, shall be placed in the school depository to the credit of the school district and shall be expended in the manner provided by law for the purpose of supplementing teachers' salaries, extending school terms, purchasing furniture, supplies and materials, and for all other lawful operating and incidental expenses of such school district, funds for which are not provided by adequate education program fund allotments. The monies authorized to be received by school districts from the School Ad Valorem Tax Reduction Fund pursuant to Section 37-61-35 shall be included as ad valorem tax receipts. The levying authority for the school district, as defined in Section 37-57-1, shall reduce the ad valorem tax levy for such school district in an amount equal to the amount distributed to such school district from the School Ad Valorem Tax Reduction Fund each calendar year pursuant to said Section 37-61-35. Such reduction shall not be less than the millage rate necessary to generate a reduction in ad valorem tax receipts equal to the funds distributed to such school district from the School Ad Valorem Tax Reduction Fund pursuant to Section 37-61-35. Such reduction shall not be deemed to be a reduction in the aggregate amount of support from ad valorem taxation for purposes of Section 37-19-11. The millage levy certified by the State Board of Education as the uniform minimum ad valorem tax levy or the millage levy that would generate funds in an amount equal to a school district's district entitlement, as defined in Section 37-22-1(2)(e), shall be subject to the provisions of this paragraph. In any county where there is located a nuclear generating power plant on which a tax is assessed under Section 27-35-309(3), such required levy and revenue produced thereby may be reduced by the levying authority in an amount in proportion to a reduction in the base revenue of any such county from the previous year. Such reduction shall be allowed only if the reduction in base revenue equals or exceeds five percent (5%). "Base revenue" shall mean the revenue received by the county from the ad valorem tax levy plus the revenue received by the county from the tax assessed under Section 27-35-309(3) and authorized to be used for any purposes for which a county is authorized by law to levy an ad valorem tax. For purposes of determining if the reduction equals or exceeds five percent (5%), a levy of millage equal to the prior year's millage shall be

hypothetically applied to the current year's ad valorem tax base to determine the amount of revenue to be generated from the ad valorem tax levy. For the purposes of this section and Section 37-57-107, the portion of the base revenue used for the support of any school district shall be deemed to be the aggregate receipts from ad valorem taxes for the support of any school district. This paragraph shall apply to taxes levied for the 1987 fiscal year and for each fiscal year thereafter. If the Mississippi Supreme Court or another court finally adjudicates that the tax levied under Section 27-35-309(3) is unconstitutional, then this paragraph shall stand repealed.

(2) When the tax is levied upon the territory of any school district located in two (2) or more counties, the order of the school board requesting the levying of such tax shall be certified to the levying authority of each of the counties involved, and each of the levying authorities shall levy the tax in the manner specified herein. The taxes so levied shall be collected by the tax collector of the levying authority involved and remitted by the tax collector to the school depository of the home county to the credit of the school district involved as provided above, except that taxes for collection fees may be retained by the levying authority for deposit into its general fund.

(3) The aggregate receipts from ad valorem taxes levied for school district purposes, excluding collection fees, pursuant to this section and Section 37-57-1 \* \* \* shall be subject to the increased limitation under Section 37-57-107; however, if the ad valorem tax effort in dollars requested by the school district for the fiscal year exceeds the next preceding fiscal year's ad valorem tax effort in dollars by more than four percent (4%) but not more than seven percent (7%), then the school board shall publish notice thereof once each week for at least three (3) consecutive weeks in a newspaper having general circulation in the school district involved, with the first publication thereof to be made not less than fifteen (15) days prior to the final adoption of the budget by the school board. If at any time prior to said adoption a petition signed by not less than twenty percent (20%) or fifteen hundred (1500), whichever is less, of the qualified electors of the school district involved shall be filed with the school board requesting that an election be called on the question of exceeding the next preceding fiscal year's ad valorem tax effort in dollars by more than four percent (4%) but not more than seven percent (7%), then the school board shall, not later than the next regular meeting, adopt a resolution calling an election to be held within such school district upon such question. The election shall be called and held, and notice thereof shall be given, in the same manner for elections upon the questions of the issuance of the bonds of school districts, and the results thereof shall be certified to the school board. The ballot shall contain the language "For the School Tax Increase Over Four Percent (4%)" and "Against the School Tax Increase Over Four Percent (4%)." If a majority of the qualified electors of the school district who voted in such election shall vote in favor of the question, then the stated increase requested by the school board shall be approved. For the purposes of this paragraph, the revenue sources excluded from the increased limitation under Section 37-57-107 shall also be excluded from the limitation described herein in the same manner as they are excluded under Section 37-57-107.

Section 37-57-107, Mississippi Code Annotated (1972), states:

Beginning with the tax levy for the 1997 fiscal year and for each fiscal year thereafter, the aggregate receipts from taxes levied for school district purposes pursuant to Sections 37-57-105 and 37-57-1 shall not exceed the aggregate receipts from those sources during any one (1) of the immediately preceding three (3) fiscal years, as determined by the school board, plus an increase not to exceed seven percent (7%). For the purpose of this limitation, the term "aggregate receipts" when used in connection with the amount of funds generated in a preceding fiscal year shall not include excess receipts required by law to be deposited into a special account \* \* \*. The additional revenue from the ad valorem tax on any newly constructed properties or any existing properties added to the tax rolls or any properties previously exempt which were not assessed in the next preceding year may be excluded from the seven percent (7%) increase limitation set forth herein. Taxes levied for payment of principal of and interest on general obligation school bonds issued heretofore or hereafter shall be excluded from the seven percent (7%) increase limitation set forth herein. Any additional millage levied to fund any new program mandated by the Legislature shall be excluded from the limitation for the first year of the levy and included within such limitation in any year thereafter. For the purposes of this section, the term "new program" shall include, but shall not be limited to, (a) the Early Childhood Education Program required to commence with the 1986-1987 school year as provided by Section 37-21-7 and any additional millage levied and the revenue generated therefrom, which is excluded from the limitation for the first year of the levy, to support the mandated Early Childhood Education Program shall be specified on the minutes of the school board and of the governing body making such tax levy; (b) any additional millage levied and the revenue generated therefrom which shall be excluded from the limitation for the first year of the levy, for the purpose of generating additional local contribution funds required for the adequate education program for the 2003 fiscal year and for each fiscal

year thereafter under Section 37-151-7(2); and (c) any additional millage levied and the revenue generated therefrom which shall be excluded from the limitation for the first year of the levy, for the purpose of support and maintenance of any agricultural high school which has been transferred to the control, operation and maintenance of the school board by the board of trustees of the community college district under provisions of Section 37-29-272.

The seven percent (7%) increase limitation prescribed in this section may be increased an additional amount only when the school board has determined the need for additional revenues and has held an election on the question of raising the limitation prescribed in this section. The limitation may be increased only if three-fifths (3/5) of those voting in the election shall vote for the proposed increase. The resolution, notice and manner of holding the election shall be as prescribed by law for the holding of elections for the issuance of bonds by the respective school boards. Revenues collected for the fiscal year in excess of the seven percent (7%) increase limitation pursuant to an election shall be included in the tax base for the purpose of determining aggregate receipts for which the seven percent (7%) increase limitation applies for subsequent fiscal years. Except as otherwise provided for excess revenues generated pursuant to an election, if revenues collected as the result of the taxes levied for the fiscal year pursuant to this section and Section 37-57-1 exceed the increase limitation, then it shall be the mandatory duty of the school board of the school district to deposit such excess receipts over and above the increase limitation into a special account and credit it to the fund for which the levy was made. It will be the further duty of such board to hold said funds and invest the same as authorized by law. Such excess funds shall be calculated in the budgets for the school districts for the purpose for which such levies were made, for the succeeding fiscal year. Taxes imposed for the succeeding year shall be reduced by the amount of excess funds available. Under no circumstances shall such excess funds be expended during the fiscal year in which such excess funds are collected.



For the purposes of determining ad valorem tax receipts for a preceding fiscal year under this section, the term "fiscal year" means the fiscal year beginning October 1 and ending September 30.

To help the school district better understand the above referenced calculations, the following forms are presented on the next three pages:

1. "Ad Valorem Tax Request Calculation Form"
2. "Ad Valorem Tax Escrow Calculation Form"
3. "Shortfall Calculation Form"

The school district is encouraged, but not required, to use or refer to these forms when making its ad valorem tax requests, ad valorem tax escrow and/or shortfall calculations.

Ad valorem tax collections which are in excess of the legal limitation will be reported as a fund equity reserve for ad valorem in the district maintenance fund (General Fund). A separate fund is not required to account for the excess collections.

## Ad Valorem Tax Request Calculation Form

Calculation of Ad Valorem Tax for Operations

**[NOTE: The district is allowed to choose any of the three previously completed fiscal years in determining the base. A fiscal year is defined as beginning October 1 and ending September 30, per Section 37-57-107, Mississippi Code Annotated (1972).]**

**Base Calculation:**

Ad valorem tax received from October 1 through September 30 (for the base year to be used). \_\_\_\_\_

Homestead reimbursement received from October 1 through September 30 (for the base year to be used). \_\_\_\_\_

**Add:**

*[NOTE: Use actual receipts for the base year used above.]*

Ad valorem tax reduction funds received during the prior fiscal year. \_\_\_\_\_

Ad valorem tax escrow at beginning of the prior fiscal year. \_\_\_\_\_

Shortfall notes issued for the prior fiscal year. \_\_\_\_\_

**Deduct:**

Ad valorem tax escrow at end of the prior fiscal year. \_\_\_\_\_

Total Base Amount \_\_\_\_\_

Percentage increase allowable \_\_\_\_\_

New program(s) *[Note: As legally allowed]* \_\_\_\_\_

New property *[Note: Estimated from information from the district's levying authority(ies).]* \_\_\_\_\_

Subtotal \_\_\_\_\_

**Deduct:**

Ad valorem tax reduction funds to be received for the request year. \_\_\_\_\_

Ad valorem tax escrow at the end of the prior fiscal year. \_\_\_\_\_

Total Ad Valorem Tax Requested for Operations *[See NOTE 1 below]* \_\_\_\_\_

**ADD:** *[Note: All other ad valorem tax requirements of the school district. See Note 2 below.]*

**NOTE 1:** Proper communication between you and your levying authority is essential. Communicate to your levying authority that your district is requesting this amount in total and the total should be allocated as noted above. There should be no doubt that Homestead Reimbursement is to be considered by the levying authority in its calculation of the levies and not a concern of the school district at this point.

**NOTE 2:** Debt service ad valorem requirements and/or other requested ad valorem amounts should be listed separately and by individual statutory authority(ies).

Ad Valorem Tax Escrow Calculation Form

**Base Calculation:**

*[NOTE: The district is allowed to choose any of the three previously completed fiscal years in determining the base. A fiscal year is defined as beginning October 1 and ending September 30, per Section 37-57-107, Mississippi Code Annotated (1972).]*

*[NOTE: The district should rework the "Ad Valorem Request for Form" prepared at the beginning of the fiscal year using actual amounts instead of estimated amounts, if estimations were used in its operations request.]*

Ad valorem tax received from October 1 through September 30 (for the base year used) \_\_\_\_\_

Homestead reimbursement received from October 1 through September 30 (for the base year used) \_\_\_\_\_

**Add:** *[NOTE: Use actual receipts for the base year used above.]*

Ad valorem tax reduction funds received during the prior fiscal year \_\_\_\_\_

Ad valorem tax escrow at beginning of the prior fiscal year \_\_\_\_\_

Shortfall notes issued for the prior fiscal year \_\_\_\_\_

**Deduct:** Ad valorem tax escrow at end of the prior fiscal year \_\_\_\_\_

Total Base Amount \_\_\_\_\_

Percentage increase allowable \_\_\_\_\_

New program(s) *[Note: As legally allowed]* \_\_\_\_\_

New property *[Note: As per updated information received from your levying authority(ies).]* \_\_\_\_\_

Subtotal \_\_\_\_\_

**Deduct:** Ad valorem tax escrow at the end of the prior fiscal year \_\_\_\_\_

Total Ad Valorem Tax Allowed \_\_\_\_\_

Determination of Tax Escrow:

*[Note: Ad Valorem local support revenue only, not debt or other required tax levy amounts.]* \_\_\_\_\_

Ad valorem tax received during 7/1 through 6/30 for the current fiscal year. \_\_\_\_\_

Homestead reimbursement received during 7/1 through 6/30 for the current fiscal year. \_\_\_\_\_

Ad valorem tax reduction received 6/30 for the current year. \_\_\_\_\_

Ad valorem tax escrow at the end of the prior fiscal year, if applicable. \_\_\_\_\_

Total Receipts \_\_\_\_\_

Less: Total Ad Valorem Tax Allowed from above \_\_\_\_\_

Amount of Ad Valorem Tax to Escrow \_\_\_\_\_

**[NOTE: If Tax Escrow calculation results in a negative amount, complete the "Ad Valorem Shortfall Calculation Form" worksheet.]**

## Shortfall Calculation Form

---

Shortfall Borrowing

Total local source revenues budgeted as sent to the levying authority: \_\_\_\_\_

*[NOTE: Include estimated ad valorem revenue and/or revenues from local sources for the district maintenance fund. The debt service and/or other ad valorem tax requirement(s) would require a separate calculation(s).]*

Less: Ad Valorem Receipts

*[NOTE: Ad valorem by statute includes the following]*

Ad valorem tax received from 7/1 through 6/30 for the current fiscal year \_\_\_\_\_

Homestead reimbursement received during from 7/1 through 6/30 for the current fiscal year \_\_\_\_\_

Ad valorem tax reduction funds received from 7/1 through 6/30 for the current fiscal year \_\_\_\_\_

Ad valorem tax escrow at the end of the prior fiscal year, if applicable \_\_\_\_\_

Total Ad Valorem Receipts \_\_\_\_\_

Other local source revenues received from 7/1 through 6/30 for the current fiscal year, if used.

Total Receipts \_\_\_\_\_

Total amount allowed for shortfall borrowing \_\_\_\_\_

***NOTE: For the above calculated shortfall to be used in future ad valorem calculations the amount or a lesser amount has to be an actual borrowing of the school district.***

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*Section 37-57-108, Mississippi Code Annotated(1972): In the event that the amount of revenue collected or estimated to be collected from local sources, on behalf of a school district during a fiscal year, is less than the amount provided for in the duly adopted budget of said school district for the fiscal year, then the school district may issue promissory notes in an amount and in the manner set forth in Section 27-39-333, not to exceed the estimated shortfall of revenue from local sources, but in no event to exceed twenty-five percent (25%) of its budget anticipated to be funded from the sources of the shortfall for the fiscal year. A school district issuing notes under the provisions of this section shall not be required to publish notice of its intention to do so or to secure the consent of the qualified electors or the tax levying authority of such school district.*

*Section 27-39-333, Mississippi Code Annotated (1972): Any political subdivision which, during a fiscal year, estimates that the amount of the ad valorem taxes or other anticipated revenue from local sources to be collected therein is less than the amount estimated at the time of formulation of its budget for the fiscal year due to circumstances which were unanticipated at the time of formulation of the budget and which will prevent the political subdivision from meeting its financial obligations may, with the approval of the levying authority for such political subdivision, issue promissory notes in an amount equal to the estimated shortfall of ad valorem taxes and/or revenue from local sources but in no event to exceed twenty-five percent (25%) of its budget anticipated to be funded from the sources of the shortfall for the fiscal year.*

## V. Revenue and Expenditure/Expense Recognition

Revenue RecognitionModified Accrual Basic:

Revenues are defined as an increase in the governmental unit's current financial resources. Revenues are recognized when they are susceptible to accrual, which means they must be both measurable and available. Revenues are measurable when the amount of the revenue is subject to reasonable estimation. Revenues are available when the revenue is subject to collection within the current period, or after the end of the period but in time to pay liabilities outstanding at the end of the current period.

Accrual Basis:

Revenues are recognized when the earning process is complete or virtually complete and an exchange has taken place. Accrual accounting attempts to record the financial effects on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events, and circumstances occur rather than only in the periods in which cash is received or paid by the enterprise. Accrual accounting is concerned with the process by which cash expended on resources and activities is returned as more (or perhaps less) cash to the enterprise, not just with the beginning and end of the process.

The essential elements of the accrual accounting method include:

1. The deferral of expenditures and the subsequent amortization of the deferred costs (prepaid expenses, supplies, etc.),
2. The deferral of revenues until they are earned (property taxes received in advance).
3. The capitalization of certain expenditures and the subsequent depreciation of the capitalized costs (depreciation of cost of machinery), and
4. The accrual of revenues that have been earned and expenses that have been incurred.

Recognizing revenue under both methods of accounting normally results in recording certain receivables (assets). These receivables consist of the uncollected but realized portions of the related revenue recognized for the current period.

A liability account (deferred revenue) results for certain cash and asset transactions when they are measurable but not yet earned. Cash received in advance and assets such as donated commodities received and valued under the consumption method of inventory valuation are reported as deferred revenue (liability account) in these cases. The revenue is recognized when these type transactions have met both the measurable and earned criterion.

Federal reimbursable programs stipulate that federal money is not available to school districts until such time it is earned. Being earned generally means that the school district must incur the expense. For this reason, should a school district receive money in advance for a reimbursable program, then that revenue should be recorded as a deferred revenue. The school district would recognize the revenue at the point in time the expenditures occur.

Expenditure/Expense Recognition

Expenditures are recognized when the related liability is incurred, if measurable, except for interest and principal on general long-term debt, which is recognized when due and payable. Expenditures should be accrued at the end of the year when they are expected to use expendable financial resources. Generally, this means that expenditures that will be paid within a short period after the year-end are subject to year end-end accrual.

Accrual Basis:

Accrual accounting attempts to record the financial effects on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events, and circumstances occur rather than only in the periods in which cash is received or paid by the enterprise. Accrual accounting is concerned with the process by which cash expended on resources and activities is returned as more (or perhaps less) cash to the enterprise, not just with the beginning and end of the process.

The essential elements of the accrual accounting method include:

1. The deferral of expenditures and the subsequent amortization of the deferred costs (prepaid expenses, supplies, etc.),
2. The deferral of revenues until they are earned (property taxes received in advance).
3. The capitalization of certain expenditures and the subsequent depreciation of the capitalized costs (depreciation of cost of machinery), and
4. The accrual of revenues that have been earned and expenses that have been incurred.

W. Revenue Anticipation Notes

Section 37-59-37, Mississippi Code Annotated (1972) states, "The school board of any school district shall have the power and authority to borrow money for the anticipated current year's expenses of such school district in anticipation of the collection of ad valorem taxes and other revenues of such school district for the then current fiscal year. The money so borrowed shall bear interest at a rate not greater than that allowed in Section 75-17-105 and shall be repaid within fourteen (14) months from the date of such borrowing out of the taxes and revenues in anticipation of which such money is borrowed. Such money shall be used for no other purpose than the payment of the current year's expenses of such school district. Pending the expenditure of funds borrowed under the provisions of this section, such funds may be invested in any manner in which any school district, municipality, county, state agency or other public body may invest surplus funds.

The amount borrowed under the provisions of this section shall in no event exceed the estimated amount of taxes and revenues collected or to be collected during the last preceding fiscal year, unless the tax levy for the current fiscal year has been made, then the amount borrowed under the provisions of this section shall in no event exceed the estimated amount of taxes and revenues collected or to be collected during the current fiscal year. Revenue anticipation notes issued under the provisions of this section shall be issued within the same fiscal year during which the tax levy is or will be made and other revenues received which it is anticipated will produce the funds from which the said notes will be repaid.

In borrowing money under the provisions of this section, it shall not be necessary to publish notice of intention so to do or to secure the consent of the qualified electors of such school district, either by election or otherwise. Such borrowing shall be authorized by order or resolution of the school board and may be evidenced by negotiable note or notes, signed and executed in such form as may be prescribed in such order or resolution. Such note or notes may be sold at a negotiated sale. Money may be borrowed in anticipation of ad valorem taxes and other revenues under the provisions of this section, regardless of whether or not such borrowing shall create an indebtedness in excess of statutory limitations.

Money may likewise be borrowed by any such school district, as herein provided, for the purpose of paying current interest maturities on any bonded indebtedness of such school district in anticipation of the collection of taxes for the retirement of such bonded indebtedness and the payment of any interest thereon.”

Section 37-59-37, Mississippi Code Annotated (1972), allows Mississippi public school districts to borrow during the fiscal year in anticipation of the collection of ad valorem taxes and other revenues of the school district for that fiscal year. The statute requires that the money so borrowed "... shall be repaid within fourteen (14) months from the date of such borrowing." However, since the statute further requires that the repayment is to be made "... out of the taxes and revenues in anticipation of which such money is borrowed", the notes are technically still required to be repaid by the end of the fiscal year.

This latter repayment requirement is also deemed to be met if the repayment amount is escrowed at the fiscal year-end as provided for by the Mississippi School Boards Association (MSBA) Cash Flow Management Program. Since the amount that can be borrowed under the above statute may exceed the amount exempt from federal arbitrage requirements and because of the other potential benefits offered, school districts are encouraged to participate in this MSBA program.

#### X. Capital Projects Fund

A Capital Projects Fund is used to account for the purchase, construction or major renovation of a school district facility. Expenditures from a Capital Projects Fund are primarily classified under the facilities acquisition and construction services function. It is permissible to use other available functions for items that do not fall into the facilities acquisition and construction services area. Capital Projects Funds are ordinarily not used to account for the acquisition of short lived assets (furniture, fixtures, equipment, etc.), unless the financing of these items is an inseparable part of the major project. Normally, these items would be financed and accounted for in the General or Special Revenue Funds.

A separate fund must be used when the project is to be financed by a note or bond issue.

#### Y. Debt Issues

##### General Long-Term Debt Account Group

All long-term liabilities not accounted for in a proprietary fund must be presented in the General Long-Term Debt Account Group. Long-term liabilities included consists of bonds, notes, loans, capital leases, judgements, if long term, compensated absences and other liabilities that are long-term in nature. Any past due general long-term debt principal payments would be reduced from the General Long-Term Debt Account Group and recorded as current liabilities within the fund repaying the debt.

The long-term liability credit accounts reported in the account group will be offset with debit accounts titled "Amount Available in Debt Service Funds" and/or "Amount to be Provided for Retirement of General Long-Term Debt". The "Amount Available in Debt Service Funds" account should agree in amount with the related Debt Service fund balance(s). Any remaining amount needed to balance the account group's credit amounts would be reported within the "Amount to be Provided for Retirement of General Long-Term Debt".

Expendable resources used to repay the long-term debt principal and interest costs are accounted for within Funds classified as Debt Service Funds. No fund liabilities would be reported unless a payment of principal or interest is past due.

### Debt Service Funds

As described earlier, Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Generally, Debt Service Funds are used when a tax levy is in place to repay a particular debt of the school district. If accumulation of resources is not necessary (e.g., repayment of sixteenth section principal fund loans), then a Debt Service Fund is not necessary and repayment can be made directly from an appropriate operating fund of the school district.

A separate Debt Service Fund is to be used for each levy established by the district's levy authority.

Once all requirements of an individual Debt Service Fund has been satisfied, any remaining funds within the individual Debt Service Fund are handled in accordance with requirements of Section 27-105-367, Mississippi Code Annotated (1972).

#### Z. Debt Extinguishment (Advance Refunding)

The following guidance on accounting for, and disclosure of, advance refunding that result in defeasance of debt is based on Section D20 of the Codification of Governmental Accounting and Financial Reporting Standards (Codification) as of June 30, 1995, published by the Governmental Accounting Standards Board (GASB).

In an advance refunding transaction, new debt is issued to provide monies to pay interest on old, outstanding debt as it becomes due, and to pay the principal on the old debt either as it matures or at an earlier call date. An advance refunding occurs before the maturity or call date of the old debt, and the proceeds of the new debt are invested until the maturity or call date of the old debt. Defeasance of debt can be either legal or in-substance. A legal defeasance occurs when debt is legally satisfied based on certain provisions in the debt instrument even though the debt is not actually paid. An in-substance defeasance occurs when debt is considered defeased for accounting and financial reporting purposes, as discussed below, even though a legal defeasance has not occurred. When debt is defeased, it is no longer reported as a liability on the face of the balance sheet; only the new debt, if any, is reported as a liability.

Debt is considered defeased in-substance for accounting and financial reporting purposes if the debtor irrevocably places cash or other assets with an escrow agent in a trust to be used solely for satisfying scheduled payments of both interest and principal of the defeased debt, and the possibility that the debtor will be required to make future payments on that debt is remote. The trust is restricted to owning only monetary assets that are essentially risk-free as to the amount, timing and collection of interest principal. Section D20.103 of the Codification provides further guidance as to what constitutes "risk-free."

Debt may be advance refunded for a variety of reasons. However, the most common reason debt is advance refunded is to take advantage of lower interest rates.

The accounting and reporting requirements for advance refunding vary depending on whether the debt is general long-term debt or debt of Enterprise or Internal Service Funds. The following guidance only addresses general long-term debt; refer to Section D20 of the Codification for guidance regarding debt of Enterprise or Internal Service Funds.

For advance refunding resulting in defeasance of debt reported in the General Long-term Debt Account Group, the proceeds of the new debt should be reported as an Other Financing Source under Revenue Function Code #6150, "Proceeds of Refunding Bonds." Payments to the escrow agent from resources provided by the new debt should be reported as an Other Financing Use under Expenditure/Expense Function Code #7500, "Payment to Refunded Bond Escrow Agent." Payments to the escrow agent made from other resources of the entity (e.g., from monies in the old Debt Service Fund) should be reported as Debt Service Expenditures under Expenditure/Expense Code #6300, "Advance Refunding Escrow."



The transactions discussed above should be reported in the fund receiving the proceeds; in most cases, this will mean that the transactions should be reported (1) in the Debt Service Fund used to pay the debt that was advance refunded or (2) in a new Debt Service Fund established just to report the proceeds of the refunding bonds and the payments to the escrow agent. A new Debt Service Fund should be used in order to show clearing on the accounting records that the refunding proceeds were transferred to an escrow agent rather than being used to directly retire the old debt or as debt service for the new debt.

The total proceeds from the new debt, including the proceeds paid directly to the escrow agent by the purchaser of the new bonds or by another party, should be reported in the applicable fund. Issuance costs paid from the bond proceeds, whether through the school district or directly by another party, should be recorded as Debt Service Expenditures under Expenditure/Expense Function Code #6900, "Other."

The General Long-term Debt Account Group should be adjusted to remove the old debt defeased and to add the new debt.

A general description of the advance refunding should be provided in the notes to the financial statements in the year of the refunding. At a minimum, the disclosures should include (a) the difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding and (b) the economic gain or loss resulting from the transaction. For each subsequent fiscal year following an advance refunding for which debt defeased in substance remains outstanding, the amount of the debt, if any, outstanding at the fiscal year-end should be disclosed. Refer to Sections D20.111 through D20.616 of the Codification for further guidance on these disclosures and the related calculations.

#### AA. Compensated Absences

Section 37-7-307(5), Mississippi Code Annotated(1972), requires that "Upon retirement from employment, each licensed and nonlicensed employee shall be paid for not more than thirty (30) days of unused accumulated leave earned while employed by the school district in which the employee is last employed. Such payment for licensed employees shall be made by the school district at a rate equal to the amount paid to substitute teachers and for nonlicensed employees, the payment shall be made by the school district at a rate equal to the federal minimum wage. The payment shall be treated in the same manner for retirement purposes as a lump sum payment for personal leave as provided in Section 25-11-103(e). Any remaining lawfully credited unused leave, for which payment has not been made shall be certified to the Public Employees' Retirement System in the same manner and subject to the same limitations as otherwise provided by law for unused leave."

GASB 16 establishes the basic concept that a liability for compensated absences should be recorded when future payments for such absences have been earned by employees. Thus, the Statement establishes the basic principle that there should be no accrual for compensated absences that are dependent on the performance of future services by employees, or when payments are dependent on future events that are outside the control of the employer and employees.

#### Recognition of Expenditure:

Only the portion of the estimated future payments for compensated absences that will use current expendable resources should be reported as a liability of the governmental fund. Consequently, each school district will probably have a liability for compensated absences for licensed and non-licensed employees that it will need to reflect in its general purpose financial statements.

Each school district should determine its liability for compensated absences at least annually and account for such liability in accordance with the guidance provided in GASB Statement 16. The forms presented on the following pages should be used or consulted in calculating the liability for compensated absences.

Liability for Compensated Absences  
As of June 30, 20\_\_

<b>Section 1:</b>	Total Liability for Compensated Absences is Computed as Follows:	_____
	Total liability for compensated absences for licensed employees (Section 2)	_____
	Total liability for compensated absences for non-licensed employees (Section 3)	_____
	Total liability for compensated absences	=====

**Section 2:** Liability for Compensated Absences for Licensed Employees can be Computed as Follows:

(Estimated Days Payable = Days Leave Accumulated x Probability Factor)

<u>Category</u>	<u>Years of Service</u>	<u>Probability Factor</u>
A	25 years or more	100%
B	At least 20 but < 25	90%
C	At least 15 but < 20	60%
D	At least 10 but < 15	40%
E	At least 5 but < 10	20%
F	Under 5 year	10%

*[Note: Complete an Attachment 1 for each category reflected above.]*

(Liability for Salaries Only = Total Estimated Days Payable x Daily Rate of Pay for Substitute Teachers)

	Estimated
	<u>Days Pay.</u>
Total for Category A from Page ____ of Attachment 1	_____
Total for Category B from Page ____ of Attachment 1	_____
Total for Category C from Page ____ of Attachment 1	_____
Total for Category D from Page ____ of Attachment 1	_____
Total for Category E from Page ____ of Attachment 1	_____
Total for Category F from Page ____ of Attachment 1	_____
Total estimated days payable	_____
Daily rate of pay for substitute teachers	_____
Liability for salaries only	_____
Add: Employer's share of FICA on salary (7.65%)	_____
Employer's share of PERS contribution on salary (9.75%)	_____
Total liability for compensated absences for licensed employees	=====

Liability for Compensated Absences  
As of June 30, 20\_\_

**Section 3:** Liability for Compensated Absences for Non-licensed Employees can be Computed as Follows:

(Estimated Days Payable = Days Leave Accumulated x Probability Factor)

		Probability
<u>Category</u>	<u>Years of Service</u>	<u>Factor</u>
A	25 years or more	100%
B	At least 20 but < 25	90%
C	At least 15 but < 20	60%
D	At least 10 but < 15	40%
E	At least 5 but < 10	20%
F	Under 5 years	10%

*[Note: Complete an Attachment 2 for each category reflected above.]*

(Liability for Salaries Only = Total Estimated Days Payable x Daily Rate of Pay at Federal Minimum Wage)

	Estimated <u>Days Pay.</u>
Total for Category A from Page ___ of Attachment 2	_____
Total for Category B from Page ___ of Attachment 2	_____
Total for Category C from Page ___ of Attachment 2	_____
Total for Category D from Page ___ of Attachment 2	_____
Total for Category F from Page ___ of Attachment 2	_____
Total estimated days payable	_____
Daily rate of pay at federal minimum wage	_____
Liability for salaries only	_____
Add: Employer's share of FICA on salary (7.65%)	_____
Employer's share of PERS contribution on salary (9.75%)	_____
Total liability for comp. absences for non-licensed employees	=====



**Attachment 2**

Liability for Compensated Absences - Nonlicensed Employees  
As of June 30

(Page \_\_\_\_ of \_\_\_\_)

Category \_\_\_\_

<u>Employee's Name:</u>	<u>Days Leave Accumulated*</u>	<u>Probability Factor</u>	<u>Estimated Days Payable</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
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Page Total \_\_\_\_\_

Attachment 2 Total for Category \_\_\_\_ \_\_\_\_\_

\* Not to exceed a maximum of thirty (30) days per employee.

BB. Accounting for Sixteenth Section Leases

A. A ten year sixteenth section surface lease contract was signed with yearly payments of \$1,000. The lessee paid \$10,000 at the signing of the lease. The lease transactions for this situation would be recorded as follows:

1.	The first year:	<u>Debit</u>	<u>Credit</u>
	Cash	\$10,000	
	Surface leases (Revenue code 5110)		\$10,000

2. The second year and following:

“No entry would be required. Under the modified accrual basis of accounting revenues are recognized when they are both measurable and available.”

B. A ten year sixteenth section surface lease contract was signed with yearly payments of \$1,000. The lessee paid \$1,000 at the signing of the lease and intentions are to make yearly payments as scheduled in the lease agreement. The lease transactions for this situation would be recorded as follows:

1.	The first year:	<u>Debit</u>	<u>Credit</u>
	Cash	\$1,000	
	Surface leases (Revenue code 5110)		\$1,000



**SECTION C**                      **EXAMPLE ACCOUNTING ENTRIES**

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A. Inventory Accounting

Inventory items, such as food, donated commodities and supplies, are current assets of a school district. All inventories should be accounted for by using the purchases method. Under the purchase method, purchases of inventories are recognized as expenditures when the goods are received. At the end of the period, no adjustment is made to the expenditure account. The beginning of the year inventory amounts would be adjusted by the increase or decrease in the ending inventories.

Purchases Method:

- Under the purchases method, purchases of inventories are recognized as expenditures when the goods are received. For example, if the district purchased \$25,000 of food or supplies, when the goods are acquired, the transaction would be recorded as follows:

	<u>Debit</u>	<u>Credit</u>
Expenditures	\$25,000	
Claims payable or cash or revenue (for donated commodities)		\$25,000

- At the end of the fiscal year, no adjustment is made to expenditures even though only \$15,000 of goods were used or consumed. However, if it were concluded that the ending inventory of goods was significant, the following entry would be made at the end of the fiscal year:

Inventory of food, donated commodities or supplies	\$10,000	
Increase in reserve for inventory		\$10,000

- Under the purchases method, it is necessary to reserve the fund balance by an amount equal to the reported value of the inventories since the inventories reported as assets do not represent a proper component of net current assets (i.e., it is not available for appropriation and expenditure).
- As the annual ending inventory reflected under the purchases method changes from period to period, the related reserved fund balance will change by the same amount. This change is recorded as follows:

*[NOTE: The debit entry to reflect an increase in inventory would be offset by an equal credit to revenue function code #7200 (increase in reserve for inventory) while the credit entry to reflect a decrease would be offset by an equal debit to expenditure function code #8200 (decrease in reserve for inventory). When the accounting records are "closed" at fiscal year-end and the balance sheets are prepared, the increase/decrease accounts are "closed" directly to fund equity as reflected by the following entries:]*

Increase in reserve for inventory	\$X,XXX	
Fund balance - reserved for inventory		\$X,XXX
Fund balance - reserved for inventory	\$X,XXX	
Decrease in reserve for inventory		\$X,XXX

5. For financial reporting purposes, the district may, at their discretion, make all entries except the entries to acquire the inventories, once a year at the fiscal year-end. This is not to preclude more frequent accounting for inventories that may be required by some other state or federal agency.

B. Leases

Leases by the school district are classified as either capital leases (lease-purchases) or operating leases.

1. Capital Leases (lease-purchases):

If the district has entered into a lease-purchase agreement, various entries are required to properly account for the transactions in the financial records. The entries required are presented in the example below:

Assume a five-year lease-purchase. Cost of the equipment, if purchased, would be \$15,000. Yearly payments are \$3,200(Principal of \$3,000 and Interest of \$200). Payments are made from the General Fund.

The following entry is necessary at the inception of the capital lease agreement:

<u>General Fixed Assets Account Group:</u>	<u>Debit</u>	<u>Credit</u>
Leased property under capital lease	\$15,000	
Investment in general fixed assets		\$15,000

<u>General Long-term Debt Account Group:</u>	<u>Debit</u>	<u>Credit</u>
Amount to be provided for payment for ret. of GLTD	\$15,000	
Obligations under capital leases		\$15,000

<u>General Fund:</u>	<u>Debit</u>	<u>Credit</u>
Expenditures	\$15,000	
Other financing sources - inception of capital leases		\$15,000

When the yearly payments are made, the following entries would be made:

<u>General Fund:</u>	<u>Debit</u>	<u>Credit</u>
Debt service - principal	\$ 3,000(*)	
Debt service - interest	\$ 200(*)	
Claims payable or cash		\$ 3,200

General Long-term Debt Account Group:

Obligations under capital leases	\$ 3,000(*)	
Amount to be provided for ret. of GLTD		\$ 3,000(*)

(\*) *These amounts would normally change each year as the allocation of the annual payment between principal and interest changes.*

After the lease obligation has been fulfilled, the following entry would be made:

General Fixed Assets Account Group:

Buildings, equipment or other fixed assets category	\$15,000	
Leased property under capital leases		\$15,000

2. Operating Leases:

Operating leases are essentially rental of property. See Section M of this manual for the appropriate function and object codes. The operating lease payments would be recorded as follows.

Rentals	\$X,XXX	
Claims Payable or Cash		\$X,XXX

3. Installment Purchase Agreements:

Property purchased under an installment purchase agreement should be accounted for in a manner similar to property acquired under a lease-purchase (capital lease) agreement. Account titles would change to reflect the installment purchase agreement wording.

C. Deferred Compensation Plans

*[NOTE: As explained on page B-5 of this manual, effective January 1, 1997, the Mississippi Deferred Compensation Plan (MDCP), an IRC Section 457 plan, is no longer considered to represent assets and liabilities of the school districts that have employees who participate in the plan.]*

D. Revenue Anticipation Notes

*[NOTE: This would apply for Tax Anticipation Notes also.]*

Participation in the Mississippi School Boards Association (MSBA) cash flow management program should be accounted for in the district maintenance fund. Assume a school district participated in the plan for the fiscal year with the following results:

On July 10, 200X, the school district, through the MSBA CFM Program, issued a revenue anticipation note payable in the face amount of \$435,000. At issuance of the note, the school district receives the note proceeds of \$435,000 and pays the same to the program's trustee. The program's trustee allocates the \$435,000 as follows: \$6,525 to costs of issuance, \$30,060 to interest on notes, and the remaining \$398,415 to net proceeds available to the school district. The school district makes a draw down of \$273,513 on August 1, 200X, and repays the \$273,513 draw down on March 1, 200Y. The program's trustee credited the school district with investment earnings totaling \$24,577 for July 10, 200X through June 30, 200Y and \$12,582 for July 1, 200Y through August 10, 200Y. The note was repaid by the program's trustee on August 10, 200Y and the remaining balance of \$574 in the account was paid to the school district on August 25, 200Y.

The following entries would be made in the district maintenance fund to record the transactions:

<u>July 10, 200X</u>		<u>Debit</u>	<u>Credit</u>
1.	Cash	\$435,000	
	Revenue anticipation notes payable		\$435,000

<u>July 10, 200X</u>			
2.	MSBA cash flow management plan assets	\$398,415	
	Expenditures - issuance costs (Functions 2510 or 2513)	\$6,525	
	Expenditures - interest (Function 2510 or 2513)	\$30,060	
	Cash		\$435,000

<u>August 1, 200X</u>			
3.	Cash	\$273,513	
	MSBA cash flow management plan assets		\$273,513

<u>March 1, 200Y</u>			
4.	MSBA cash flow management plan assets	\$273,513	
	Cash		\$273,513

June 30, 200Y

5.	MSBA cash flow management plan assets	\$ 24,577	
	Revenues - interest		\$ 24,577

August 10, 200Y

6.	MSBA cash flow management plan assets	\$ 12,582	
	Revenues - interest income		\$ 12,582

August 10, 200Y

7.	Revenue anticipation notes payable	\$435,000	
	MSBA cash flow management plan assets		\$435,000

August 25, 200Y

8.	Cash	\$ 574	
	MSBA cash flow management plan assets		\$ 574

The balance sheet for the district maintenance fund at June 30, 200Y, would include the asset MSBA cash flow management program assets with a debit balance of \$422,992 and the liability revenue anticipation notes payable with a credit balance of \$435,000. The difference of \$12,008 would represent the net effect for the fiscal year ending June 30, 200Y, on the fund balance of the district maintenance fund due to the reporting of program revenues of \$24,577 and program expenditures of \$36,585.

E. Debt Extinguishment (Advance Refunding)

Assume a school district did an in-substance defeasance of old debt as described below:

The school district issued 200X G.O. Bonds in the face amount of \$2,355,000 to advance refund \$2,175,000 of the \$2,610,000 outstanding from its 1988 G.O. Bonds. The \$2,175,000 advance refunded represents the principal portion of the old bond issue that will not mature prior to the call date, which is five years from now. The other \$435,000 of the old debt was not advance refunded since it will mature on or before the call date and, therefore, will continue to be serviced through the existing debt service fund previously established for the old debt. The new bonds, dated May 1, 200X, were issued for face value of \$2,355,000 plus \$6,751 of accrued interest; however, the school district only received \$84,251 on May 31, 200X, from the bond issue because the remainder was paid directly by the purchaser to the escrow agent. The school district used \$77,500 of the \$84,251 that it received to pay the bond issuance costs and related costs on June 17, 200X, as provided by the terms of the new bond issue; the other \$6,751 was paid on that date to the debt service fund for the new bonds since it represented the accrued interest required to be placed in that fund. The first interest payment on the 200X G.O. Bonds in the amount of \$61,603 was paid to the paying agent by the school district on November 1, 200X.

The following entries would be made in the applicable Governmental Fund Type fund(s) to record the transactions:

1988 G.O. Bonds Debt Service Fund (or 1988 G.O. Bonds Refunding Debt Service Fund) -

<u>May 31, 200X</u>	<u>Debit</u>	<u>Credit</u>
1. Cash	\$ 84,251	
Payment to refunded bond escrow agent	\$2,277,500	
Proceeds of refunding bonds		\$2,355,000
Due to other funds		\$ 6,751

June 17, 200X

2. Expenditures - debt service - other	\$ 77,500	
Due to other funds	\$ 6,751	
Cash		\$ 84,251

200X G.O. Bonds Debt Service Fund -

May 31, 200X

3. Due from other funds	\$ 6,751	
Other payables		\$ 6,751

June 17, 200X

4. Cash	\$ 6,751	
Due from other funds		\$ 6,751

November 1, 200X

5. Other payables	\$ 6,751	
Expenditures - Debt service - interest	\$ 54,852	
Cash		\$ 61,603

**General Long-term Debt Account Group:**

6.	G. O. bonds payable(1988 issue)	\$2,175,000	
	Amount to be provided for ret. of GLTD	\$ 180,000	
	G. O. bonds payable (200X)		\$2,355,000

F. MAEP Funds

*[NOTE: The following adjustment should be recorded by the district if any or all the amount allowed to be pledged for the repayment of debt obligations through the MAEP Funding source was pledged. All other MAEP Funds received should be recorded in the 2010 - Interim Capital Expenditures Fund.]*

**Assume:** The trust department of a banking institution will be handling transactions associated with this debt. All state funds pledged for debt repayment from MAEP Funding is sent directly to the banking institution which will repay the debt. The bank statements from the banking institution have the following information reported at June 30, 200X. The debt instrument was a Limited Obligation Bonds Payable issued for building purposes in the amount of \$5,000,000. The district has not recorded any transaction for this situation.

Cash	\$ 500
Investments	\$ 25,000
State MAEP Funds Received	\$200,000
Interest Earned	\$ 1,500
Service Fees	\$ 250
Principal Payments	\$ 75,000
Interest Payments	\$ 90,000

<b><u>Adjustment #1 Fund: MAEP Retirement fund (4041 - 4049)</u></b>	<b><u>Debit</u></b>	<b><u>Credit</u></b>
Cash with fiscal agent	\$201,500	
MAEP funds (State Revenue)		\$200,000
Interest (Local Revenue)		\$1,500
Principal (Expenditure)	\$ 75,000	
Interest (Expenditure)	\$ 90,000	
Service Fees (Expenditure)	\$ 250	
Cash with fiscal agents		\$ 165,250
Investments	\$25,000	
Cash with fiscal agent		\$ 25,000

Please note that the \$11,250 excess of revenues over expenditures would be closed to the fund balance.

**Adjustment #2:**

**General Long - Term Debt Account Group**

Amount to be provided for Retirement of General Long-Term Debt	\$5,000,000	
Limited obligation bonds payable		\$5,000,000

*[NOTE: To record the debt issued]*

**Adjustment # 3:**

**General Long - Term Debt Account Group**

Limited obligation bonds payable	\$ 75,000	
Amount to be provided for Retirement of General Long-Term Debt		\$ 75,000

*[NOTE: To record yearly principal payment]*



G. Construction in Progress

**Assume:** A new addition (no renovations or remodeling) to the high school has been approved in the amount of \$5,000,000. A capital projects' fund received the proceeds and all payments will be made from this same fund. A contract was signed and work began in March 200X. Payments of \$750,000 have been made through June 30, 200X. Work completed to date, as certified by the architect on the billings, amount to \$1,150,000 as of June 30, 200X. A 10% Retained Percentage is required. The Architect has a signed contract for 6% of the construction contract.

**Capital Projects Fund - (3000's)**

<b><u>Adjustment # 1:</u></b>	<b><u>Debit</u></b>	<b><u>Credit</u></b>
Facilities Acquisition and Construction Services	\$750,000	
Cash		\$750,000

**Adjustment # 2:**

Facilities Acquisition and Construction Services	\$424,000	
--	-----------	--

*[NOTE: Construction \$400,000 and \$24,000 for architect fees]*

Construction Contracts Payable		\$285,000
Retained Percentage Payable		\$115,000
Claims Payable <i>[NOTE: for 6% Architect Fee due]</i>		\$ 24,000

**General Fixed Assets Account Group:**

**Adjustment # 3:**

Construction in Progress	\$1,174,000	
Investment in General Fixed Assets		\$1,174,000

*[NOTE: Includes \$750,000 and \$424,000]*

H. Qualified Zone Academy Bonds Payable

**Assume:** The school district has entered into an agreement with a lending institution that qualified the debt obligation to be classified as Qualified Zone Academy Bonds Payable. Proceeds of \$1,000,000 issued under the three-mill debt authority were received and placed in a Capital Projects Fund. All requirements surrounding this situation have been met. The agreement with the lending institution requires the district to remit \$100,000 each year for 10 years. These remittances are held in trust for ten years and then the trust department will pay the debt obligation, in total, at that time. Each remittance is due by June 30. As part of the requirements a local business has agreed to contribute \$25,000 in cash each year to help satisfy the debt obligations.

**Adjustment # 1:**

<b><u>Debt Service Fund - Three mill note fund (fund #'s - 4021-4029)</u></b>	<b><u>Debit</u></b>	<b><u>Credit</u></b>
Payment to Qualified Zone Academy Debt Escrow Agent	\$100,000	
Cash and other deposits		\$100,000

*[Note: To record payment of yearly transfer to the lending institution. This fund should be used to account for the tax revenue received from the three-mill note levy.]*

**Adjustment # 2:**

**Debt Service Fund - QZAB Debt Retirement Fund (Fund #'s -4091-4999)**

Cash with fiscal agent	\$100,000	
Payment to Escrow Agents (Other Financing Source)		\$100,000

*[Note: To record payment of yearly transfer to the lending institution. These funds are held by the trust department, but should be considered the district's funds.]*

**Adjustment # 3:**

**Debt Service Fund - Three-mill note fund (fund #'s - 4021-4029)**

Cash with fiscal agent	\$25,000	
Contributions and donations from private sources(Local Sources Revenues)		\$25,000

*[Note: To record the contribution from the local business.]*

**Adjustment # 4:**

**Debt Service Fund - QZAB Debt Retirement Fund (Fund #'s -4091-4999)**

*[NOTE: This adjustment will depend on the bank statement information as of June 30 of each fiscal year. Information should be reviewed to determine what accounts will be affected. The trust department may keep some of the funds in cash. If so, that amount would remain as "Cash with fiscal agent".]*

Investments	\$125,000	
Cash with fiscal agent		\$125,000

*[NOTE: The trust account bank statement note money is in T-Bills, U.S. Treasury Notes or other investments.]*

**Adjustment # 5:**

**Debt Service Fund - QZAB Debt Retirement Fund (Fund #'s -4091-4999)**

Fee's	\$ 300	
Cash with fiscal agent	\$2,200	
Interest		\$2,500

*[NOTE: To record noted bank service charges and interest earned for the fiscal year ending June 30.]*

**Adjustment # 6:**

**General Long - Term Debt Account Group**

	<u>Debit</u>	<u>Credit</u>
Amount Available in Debt Service Funds	\$ 127,200	
Amount to be Provided for Retirement of GLTD	\$ 872,800	
Qualified Zone Academy Bonds Payable		\$1,000,000

*[NOTE: The total amount of debt remains for ten years or until actual debt is repaid by the trust department of the lending institution. The amount available would change each year end to account for funds held by the trust account.]*

## **SECTION D            PURCHASING**

One of the most important aspects of controls over expenditures is an efficient and effective system of purchasing. The objectives of an effective purchasing system are to buy materials, supplies, commodities, and services that are of the right quality, quantity, price and from the right source with delivery being at the right place. These objectives should be accomplished in accordance with management's purchasing policies and in accordance with applicable federal and state purchasing laws. Each school district shall establish a purchasing system which will meet these objectives.

### **Well-designed Purchasing System**

A well-designed purchasing system should include the following forms:

- A. Purchase requisitions (2 parts)
- B. Purchase orders (3 parts)
- C. Receiving reports (2 parts)

**Note: All public school districts are required to use purchase orders, except for those goods and/or services detailed in the school board's approved purchasing policy.**

The use of purchase requisitions and receiving reports are optional; however, the control objectives documented by such reports must be achieved by other means if such reports are not used. The school board may exempt certain purchases from purchase order requirements. This may be achieved by the school board's approved purchasing policy detailing, which type (s) of transactions are exempt from purchase order requirements.

- A. Purchase requisitions are documents completed and signed by school personnel requesting authorization by school district management for the purchase of requested goods and/or services.
- B. A purchase order is defined as a document authorizing the delivery of specified merchandise or the rendering of certain services and the making of a charge for them. Acceptance of a purchase order by the vendor establishes a legally binding contract. The purchase order gives the vendor authority to ship the required items and binds the district for payment.
- C. Receiving reports are documents recording the fact that the items ordered were actually received.

Using the documents noted above, the purchasing process could work as follows:

1. School district personnel, seeing a need for certain goods or services, should prepare a purchase requisition by listing the goods and/or services needed. The purchase requisition should be signed and dated by the individual requesting the goods and/or services. The purchase requisition should be reviewed by the requesting individual's department head for a determination of approval or disapproval. This approval or disapproval should be documented. The department head should sign and date his approval or disapproval. The approved requisition would be presented to the school board's designated purchasing agent for further consideration. The purchasing agent should review the approved requisition for budgetary constraints and state and federal purchasing requirements before approval or disapproval are given for issuance of a purchase order.

2. If disapproved, the requisition should be noted as such, copied, filed and notification given to the requesting individual of the disapproval.
3. If approved, state and federal purchasing requirements should be initiated. Once state and federal purchasing requirements have been satisfied a purchase order should be prepared. Each purchase order should be pre-numbered, itemized by individual goods and/or services needed, signed and dated by the purchasing agent before being sent to the vendor.
4. When goods and/or services are received, a receiving report should be prepared by the person receiving those goods and/or services. The person receiving the goods should verify receipt of goods and services by comparison of items received to the items ordered as detailed on the purchase order. The receiving report should be signed and dated once acceptance has been made. In the absence of a receiving report, the vendor's invoice should be signed and dated by the person receiving the goods and/or services once acceptance has been made.
5. Prior to paying any claim, the accounts payable clerk should match the following documents:
  - a. Purchase order
  - b. Vendor invoice(s)
  - c. Purchase requisition, if used
  - d. Receiving report, if used

Other Matter:

1. All purchase orders shall be pre-numbered. A copy of the purchase order should be maintained and filed numerically. Receiving reports, if utilized, shall be pre-numbered and controlled. Purchase requisitions do not require pre-numbering.
2. A purchase order log shall be maintained. The purchase order log shall, at a minimum, contain the following information: purchase order number, date issued, vendor name, description, amount and status of any outstanding purchase orders. In lieu of a purchase order log, the school district may maintain a file copy of purchase orders, filed numerically, with a designation of completed or pending for goods and /or services received or to be received.
3. The use of open purchase orders to vendors is allowable. Open purchase orders must be used according to school board policy and in compliance with state law.
4. Centralized purchasing is recommended for all districts. It is the most efficient and effective means of handling purchasing. With centralized purchasing, all purchases of the school district are handled by one department. This would include the receiving of all purchases also. This process enhances the controls surrounding the purchasing function of the school district.
5. School boards shall establish detailed purchasing policies and procedures. Included in these policies and procedures, the board shall identify those items, if any, it is exempting from purchase order requirements (e.g., lunchroom foods that are purchased at bid price and delivered daily, purchases of certain items from student club funds, purchases made daily for the transportation department and purchases of monthly services such as utility bills and phone bills). Purchasing policies and procedures shall be approved by the school board and recorded on its official minutes.

Public Purchasing Laws:

Mississippi public school districts must make purchases in accordance with the Mississippi Code of 1972, Annotated. As reflected by the "Quick Reference Index of School Related Laws" (Section P of this manual), the most significant code sections affecting purchasing are 31-7-1, 31-7-9, 31-7-12, 31-7-13, 37-39-1, 37-39-15 and 37-39-17 et seq.

Purchases using federal funds are also subject to applicable federal regulations.

**Note:** The Mississippi public purchasing laws is subject to amendments by the Legislature each year. To keep current, each school district is encouraged to obtain and review a copy of any amended public purchasing laws. These amended code sections may be obtained from the Office of the Secretary of State.

Purchasing Document Formats:

The actual forms and formats to be utilized are to be determined by the district.



## **SECTION E**            **BUDGETING**

Budgeting is an essential element of the financial planning, control, and evaluation processes of governments. Every school district shall prepare annual budgets covering all of its funds except those funds properly classified as Agency Funds and Private Purpose Trust Funds.

Annual operating budgets are plans of current expenditures and the proposed means of financing them. Annual operating budgets are the primary means by which most of the financing, acquisition, spending, and service delivery activities of a school district are legally controlled. The use of annual operating budgets is prescribed by state law. Annual operating budgets are essential to sound financial management.

The annual operating budgets shall be viewed both (1) as a collection of separate legal budgets for individual funds and (2) as a comprehensive planning and control device for the government as a whole. School boards shall formally adopt annual operating budgets for individual funds to establish legal authorization for their spending.

Annual operating budgets shall be prepared in conformity with GAAP.

### **Formal Budgetary Integration**

Budgetary accounts reports estimated amounts. They are thus quite different from actual accounts which report actual revenues, expenditures, assets, liabilities, and fund equity amounts.

Budgetary accounts are used to record the legally adopted annual operating budgets. Budgetary accounts are recorded in the general ledger to facilitate control over school district revenues and expenditures during the year. If the legally adopted budget is not amended, budgetary account balances remain unchanged until the end of the accounting period. If the budget is amended, appropriate revisions are posted to the affected budgetary accounts. When their interim managerial control purposes are served, the balances of budgetary accounts are eliminated in the process of closing the books at year-end by reversing the entry(ies) which recorded them.

The formal integration of budgetary accounts into the general ledger affects internal management decision making during the year and the form and content of interim budgetary comparison financial statements. Budgetary accounts have no effect on the measurement of actual revenues and expenditures or the reporting of actual results of operations in annual GAAP financial statements.

### **Encumbrances**

Encumbrance accounting is a logical extension of the management control technique of formal budgetary integration. Encumbrances are purchase orders or other commitments for goods which have not yet been provided or for services which have not yet been rendered. Encumbrances become expenditures and liabilities only when, and if, goods are actually provided or services actually rendered. In encumbrance accounting, encumbrances are formally recorded in the general ledger as budgetary accounts.

Formal budgetary integration helps to assure that total actual expenditures do not exceed appropriations. Formal budgetary integration combined with encumbrance accounting helps to assure that total actual expenditures plus related commitments do not exceed appropriations. Encumbrance accounting alerts school district managers to the fact that a particular purchase order, if filled by the vendor, could result in the over expenditure of an appropriation. Encumbrance accounting also facilitates effective cash planning and control.

The use of encumbrance accounting is at the option of the school district. However, its use is highly recommended.



**Public Hearings**

Public school districts are required to provide at least one public hearing on the proposed budget. This hearing is required to be held at least one week prior to adoption of the budget by the school board. Following is a suggested time table of events with explanations of procedures which should be completed by all public school districts:

February 1 - April 30	Prepare the Budget
1st Week of May	Advertise for Public Hearing
2nd Week of May	Advertise for Public Hearing
3rd Week of May	Advertise for Public Hearing
4th Week of May	Hold the Public Hearing
3rd Week of June	Board Adopts Budget
Month of July	Publish Synopsis of Budget in the Local Newspaper
By August 15	Provide Two Copies of Budget to the Board of Supervisors/Aldermen
By August 15	Furnish Information to the Mississippi Department of Education on Prescribed Forms

**Budget Formats**

The budget formats which follow are to be prepared by each school district in formalizing its annual budget. These formats are prescribed by the State Auditor's Office. A school district may use computer printouts provided they contain the same information as the prescribed forms. A separate budget is required for each individual fund within each generic fund type, with the exception of Agency Funds and Private Purpose Trust Funds.

As required by Section 37-61-19, Miss. Code Ann. (1972), the approved combined budget and combining budgets for each fund type are to be reflected in the board minutes or an addendum to the board minutes. The original and amended budgets shall be signed and dated by the board president and secretary. Signed copies of all approved budgets must be filed for safekeeping and audit review.

**Budgeting by Location**

Each school district is required to budget by operational unit (school location code) for the following:

Funds 1000 to 3999      Using Expenditure Functions 1000 to 2490

For Title I budgets, districts are required to use operational units codes for all expenditure functions. Incorporating operational units in the budgets of other expenditure functions is optional.





\_\_\_\_\_ School District Original \_\_\_\_\_ Date Approved: \_\_\_\_\_  
 Combined Budget Amended \_\_\_\_\_ Date Approved: \_\_\_\_\_  
 For the Year Ending June 30, 20\_\_\_\_

	<u>Governmental Fund Types</u>				Permanent Trust	<u>Proprietary Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>		<u>Enterprise</u>	<u>Internal Service</u>	
Fund Balance / Retained Earnings								
July 1, 20__	_____	_____	_____	_____	_____	_____	_____	_____
Prior period adjustments:								
Reclassify fund equity	_____	_____	_____	_____	_____	_____	_____	_____
Unrecorded Fund Equity	_____	_____	_____	_____	_____	_____	_____	_____
Reclassify fund types	_____	_____	_____	_____	_____	_____	_____	_____
July 1, 20__, as restated	_____	_____	_____	_____	_____	_____	_____	_____
Increase (decrease) in reserve for inventory	_____	_____	_____	_____	_____	_____	_____	_____
June 30, 20__	_____	_____	_____	_____	_____	_____	_____	_____

The above \_\_\_\_\_ (Original/Amended) budget has been approved by the school board as noted in our board minutes dated \_\_\_\_\_.

Board President: \_\_\_\_\_ (signature) Date: \_\_\_\_\_  
 \_\_\_\_\_ (printed name)

Board Secretary: \_\_\_\_\_ (signature) Date: \_\_\_\_\_  
 \_\_\_\_\_ (printed name)

\_\_\_\_\_ School District

Original \_\_\_\_\_

Date Approved: \_\_\_\_\_

Combining Budget for : \_\_\_\_\_ Fund Type

Amended \_\_\_\_\_

Date Approved: \_\_\_\_\_

For the Year Ending June 30, 20\_\_\_\_

	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	Total
<b>Revenues:</b>								
Local sources	_____	_____	_____	_____	_____	_____	_____	_____
Intermediate sources	_____	_____	_____	_____	_____	_____	_____	_____
State sources	_____	_____	_____	_____	_____	_____	_____	_____
Federal sources	_____	_____	_____	_____	_____	_____	_____	_____
Sixteenth section sources	_____	_____	_____	_____	_____	_____	_____	_____
<b>Total Revenues</b>	_____	_____	_____	_____	_____	_____	_____	_____
<b>Expenditures</b>								
Instruction	_____	_____	_____	_____	_____	_____	_____	_____
Support services	_____	_____	_____	_____	_____	_____	_____	_____
Noninstructional services	_____	_____	_____	_____	_____	_____	_____	_____
Sixteenth section	_____	_____	_____	_____	_____	_____	_____	_____
Facilities acquisition and construction	_____	_____	_____	_____	_____	_____	_____	_____
Debt service:								
Principal	_____	_____	_____	_____	_____	_____	_____	_____
Interest	_____	_____	_____	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____	_____	_____	_____
<b>Total Expenditures</b>	_____	_____	_____	_____	_____	_____	_____	_____
<b>Excess(deficiency) of revenues over expenditures</b>	_____	_____	_____	_____	_____	_____	_____	_____

\_\_\_\_\_ School District Original \_\_\_\_\_ Date Approved: \_\_\_\_\_

Combining Budget for : \_\_\_\_\_ Fund Type Amended \_\_\_\_\_ Date Approved: \_\_\_\_\_

For the Year Ending June 30, 20\_\_\_\_

	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	Total
<b>Other Financing Sources (Uses)</b>								
Proceeds of General Obligation Bonds	_____	_____	_____	_____	_____	_____	_____	_____
Proceeds of Refunding Bonds	_____	_____	_____	_____	_____	_____	_____	_____
Proceeds of Loan(s)	_____	_____	_____	_____	_____	_____	_____	_____
Inception of Capital Lease(s)	_____	_____	_____	_____	_____	_____	_____	_____
Insurance Loss Recoveries	_____	_____	_____	_____	_____	_____	_____	_____
Sale of Transportation Equipment	_____	_____	_____	_____	_____	_____	_____	_____
Sale of Other Property	_____	_____	_____	_____	_____	_____	_____	_____
Indirect Costs	_____	_____	_____	_____	_____	_____	_____	_____
Other Transfers In	_____	_____	_____	_____	_____	_____	_____	_____
Payments to Escrow Agent	_____	_____	_____	_____	_____	_____	_____	_____
Miscellaneous Other Financing Sources	_____	_____	_____	_____	_____	_____	_____	_____
Indirect Costs Transfers Out	_____	_____	_____	_____	_____	_____	_____	_____
Other Transfers Out	_____	_____	_____	_____	_____	_____	_____	_____
Payment to Refunded Bond Escrow Agent	_____	_____	_____	_____	_____	_____	_____	_____
Payment to Qualified Zone Academy Debt Escrow Agent	_____	_____	_____	_____	_____	_____	_____	_____
Miscellaneous Other Financing Use	_____	_____	_____	_____	_____	_____	_____	_____
<b>Total Other Financing Sources(Uses)</b>	_____	_____	_____	_____	_____	_____	_____	_____
<b>Net Change in Fund Balances</b>	_____	_____	_____	_____	_____	_____	_____	_____

\_\_\_\_\_ School District Original \_\_\_\_\_ Date Approved: \_\_\_\_\_

Combining Budget for : \_\_\_\_\_ Fund Type Amended \_\_\_\_\_ Date Approved: \_\_\_\_\_

For the Year Ending June 30, 20\_\_\_\_

	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	Total
Fund Balance / Retained Earnings								
July 1, 20__								
Prior period adjustments:								
Reclassify fund equity								
Unrecorded Fund Equity								
Reclassify fund types								
July 1, 20__, as restated								
Increase (decrease) in reserve for inventory								
June 30, 20__								

The above \_\_\_\_\_ (Original/Amended) combining budget has been approved by the school board as noted in our board minuted dated \_\_\_\_\_.

Board President: \_\_\_\_\_ (signature) Date: \_\_\_\_\_  
 \_\_\_\_\_ (printed name)

Board Secretary: \_\_\_\_\_ (signature) Date: \_\_\_\_\_  
 \_\_\_\_\_ (printed name)

\_\_\_\_\_ School District

Individual Fund Budget

Original \_\_\_\_\_

Date Approved: \_\_\_\_\_

\_\_\_\_\_ (Fund Name)

For the Year Ending June 30, 20\_\_\_\_

Amended \_\_\_\_\_

Date Approved: \_\_\_\_\_

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	<u>AMOUNT</u>
Local Sources	
Tax Revenues:	
1120 Ad Valorem Taxes From Local Governmental Units Other Than the LEA	_____
1190 Other Taxes	_____
Revenue From Local Governmental Units Other Than LEAs:	
1210 Revenue in Lieu of Taxes	_____
Tuition:	
1310 Tuition From Individuals	_____
1320 Tuition From Other LEAs Within the State	_____
1330 Tuition From Other LEAs Outside the State	_____
1340 Tuition From Other Sources	_____
Transportation Fees:	
1410 Transportation Fees From Individuals	_____
1420 Transportation Fees From Other LEAs Within the State	_____
1430 Transportation Fees From Other LEAs Outside the State	_____
1440 Transportation Fees From Other Sources	_____
Earnings on Investments: [NOTE: Does not include Sixteenth Section Fund revenue.]	
1510 Interest on Investments	_____
1520 Interest on Cash and Other Deposits	_____
1530 Net Increase(Decrease) in FMV of Investments	_____
1540 Gains or Losses on Sale of Investments	_____
Child Nutrition:	
Reimbursable Programs - Daily Sales:	
1611 Daily Sales - School Lunch Program	_____
1612 Daily Sales - School Breakfast Program	_____
1613 Daily Sales - Special Milk Program	_____
Non-reimbursable Programs - Daily Sales:	
1621 Daily Sales - Adult	_____
1622 Daily Sales - Extra Food Sales	_____
1630 Special Functions	_____
1640 Inspection   Function Description:	_____
Student Activities:	
1711-1719 Admissions	_____
1721-1729 Bookstore Sales	_____
1731-1739 Fees (extracurricular)	_____
1791-1799 Other Student Activity Revenue	_____
Revenue From Community Services Activities:	
1800 Revenue From Community Services Activities	_____



\_\_\_\_\_ School District

Individual Fund Budget

\_\_\_\_\_ (Fund Name)

For the Year Ending June 30, 20\_\_\_\_

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Other Revenue From Local Sources:

1910 Rentals	_____
1920 Contributions and Donations From Private Sources	_____
1930 Gains or Losses on Sale of Fixed Assets	_____
1940-1949 Instructional Fees and Sales to Students	_____
1950 Services Provided Other LEAs	_____
1970 Services Provided Other Funds	_____
1980 Refund of Prior Year's Expenditures	_____
1991 Revenue From Gaming	_____
1999 Miscellaneous	_____

Total Local Source Revenues \_\_\_\_\_

Intermediate Sources

2000 Revenue from Intermediate Sources \_\_\_\_\_

Total Intermediate Source Revenues \_\_\_\_\_

State Sources

Unrestricted Grants-in-aid:

3110 Homestead Exemption Reimbursement	_____
3120 Severance Tax	_____
3130 Chickasaw Funds	_____
3140 Driver Education Funds	_____
3150 Minimum Program and Per Capita	_____
3160 School Ad Valorem Tax Reduction Fund	_____
3190 Other Unrestricted Grants-in-aid	_____

Restricted Grants-in-aid:

3210 Education Enhancement Fund	_____
3211 MAEP Funds	_____
3212 Technology in the Classroom	_____
3215 Textbook Funds	_____
3220 Vocational and Technical Education	_____
3230 Public School Building Fund	_____
3240 Adult Education	_____
3250 Child Nutrition	_____
3260 Uniform Millage Assistance	_____
3270 Educable Children	_____
3280 Education Reform Act	_____
3290 Other Restricted Grants-in-aid	_____

Revenue in Lieu of Taxes:

3810 Rail Cars	_____
3820 Heavy Trucks	_____
3830 Rental Cars	_____

Revenue for/on Behalf of the LEA

3900 Revenue for/on Behalf of the LEA \_\_\_\_\_

Total State Source Revenues \_\_\_\_\_

Individual Fund Budget

(Fund Name)

For the Year Ending June 30, 20\_\_

Federal Sources

Unrestricted Grants-in-aid Direct From the Federal Government:

- 4110 Wildlife Refuge \_\_\_\_\_
- 4120 E-Rate \_\_\_\_\_
- 4130 Impact Aid - Maintenance and Operation \_\_\_\_\_
- 4190 Other unrestricted grants-in-aid \_\_\_\_\_

Unrestricted Grants-in-aid From the Federal Government Received Through the State

- 4210 Flood Control \_\_\_\_\_
- 4220 Mineral Leases \_\_\_\_\_
- 4230 CHIPS Program \_\_\_\_\_
- 4290 Other unrestricted grants-in-aid \_\_\_\_\_

Restricted Grants-in-aid Direct From the Federal Government:

- 4310 Impact Aid - Construction (P.L. 81-815) \_\_\_\_\_
- 4390 Other restricted grants-in-aid \_\_\_\_\_

Restricted Grants-in-aid From the Federal Government Received Through the State or Other Pass-through Grantors:

- 4401 Title III - Goals 2000 \_\_\_\_\_
- 4403 Title III - Language Instruction for LEP & Immigrant \_\_\_\_\_
- 4405 Title I \_\_\_\_\_
- 4406 Migrant Education \_\_\_\_\_
- 4408 State Assessments \_\_\_\_\_
- 4410 Title VI \_\_\_\_\_
- 4414 Title V - A - Innovative Programs \_\_\_\_\_
- 4415 Social Services \_\_\_\_\_
- 4420 Special Education \_\_\_\_\_
- 4430 Adult Education \_\_\_\_\_
- 4435 Vocational Education \_\_\_\_\_
- 4437 Tech-Prep Education \_\_\_\_\_
- 4440 Title IV \_\_\_\_\_
- 4445 Technology Literacy Challenge \_\_\_\_\_
- 4451 USDA Reimbursement - School Breakfast Program \_\_\_\_\_
- 4452 USDA Reimbursement - National School Lunch Program \_\_\_\_\_
- 4453 USDA Reimbursement - Summer Food Service Program \_\_\_\_\_
- 4454 Donated Commodities \_\_\_\_\_
- 4455 Extended Day Reimbursement \_\_\_\_\_
- 4456 FDC Homes Pass-through Funds \_\_\_\_\_
- 4457 FDC Homes Administrative Funds \_\_\_\_\_
- 4460 Title II \_\_\_\_\_
- 4470 Job Training Partnership Act (JTPA) \_\_\_\_\_
- 4472 School to Careers \_\_\_\_\_
- 4473 Education for Homeless Children & Youth (Title X-C) \_\_\_\_\_
- 4474 CDC - Comprehensive School Health, HIV/AIDS \_\_\_\_\_
- 4475 21st Century \_\_\_\_\_
- 4476 Class Size Reduction \_\_\_\_\_
- 4480-4499 Other restricted grants-in-aid \_\_\_\_\_

Revenue in Lieu of Taxes:

- 4510 TVA \_\_\_\_\_
- 4520 National Forest \_\_\_\_\_
- 4590 Other revenue received in lieu of taxes \_\_\_\_\_

Revenue for/on Behalf of the LEA

- 4900 Revenue for/on Behalf of the LEA \_\_\_\_\_

Total Federal Source Revenues

\_\_\_\_\_

Individual Fund Budget

\_\_\_\_\_ (Fund Name)

For the Year Ending June 30, 20\_\_\_\_

---

Sixteenth Section Sources

Rents and Leases:

5110 Surface Leases \_\_\_\_\_  
5120 Mineral Leases \_\_\_\_\_  
5130 Hunting Leases \_\_\_\_\_

Sale of Timber and Forest Products:

5200 Sale of Timber and Forest Products \_\_\_\_\_

Sales of Other Assets:

5310 Oil and Gas Royalties \_\_\_\_\_  
5320 Sale of Other Nonrenewable Resources \_\_\_\_\_  
5330 Easements and Rights-of-way \_\_\_\_\_  
5340 Other Sales \_\_\_\_\_

Pro rata Revenue From Other Districts:

5400 Pro rata Revenue From Other Districts \_\_\_\_\_

Permanent Damages to Trust Lands:

5500 Permanent Damages to Trust Lands \_\_\_\_\_

Earnings on Sixteenth Section Investments:

5600 Earnings on Sixteenth Section Investments \_\_\_\_\_  
5630 Net Increase(decrease) in FMV of Investments \_\_\_\_\_

Cost-sharing Payments:

5700 Cost-sharing Payments \_\_\_\_\_

Other Sixteenth Section Revenues:

5900 Other Revenues \_\_\_\_\_

Total Sixteenth Section Source Revenues \_\_\_\_\_

TOTAL REVENUES \_\_\_\_\_

Individual Fund Budget Original \_\_\_\_\_ Date Approved: \_\_\_\_\_

(Fund Name) Amended \_\_\_\_\_ Date Approved: \_\_\_\_\_

For the Year Ending June 30, 20\_\_\_\_

Expenditures: Amount

1000's Instruction:

1100's Regular Programs

- 100's Personal Services - Salaries \_\_\_\_\_
- 200's Personal Services - Employee Benefits \_\_\_\_\_
- 300's Purchased Professional and Technical Services \_\_\_\_\_
- 400's Purchased Property Services \_\_\_\_\_
- 500's Other Purchased Services \_\_\_\_\_
- 600's Supplies \_\_\_\_\_
- 700's Property \_\_\_\_\_
- 800's Other Objects \_\_\_\_\_
- 900's Other Uses of Funds \_\_\_\_\_

1200's Special Programs

- 100's Personal Services - Salaries \_\_\_\_\_
- 200's Personal Services - Employee Benefits \_\_\_\_\_
- 300's Purchased Professional and Technical Services \_\_\_\_\_
- 400's Purchased Property Services \_\_\_\_\_
- 500's Other Purchased Services \_\_\_\_\_
- 600's Supplies \_\_\_\_\_
- 700's Property \_\_\_\_\_
- 800's Other Objects \_\_\_\_\_
- 900's Other Uses of Funds \_\_\_\_\_

1300's Adult / Continuing Education Programs

- 100's Personal Services - Salaries \_\_\_\_\_
- 200's Personal Services - Employee Benefits \_\_\_\_\_
- 300's Purchased Professional and Technical Services \_\_\_\_\_
- 400's Purchased Property Services \_\_\_\_\_
- 500's Other Purchased Services \_\_\_\_\_
- 600's Supplies \_\_\_\_\_
- 700's Property \_\_\_\_\_
- 800's Other Objects \_\_\_\_\_
- 900's Other Uses of Funds \_\_\_\_\_

1400's Summer School Programs

- 100's Personal Services - Salaries \_\_\_\_\_
- 200's Personal Services - Employee Benefits \_\_\_\_\_
- 300's Purchased Professional and Technical Services \_\_\_\_\_
- 400's Purchased Property Services \_\_\_\_\_
- 500's Other Purchased Services \_\_\_\_\_
- 600's Supplies \_\_\_\_\_
- 700's Property \_\_\_\_\_
- 800's Other Objects \_\_\_\_\_
- 900's Other Uses of Funds \_\_\_\_\_

Individual Fund Budget Original \_\_\_\_\_ Date Approved: \_\_\_\_\_

(Fund Name) Amended \_\_\_\_\_ Date Approved: \_\_\_\_\_

For the Year Ending June 30, 20\_\_\_\_

1900's Other Instructional Programs

- 100's Personal Services - Salaries \_\_\_\_\_
- 200's Personal Services - Employee Benefits \_\_\_\_\_
- 300's Purchased Professional and Technical Services \_\_\_\_\_
- 400's Purchased Property Services \_\_\_\_\_
- 500's Other Purchased Services \_\_\_\_\_
- 600's Supplies \_\_\_\_\_
- 700's Property \_\_\_\_\_
- 800's Other Objects \_\_\_\_\_
- 900's Other Uses of Funds \_\_\_\_\_

Total Instruction Expenditures

2000's Support Services:

2110's Students

- 100's Personal Services - Salaries \_\_\_\_\_
- 200's Personal Services - Employee Benefits \_\_\_\_\_
- 300's Purchased Professional and Technical Services \_\_\_\_\_
- 400's Purchased Property Services \_\_\_\_\_
- 500's Other Purchased Services \_\_\_\_\_
- 600's Supplies \_\_\_\_\_
- 700's Property \_\_\_\_\_
- 800's Other Objects \_\_\_\_\_
- 900's Other Uses of Funds \_\_\_\_\_

2200's Instructional Staff

- 100's Personal Services - Salaries \_\_\_\_\_
- 200's Personal Services - Employee Benefits \_\_\_\_\_
- 300's Purchased Professional and Technical Services \_\_\_\_\_
- 400's Purchased Property Services \_\_\_\_\_
- 500's Other Purchased Services \_\_\_\_\_
- 600's Supplies \_\_\_\_\_
- 700's Property \_\_\_\_\_
- 800's Other Objects \_\_\_\_\_
- 900's Other Uses of Funds \_\_\_\_\_

2300's General Administration

- 100's Personal Services - Salaries \_\_\_\_\_
- 200's Personal Services - Employee Benefits \_\_\_\_\_
- 300's Purchased Professional and Technical Services \_\_\_\_\_
- 400's Purchased Property Services \_\_\_\_\_
- 500's Other Purchased Services \_\_\_\_\_
- 600's Supplies \_\_\_\_\_
- 700's Property \_\_\_\_\_
- 800's Other Objects \_\_\_\_\_
- 900's Other Uses of Funds \_\_\_\_\_

\_\_\_\_\_ School District

Individual Fund Budget Original \_\_\_\_\_ Date Approved: \_\_\_\_\_

\_\_\_\_\_ (Fund Name) Amended \_\_\_\_\_ Date Approved: \_\_\_\_\_

For the Year Ending June 30, 20\_\_\_\_

---

2400's School Administration

100's	Personal Services - Salaries	_____
200's	Personal Services - Employee Benefits	_____
300's	Purchased Professional and Technical Services	_____
400's	Purchased Property Services	_____
500's	Other Purchased Services	_____
600's	Supplies	_____
700's	Property	_____
800's	Other Objects	_____
900's	Other Uses of Funds	_____

2500's Business

100's	Personal Services - Salaries	_____
200's	Personal Services - Employee Benefits	_____
300's	Purchased Professional and Technical Services	_____
400's	Purchased Property Services	_____
500's	Other Purchased Services	_____
600's	Supplies	_____
700's	Property	_____
800's	Other Objects	_____
900's	Other Uses of Funds	_____

2600's Operation and Maintenance of Plant Services

100's	Personal Services - Salaries	_____
200's	Personal Services - Employee Benefits	_____
300's	Purchased Professional and Technical Services	_____
400's	Purchased Property Services	_____
500's	Other Purchased Services	_____
600's	Supplies	_____
700's	Property	_____
800's	Other Objects	_____
900's	Other Uses of Funds	_____

2700's Student Transportation Services

100's	Personal Services - Salaries	_____
200's	Personal Services - Employee Benefits	_____
300's	Purchased Professional and Technical Services	_____
400's	Purchased Property Services	_____
500's	Other Purchased Services	_____
600's	Supplies	_____
700's	Property	_____
800's	Other Objects	_____
900's	Other Uses of Funds	_____

\_\_\_\_\_ School District

Individual Fund Budget Original \_\_\_\_\_ Date Approved: \_\_\_\_\_

\_\_\_\_\_ (Fund Name) Amended \_\_\_\_\_ Date Approved: \_\_\_\_\_

For the Year Ending June 30, 20\_\_\_\_

---

2800's Central

100's	Personal Services - Salaries	_____
200's	Personal Services - Employee Benefits	_____
300's	Purchased Professional and Technical Services	_____
400's	Purchased Property Services	_____
500's	Other Purchased Services	_____
600's	Supplies	_____
700's	Property	_____
800's	Other Objects	_____
900's	Other Uses of Funds	_____

Total Support Service Expenditures

3000's Operation of Noninstructional Services

100's	Personal Services - Salaries	_____
200's	Personal Services - Employee Benefits	_____
300's	Purchased Professional and Technical Services	_____
400's	Purchased Property Services	_____
500's	Other Purchased Services	_____
600's	Supplies	_____
700's	Property	_____
800's	Other Objects	_____
900's	Other Uses of Funds	_____

Total Operation of Noninstructional Services

4000's Sixteenth Section

300's	Purchased Professional and Technical Services	_____
400's	Purchased Property Services	_____
500's	Other Purchased Services	_____
600's	Supplies	_____
700's	Property	_____
800's	Other Objects	_____
900's	Other Uses of Funds	_____

Total Sixteenth Section Expenditures

\_\_\_\_\_ School District

Individual Fund Budget Original \_\_\_\_\_ Date Approved: \_\_\_\_\_

\_\_\_\_\_ (Fund Name) Amended \_\_\_\_\_ Date Approved: \_\_\_\_\_

For the Year Ending June 30, 20\_\_\_\_

---

5000's Facilities Acquisition and Construction Services

100's	Personal Services - Salaries	_____
200's	Personal Services - Employee Benefits	_____
300's	Purchased Professional and Technical Services	_____
400's	Purchased Property Services	_____
500's	Other Purchased Services	_____
600's	Supplies	_____
700's	Property	_____
800's	Other Objects	_____
900's	Other Uses of Funds	_____

Total Facilities Acquisition and Construction Service Expenditures

6000's Debt Service

6100's	Principal on Debt	
800's	Other Objects	_____
6200's	Interest on Debt	
800's	Other Objects	_____
6300's	Advance Refunding Escrow	
800's	Other Objects	_____
6900's	Other	
800's	Other Objects	_____

Total Debt Service Expenditure

Total Expenditures \_\_\_\_\_

Excess (deficiency) of Revenues Over Expenditures \_\_\_\_\_

6000's / (7000's) Other Financing Sources (Uses)

6100	Proceeds of General Obligation Bonds	_____
6150	Proceeds of Refunding Bonds	_____
6200	Proceeds of Loan(s)	_____
6300	Inception of Capital Lease(s)	_____
6400	Insurance Loss Recoveries	_____
6500	Sale of Transportation Equipment	_____
6600	Sale of Other Property	_____
6710	Indirect Costs	_____
6720	Other Operating Transfers In	_____
6900	Other financing sources	_____
7110	Indirect Costs	_____
7120	Other Operating Transfers Out	_____
7500	Payment to Refunded Bond Escrow Agent	_____
7900	Other Financing Uses	_____

Net Change in Fund Balances \_\_\_\_\_



\_\_\_\_\_ School District

Individual Fund Budget Original \_\_\_\_\_ Date Approved: \_\_\_\_\_

\_\_\_\_\_ (Fund Name) Amended \_\_\_\_\_ Date Approved: \_\_\_\_\_

For the Year Ending June 30, 20\_\_

---

Fund Balances / Retained Earnings

July 1, 20\_\_ \_\_\_\_\_

Prior period adjustments

Reclassify fund equity \_\_\_\_\_

Unrecorded fund equity \_\_\_\_\_

Reclassify fund types \_\_\_\_\_

July 1, 20\_\_, as restated \_\_\_\_\_

Increase(Decrease) in reserve for inventory

June 30, 20\_\_ \_\_\_\_\_

**SECTION F**                    **ACTIVITY FUNDS****TABLE OF CONTENTS**

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The school board of each public school district is required to develop policies and establish procedures that comply with the requirements of this section.

## **GENERAL FINANCIAL REQUIREMENTS**

The school board should develop and adopt policies that address the following general financial requirements. The school board should establish procedures that provide a system of adequate controls to insure compliance with the adopted school board policies.

### **Accounting System**

The school board should adopt a policy that indicates the type of accounting system used in accounting for activity funds. The two types available for use are:

**Centralized Accounting System.** Under this method of accounting for activity funds, the receipt of funds takes place at the local school and the expenditure of funds takes place at the central office. The receipt of funds must be performed according to the guidelines established under the "Receipts" heading below. This method of accounting does not allow a school principal or any other local school employee to write checks on the local school activity funds. This system allows for the greatest amount of internal control by the school board.

**Decentralized Accounting System.** This method of accounting provides for both the receipt of funds and the expenditure of funds at the local school level. The school principal has the authority to receipt funds and disburse those funds by writing checks. The receipting of funds and the writing of checks must be performed according to the guidelines established by this section.

### **Fund Classification**

Activity funds at the local school will be classified either as a General Fund or as a Club Fund. Those funds that are established to account for the financial affairs of school sponsored clubs will be classified as Club Funds and all other funds will generally be accounted for as General Funds.

Activity funds shall mean all funds received by school officials in all school districts paid or collected to participate in any school activity, such activity being part of the school program and partially financed with public funds or supplemented by public funds. The term activity funds shall not include any funds raised and/or expended by any organization unless commingled in a bank account with existing activity funds, regardless of whether the funds were raised by school employees or received by school employees during school hours or using school facilities, and regardless of whether a school employee exercises influence over the expenditure or disposition of such funds.

### **Bank Accounts**

Local school activity funds will be maintained in bank accounts of financial institutions that are selected as school depositories by the school board. To comply with state law, the school board must insure that adequate securities are pledged by the financial institution. The superintendent must approve the opening of bank accounts for activity funds. A school principal does not have the authority to open or close activity fund bank accounts. The school board must approve the individuals having the authority to sign checks on the activity fund bank accounts. The bank statements for each activity fund bank account must be mailed directly to the central office. The central office will be responsible for preparing the monthly bank reconciliations of the local school activity fund bank accounts. The number of bank accounts used in accounting for the local school activity funds is at the discretion of the superintendent.

## **Receipts**

The local school shall document the receipt of local activity funds. A three-part receipt will be issued by the principal's office for all funds received. The person remitting the money will be given the original copy, the second copy will be remitted to the central office and the third copy will remain in the receipt book and become a permanent record at the local school. The receipts must be contained in a permanent receipt book where the receipts are bound and pre-numbered. It is permissible to use an automated system to document receipts provided there is an adequate system of controls. The receipt must contain sufficient information to adequately account for the transaction. At a minimum, the receipt will contain the date, name of remitter, amount of remittance, type of payment (cash or check), description and the financial accounting code.

Teachers who collect money from students must account for and document the funds collected. Teachers are required, at a minimum, to list those students that have paid money and the amount of money paid by the students. A copy of the list must be submitted by the teacher to the principal's office along with the money collected from the students. The principal's office will issue a receipt to the teacher. The principal's office will cross-reference the list of students to the receipt issued to the teacher. The principal must maintain a copy of the list of students on file at the local school.

The monies collected by local school clubs will be remitted to the principal's office either by the club sponsor or a member of the school club. The principal's office will be required to issue a three-part receipt for the monies received.

Monies collected by the principal's office for extracurricular activities must be receipted using a three-part receipt.

The deposit slip must indicate the receipt number(s) and corresponding amount(s) for the deposit being made.

The school board should adopt a policy regarding the amount of money that may remain on hand at the local school without being deposited. This office recommends that the amount be kept to an absolute minimum.

## **Disbursements**

The disbursement of all activity funds must be made using pre-numbered checks. All expenditures must be accounted for with invoices or other documentation pertaining to the transaction. Only individuals authorized by the school board may sign checks on local activity fund bank accounts. There must be an accounting of all pre-numbered checks issued.

## **Reporting**

No later than five working days after the close of the month, the principal will deliver to the central office a transmittal report of all activity fund transactions for the preceding month.

Under a decentralized accounting system, the transmittal report shall contain a listing of receipts and disbursements for all local school activity funds, including club funds. The listing will include each receipt and check issued during the month. Under a centralized accounting system, the transmittal report will contain a listing of all receipts issued during the month. The transmittal report will also contain other pertinent information for each transaction, such as date, receipt number, check number, description and the financial accounting code. Along with the transmittal report, the principal is required to submit to the central office copies of all receipts issued and invoices and statements for which disbursements were made. The central office will be responsible for reviewing the transmittal report for accuracy and completeness and entering the information in the financial accounting system. This information will be used by the central office to reconcile the bank statements.

The school board is required by law to approve the transactions of the local school activity funds. This approval must be documented in the school board minutes.

## **Purchasing**

All local school activity fund expenditures made from funds classified as a General Fund are subject to the state purchase laws. Expenditures made by funds classified as Club Funds are not subject to the state purchase laws. To circumvent this requirement by intentionally misclassifying a General Fund to a Club Fund will result in a violation of state law.

The school board should establish and adopt a procurement policy for local school activity funds. The policy must provide guidance on the types of purchases allowed from local school activity funds. The procurement policy must require the use of purchase requisitions, purchase orders, and receiving reports at the local school. The system of procurement must contain procedures designed to provide adequate controls to insure compliance with this section, state purchase laws and school board policy. Purchase orders must be pre-numbered and there must be an accounting of all purchase orders.

## **Extracurricular Events**

The school board should develop and adopt a policy that establishes the amounts charged by the local schools for admission to extracurricular activity events. The policy should include football games, basketball games, baseball games and other similar extracurricular activity events. In the absence of a school board policy, the school principal does not have the authority to set admission charges for extracurricular activity events.

Pre-numbered tickets shall be used at all extracurricular events for which a fee is charged for admission and it is anticipated that the event will generate gross receipts of more than \$100. The school board must adopt a policy regarding the use of and accounting for pre-numbered tickets. The policy must contain procedures designed to provide adequate controls to insure compliance with board policy. The principal will be required to account for all tickets by completing a School Event Receipt Form (page F-14 of this section).

## **Donations and Contributions**

The school board should develop and adopt policies on the accepting of donations and contributions from citizens and businesses. The policy must state that all donations and contributions will be considered public funds and will be accounted for as are other public funds. The school board may adopt policies and procedures that permit the local school principal to accept donations and contributions that are at or below a stated amount as established by the school board. Donations and contributions that are greater than \$500.00 shall be formally submitted to the school board for acknowledgment and acceptance. The school board must recognize in the official minutes the donee or contributor, the amount, and the purpose for which the money was donated, if any. It is not permissible for a donation or contribution in excess of \$500.00 to be receipted by a local school. The central office will receipt the donation once it has been acknowledged and accepted by the school board. The superintendent will make appropriate budgetary amendments and transfer the donation to the local school if deemed appropriate by the school board.

## **Uses of School Activity Funds**

Activity funds may only be expended for the following: Travel expenses, including advances, incurred by students and their chaperons in attending school related programs; commodities; equipment; travel expenses of school employees; purchased services; and school supplies. It is important to note that local school activity funds cannot be used to compensate school employees. The school board should adopt policies designating for what purposes local school activity funds may be expended. The school board policy should also include guidance on purchased items that may subsequently become the personal property of individuals.

Section 37-7-301(s) Mississippi Code Annotated (1972), states in part, “To expend local school activity funds, other than minimum program funds, for the purposes prescribed under this paragraph. “Activity funds” shall mean all funds received by school officials in all school districts paid or collected to participate in any school activity, such activity being part of the school program and partially financed with public funds or supplemented by public funds. The term “activity funds” shall not include any funds raised and/or expended by any organization unless commingled in a bank account with existing activity funds, regardless of whether the funds were raised by school employees or received by school employees during school hours or using school facilities, and regardless of whether a school employee exercises influence over the expenditure or disposition of such funds. Organizations shall not be required to make any payment to any school for the use of any school facility if, in the discretion of the local school governing board, the organization’s function shall be deemed to be beneficial to the official or extracurricular programs of the school. For the purposes of this provision , the term “organization” shall not include organization subject to the control of the local school governing board. Activity funds may only be expended for any necessary expenses or travel costs, including advances, incurred by students and their chaperons in attending any in-state or out-of-state school-related programs, conventions or seminars and/or any commodities, equipment, travel expenses, purchased services or school supplies which the local school governing board, in its discretion, shall deem beneficial to the official or extracurricular programs of the district, including items which may subsequently become the personal property of individuals, including yearbooks, athletic apparel, book covers and trophies. Activity funds may be used to pay travel expenses of school district personnel. The local school governing board shall be authorized and empowered to promulgate rules and regulations specifically designating for what purposes school activity funds may be expended. The local school governing board shall provide (a) that such school activity funds shall be maintained and expended by the principal of the school generating the funds in individual bank accounts, or (b) that such school activity funds shall be maintained and expended by the superintendent of schools in a central depository approved by the board. The local school governing board shall provide that such activity funds be audited as part of the annual audit required in Section 37-9-18. The State Auditor shall prescribe a uniform system of accounting and financial reporting for all school activity fund transactions”.

## **Use of School Facilities**

The school board should develop and adopt policies regarding the use of school facilities by outside organizations. In the absence of a school board policy, the authority cannot be delegated to the school principal. It is permissible to allow an outside organization to use a school facility free of charge if, in the discretion of the school board, the organization's function is considered beneficial to the official or extracurricular programs of the school.

## **FUND RAISING REQUIREMENTS**

The school board should develop and adopt policies that address fund raising requirements. The school board should establish procedures that provide for a system of adequate controls to insure compliance with the adopted school board policies.

### **Sales or Rentals to Students**

#### **As Fund Raising Activities:**

**Authority.** The school board has the statutory authority to conduct fund raising activities as part of the sale or rental of items to students.

**School Board Policy.** The school board should develop and adopt policies on the conducting of fund raising activities as part of the sale or rental of items to students. The policy must state that a disclosure statement will be made available to prospective purchasers of school pictures and graduation invitations and to those renting caps and gowns when the sale or rental of such items is being conducted as a fund raising event. At a minimum, the statement must read "NOTICE. This sale is being conducted as a fund raising event. A portion of the sales price will be contributed to the local student activity fund."

**Accounting Procedures.** When a fund raising activity is being conducted as part of the sale or rental of items to students, a system of accountability must be established for the items sold or rented to the students. The school board may establish a policy that allows the student to pay directly to the vendor the total amount of the sales or rental price including the fee. The vendor would later rebate to the local school the amount of the fee charged to the student. Under this system, the school principal is required to obtain an independent listing of the students and the amounts paid by the students to the vendor. The independent listing of students will provide the local school with a mechanism to calculate and confirm the amount of the fee due the school by the vendor. The fee amount collected from the vendor must be credited to the general activity fund, general athletic fund or other appropriate General Fund as determined by the school board.

#### **As Non-Fund Raising Activities:**

**Authority.** The school board may authorize the sale or rental of items to students that are not being conducted as a fund raising activity.

**School Board Policy.** The school board should develop and adopt policies on the sale or rental of items to students that are not being conducted as a fund raising activity.

**Accounting Procedures.** The school board may establish a policy that permits the student to pay directly to the vendor the amount due for the sale or rental of the item.

## **School Sponsored Fund Raisers**

School sponsored fund raisers include any fund raising event approved by the school board as one sponsored or promoted by the local school. Examples would include the operation of vending machines, school stores, concession stands, carnivals, sales by principals and/or teachers to students, organized school wide sales by students and similar types of fund raising activities. They should not be confused with fund raising events associated with a school sponsored club or the PTA, PTO or similar organization.

**Authority.** The school board has the statutory authority to engage in school sponsored fund raising activities.

**School Board Policy.** The school board should develop and adopt policies regarding school sponsored fund raising activities. The school board policy should address the types of school sponsored fund raising activities to be allowed, the individuals responsible for the fund raisers, the fees to be charged, and the sales price of the items. In the absence of school board policy, a school principal may not engage in any school sponsored fund raising activity.

**Accounting Procedures.** The money collected through school sponsored fund raising activities is required to be receipted according to the "Receipts" requirements of this section. For all items that are purchased for resale to the students, there must be a reconciliation of the items purchased to the items sold and the gross sales amount. The reconciliation must be performed on a periodic basis and be submitted to the central office for review and approval. The amount generated through school sponsored fund raising activities must be accounted for in the local school general activity fund, general athletic fund or other appropriate General Fund as determined by the school board.

## **Fund Raisers by Outside Organizations (PTA, PTO, Boosters, etc.)**

This section pertains to outside organizations and their fund raising activities taking place at the local school using school employees.

**Authority.** The school board has the authority to permit the collecting of funds for the PTA, PTO, Boosters and similar organizations by school employees during school hours. The funds collected by school employees on behalf of the outside organization are not considered activity funds.

**School Board Policy.** The school board should develop and adopt policies regarding the collecting of funds for the PTA, PTO, Boosters and similar organizations by school employees during school hours. The policy should identify the organizations that will be permitted to use school employees during school hours to collect funds on behalf of the organization. In the absence of a school board policy, a school principal may not permit an outside organization to engage in fund raising activities using school employees during school hours.

**Accounting Procedures.** There are no accounting requirements. Since the funds are not considered activity funds, the local school is not required to be accountable for the funds.



## **Miscellaneous**

### Private Lessons During School Hours:

**Authority.** The school board has the statutory authority to allow individual lessons for music, art, and other curriculum related activities for academic or nonacademic credit during school hours and using school equipment.

**Policy.** The school board should adopt a policy regarding private lessons of music, art, and other curriculum related activities during school hours using school equipment. The school board policy should address the establishment of the amount to be charged the student by the individual providing the private lesson. In the absence of a school board policy, this authority cannot be delegated to the local school principal.

**Accounting Procedures.** The school board may establish a policy that permits the student to pay directly to the individual providing the private lessons the amount due for the lessons.

## **Band Instruments and Extracurricular Activities:**

**Authority.** The school board has the statutory authority to charge a student a reasonable fee for participating in an extracurricular activity for academic or nonacademic credit for necessary and required safety equipment, band instruments and uniforms.

**Policy.** The school board should develop and adopt policies that determine which extracurricular activities will be subject to assessed fees. The school board should also establish the amount of the fees to be charged. In the absence of a school board policy, this authority cannot be delegated to the local school principal.

**Accounting Procedures.** The amounts charged the student will be receipted in the local school general activity or general athletic fund in accordance with the Receipts section of this guide.

## **Charity Organizations:**

**Authority.** The school board has the authority to conduct or participate in any fund raising activities on behalf of or in connection with a tax exempt charitable organization.

**School Board Policy.** The school board should develop and adopt policies on conducting or participating in fund raising activities on behalf of or in connection with a tax exempt charitable organization. The policy should identify those organizations that will be allowed to conduct fund raising activities in the local schools. In the absence of a school board policy, this authority cannot be delegated to the local school principal.

**Accounting Procedures.** The money collected by the teacher and/or school principal will be remitted to the charitable organization.

## **CLUB SPONSORED FUND RAISERS**

This section pertains to school sponsored clubs and the fund raising activities of those clubs.

**Authority.** The school board has the authority to establish policies regarding the establishment, operation and fund raising activities of school sponsored clubs.

**Policy.** The school board should develop policies and procedures regarding the establishment and operation of school sponsored clubs. The policy should also address the types of fund raising activities permitted by school sponsored clubs.

**Accounting Procedures.** All fund raising activities by school sponsored clubs will be accounted for by the local school principal. A separate fund will be established for each school sponsored club. The club funds will be accounted for as a Club Fund classification. The school principal will make available to the club a listing of all club financial transactions and balances. The club fund transactions will be presented on the monthly transmittal report and be submitted to the superintendent's office.

## **STUDENT FEES**

This section pertains to the fees assessed students by the school board for workbooks, lab, paper, and other educational material.

### **Workbooks, Lab, Paper, and Other Educational Material**

**Authority.** The school board has the authority to charge a reasonable fee, not to exceed the actual cost, to students for:

1. Supplemental instructional materials and supplies.
2. Other fees designated by the school board as fees related to a valid curriculum objective.
3. Extracurricular activities and other educational activities not designated as a valid curricular objective.

**School Board Policy.** The school board should develop and adopt policies regarding the assessing and charging of fees to students. The policies must address which fees will be assessed to students and the amount of the fees. In the absence of a school board policy, this authority cannot be delegated to the school principal.

**Accounting Procedures.** The fees collected from students will be receipted into the school principal's office in accordance with the "Receipts" requirements of this section. The money collected will be accounted for in the general activity fund of the local school.

### **Hardship Waiver Policy**

**Authority.** The statute requires the school board to adopt a hardship waiver policy for those students that are unable to pay any fees assessed by the school board.

**School Board Policy.** The school board should develop and adopt a policy regarding a hardship waiver for those students that are unable to pay any fees assessed by the school board. The policy should be furnished to the student at the time the fee is assessed.

## **TRANSMITTAL REPORT**

The sample Transmittal Report (pages F-11 through F-13 of this section) is to be completed by the principal's office and submitted to the central office no later than five working days after the close of the month. The Transmittal Report shall contain a listing of all receipts and disbursements occurring at the local school. This listing will include both General Fund and Club Fund transactions.

## **SCHOOL EVENT RECEIPT FORM**

Pre-numbered tickets must be used at any local school event for which a fee is charged for admission and it is anticipated that the event will generate more than \$100. All pre-numbered tickets for such events will be accounted for using the School Event Receipt Form (page F-14 of this section). A separate form must be completed for each individual selling tickets.

**Transmittal Report**

**Cover Sheet**

\_\_\_\_\_  
**(Name of School)**

\_\_\_\_\_  
**(Principal)**

**For the Month Ending** \_\_\_\_\_

**This Transmittal Report is verified accurate in all respects.**

\_\_\_\_\_  
**(Signature of Principal)**

\_\_\_\_\_  
**(Date)**

**Transmittal Report**  
**Receipt Summary Sheet**

\_\_\_\_\_  
(Name of School)

\_\_\_\_\_  
(Principal)

For the Month Ending \_\_\_\_\_

**Financial Accounting Data**

<b>Date</b>	<b>Receipt Number</b>	<b>Received From</b>	<b>Fund Code</b>	<b>General Ledger Code</b>	<b>Function Code</b>	<b>Operational Unit Code</b>	<b>Amount</b>
<b>Total</b>							

**NOTE: This schedule must be recapped by fund and function.**

**Transmittal Report**  
**Disbursement Summary Sheet**

\_\_\_\_\_  
(Name of School)

\_\_\_\_\_  
(Principal)

For the Month Ending \_\_\_\_\_

**Financial Accounting Data**

<b>Date</b>	<b>Check Number</b>	<b>Payee</b>	<b>Fund Code</b>	<b>General Ledger Code</b>	<b>Function Code</b>	<b>Program Code</b>	<b>Object Code</b>	<b>Operational Unit Code</b>	<b>Amount</b>
<b>Total</b>									

This schedule must be recapped by fund, function and object.

School Event Receipt Form

School Name: \_\_\_\_\_  
 Event: \_\_\_\_\_  
 Event Date: \_\_\_\_\_

Change Cash Delivered: \$ \_\_\_\_\_

TICKETS CHECKED OUT:

Reserved tickets	Numbers from _____ to _____
General admission	Numbers from _____ to _____
Adult tickets	Numbers from _____ to _____
Student tickets	Numbers from _____ to _____

Change Cash and Tickets Delivered To: \_\_\_\_\_  
 (Individual's Signature) (Date)

TICKETS SOLD:

Reserved tickets	Numbers from _____ to _____
General admission	Numbers from _____ to _____
Adult tickets	Numbers from _____ to _____
Student tickets	Numbers from _____ to _____

	Tickets Sold	Per Ticket Price	Amount
Reserved ticket sales	_____ X	\$ _____ =	\$ _____
General admission tickets	_____ X	\$ _____ =	\$ _____
Adult ticket sales	_____ X	\$ _____ =	\$ _____
Student ticket sales	_____ X	\$ _____ =	\$ _____

Total Cash From Ticket Sales \$ \_\_\_\_\_

TICKETS RETURNED:

Reserved tickets	Numbers from _____ to _____
General admission	Numbers from _____ to _____
Adult tickets	Numbers from _____ to _____
Student tickets	Numbers from _____ to _____

Cash Received from Individual \$ \_\_\_\_\_\*  
 Less: Change Cash \$ \_\_\_\_\_  
 Total Cash From Ticket Sales \$ \_\_\_\_\_

\* Receipt Number \_\_\_\_\_, dated \_\_\_\_\_, issued to \_\_\_\_\_ by \_\_\_\_\_ for \$ \_\_\_\_\_ cash received from school activity event.

Notes: \_\_\_\_\_

I verify this report to be correct: \_\_\_\_\_  
 (Principal's Signature) (Date)

**SECTION G**                      **CAPITAL ASSETS**

Public school districts are required to establish and maintain a system of accountability for their capital assets. School districts are required to develop certain policies and to establish and implement control procedures to implement those policies so that there is a high degree of certainty that the policies are being carried out as intended by the school board.

**Required Policies**

Each public school district shall establish the following policies for its capital assets. It is imperative that the school district develop adequate procedures to implement these policies.

**Valuation:**

The school district must have a policy that addresses the valuation of its capital assets. The policy must state that all purchased assets will be valued at historical cost or estimated historical cost. The policy must also state that all donated assets will be valued at fair market value at the time of donation.

**Capitalization:**

The school district must have a capital asset capitalization policy. At a minimum, the policy must state that the school district will capitalize all assets with a useful life of greater than one year and with a historical cost of at least \$500.00 **and** all highly walkable items. Highly walkable items will, at a minimum, include all televisions, video cassette recorders, cellular telephones, radio equipment and overhead projectors. This is not an all inclusive list.

**Depreciation:**

The school district must have a policy on depreciating capital assets. Generally accepted accounting principles require depreciation of capital assets. Depreciation is the process of allocating a portion of the historical cost to each year of an asset’s useful life. This office requires that you use the straight-line method of depreciation for these assets. The straight-line method of depreciation is calculated by allocating the historical cost less the residual or salvage value of the asset over the useful life in equal annual portions.

**Capitalization Thresholds:**

Land	0
Buildings	\$50,000
Building Improvements	\$25,000
Improvements Other Than Buildings	\$25,000
Mobile Equipment	\$ 5,000
Furniture and Equipment	\$ 5,000
Leased Property Under Capital Leases	(*)
Construction in Progress	0

(\*) Follows the threshold of the related capital asset.

**Useful Lives:**

Buildings	40 years
Building Improvements	20 years
Improvements Other Than Buildings	20 years
Mobile Equipment	



Cars and Trucks	5 years
Buses and Vans	10 years
Heavy Outdoor Equipment	7 years
Furniture and Equipment	
Computer Equipment	3 years
Other Furniture and Equipment	7 years
Leased Property Under Capital Leases	(*)

(\*) Follows the useful life of the related capital asset.

Note: Capital assets are to be depreciated using the straight-line method of depreciation. A full year's depreciation expense should be taken for all purchases and sales of capital assets during the fiscal year.

Salvage Values:

Buildings	20 % of cost
Building Improvements	20 % of cost
Improvements Other Than Buildings	20 % of cost
Mobile Equipment	
Cars and Trucks	10 % of cost
Buses and Vans	10 % of cost
Heavy Outdoor Equipment	10 % of cost
Furniture and Equipment	
Computer Equipment	1 % of cost
Furniture and Other Equipment	1 % of cost
Leased Property Under Capital Leases	(*)

(\*) Follows the salvage value of the related capital asset.

Interest Capitalization:

The school district must have a policy on the capitalization of interest on acquired assets. Currently, generally accepted accounting principles do not require the capitalization of interest expense on general capital assets. This office recommends that your policy indicate that you do not intend to capitalize interest unless required to do so by GAAP.

## **Asset Classification**

The school district must use the following capital asset classifications. The account code for each account can be found in the Balance Sheet Coding section.

**Land** - This includes all land owned by the school district.

**Buildings** - This includes all buildings owned by the district, such as school buildings, administration buildings, athletic field houses, gymnasiums and portable classrooms.

**Building improvements** - This includes major roof replacements, complete central heat/air unit and major wiring/cable systems.

**Improvements other than buildings** - This includes athletic fields, lighting, bleachers, streets, parking lots and other improvements that can not be directly associated with a particular building.

**Mobile equipment** - This includes all school buses and district owned automobiles, trucks and vans. This classification also includes all lawn maintenance equipment, tractors and other heavy outdoor equipment.

**Furniture and equipment** - This includes all furniture and equipment contained in the buildings of the school district that meet the asset capitalization requirements of the school district.

**Leased property under capital leases** - This includes all capital assets that are being acquired under a lease/purchase arrangement.

**Construction in progress** - This includes all buildings and facilities that are currently under construction.

## **Data Elements**

Data elements consist of identifying characteristics that will be recorded for all capital assets. It is important that the school district initially identify the data elements to satisfy both internal and external reporting requirements. When applicable, the school district must capture the following required data elements for all capital assets:

**Major asset class**  
**Acquisition date**  
**Location code (refer to SDE codes)**  
**Identification tag number**  
**Description, including serial and model numbers**  
**Acquisition cost**  
**Funding source**  
**Check/purchase order numbers**

The school district may consider including other data elements, such as vendor, function, group code, etc. These additional data elements are optional.

## **Tagging**

Public school districts must tag all capital assets that are capitalized. It will not be necessary to tag automobiles, trucks, buses or real property. The district may desire to tag assets that are not capitalized. This office suggests that these tags be different from those used for capitalized assets.

It is at the discretion of the school district as to the type of tags to use for the various assets and the type of numbering system contained on the tag. At a minimum, the tag for capitalized capital assets must contain a number or bar code and the inscription "Property of (name) School District."

Each school district must have adequate control procedures in place to insure that all capitalized assets are properly tagged within a reasonable period of time after acquisition of that asset.

## **Required Reports**

At a minimum, each school district must be capable of producing the following reports.

### **Summary of capital assets:**

This report is a capital asset summary by major capital asset classification that includes a summary of additions and deletions by major capital asset classification. This report must be prepared on a monthly basis.

### **Capital asset additions:**

This report includes a detailed listing of additions by major capital asset classification. This report must be prepared on a monthly basis.

### **Capital asset deletions:**

This report includes a detailed listing of deletions by major capital asset classification. This report must be prepared on a monthly basis.

### **Detailed listing of capital assets:**

This report is a detailed listing of all capital assets by major capital asset classification. This report must be prepared on an annual basis.

## **Maintaining the System**

The school district must establish adequate procedures to insure that the capital asset accountability system is being maintained on a current basis. These control procedures must address acquisitions, adjustments, transfers and disposals.

Each school district must have procedures for annual physical inventories.

Each school district must take a physical inventory at least annually.

Write-offs or other adjustments to the capital asset accounting records brought about as a result of the physical inventory procedures must be approved by the school board.

**Mississippi Public School Asset Management Manual**

**The Mississippi Public School Asset Management Manual as prepared by the Office of the State Auditor, Department of Property, has been incorporated within the Mississippi Public School District Accounting Manual. The manual was made available with the assistance of Bill Pope, Director, Department of Property.**

# **MISSISSIPPI PUBLIC SCHOOL ASSET MANAGEMENT MANUAL**



**Prepared by  
The Department of Property  
Bill Pope, Director**

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**OFFICE OF THE STATE AUDITOR  
PHIL BRYANT, AUDITOR**

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**First Issued, March 1997**

***The Office of the State Auditor does not discriminate on the basis of race, religion, national origin, sex, age or disability.***

## FOREWORD

**The Department of Property is an integral part of the organization of the Office of the State Auditor under the administration of State Auditor Phil Bryant. It is the responsibility of the Department of Property to assure that state statutes, regulations and procedures are followed in regard to accountability of fixed assets.**

**This manual was developed for public school districts in Mississippi, to assist property managers. Our desire is for this manual to be indispensable in the operation of efficient, responsive fixed asset management.**

**It is the responsibility of each school district to account for each item of property. It is prescribed that each school district conduct a property inventory annually.**

**This Mississippi Public School Asset Management Manual is to be used as a reference document, and its intended purpose is to assist property managers in maintaining an effective property system. Revisions will be provided as rules and procedures are updated. Any suggestions for improvement which can be incorporated in future revisions of this manual will be welcomed. Additional information can be obtained by calling the Property Department at (601) 576-2713.**

**BILL POPE  
Director of Property**

## GENERAL FIXED ASSETS

### INTRODUCTION

*Fixed assets* are those assets of a long-term nature intended to be held or used by the school district. This definition generally includes land, buildings, transportation equipment, other motor equipment, other equipment, construction in progress and leased property under capital leases.

The importance of developing and maintaining a complete and accurate accounting of fixed assets cannot be emphasized too strongly. The school district should recognize a great responsibility for custody of its assets. This protective custody cannot be accomplished without complete and accurate records.

A second reason for developing and maintaining complete and accurate fixed assets records is to allow for accurate financial reporting. The value of fixed assets for school districts is substantial and usually far greater in value than current assets. When records are not adequate, an audit opinion will be *qualified* for fixed assets, which means the auditor does not have enough evidence to offer an opinion. A qualified opinion may result in an accreditation deficiency leading to a probationary status.

Fixed Assets Detail Ledgers are used to record detailed information about various assets, and are posted to the Fixed Assets Subsidiary Ledger. Fixed Assets Detail Ledgers contain a description of the asset, including any identifying markings, cost or estimated fair value at acquisition, the date purchased, location and identifying numbers. *All deletions of fixed assets, regardless of method, shall be entered in the minutes of the school board.*



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CHAPTER I - DEFINITIONS & PROCEDURES

**Property Manager** shall mean any person the school district reports in writing to the State Property Office who has designated responsibility to maintain an inventory control system pursuant to requirements prescribed by the Office of the State Auditor as its inventory control clerk.

**Duties of the Property Manager**

- (1) Maintains a master fixed assets inventory ledger.
- (2) Maintains property and equipment (general fixed assets) records by posting additions and deletions.
- (3) Periodically audits and verifies inventory records and equipment (general fixed assets).
- (4) Reports findings to the school board .

**State Property Office** shall mean the Department of Property, which is a department of the Office of the State Auditor located in Jackson, Mississippi. Its function is to enhance the credibility of information being reported to the State Auditor.

**Form F** is a summary statement that reports the beginning balance, additions, deletions and ending balance of the seven major fixed assets groups -- mobile equipment, furniture and equipment, land, buildings, leased property, construction in progress and improvements other than buildings.

**Location Register** - It is recommended that each school district generate a register showing each location used by the school district with the abbreviation used.

**Fixed Asset Classification** - Governmental accounting pronouncements and the Office of the State Auditor recommend the following accounting classifications for fixed assets:

- **Land**
- **Buildings**
- **Transportation Equipment**
- **Other Motor Equipment**
- **Other Equipment**
- **Construction-in-Progress**
- **Leased Property Under Capital Leases**

These classifications are used to report fixed assets, and prescribed records are designed to provide this

information. A discussion of each of these classifications follows:

**Land** - All land owned by the school district is recorded at historical cost. If land is donated, it is recorded at fair market value at the time of donation. Cost includes expenditures in connection with the purchase, including:

- **Purchase price**
- **Appraisal and negotiation fees**
- **Title search fees**
- **Surveying fees**
- **Cost of consents**
- **Payment of damage claims**
- **Clearing land for use**
- **Demolishing or removing structures**
- **Filing costs**

All land owned by the school district is to be included in this classification regardless of its value. When land is sold, the cost should be deleted from the General Fixed Assets account group.

**Buildings** includes all permanent, portable, and temporary building structures regardless of value. Buildings are recorded at acquisition cost, which includes:

- **Purchase price or cost of construction**
- **Permanently installed fixtures**
- **Professional fees (architect and/or engineering fees, etc.)**
- **Cost of permits and licenses connected with acquisition**
- **Payment of damage claims connected with acquisition**
- **Insurance premiums connected with acquisition**
- **Other acquisition costs**

Donated buildings should be recorded at fair market value at the time of donation. Extensions of existing buildings or new and separate units added to a building complex are capital outlay and should be added to the value of the existing building. Renovations, repairs and alterations should not be added to the value of the existing building, unless they materially extend the value or life of the building.

The cost of buildings should be reduced by the sale or salvage of materials initially capitalized as part of the cost. These would include discounts, allowances and

## Chapter I - Definitions & Procedures

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rebates secured, and amounts recovered\_ through the surrender of liability and/or casualty insurance.

**Transportation Equipment** all school buses and district owned vehicles used for the purpose of student transportation.

Donated Transportation Equipment is recorded at fair market value when acquired. All Transportation Equipment acquired from Surplus Property is included at fair market value.

**Other Motor Equipment** are district owned vehicles used for purposes other than student transportation.

Donated Motor Equipment is recorded at fair market value when acquired.

**Other Equipment** generally includes machinery, tools, furniture, furnishings and other assets with a value of \$500 or more and an expected useful life of at least one year. This classification will also include *walkable items whose value is less than \$500*.

Donated items are recorded at fair market value when acquired. All property acquired from Surplus Property is included at fair market value.

**Construction-in-Progress** records construction costs of projects incurring costs, but not complete. The cost is accumulated the same as Buildings cost. When the project is complete, the amount in Construction-in-Progress is moved to the Building account code.

**Leased Property Under Capital Leases** are assets reflecting the **original purchase** price of property under capital lease.

All property acquired under a lease-purchase agreement is recorded in this classification. When the lease agreement has been fulfilled and all payments made, the property is removed from Leased Property Under Capital Leases and placed in the proper classification.

The contract and amortization schedule for the capital lease shall be obtained (the lessor can provide this) and entered in the minutes of the school board. Capital leases must be included in the General Long-Term Debt Account Group.

**Notarized Affidavit** is a written statement notarized by a notary public detailing the loss of equipment.

**Stolen Property** shall be reported to the Sheriff's Office. Items identified need to be entered in the

National Crime Information Center (NCIC). Disposition of stolen property shall be reported on the board minutes.

**Request for disposal of property** should be submitted to the property manager before the items are discarded. This will insure proper documentation is available for school boards to make an informed actions regarding fixed assets. Disposal and deletion of fixed assets *must* be authorized by the school district board.

**Lost Property** shall be reported to the property manager and must be accompanied by a *notarized affidavit* signed by the responsible party assigned the property. Disposition of lost property shall be reported on the board minutes.

**Assignment of Property** - The property manager should have signatures for property assigned to departments, divisions or personnel.

**Permanent Transfers** of assets to other departments or individuals should indicate the identification of the asset, who is assigned the asset and who is accepting responsibility for the asset. Transfer information should be submitted to the district property manager to update the property data base.

**Hand Receipts** - The property manager should be notified when property is temporarily loaned or transferred to a person other than the party who is responsible for the safekeeping of said property. Signature must be obtained by the party assuming temporary responsibility.

**CHAPTER II - FIXED ASSETS POLICY**

**Cost Threshold** - All school districts are required to have and maintain complete and current lists of each property item with a cost to the school district of \$500 or more. If an item is donated, the school district shall include items on its property inventory with a fair market value (at the time the donation is received) of \$500 or more.

**Required Inventory Items** - The following property items shall be included on a school district inventory regardless of the price paid by the school district to acquire the item or the fair market value of the item:

- **Overhead Projectors**
- **Radio equipment**
- **Televisions**
- **Video cassette recorders**
- **Cellular phones**

Other items which merit strong consideration for inventory are:

- **Computer equipment and Printers**
- **Typewriters**
- **Cameras and camera equipment**
- **Calculators**
- **Appliances: refrigerators, stoves washers, dryers, etc.**
- **Tape recorders**
- **Lawn maintenance equipment**
- **Chain Saws**
- **Air compressors, welders, generators and similar type items**

**Inventory Exemptions** - For the purposes of these Rules, "property" is defined as all furniture, vehicles, equipment and other personal property having a useful life expectancy of at least one year and with a cost of \$500 or more. "Property" does not include: carpeting, draperies, installed floor-to-ceiling partitions, window shades or blinds, mattresses and box springs, water heaters, installed drinking fountains, museum accessions, library books, films or archival collections.

**Purchases through Surplus Property Division** - Items acquired through surplus property shall be added to a school district inventory at fair market value; that is, surplus property items are added at a fair market value.

**Valuation of Property** - In the event a school district is required to include an item on its property records using the item's fair market value, the school district will be required to maintain adequate documentation to justify how the fair market value was obtained.

**Data Elements** - consist of identifying characteristics for recording fixed assets. The school district must use the following data elements for recording fixed assets:

- **Major Asset class**
- **Acquisition date**
- **Location code (refer to SDE codes)**
- **Inventory tag number**
- **Description of item, including serial number**
- **Acquisition cost**
- **Funding source**
- **Check/purchase order number**

The school district may include other elements as needed.

**Physical Tagging of Fixed Assets** - Physical tagging is one of the most important aspects of fixed assets control. There are many commercial methods of attaching property numbers which should be investigated by the school district. Different tagging procedures should be used depending on the type of equipment to be tagged.

- (a) Select the next sequential fixed asset property number for the appropriate category of asset to be tagged. Enter the number on the fixed asset ledger. Provide the necessary information concerning each item to be inventoried.
- (b) Attach the identification tag or stencil the identification number on each item of equipment. The following are guidelines for tagging items of equipment:

<u>Illustrative Items of Equipment</u>	<u>Suggested Location of Tag</u>
Adding machines, calculators and similar office equipment	Front of typewriters machine

<u>Illustrative Items of Equipment</u>	<u>Suggested Location of Tag</u>
Air compressors, welders, generators, etc.	Near manufacturer's I.D. tag
Air conditioners, freezers, refrigerators, vending machines, Copy machines,	Right side of upper cover etc. Front of

## Chapter II - Fixed Assets Policy

printing equipment, computers, etc.	machine
Files, safes and other storage equipment	Top right front cover
Automobiles, trucks and other automotive equipment	Stencil or print number on inside of door

- (c) Upon completion of the inventory, recheck to be sure asset property numbers were assigned to each item included in the inventory.

**Labels for Items Not on Inventory** - School districts should label property items not included on their inventory lists with tags "**Property of (Name of School).**" These tags should be different in color than those used to indicate inventory number.

**Property Numbers for Fixed Assets** - Assets must be identified with a unique number signifying ownership and allowing for positive identification. Numbering assets is an important internal control.

Assets may be marked with this number in several acceptable ways. An adhesive metal tag is often used, as well as stenciling or painting. Whatever method is used, the mark must be permanent and durable. Obviously, only equipment items must be physically tagged with numbers. Land and buildings will not be physically tagged, but, for internal control purposes, are assigned sequential numbers.

Items deleted from property inventory lists must have their school district inventory numbers removed from the items. Items required by the Rule to be included on property inventory lists will continue to be labeled with numbered tags or other permanently affixed numbering such as enamel paint.

**Acquisition Costs of Fixed Assets** - The acquisition cost of equipment includes all expenditures in connection with its procurement, including the following:

- **Purchase price (less any trade-in)**
- **Transportation charges**
- **Installation cost**
- **Other expenditures required to place the asset in its intended state of operation**

Equipment with a value of \$500 (and *walkable* items whose value is less than \$500) and a useful life expectancy of at least one year should be capitalized.

### **Annual Inventory**

At the end of each fiscal year, the Property Manager or other responsible official is to conduct an inventory of fixed assets. This is necessary to verify the existence and condition of fixed assets and to reconcile fixed assets records. An inventory may be conducted at other times in addition to the annual year-end inventory, if needed.

Procedures for conducting an inventory are as follows:

1. Each department head is furnished with an inventory for that specific department.
2. Each department head checks off each item of equipment in his department that has been verified.
3. The department head returns the completed forms to the Property Manager or person responsible for the inventory.
4. The inventory is then reconciled to the existing inventory records and any differences are investigated. Necessary adjustments are made to the inventory records.
5. The Fixed Assets Subsidiary Ledger is prepared from the adjusted records.

If an electronic data processing system is used by a school district, a master inventory print-out should be generated. Each department or location should be audited for equipment designated to the department or location. The inventory is then reconciled and exceptions are corrected or deleted using proper procedures.

In a separate report to the school board, the property manager shall list additions to or deletions from the annual inventory report and shall also list items unaccounted for from the previous annual inventory report.

If the inventory is the initial inventory or if there are no existing inventory records, procedures must be expanded to ensure the inventory is complete. An implicit Price Deflator is provided on following pages to establish the cost of items for which there are no purchase records. If other measures are used to determine fair market value justification for the measure should be available for review.

**Summary of Fixed Assets-** It is suggested that Form F be completed and maintained on a month-to-month basis; **Form F** should be accompanied by a monthly acquisition statement (Ledger) and a disposal, sale or trade-in statement (Ledger); the addition or deletion of fixed assets should have attached a copy of the board minutes authorizing the actions.

### CHAPTER III - LAWS GOVERNING PROPERTY AND PROCUREMENT

#### **Section 7-7-211 - Powers and Duties of the State Auditor.**

The department shall have the power and it shall be its duty:

(a) To identify and define for all public offices of the state and its subdivisions generally accepted accounting principles as promulgated by nationally recognized professional organizations and to consult with the State Fiscal Officer in the prescription and implementation of accounting rules and regulations;

(b) To prescribe, for all public offices of regional and local subdivisions of the state, systems of accounting, budgeting and reporting financial facts relating to said offices in conformity with legal requirements and with generally accepted accounting principles as promulgated by nationally recognized professional organizations; to assist such subdivisions in need of assistance in the installation of such systems; to revise such systems when deemed necessary, and to report to the Legislature at periodic times the extent to which each office is maintaining such systems, along with such recommendations to the Legislature for improvement as seem desirable;

(c) To post-audit and, when deemed necessary, pre-audit and investigate separately the financial affairs of (i) the offices, boards and commissions of county governments and any departments and institutions thereof and therein; (ii) public school districts, departments of education and junior college districts; and (iii) any other local offices or agencies which share revenues derived from taxes or fees imposed by the State Legislature or receive grants from revenues collected by governmental divisions of the state; the cost of such audits, investigations or other services to be paid as follows: Such part shall be paid by the state from appropriations made by the Legislature for the operation of the State Department of Audit as may exceed the sum of One Hundred Dollars (\$100.00) per day for the services of each staff person engaged in performing the audit or other service, which sum shall be paid by the county, district, department, institution or other agency audited out of its general fund or any other available funds from which such payment is not prohibited by law;

(g) To make written demand, when necessary, for the recovery of any amounts representing public funds improperly withheld, misappropriated and/or otherwise illegally expended by an officer, employee or administrative body of any state, county or other public office, and/or for the recovery of the value of any public

property disposed of in an unlawful manner by a public officer, employee or administrative body, such demands to be made (i) upon the person or persons liable for such amounts and upon the surety on official bond thereof, and/or (ii) upon any individual, partnership, corporation or association to whom the illegal expenditure was made or with whom the unlawful disposition of public property was made, if such individual, partnership, corporation or association knew or had reason to know through the exercising of reasonable diligence that the expenditure was illegal or the disposition unlawful. Such demand shall be premised on competent evidence, which shall include at least one (1) of the following: (i) sworn statements, (ii) written documentation, (iii) physical evidence, or (iv) reports and findings of government or other law enforcement agencies. Other provisions notwithstanding, a demand letter issued pursuant to this subsection shall remain confidential by the State Auditor until the individual against whom the demand letter is being filed has been served with a copy of such demand letter. If, however, such individual cannot be notified within fifteen (15) days using reasonable means and due diligence, such notification shall be made to the individual's bonding company, if he or she is bonded. Each such demand shall be paid into the proper treasury of the state, county or other public body through the office of the department in the amount demanded within thirty (30) days from the date thereof, together with interest thereon in the sum of one percent (1%) per month from the date such amount or amounts were improperly withheld, misappropriated and/or otherwise illegally expended. In the event, however, such person or persons shall refuse, neglect or otherwise fail to pay the amount demanded and the interest due thereon within the allotted thirty (30) days, the State Auditor shall have the authority and it shall be his duty to institute suit, and the Attorney General shall prosecute the same in any court of the state to the end that there shall be recovered the total of such amounts from the person or persons and surety on official bond named therein; and the amounts so recovered shall be paid into the proper treasury of the state, county or other public body through the State Auditor;

(h) To investigate any alleged or suspected violation of the laws of the state by any officer or employee of the state, county or other public office in the purchase, sale or the use of any supplies, services, equipment or other property belonging thereto; and in such investigation to do any and all things necessary to procure evidence sufficient either to prove or disprove the existence of such alleged or suspected violations.

## **Chapter III - Laws Governing Property and Procurement**

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The Department of Investigation of the State Department of Audit may investigate, for the purpose of prosecution, any suspected criminal violations of this chapter. For the purpose of administration and enforcement of this chapter, the enforcement employees of the Department of Investigation of the State Department of Audit have the powers of a peace officer of this state only over those persons under indictment or at the direction of another duly authorized law enforcement agency having jurisdiction over the case. All enforcement employees of the Department of Investigation of the State Department of Audit hired on or after July 1, 1993, shall be required to complete the Law Enforcement Officers Training Program and shall meet the standards of the program.

(l) The State Auditor shall have the authority to establish training courses and programs for the personnel of the various state and local governmental entities under the jurisdiction of the office of the State Auditor. The training courses and programs shall include, but not be limited to, topics on internal control of funds, property and equipment control and inventory, governmental accounting and financial reporting, and internal auditing. The State Auditor is authorized to charge a fee from the participants of these courses and programs, which fee shall be deposited into the Department of Audit Special Fund. State and local governmental entities are authorized to pay such fee and any travel expenses out of their general funds or any other available funds from which such payment is not prohibited by law.

### **Section 25-1-87 - Marking Publicly-owned or Leased Vehicle; Exceptions; Effect of Noncompliance.**

All motor vehicles owned or leased by the State of Mississippi or any agency, department or political subdivision thereof, which shall include counties and municipalities, when such agency or department or political subdivision, which shall include counties and municipalities, is supported wholly or in part by public taxes or by appropriations from public funds, shall have painted on both sides in letters at least three (3) inches in height, and on the rear in letters not less than one and one-half (1 ½) inches in height, the name of the state agency or department, or political subdivision, which shall include counties and municipalities, in a color which is in contrast with the color of the vehicle; provided however, that a permanent decal may be used in lieu of paint, and provided further, that any municipality may affix a permanent decal or design at least twelve (12) inches in height and twelve (12) inches in width on both sides of the vehicle with the name of the municipality within or across the permanent decal or design and the permanent design or decal shall be in a color or colors which are in contrast with the color of the vehicle. No privilege license tag shall be

issued for such vehicle until the name has been painted thereon or a permanent design or decal affixed thereto as required by this section. A permanent decal may be used in lieu of paint. \*\*\*\*

### **Section 25-1-91 - Penalty Regarding State-Owned Automobiles.**

If any person shall knowingly and wilfully violate any of the provisions of sections 25-1-77 or 25-1-93, such person shall be guilty of a misdemeanor and, upon conviction, shall be punished by a fine of not more than two hundred fifty dollars and, in addition, shall be removed from the office or position which he holds.

### **Section 37-37-1 - Uniform System of Accounts for School Districts.**

The department of audit of the state auditor of public accounts is hereby authorized and directed to prescribe and formulate for use by all school districts of this state, including municipal separate school districts, adequate accounting systems and other essential financial records which shall be uniform for all of the school districts of this state. Such uniform system shall include a method of accounting for and keeping records of all funds received, handled, and disbursed by such school district, whether derived from taxation or otherwise, including funds derived from donations, athletic events, and other special activities of the school district. The uniform system of accounts so prescribed and formulated by the department of audit shall be distributed and disseminated to all of the school districts of this state and it shall be mandatory that the boards of trustees of all such school districts install, utilize, and follow said uniform systems of accounts in keeping the financial records of the school district.

Electronic data processing systems, usually referred to as **EDP** or computer systems, are the prevalent form of information management in Mississippi public school districts. Systems provided in this section are designed for manually maintained records. However, formats and procedures necessary for manual operation are not always necessary or relevant to an EDP system which requires its own procedures.

Because of the variant nature of these methods of recording data, different requirements are set forth for EDP systems. An EDP system typically requires information to be entered one time and then manipulates this information into any desired format. **It is not necessary** for an EDP system to reproduce the exact formats presented in this manual. **HOWEVER, THE SAME INFORMATION MUST BE PRESENTED IN A LOGICAL FORMAT.** It is critical that an EDP system present the same information required in this section. Although formats for EDP systems are not herein prescribed, they must be logical and correct.

Every school district using an EDP system should be aware of the necessity for adequate internal controls. Computers and their programs are subject to manipulation by knowledgeable persons. These systems should have effective controls such as passwords access, batch or hash totals, and limited access to tapes and storage files. Every EDP system should include a written disaster recovery plan which includes access to compatible hardware and software, and should include **offsite** storage of backup computer files. **Offsite** means in a protected area of a **separate** building. Schools, libraries and hospitals are usually willing to participate in a reciprocal offsite storage plan. A bank safety deposit box is also an alternative.



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## **CHAPTER V - EXHIBITS**

**The following exhibits are used by the Department of Property.**

ANNUAL INVENTORY OF PROPERTY - SAMPLE FORMAT

\_\_\_\_\_ SCHOOL DISTRICT

INVENTORY AND VALUATION OF PROPERTY

\_\_\_\_\_ (FIXED ASSET)

September 30, 20\_\_

DEPARTMENT/DISTRICT: \_\_\_\_\_

Description	Serial/Model Number	Property Control Number	Date Purchased	Cost or Other Basis
TOTAL				\$

# SUMMARY STATEMENT OF FIXED ASSETS

Form F

STATE OF MISSISSIPPI

SCHOOL DISTRICT \_\_\_\_\_

Inventory Position as of \_\_\_\_\_ 20\_\_\_\_\_

	Beginning Balance <hr style="width: 50%; margin: 0 auto;"/>	Additions <hr style="width: 50%; margin: 0 auto;"/>	Deletions <hr style="width: 50%; margin: 0 auto;"/>	Ending Balance <hr style="width: 50%; margin: 0 auto;"/>
	20_____	20_____	20_____	20_____
<b>Mobile Equipment</b>				
<b>Furniture and Equipment</b>				
<b>Land</b>				
<b>Buildings</b>				
<b>Improvements Other Than Buildings</b>				
<b>Construction in Progress</b>				
<b>Leased Property under Capital Leases</b>				
<b>TOTALS</b>				

Prepared By \_\_\_\_\_

Official Title \_\_\_\_\_

\* *Additions and deletions records should be accompanied by board minutes authorizing fixed asset adjustments.*

# LOST OR STOLEN PROPERTY AFFIDAVIT

\_\_\_\_\_  
SCHOOL DISTRICT

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
ADDRESS

Location of Property: \_\_\_\_\_ Date: \_\_\_\_\_

<u>Description</u>	<u>Inventory Number</u>	<u>Report Number</u>	<u>Date Purchased</u>	<u>Cost or Value</u>
--------------------	-------------------------	----------------------	-----------------------	----------------------

Detailed Explanation of Loss: (In case of theft, robbery or mysterious disappearance, show the name of the Sheriff's Office notified and the date the loss was discovered. If such loss was not reported to a Sheriff's Office at the time of the discovery, give a complete explanation of such failure.)

**WE HEREBY STATE UNDER OATH THAT THE ABOVE FACTS ARE TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE.**

\_\_\_\_\_  
Board President Date

\_\_\_\_\_  
Property Manager Date

\_\_\_\_\_  
Employee Responsible for Property Date

THIS DATE PERSONALLY APPEARED BEFORE ME, the undersigned authority, in and for \_\_\_\_\_ County, in the State of Mississippi, the above named individuals, who, being first duly sworn, state on their oaths that the above facts are true and correct to the best of their knowledge.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_ **SCHOOL DISTRICT**

**Assignment of Fixed Assets  
(Hand Receipt)**

**TO:** PROPERTY MANAGER

**FROM:** \_\_\_\_\_  
(EMPLOYEE'S NAME)

**DATE:** \_\_\_\_\_

This is to verify that I have the equipment listed below and I am using it to conduct official school district business.

<u>Description of Equipment</u>	<u>Serial Number</u>	<u>Fixed Assets</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

\_\_\_\_\_  
(Employee's Signature)

**REQUEST FOR  
PERMANENT TRANSFER**

TO: PROPERTY MANAGER

FROM: \_\_\_\_\_  
(Employee's name)

DATE: \_\_\_\_\_

It is requested that the following items for which I am currently responsible be transferred to:

\_\_\_\_\_  
(Employee's name)

\_\_\_\_\_  
(Department/Division)

<u>Description of item</u>	<u>Serial number</u>	<u>Inventory number</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Transfer authorized by \_\_\_\_\_ Date \_\_\_\_\_  
(Property Manager)

I accept responsibility for the above inventory items - \_\_\_\_\_  
(Employee receiving inventory)

**HOW TO USE THE ATTACHED IMPLICIT PRICE DEFLATOR TABLES**

1. Table 4 is for reference and documentation purposes only. It reflects the values obtained from the U.S. Department of Commerce and the values for which estimates were made due to the unavailability of the actual values as of November 27, 1995.
2. Tables 1 through 3 reflect the index numbers (i.e., percentages) to be used to deflate a current value to a previous period. Table 1 uses the 2nd quarter of 1996 as 100, while Table 2 and Table 3 use the 1st quarter of 1996 and the 4th quarter of 1995, respectively, as 100.
3. To use the tables perform the following steps:
  - A. Select the appropriate table (1,2 or 3) based on the period for which the current value was determined. For example, if the estimated historical cost of an item is to be calculated using the current value as of the 4th quarter of 1995, you would select Table 3. Table 2 would be used if the current value is as of the 1st quarter of 1996, and Table 1 would be used if the current value is as of the 2nd quarter of 1996.
  - B. Using the appropriate table, find the applicable deflator value (percentage) for the period in which the item being valued was acquired. For example, if you are estimating the historical cost of an item acquired in the 1st quarter of 1990 using a current value of \$5,000 as of the 2nd quarter of 1996, you would go to Table 1 and find the deflator value under the 1st quarter column and in the 1990 row (i.e., 85.9). If you are unsure about the quarter in which the item was acquired, simply use the annual column value for the applicable year or your best estimate of the applicable year.
  - C. Multiply the current value by the deflator value (percentage) obtained from the applicable column and row in the appropriate table. In the example in B above, you would multiply \$5,000 by 85.9% and would get an estimated historical cost of \$4,295.
4. The following examples may help you feel more comfortable in using the tables and performing the related steps:

Ex. #	Qtr. Val.	Qtr. Acq.	Current Value	Table to Use	Deflator Value (%)	Est. Hist. Cost
1	2/96	1/90	\$5,000	1	85.9	\$4,295
2	1/96	1/89	\$3,750	2	82.7	\$3,101
3	4/95	3/92	\$1,100	3	94.1	\$1,035
4	2/96	?/88	\$ 900	1	80.0	\$ 720
5	1/96	2/91	\$1,350	2	90.6	\$1,223



## IMPLICIT PRICE DEFLATOR

Index Numbers, 1996 = 100

Quarter Year: 2nd

	I	II	III	IV	ANNUAL
1996	99.6	100.0			
1995	98.3	98.7	98.8	99.2	98.8
1994	96.3	97.0	97.5	97.8	97.1
1993	94.7	95.1	95.3	95.6	95.1
1992	92.4	93.0	93.3	93.9	93.1
1991	89.7	90.3	90.9	91.5	90.6
1990	85.9	86.8	87.7	88.6	87.3
1989	82.4	83.3	84.1	84.8	83.6
1988	78.7	79.5	80.5	81.3	80.0
1987	76.1	76.7	77.3	78.0	77.0
1986	74.0	74.3	74.9	75.5	74.7
1985	71.9	72.4	72.9	73.6	72.7
1984	69.1	69.8	70.6	71.0	70.1
1983	66.3	66.7	67.4	68.1	67.2
1982	63.4	64.3	64.9	65.5	64.6
1981	58.9	60.0	61.4	62.7	60.8
1980	53.3	54.5	55.9	57.3	55.2
1979	48.9	49.9	51.1	52.1	50.5
1978	44.8	46.0	46.9	47.9	46.5
1977	41.8	42.7	43.5	44.2	43.1
1976	39.4	39.9	40.5	41.3	40.3
1975	37.0	37.5	38.3	38.9	37.9
1974	33.4	34.1	35.1	35.9	34.6
1973	30.9	31.4	32.0	32.8	31.8
1972	29.4	29.7	30.0	30.5	29.9
1971	28.0	28.5	28.8	29.0	28.6
1970	26.6	27.0	27.2	27.5	27.1
1969	25.2	25.6	26.0	26.2	25.7
1968	24.0	24.3	24.7	25.0	24.5
1967	23.1	23.2	23.4	23.7	23.3
1966	22.3	22.6	22.7	23.0	22.7
1965	21.7	21.8	22.0	22.1	21.9
1964	21.2	21.3	21.3	21.5	21.3
1963	20.9	20.9	21.0	21.1	21.0
1962	20.6	20.6	20.7	20.8	20.7
1961	20.1	20.2	20.3	20.4	20.3
1960	20.0	20.0	20.1	20.0	20.0
1959	19.6	19.7	19.8	19.9	19.7

## IMPLICIT PRICE DEFLATOR

Index Numbers, 1996 = 100

Quarter Year: 1st

	I	II	III	IV	ANNUAL
1996	100.0				
1995	98.7	99.1	99.2	99.5	99.1
1994	96.7	97.4	97.8	98.1	97.5
1993	95.1	95.4	95.7	96.0	95.5
1992	92.7	93.3	93.7	94.3	93.5
1991	90.0	90.6	91.3	91.9	91.0
1990	86.2	87.2	88.0	88.9	87.6
1989	82.7	83.6	84.4	85.2	83.9
1988	79.0	79.8	80.8	81.6	80.4
1987	76.4	77.0	77.6	78.3	77.3
1986	74.2	74.6	75.2	75.8	74.9
1985	72.2	72.7	73.2	73.9	73.0
1984	69.4	70.1	70.8	71.3	70.4
1983	66.5	67.0	67.7	68.4	67.4
1982	63.7	64.5	65.2	65.7	64.8
1981	59.2	60.2	61.6	63.0	61.0
1980	53.5	54.8	56.1	57.5	55.5
1979	49.1	50.1	51.3	52.3	50.7
1978	45.0	46.2	47.1	48.1	46.6
1977	42.0	42.8	43.6	44.4	43.2
1976	39.6	40.1	40.7	41.5	40.4
1975	37.1	37.7	38.4	39.1	38.1
1974	33.5	34.2	35.2	36.0	34.7
1973	31.0	31.6	32.2	32.9	31.9
1972	29.5	29.9	30.2	30.6	30.0
1971	28.2	28.6	28.9	29.2	28.7
1970	26.7	27.1	27.3	27.6	27.2
1969	25.3	25.7	26.1	26.3	25.8
1968	24.1	24.4	24.7	25.1	24.6
1967	23.2	23.3	23.5	23.8	23.4
1966	22.4	22.7	22.8	23.1	22.7
1965	21.8	21.9	22.0	22.2	22.0
1964	21.3	21.3	21.4	21.6	21.4
1963	21.0	21.0	21.0	21.2	21.0
1962	20.6	20.7	20.8	20.9	20.8
1961	20.2	20.3	20.4	20.5	20.3
1960	20.1	20.1	20.2	20.1	20.1
1959	19.6	19.8	19.9	20.0	19.8

## IMPLICIT PRICE DEFLATOR

Index Numbers, 1995 = 100

Quarter Year: 4th

	I	II	III	IV	ANNUAL
1995	99.1	99.5	99.7	100.0	99.6
1994	97.1	97.8	98.3	98.6	98.0
1993	95.5	95.9	96.1	96.4	96.0
1992	93.2	93.8	94.1	94.7	93.9
1991	90.4	91.1	91.7	92.3	91.4
1990	86.6	87.6	88.4	89.4	88.0
1989	83.1	84.0	84.8	85.5	84.3
1988	79.3	80.2	81.2	82.0	80.7
1987	76.8	77.3	77.9	78.6	77.7
1986	74.6	75.0	75.5	76.1	75.3
1985	72.5	73.0	73.5	74.2	73.3
1984	69.7	70.4	71.2	71.6	70.7
1983	66.8	67.3	68.0	68.7	67.8
1982	63.9	64.8	65.5	66.0	65.1
1981	59.4	60.5	61.9	63.2	61.3
1980	53.8	55.0	56.3	57.8	55.7
1979	49.3	50.3	51.5	52.5	50.9
1978	45.2	46.4	47.3	48.3	46.9
1977	42.2	43.0	43.8	44.6	43.4
1976	39.8	40.2	40.9	41.6	40.6
1975	37.3	37.8	38.6	39.2	38.2
1974	33.6	34.3	35.4	36.2	34.9
1973	31.2	31.7	32.3	33.1	32.1
1972	29.7	30.0	30.3	30.8	30.1
1971	28.3	28.7	29.1	29.3	28.8
1970	26.8	27.3	27.4	27.7	27.4
1969	25.4	25.8	26.2	26.4	26.0
1968	24.2	24.6	24.9	25.2	24.7
1967	23.3	23.4	23.6	23.9	23.5
1966	22.5	22.8	22.9	23.2	22.8
1965	21.9	22.0	22.1	22.3	22.1
1964	21.4	21.4	21.5	21.7	21.5
1963	21.1	21.1	21.1	21.3	21.1
1962	20.7	20.8	20.9	21.0	20.9
1961	20.3	20.4	20.5	20.6	20.4
1960	20.2	20.2	20.3	20.2	20.2
1959	19.7	19.9	20.0	20.0	19.9

## IMPLICIT PRICE DEFLATOR

Index Numbers, 1987 = 100

Quarter Year:

	I	II	III	IV	ANNUAL
1996	*	*			
1995	129.3	129.8			
	127.6	128.1	128.3	* 128.7	* 128.2
1994	125.0	125.9	126.5	126.9	126.1
1993	122.9	123.4	123.7	124.1	123.5
1992	119.9	120.7	121.1	121.9	120.9
1991	116.4	117.2	118.0	118.8	117.6
1990	111.5	112.7	113.8	115.0	113.3
1989	106.9	108.1	109.1	110.1	108.5
1988	102.1	103.2	104.5	105.5	103.9
1987	98.8	99.5	100.3	101.2	100.0
1986	96.0	96.5	97.2	98.0	96.9
1985	93.3	94.0	94.6	95.5	94.4
1984	89.7	90.6	91.6	92.2	91.0
1983	86.0	86.6	87.5	88.4	87.2
1982	82.3	83.4	84.3	85.0	83.8
1981	76.5	77.9	79.7	81.4	78.9
1980	69.2	70.8	72.5	74.4	71.7
1979	63.5	64.8	66.3	67.6	65.5
1978	58.2	59.7	60.9	62.2	60.3
1977	54.3	55.4	56.4	57.4	55.9
1976	51.2	51.8	52.6	53.6	52.3
1975	48.0	48.7	49.7	50.5	49.2
1974	43.3	44.2	45.5	46.6	44.9
1973	40.1	40.8	41.6	42.6	41.3
1972	38.2	38.6	39.0	39.6	38.8
1971	36.4	37.0	37.4	37.7	37.1
1970	34.5	35.1	35.3	35.7	35.2
1969	32.7	33.2	33.7	34.0	33.4
1968	31.2	31.6	32.0	32.4	31.8
1967	30.0	30.1	30.4	30.8	30.3
1966	29.0	29.3	29.5	29.9	29.4
1965	28.2	28.3	28.5	28.7	28.4
1964	27.5	27.6	27.7	27.9	27.7
1963	27.1	27.1	27.2	27.4	27.2
1962	26.7	26.8	26.9	27.0	26.9
1961	26.1	26.2	26.4	26.5	26.3
1960	26.0	26.0	26.1	26.0	26.0
1959	25.4	25.6	25.7	25.8	25.6

\* Values Estimated by personnel of the Office of the State Auditor of Miss. Other values were obtained from the U.S. Dept. Of Commerce, Bureau of Economic Analysis on 11/27/95.

## IMPLICIT PRICE DEFLATOR

Implicit Price Deflator, continued  
Index Numbers, 1987 = 100

	I	II	III	IV	ANNUAL
1955					22.9
1954					22.2
1953					22.0
1952					21.5
1951					21.3
1950					20.2
1949					19.9
1948					20.0
1947					18.7
1946					16.7
1945					13.3
1944					12.6
1943					12.5
1942					12.3
1941					11.7
1940					11.0
1939					10.8
1938					10.9
1937					11.2
1936					10.6
1935					10.6
1934					10.3
1933					9.5
1932					9.7
1931					11.0
1930					12.1
1929					12.6

Source: United States Department of Commerce, Bureau of Economic Analysis.



**SECTION H                    PRESCRIBED CODING SYSTEM**

All school districts shall utilize the prescribed coding system as detailed in Sections H, I, J, K, L and M of this manual. This coding system must be uniformly complied with in order to met objectives of the Office of the State Auditor as well as that of the Mississippi Department of Education. This coding system will also provide financial comparability among school districts.

The overall account structure is designed to be efficient and effective and provide for a basic management tool for the individual school districts. It creates a common language for use in controlling, recording, accumulating and reporting the financial activities of the school district.

The prescribed coding system, consists of a minimum of sixteen (17) digits and a maximum of twenty (20) digits. The digits should be in the format as illustrated below:

	XXXX	XXX	XXXX	XXX	XXX	XXX
Fund or Account Group Code	XXXX					
General Ledger Code		XXX				
Function Code			XXXX			
Program Code (*)				XXX		
Object Code					XXX	
Operational Unit Code (**)						XXX

(\*)        The use of program codes is optional.

(\*\*)        The use of operational unit codes is mandatory for Expenditure Function Codes #1000 through #2490 and for all expenditures for Title I. The use of operational unit codes is optional for all other expenditures. (See Note #6 at the end of this section )

**THE ONLY EXCEPTIONS TO THE PRESCRIBED CODES IN SECTIONS' I, J, K AND M, AS REPORTED IN THIS MANUAL, ARE AS FOLLOWS:**

**SECTION I**

No additions or expansions of any Section I codes are allowed.

**SECTION J**

No additions are allowed. Expansions of any Section J codes would be per the discretion of the individual school district. For reporting purposes, all expanded Section J codes **must** be collapsed back into the code expanded from.

**For example:**

101 Cash and Other Deposits

The school district decides to expand this code to the following:

101 Cash and Other Deposits  
 102 Petty Cash  
 103 Cash for Athletics  
 104 Cash for School Lunch Program

At the end of the fiscal year and before any reports are prepared the school district must collapse these expanded codes back into code 101. If they are **NOT** collapsed, the reports generated for MSIS will be rejected.

Expansions of Section J codes would require the school district's records to generate sub-totals for each expanded Section J codes and an overall total of the code expanded from. The school district's records must have the capability of generating an individual transaction history file for each Section J code used by the school district, whether expanded or not.

**SECTION K**

No additions or expansions of any Section K codes are allowed.

**SECTION M**

No additions are allowed. Expansions of any Section M codes would be per the discretion of the individual school district. For reporting purposes, all expanded Section M codes **must** be collapsed back into the code expanded from.

**For example:**

1120 Elementary Programs

The school district decides to expand this code to the following:

1121 Middle Elementary Programs  
 1122 East Elementary Programs  
 1123 South Elementary Programs  
 1124 North Elementary Programs  
 1125 West Elementary Programs

At the end of the fiscal year and before any reports are prepared the school district must collapse these expanded codes back into code 1120. If they are **NOT** collapsed, the reports generated for MSIS will be rejected.

Expansions of Section M codes would require the school district's records to generate sub-totals for each expanded Section M codes and an overall total of the code expanded from. The school district's records must have the capability of generating an individual transaction history file for each Section J code used by the school district, whether expanded or not.



## 1. **FUND AND ACCOUNT GROUP CODE:**

The first four digits will identify the fund or account group for which the transaction will be processed and recorded in. The individual fund and account group codes are detailed in Section I of this manual.

## 2. **GENERAL LEDGER CODES:**

The three digit general ledger codes identify the balance sheet accounts and the operation accounts for which the transaction will be processed and recorded in. The following listing illustrates the different ranges for the balance sheet and operation accounts codes.

### **Balance Sheet Accounts:**

- 100's - Assets and Other Debits
- 200's - General Fixed Assets
- 300's - Budgetary - Revenues
- 400's - Liabilities - Current
- 500's - Liabilities - Long-term
- 600's - Budgetary - Appropriations/Encumbrances
- 700's - Fund Equity and Other Credits

The individual balance sheet account codes are detailed in Section J of this manual.

### **Operation Accounts:**

- 800 - Revenues
- 900 - Expenditure/Expenses

*[NOTE: The general ledger operation account codes precede the following four digit function codes for revenues and expenditures/expenses' transaction.]*

## 3. **FUNCTION CODES:**

The four digit function codes identify revenue or expenditure/expense transactions. The revenue function codes are detailed in Section K of this manual. The expenditure/expense function codes are detailed in Section L of this manual. The following listing summarizes the major section ranges for revenues and expenditures/expense.

### **Revenue:**

- 1000's- Local Sources
- 2000's - Intermediate Sources
- 3000's - State Sources
- 4000's - Federal Sources
- 5000's - Sixteenth Section Sources

- 6000's - Other Financing Sources
- 7000's - Direct Increases in Fund Equity

***[NOTE: Please note that each revenue function code would be preceded by an 800 general ledger code as directed in section 2 above.]***

**Expenditures/Expenses:**

- 1000's - Instruction
- 2000's - Support Services
- 3000's - Operation of Noninstructional Services
- 4000's - Sixteenth Section
- 5000's - Facilities Acquisition and Construction Services
- 6000's - Debt Service
- 7000's - Other Financing Uses
- 8000's - Direct Decreases in Fund Equity

***[NOTE. Please note that each expenditure/ expense function code would be preceded by a 900 general ledger code as directed in section 2 above.]***

**4. PROGRAM CODES:**

The three digit program codes are used to identify an organizational unit or activity for which financial information is to be accumulated. The use of the program code is optional. The school district will be responsible for establishing its own program codes, if utilized.

**5. OBJECT CODES:**

**Revenue Object Codes:**

The three digit revenue object codes are provided as an optional mean of implementing GASB 34 reporting requirements. The following optional revenue object code ranges should be used if your district decides there is a need to further detail the individual revenue function codes. These revenue object codes may expedite and enhance the fiscal year-end government wide reporting preparation.

- 100's Charges for Services
- 200's Operating Grants and Contributions
- 300's Capital Grants and Contributions
- 400's General Revenues

The revenue object codes are detailed and explained in Section K of this manual.

**Expenditure/Expense Object Codes:**

The following prescribed three digit expenditure/expense object codes further details' each expenditure/expense transaction.

- 100's Personal Services - Salaries
- 200's Personal Services - Employee Benefits
- 300's Purchased Professional and Technical Services
- 400's Purchased Property Services
- 500's Other Purchased Services
- 600's Supplies
- 700's Property
- 800's Other Objects
- 900's Other Uses of Funds

The expenditure/expense object codes are detailed in Section M of this manual.

**6. OPERATIONAL UNIT CODES:**

The three digit operational unit codes identify the specific school or cost centers of the school district. The operational unit codes to be used are the school numbers assigned by the Mississippi Department of Education for ADA and personnel reporting. The use of operational unit codes is **mandatory** for:

- a. Expenditures of every fund of the school district that are coded to expenditure function codes 1000 through 2490 for funds 1000 to 3999;
- b. All Title I expenditures, regardless of the expenditure function code.

The use of operational unit codes is **optional** for all other expenditures.



**SECTION I                      FUND AND ACCOUNT GROUP CODES**

The following four digit fund and account group codes will identify the fund types, individual funds or account groups that are to be used by all school districts of the State of Mississippi. The individual fund and account group code numbers assigned should not be changed or altered. Only funds assigned a range of code numbers will allowances be made for the school district to add individual funds to meet that school district’s needs.

<u>Code</u>	<u>Fund Type</u>	<u>Individual Funds</u>
 <b><u>GOVERNMENTAL FUND TYPES:</u></b>		
<b>GENERAL FUND</b>		
1120		District Maintenance Fund
1130		Special Education Fund
1140		Alternative School Fund
1151	through 1899	General Activity Funds
1901	through 1999	User Defined General Funds

**SPECIAL REVENUE FUNDS**

Special Statute Funds

2001		Uniform Millage Assistance Grant Program Fund <i>(Note 1)</i>
2002		Education Reform Act Fund
2003		Asbestos Inspection Fund
2004		Asbestos Removal Fund
2010		Interim Capital Expenditures Fund
2040		Level 1 Accreditation Grant Fund
2060		Title III - Goals 2000, Educate America Act Fund
2070		Technology in the Classroom Fund
2080		Technology Literacy Challenge Fund
2090		Extended School Year

Child Nutrition Funds

2110		School Food Service Fund <i>(Note 2)</i>
2111		Child and Adult Care Food Program Fund <i>(Note 2)</i>
2129		Summer Food Service Fund - 1999 Calendar Year <i>(Note 3)</i>
2120		Summer Food Service Fund - 2000 Calendar Year <i>(Note 3)</i>
2121		Summer Food Service Fund - 2001 Calendar Year <i>(Note 3)</i>
2122		Summer Food Service Fund - 2002 Calendar Year <i>(Note 3)</i>
2123		Summer Food Service Fund - 2003 Calendar Year <i>(Note 3)</i>
2124		Summer Food Service Fund - 2004 Calendar Year <i>(Note 3)</i>
2125		Summer Food Service Fund - 2005 Calendar Year <i>(Note 3)</i>
2191	through 2199	Other Child Nutrition Program Funds

Title I Funds

2210		Title I - Low Grant Funds (Regular & Carryover)
<b>2211</b>		<b>Title I -A Basic FYE - 2003</b>
<b>2215</b>		<b>Title I - B-3 Reading First FYE - 2003</b>
2220		Title I - Even Start Funds (Regular & Carryover)
<b>2221</b>		<b>Title I - B-3 Even Start Funds FYE - 2003</b>
2230		Title I - Handicapped Fund (Regular & Carryover)
2240		Title I - Program Improvement Fund
2250		Title I - Capital Expense Private Schools Fund
2255		Title I - Coop Funds for Private Schools
2260		Title I - Migrant Fund
2261		Title I - Migrant Fund - Direct Services
<b>2262</b>		<b>Title I - C Migrant FYE - 2003</b>
<b>2270</b>		<b>Title I - D Neglected and Delinquent FYE - 2003</b>
<b>2280</b>		<b>Title I - F Comprehensive School Reform FYE - 2003</b>
2290		Consolidated Administrative Cost Fund

Title VI Funds

2310 Title VI Funds (Regular & Carryover)  
2311 **Title VI - B-2 Rural and Low Income School Program FYE 2003**  
2320 Title VI - Class Size Reduction Initiative Fund

**Title V Funds**

**2330 Title V - A Innovative Programs**

Education Enhancement Funds

2410 EEF - Buildings and Buses Fund  
2420 EEF - Textbooks and Other Educational Materials Fund (*Note 4*)  
2430 EEF - Transportation Operations and Maintenance Fund  
2440 EEF - Classroom Supplies and Instructional Materials Fund

Title II Funds

2510 Title II - Eisenhower Math/Science, Regular Grant Funds  
2511 **Title II - A Improving Teacher Quality FYE 2003**  
2515 **Title II - D Educational Technology State Grants FYE 2003**  
2520 Title II - Eisenhower Math/Science, Exemplary Grant Funds

**Title III Funds**

**2560 Title III - Language Instruction for LEP and Immigrant Students  
FYE 2003**

EHA, Part B Grant Funds

2617 EHA, Part B 1997 FY Grant Fund  
2618 EHA, Part B 1998 FY Grant Fund  
2619 EHA, Part B 1999 FY Grant Fund  
2610 EHA, Part B 2000 FY Grant Fund (*Note 5*)  
2627 EHA, Preschool 1997 FY Grant Fund

2628 EHA, Preschool 1998 FY Grant Fund  
 2629 EHA, Preschool 1999 FY Grant Fund  
 2620 EHA, Preschool 2000 FY Grant Fund (*Note 5*)  
 2630 School Renovation and Repair Fund

Vocational Education Funds

2711 Vocational Education - Basic Fund (Local, State & Fed.)  
 2714 Vocational Education - III E - Tech/Prep Fund  
 2721 Vocational Rehabilitation - Work Experience Program Fund  
 2731 JTPA - II A Fund  
 2732 JTPA - II B Fund  
 2733 JTPA - II C Fund  
 2734 JTPA - 8% Fund  
 2735 JTPA - 5% Fund

Title IV Funds and Other Special Revenue Funds

2810 Title IV Funds  
**2811 Title IV - A Safe and Drug-Free Schools and Communities - FYE 2003**  
**2812 Title IV - B 21<sup>st</sup> Century Learning Centers - FYE 2003**  
**2814 Title X - C Education for Homeless Children and Youth - FYE 2003**  
**2815 CDC-Comprehensive School Health, HIV/AIDS - FYE 2003**  
**2816 State Assessments - FYE 2003**  
 2820 Unemployment Compensation Revolving Fund  
 2830 Forestry Escrow Fund  
 2840 through 2899 Sixteenth Section Interest Funds  
 2901 through 2999 Other Special Revenue Funds

**CAPITAL PROJECTS FUNDS**

3011 through 3019 Public School Building Funds (State Funds)  
 3021 through 3099 Building Project Funds (Local Funds)



3901 through 3999 Other Capital Projects Funds

**DEBT SERVICE FUNDS**

*[NOTE: Individual funds should be established for each individual debt issuance.]*

4011 through 4019 Shortfall Notes Retirement Funds  
4021 through 4029 Three Mill Notes Retirement Funds  
4031 through 4039 Bond Issues Retirement Funds  
4041 through 4049 MAEP Retirement Funds  
4091 through 4999 Other Debt Retirement Funds

**PERMANENT FUNDS**

7211 through 7289 Sixteenth Section Principal Funds  
7291 through 7299 Other Non-expendable Trust Funds (*Note 6*)

**PROPRIETARY FUND TYPES:**

**ENTERPRISE FUNDS**

5011 through 5099 Enterprise Funds

**INTERNAL SERVICE FUNDS**

6011 through 6099 Internal Service Funds

**FIDUCIARY FUND TYPES:**

**AGENCY FUNDS**

7320 through 7380 Club Funds  
7310 Payroll Clearing Fund  
7500 Accounts Payable Clearing Fund  
7900 through 7999 Other Agency Funds

## PRIVATE PURPOSE TRUST FUNDS

7401 through 7450 Other Private Purpose Funds (*Note 7*)

### ACCOUNT GROUPS:

8000 GENERAL FIXED ASSETS ACCOUNT GROUP

9000 GENERAL LONG-TERM DEBT ACCOUNT GROUP

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**Note 1:** The Uniform Millage Assistance Grant Program Fund is to be used to account for both the Regular Equity Funding portion (revenue code #3260) and the Education Enhancement Fund portion (revenue code #3210) of the revenues received under the Uniform Millage Assistance Grant Program.

**Note 2:** The school food service fund is to be used to account for food distribution (CFDA #10.550), the school breakfast program (CFDA #10.553), the national school lunch program (CFDA #10.555). Fund # 2111 should be used to account for the child and adult care food program (CFDA # 10.558).

**Note 3:** A separate fund must be used to account for the summer food service program (CFDA #10.559). It cannot be accounted for as part of the school food service fund.

**Note 4:** The EEF - textbooks and other educational materials' fund is to be used to account for both the Education Enhancement Fund (revenue function code #3210) and the textbook funds (revenue function code #3215).

**Note 5:** All yearly revenues from the noted federal sources will be reported within this fund number from this revised printing forward.

**Note 6:** Funds established to report resources legally restricted so that only the earnings they generate, and not the resources themselves, may be used. This would include endowments where only the interest earned from the principal amount given would be expended.

**Note 7:** Funds established to report resources held for others in a trust capacity. This would include endowments held for scholarships where the total amount will be expended.

## **SECTION J**                    **BALANCE SHEET CODING**

The balance sheet is a basic financial statement that reports assets and other debits, liabilities and fund equity and other credits. It is prepared at the end of a fiscal year (June 30) and shows a school district's resources and claims against those resources. The balance sheet can be presented on combined, combining or an individual fund basis. For financial reporting purposes, the school district will prepare a combined balance sheet.

The combined balance sheet will be divided into three categories consisting of assets and other debits, liabilities and fund equity and other credits. Only the current expendable financial resources and the related liabilities should be included in the balance sheet for Governmental and Fiduciary Fund Types. The capital assets and long-term liabilities will be reported in the General Fixed Assets Account Group and the General Long-term Debt Account Group, respectively. The balance sheet for Proprietary Fund Types will contain classifications similar to those for a business enterprise (current assets, capital assets, current liabilities, long-term liabilities, retained earnings, etc.). The fund equity segregation indicates the amount of resources "reserved" and the amount "designated." A reserved fund balance is legally restricted or segregated for future use, while a designated fund balance shows the school district's tentative plans for future resource use. The remaining unreserved, undesignated fund balance is the amount uncommitted and available for any legally authorized use.

**No additional codes are allowed for reporting purposes.** Expansions of any Section J codes would be per the discretion of the individual school district. For reporting purposes, all expanded Section J codes **must** be collapsed back into the code expanded from.

**For example:**

101      Cash and Other Deposits

The school district decides to expand this code to the following:

101	Cash and Other Deposits
102	Petty Cash
103	Cash for Athletics
104	Cash for School Lunch Program

At the end of the fiscal year and before any reports are prepared the school district must collapse these expanded codes back into code 101. If they are **NOT** collapsed, the reports generated for MSIS will be rejected.

Expansions of Section J codes would require the school district's records to generate subtotals for each expanded Section J code and an overall total of the code expanded from. The school district's records must have the capability of generating an individual transaction history file for each listed Section J code, whether expanded or not.

**BALANCE SHEET ACCOUNT CODES:**

<u>Code</u>	<u>Account</u>
-------------	----------------

**ASSETS AND OTHER DEBITS:****ASSETS**

101	Cash and Other Deposits
105	Cash With Fiscal Agents
111	Investments
121	Due From Local Sources
122	Due From State Sources
123	Due From Federal Sources
124	Accrued Interest Receivable
125	Other Receivables
126	Bond Proceeds Receivable
127	Sixteenth Section Loans Receivable
128	Sixteenth Section Lease Receivable
130	Allowance for Doubtful Accounts
131	Due From Other Funds
132	Advances to Other Funds
134	Mississippi School Boards Association Cash Flow Management Program Assets
141	Inventory of Supplies
142	Inventory of Stores for Resale
143	Inventory of Food
144	Inventory of Donated Commodities
151	Prepaid Items

**OTHER DEBITS**

152	Amount to Be Provided for Retirement of General Long-term Debt
154	Amount Available in Debt Service Fund

**CAPITAL ASSETS**

- 201 Land
- 211 Buildings
- 212 Building Improvements
- 221 Improvements Other Than Buildings
- 231 Mobile Equipment
- 241 Furniture and Equipment
- 251 Leased Property Under Capital Leases
- 261 Construction in Progress
- 290 Accumulated Depreciation

**BUDGETING ACCOUNTS**

- 301 Estimated Revenues

**LIABILITIES:**

- 401 Claims Payable
- 402 Judgments Payable
- 411 Construction Contracts Payable
- 412 Retained Percentage Payable
- 421 Performance Bonds Payable
- 431 Accrued Payroll
- 432 Salary Benefits Payable
- 433 Salary Withholdings Payable
- 436 Due to Student Clubs
- 441 Due to Other Funds
- 442 Advances From Other Funds
- 451 Deferred Revenue
- 461 Other Payables
- 480 Revenue Anticipation Notes Payable

**LONG-TERM DEBT**

- 501 General Obligation Bonds Payable
- 502 Certificates of Participation Payable
- 503 Three Mill Notes Payable
- 504 Transportation Notes Payable
- 505 Sixteenth Section Principal Loans Payable
- 506 Shortfall Notes Payable
- 507 Obligations Under Capital Leases
- 508 Installment Purchases Loans Payable
- 509 Other Loans Payable
- 510 Limited Obligation Bonds Payable
- 512 Obligations Under Energy Efficiency Leases
- 513 Qualified Zone Academy Bonds (Loans) Payable
- 514 Judgements Payable
- 551 Compensated Absences Payable

**BUDGETARY ACCOUNTS**

- 601 Appropriations
- 602 Encumbrances

**FUND EQUITY AND OTHER CREDITS:**

**OTHER CREDITS**

- 701 Investment in Capital Assets

**FUND EQUITY**

711	Retained Earnings/Unreserved
721	Reserved for Investments
722	Reserved for Unemployment Benefits
723	Reserved for Forestry Improvements
724	Reserved for Advances
725	Reserved for Capital Improvements
726	Reserved for Endowments
727	Reserved for Debt Service
728	Reserved for Encumbrances
729	Reserved for Inventory
730	Reserved for Prepaid Items
731	Reserved for Ad Valorem
732	Reserved for Other Commitments
733	Reserved for Arbitrage Commitments
741	Unreserved/Designated
751	Unreserved/Undesignated
752	Budgetary - Estimated Revenues
753	Budgetary/Reserved for Encumbrances

**Code**                      **Descriptions and Definitions**

101	<u>Cash and Other Deposits</u> - Non-interest and interest-bearing demand accounts and time certificates of deposit with a bank or savings and loan institution. This account will also include cash on hand, petty cash and change cash.
105	<u>Cash With Fiscal Agents</u> - Deposits with fiscal agents, such as commercial banks, for paying matured bonds and interest. This account would also include all funds transferred to the a trust account that will be held for payment of debt at a future date. <b>[NOTE: Does not include funds transferred for a defeasance of debt.]</b>
111	<u>Investments</u> - Securities (except bank demand deposits and certificates of deposit) held for the production of revenues in the form of interest or dividends.
121	<u>Due From Local Sources</u> - An asset account reflecting amounts due to the Local Educational Agency (LEA), except interest, that are classified as local sources in the revenue accounts.
122	<u>Due From State Sources</u> - An asset account reflecting amounts due to the LEA that are classified as state sources in the revenue accounts.
123	<u>Due From Federal Sources</u> - An asset account reflecting amounts due to the LEA that are classified as federal sources in the revenue accounts.
124	<u>Accrued Interest Receivable</u> - An asset account reflecting the amount of interest earned on cash and other deposit accounts and/or investment accounts not received by the LEA.
125	<u>Other Receivables</u> - An asset account reflecting amounts due to the LEA, but not received, that are not required to be recorded in another account.
126	<u>Bond Proceeds Receivable</u> - An asset account reflecting the amount of bonded debt proceeds available but not received by the LEA.
127	<u>Sixteenth Section Loans Receivable</u> - An asset account reflecting the amount owed to the sixteenth section principal fund for loans made to the LEA.
130	<u>Allowance for Doubtful Accounts</u> - A valuation account used to indicate the portion of receivables which is estimated to be uncollectible.
131	<u>Due From Other Funds</u> - An asset account reflecting amounts owed to one fund by another fund within the LEA. This account includes only short-term obligations.
132	<u>Advances to Other Funds</u> - An asset account reflecting amounts owed to one fund by another within the LEA. This account includes only long-term obligations. <b>[NOTE: Long-Term means due passed 12 months.]</b>
134	<u>Mississippi School Boards Association Cash Flow Management Program Assets</u> - An asset account used for amounts held on behalf of the school district as a participant in the MSBA cash flow management program.
141	<u>Inventory of Supplies</u> - An asset account which reflects the cost of supplies on hand for use in operations.
142	<u>Inventory of Stores for Resale</u> - An asset account which reflects the cost of goods held for resale rather than use in operations.
143	<u>Inventory of Food</u> - An asset account which reflects the cost of purchased food on hand for use in the food service operations.



144	<u>Inventory of Donated Commodities</u> - An asset account which reflects the cost of food donated by the federal government and distributed by the Mississippi Department of Education.
151	<u>Prepaid Items</u> - An asset account reflecting charges entered in the accounts for benefits not yet received. <i>[NOTE: Examples of prepaid items are prepaid rent, prepaid interest and unexpired insurance premiums.]</i>
152	<u>Amount to Be Provided for Retirement of General Long-term Debt</u> - An "other debit" account in the General Long-term Debt Account Group which represents the amount to be provided from tax levies or other revenue sources to liquidate general long-term debt liabilities.
154	<u>Amount Available in Debt Service Fund</u> - An account in the General Long-term Debt Account Group that represents available funds held by the LEA for the retirement of general long-term debt liabilities.
201	<u>Land</u> - A capital asset account that reflects the acquisition cost of land owned by the LEA.
211	<u>Buildings</u> - A capital asset account reflecting the acquisition and major improvement cost of permanent structures, such as school buildings, administrative buildings, athletic field houses, gymnasiums, and portable classrooms, owned by the LEA.
212	<u>Building Improvements</u> - A capital asset account reflecting the acquisition of major heating and cooling units, major renovation projects such as the removal and replacement of a roof. This asset would have a estimated useful life of 20 years but not 40 as would be for buildings.
221	<u>Improvements Other Than Buildings</u> - A capital asset account reflecting the acquisition cost of athletic fields, lighting, bleachers, and other similar improvements that cannot be directly associated with a particular building.
231	<u>Mobile Equipment</u> - A capital asset account reflecting the acquisition cost of all school buses, automobiles, trucks and vans. This account will also include all large lawn maintenance equipment, tractors, etc.
241	<u>Furniture and Equipment</u> - A capital asset account reflecting the acquisition cost of furniture and equipment owned by the LEA.
251	<u>Leased Property Under Capital Leases</u> - A capital asset account reflecting the original acquisition cost of property purchased capital lease contracts.
261	<u>Construction in Progress</u> - A capital asset account reflecting accumulated capitalized cost of construction projects not completed at fiscal year end.
290	<u>Accumulated Depreciation</u> - A contra-asset account used to record the accumulation of periodic credits made to record the expiration of the estimated service life of capital assets.
301	<u>Estimated Revenues</u> - The amount of revenues estimated to be received or to become receivable during the fiscal period. At the end of the fiscal period, the account is closed out and does not appear on the balance sheet. This account would appear in interim financial statements.
401	<u>Claims Payable</u> - A liability account reflecting obligations for goods and services received by the LEA for which payment has not been made.
402	<u>Judgments Payable</u> - A current liability account reflecting amounts owed as a result of court decisions, including condemnation awards for private property taken for public use.

## Code

## Descriptions and Definitions

Revised 2/1/2004

411	<u>Construction Contracts Payable</u> - A liability account reflecting amounts due on contracts for construction of buildings and other improvements.
412	<u>Retained Percentage Payable</u> - A liability account reflecting amounts due on construction contracts for that portion of the work which has been completed but on which part of the liability has not been paid pending final inspection or lapse of a specified time period, or both. The unpaid amount is usually a stated percentage of the contract price.
421	<u>Performance Bonds Payable</u> - A liability account reflecting amounts due to outside entities for bonds deposited that are due upon vendor performance.
431	<u>Accrued Payroll</u> - A liability account reflecting the net amounts due to employees.
432	<u>Salary Benefits Payable</u> - A liability account reflecting the employer matching amounts of benefits due to state agencies, federal agencies and other outside entities.
433	<u>Salary Withholdings Payable</u> - A liability account reflecting employee salary and wage withholdings due to state agencies, federal agencies and other outside entities.
436	<u>Due to Student Clubs</u> - A liability account reflecting amounts due to student clubs.
441	<u>Due to Other Funds</u> - A liability account reflecting amounts owed by one fund to another fund in the same government for goods sold or services rendered. These amounts include only short-term obligations on open account and not noncurrent portions of long-term loans.
442	<u>Advances From Other Funds</u> - A liability account used to record noncurrent portions of long-term debt owed by one fund to another fund in the same government.
451	<u>Deferred Revenue</u> - A liability account used to record revenue amounts for which the asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available.
461	<u>Other Payables</u> - A liability account reflecting amounts owed by the LEA not required to be recorded in another liability account.
480	<u>Revenue Anticipation Notes Payable</u> - A liability account used to record amounts owed by the LEA for revenue anticipation notes payable.
501	<u>General Obligation Bonds Payable</u> - A liability account used to record amounts owed by the LEA for outstanding general obligation bonds.
502	<u>Certificates of Participation Payable</u> - A liability account used to record amounts owed by the LEA for outstanding certificates of participation.
503	<u>Three Mill Year Notes Payable</u> - A liability account used to record amounts owed by the LEA for outstanding three mill notes.
504	<u>Transportation Loans Payable</u> - A liability account used to record amounts owed by the LEA for transportation equipment loans.
505	<u>Sixteenth Section Principal Loans Payable</u> - A liability account used to record amounts owed by the LEA for loans made from sixteenth section principal funds.
506	<u>Shortfall Notes Payable</u> - A liability account used by the LEA to record amounts owed for shortfall debt borrowing .

## Code

## Descriptions and Definitions

Revised 2/1/2004

507	<u>Obligations Under Capital Leases</u> - A liability account used to record amounts owed by the LEA for the total unpaid principal portion of capital lease-purchase agreements.
508	<u>Installment Purchases Loans Payable</u> - A liability account used to record amounts owed by the LEA for the total unpaid principal portion of installment purchase loan agreements.
509	<u>Other Loans Payable</u> - A liability account used to record amounts owed by the LEA for loans not required to be coded in another account.
510	<u>Limited Obligation Bonds Payable</u> - A liability account used to record amounts owed by the LEA for outstanding bonds whereby the repayment of such bonds are from a pledge of resources from another governmental agency.
512	<u>Obligations Under Energy Efficiency Leases</u> - A liability account used to record amounts owed by the LEA for the total unpaid principal portion of an energy efficiency lease agreement entered into under the authority of Section 31-7-14, Mississippi Code Annotated (1972).
513	<u>Qualified Zone Academy Bonds(Loans) Payable</u> - A liability account used to record debt issuances that qualify as a "qualified zone academy bond" as defined by Section 226 of the Taxpayer Relief Act of 1997(Public Law 105-34).
514	<u>Judgements Payable</u> - A long-term liability account reflecting amounts owed as a result of court decisions, including condemnation awards for private property take for public use.
551	<u>Compensated Absences Payable</u> - A liability account used to record the amount expected to be paid to the LEA's employees for accumulated leave earned by those employees.
601	<u>Appropriations</u> - A budgetary account established to record spending authorizations granted by the school board or legislative body to make expenditures for specific purposes. This account appears in a balance sheet prepared during the fiscal period. It is closed out and does not appear in the balance sheet prepared at the close of the fiscal period.
602	<u>Encumbrances</u> - This account represents commitments related to unperformed contracts (outstanding purchase orders) for goods and services or salary commitments chargeable to an appropriation and for which part of the appropriation is reserved. In an interim balance sheet, encumbrances are deducted, along with the expenditures from the appropriations account, to arrive at the unencumbered balance.
701	<u>Investment in Capital Assets</u> - An account in the General Fixed Assets Account Group which represents the government's equity in general capital assets.
711	<u>Retained Earnings/Unreserved</u> - An equity account reflecting the accumulated earnings of an Enterprise or Internal Service Fund.
721	<u>Reserved for Investments</u> - An account that represents the portion of the fund balance of the sixteenth section principal fund which is legally restricted for investment purposes.
722	<u>Reserved for Unemployment Benefits</u> - An account that represents the fund balance of the unemployment compensation revolving fund which is legally restricted for the payment of unemployment benefits.
723	<u>Reserved for Forestry Improvements</u> - An account that represents the fund balance of the sixteenth section forestry escrow fund which is legally restricted for improvements to sixteenth section forest lands.
724	<u>Reserved for Advances</u> - An account used to offset advances recorded in the asset accounts since they do not constitute available spendable resources and are not a component of net current assets.

## Code

## Descriptions and Definitions

Revised 2/1/2004

725	<u>Reserved for Capital Improvements</u> - An account that represents the portion of the fund balance that is legally restricted for capital improvements.
726	<u>Reserved for Endowments</u> - An account that represents the portion of the fund balance of scholarship and similar Nonexpendable Trust Funds which is legally restricted for endowment purposes.
727	<u>Reserved for Debt Service</u> - An account that represents the fund balance for Debt Service Fund resources which are legally restricted for the payment of General Long-term Debt principal and interest amounts maturing in future years.
728	<u>Reserved for Encumbrances</u> - An account that represents a portion of the fund balance reserved for commitments related to unperformed contracts.
729	<u>Reserved for Inventory</u> - An account that represents a portion of the fund balance which indicates that inventories do not represent available spendable resources even though they are a component of net current assets.
730	<u>Reserved for Prepaid Items</u> - An account that represents a portion of the fund balance which indicates that prepaid items do not represent available spendable resources even though they are a component of net current assets.
731	<u>Reserved for Ad Valorem</u> - An account used to record the ad valorem taxes collected in excess of legal limitations for the current fiscal year.
732	<u>Reserved for Other Commitments</u> - An account that represents the portion of the fund balance that is legally restricted for non-capitalized construction contracts entered into by the district.
733	<u>Reserved for Arbitrage Commitments</u> - An account that represents the portion of the fund balance that is legally restricted for arbitrage commitments.
741	<u>Unreserved/Designated</u> - An account that represents the portion of the unreserved fund balance designated by management for specific future uses.
751	<u>Unreserved/Undesignated</u> - An account that represents the portion of the fund balance that is not reserved and not designated.
752	<u>Budgetary</u> - An account used to maintain budgetary balancing when estimated revenues are not equal to appropriations.
753	<u>Budgetary/Reserved for Encumbrances</u> - An account used to maintain budgetary balancing for outstanding encumbrances.

## **SECTION K**

## **REVENUE CODING**

### **Basis of Accounting:**

An entity's accounting basis determines when transactions and economic events are reflected in its financial records. Measurement focus and basis of accounting for reporting purposes will be discussed in Section N of the manual.

### **Modified Accrual Basis:**

Revenues are defined as an increase in the governmental unit's current financial resources. Revenues are recognized when they are susceptible to accrual, which means they must be both measurable and available. Revenues are measurable when the amount of the revenue is subject to reasonable estimation. Revenues are available when the revenue is subject to collection within the current period, or after the end of the period but in time to pay liabilities outstanding at the end of the current period.

### **Accrual Basis:**

Revenues are recognized when the earning process is complete or virtually complete and an exchange has taken place. Accrual accounting attempts to record the financial effects on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events, and circumstances occur rather than only in the periods in which cash is received or paid by the enterprise. Accrual accounting is concerned with the process by which cash expended on resources and activities is returned as more (or perhaps less) cash to the enterprise, not just with the beginning and end of the process.

The essential elements of the accrual accounting method include:

1. The deferral of expenditures and the subsequent amortization of the deferred costs (prepaid expenses, supplies, etc.),
2. The deferral of revenues until they are earned (property taxes received in advance).
3. The capitalization of certain expenditures and the subsequent depreciation of the capitalized costs (depreciation of cost of machinery), and
4. The accrual of revenues that have been earned and expenses that have been incurred.

Recognizing revenue under both methods of accounting normally results in recording certain receivables (assets). These receivables consist of the uncollected but realized portions of the related revenue recognized for the current period.

A liability account (deferred revenue) results for certain cash and asset transactions when they are measurable but not yet earned. Cash received in advance are reported as deferred revenue (liability account) in these cases. The revenue is recognized when these type transactions have met both the measurable and earned criterion.

**No additions or expansions of any Section K codes are allowed.**

**Local Sources****Tax Revenues:**

1120	Ad Valorem Taxes From Local Governmental Units Other Than the LEA
1190	Other Taxes

**Revenue From Local Governmental Units Other Than LEAs:**

1210	Revenue in Lieu of Taxes
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**Tuition:**

1310	Tuition From Individuals
1320	Tuition From Other LEAs Within the State
1330	Tuition From Other LEAs Outside the State
1340	Tuition From Other Sources

**Transportation Fees:**

1410	Transportation Fees From Individuals
1420	Transportation Fees From Other LEAs Within the State
1430	Transportation Fees From Other LEAs Outside the State
1440	Transportation Fees From Other Sources

**Earnings on Investments: [NOTE: Does not include Sixteenth Section Fund revenue.]**

1510	Interest on Investments
1520	Interest on Cash and Other Deposits
1530	Increase in FMV of Investments
1540	Gains on Sale of Investments

**Child Nutrition:**

	Reimbursable Programs - Daily Sales:
1611	Daily Sales - School Lunch Program
1612	Daily Sales - School Breakfast Program
1613	Daily Sales - Special Milk Program
	Non-reimbursable Programs - Daily Sales:
1621	Daily Sales - Adult
1622	Daily Sales - Extra Food Sales
1630	Special Functions
1640	Inspection Fees for FDC Homes

**Student Activities:**

1711 through 1719	Admissions
1721 through 1729	Bookstore Sales
1731 through 1739	Fees (extracurricular)
1741 through 1799	Other Student Activity Revenue
1800 through 1850	Revenue From Community Services Activities

**Other Revenue From Local Sources:**

1910	Rentals
1920	Contributions and Donations From Private Sources
1930	Gains on Sale of Fixed Assets
1931 through 1949	Instructional Fees and Sales to Students
1950	Services Provided Other LEAs
1970	Services Provided Other Funds
1980	Refund of Prior Year's Expenditures
1991	Revenue From Gaming
1992-1999	Miscellaneous

## **Intermediate Sources**

2000 Revenue from Intermediate Sources

## **State Sources**

### **Unrestricted Grants-in-aid:**

3110 Homestead Exemption Reimbursement  
3120 Severance Tax  
3130 Chickasaw Funds  
3140 Driver Education Funds  
3150 MAEP and Per Capita  
3160 School Ad Valorem Tax Reduction Fund  
3190 Other Unrestricted Grants-in-aid  
-3199

### **Restricted Grants-in-aid:**

3210 Education Enhancement Fund  
3212 Technology in the Classroom  
3215 Textbook Funds  
3220 Vocational and Technical Education  
3230 Public School Building Fund  
3240 Adult Education  
3250 Child Nutrition  
3260 Uniform Millage Assistance  
3270 Educable Children  
3280 Education Reform Act  
3290- Other Restricted Grants-in-aid  
3299



**Revenue in Lieu of Taxes:**

- 3810 Rail Cars
- 3820 Heavy Trucks
- 3830 Rental Cars

**Revenue for/on Behalf of the LEA**

- 3900 Revenue for/on Behalf of the LEA

**Federal Sources**

**Unrestricted Grants-in-aid Direct From the Federal Government:**

- 4110 Wildlife Refuge
- 4120 E-Rate
- 4130 Impact Aid - Maintenance and Operation
- 4190- Other unrestricted grants-in-aid
- 4199

**Unrestricted Grants-in-aid From the Federal Government Received Through the State**

- 4210 Flood Control
- 4220 Mineral Leases
- 4230 CHIPS Program
- 4290- Other unrestricted grants-in-aid
- 4299

**Restricted Grants-in-aid Direct From the Federal Government:**

- 4310 Impact Aid - Construction (P.L. 81-815)
- 4390- Other restricted grants-in-aid
- 4399

**Restricted Grants-in-aid From the Federal Government Received Through the State or Other Pass-through Grantors:**

- 4401 Title III - Goals 2000
- 4403 Title III - Language Instruction for LEP & Immigrant**
- 4405 Title I
- 4406 Migrant Education
- 4408 State Assessments**
- 4410 Title VI
- 4414 Title V-A - Innovative Programs**
- 4415 Social Services
- 4420 Special Education
- 4430 Adult Education
- 4435 Vocational Education
- 4437 Tech-Prep Education
- 4440 Title IV
- 4445 Technology Literacy Challenge
- 4451 USDA Reimbursement - School Breakfast Program
- 4452 USDA Reimbursement - National School Lunch Program
- 4453 USDA Reimbursement - Summer Food Service Program
- 4454 Donated Commodities
- 4455 Extended Day Reimbursement
- 4456 FDC Homes Pass-through Funds
- 4457 FDC Homes Administrative Funds
- 4460 Title II
- 4470 Workforce Investment Act (WIA)
- 4472 School to Careers
- 4473 Education for Homeless Children & Youth (Title X-C)**
- 4474 CDC-Comprehensive School Health, HIV/AIDS**
- 4475 21<sup>st</sup> Century

- 4476 Class Size Reduction
- 4480 through 4499 Other restricted grants-in-aid

**Revenue in Lieu of Taxes:**

- 4510 TVA
- 4520 National Forest
- 4590 Other revenue received in lieu of taxes

**Revenue for/on Behalf of the LEA:**

- 4900 Revenue for/on Behalf of the LEA

**Sixteenth Section Sources**

**Rents and Leases:**

- 5110 Surface Leases
- 5120 Mineral Leases
- 5130 Hunting Leases

**Sale of Timber and Forest Products:**

- 5200 Sale of Timber and Forest Products

**Sales of Other Assets:**

- 5310 Oil and Gas Royalties
- 5320 Sale of Other Nonrenewable Resources
- 5330 Easements and Rights-of-way
- 5335 Sale of 16<sup>th</sup> Section Land
- 5340 Other Sales

**Pro rata Revenue From Other Districts:**

- 5400 Pro rata Revenue From Other Districts

**Permanent Damages to Trust Lands:**

5500 Permanent Damages to Trust Lands

**Earnings on Sixteenth Section Investments:**

5600 Earnings on Sixteenth Section Investments

5630 Net Increase(decrease) in FMV of Investments

**Cost-sharing Payments:**

5700 Cost-sharing Payments

**Other Sixteenth Section Revenues:**

5900 Other Revenues

**Other Financing Sources**

**Proceeds of debt issuances:**

6100 Proceeds of General Obligation Bonds

6150 Proceeds of Refunding Bonds

6200 Proceeds of Loan(s)

6300 Inception of Capital Lease(s)

6350 Premium on Debt Issuance

**Insurance Loss Recoveries:**

6400 Insurance Loss Recoveries

**Proceeds from asset sales:**

6500 Sale of Transportation Equipment

6550 Sale of Land

6600 Sale of Other Property

**Transfers In:**

- 6710 Indirect Costs
- 6720 Other Transfers In

**Payment held by Escrow Agents:**

- 6800 Payments held by Escrow Agents

**Miscellaneous other financing sources:**

- 6900 Miscellaneous other financing sources
- 6925 Special items
- 6950 Extraordinary items
- 6975 Capital contributions

**Direct Increases in Fund Equity**

- 7100 Prior Period Adjustments
- 7200 Increase in Reserve for Inventory
- 7300 Residual Equity Transfers In

**Code Numbers:**                      **Function Descriptions and Definitions:**

<b>Local Sources</b>	
	<b>Tax Revenues:</b> Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit.
1120	<u>Ad Valorem Taxes Levied by Another Governmental Unit</u> - Taxes levied for school purposes by a local governmental unit other than the LEA. The LEA is not the final authority, within legal limits, in determining the amount to be raised. For example, after an LEA has determined that a certain amount of revenue is necessary, another governmental unit may exercise discretionary power in reducing or increasing the amount.
1190	<u>Other Taxes</u> - Other forms of taxes levied such as licenses and permits. Separate accounts may be maintained for each specific type of tax.

	<b>Revenue From Local Governmental Units Other Than LEAs:</b> Revenue from the appropriations of another local governmental unit. The LEA is not the final authority, within legal limits, in determining the amount of money to be received, and the money is raised by taxes or other means which are not earmarked for school purposes. This account classification could include revenue from townships, municipalities, counties, etc. In a city school system, the municipality would be considered a local governmental unit. In this instance, revenue from the county would be considered revenue from an intermediate source and coded in the 2000 revenue code.
1210	<u>Revenue in Lieu of Taxes</u> - Payments made out of general revenues by a local governmental unit to the LEA in lieu of taxes it would have had to pay had its property or other tax base been subject to taxation by the LEA on the same basis as privately owned property. Such revenue would include payments made for privately owned property which is not subject to taxation on the same basis as other privately owned property due to action by the local governmental unit.
	<b>Tuition:</b> Revenue from individuals, welfare agencies, private sources and other LEAs for education provided by the LEA.
1310	Tuition From Individuals
1320	Tuition From Other LEAs Within the State
1330	Tuition From Other LEAs Outside the State
1340	Tuition From Other Sources
	<b>Transportation Fees:</b> Revenue from individuals, welfare agencies, private sources and other LEAs for transporting students to and from school and school activities.
1410	Transportation Fees From Individuals
1420	Transportation Fees From Other LEAs Within the State
1430	Transportation Fees From Other LEAs Outside the State
1440	Transportation Fees From Other Sources

**Code Numbers:**                      **Function Descriptions and Definitions:**

	<b>Earnings on Investments:</b> Revenue from holdings invested for earning purposes. <i>[NOTE: Use code series 5600's for earnings on investments of sixteenth section funds.]</i>	
1510	<u>Interest on Investments</u>	- Interest revenue on temporary or permanent investments in United States treasury bills, notes, mortgages or other interest-bearing investments.
1520	<u>Interest on Cash and Other Deposits</u>	- Interest revenue on interest-bearing checking accounts, such as NOW and money market accounts, savings accounts and time certificates of deposit.
1530	<u>Increase in FMV of Investments</u>	- Unrealized increase in the difference between the fair value of the investments at the beginning of the year and at the end of the year, taking into consideration the investment purchases, sales and redemptions.
1540	<u>Gains on Sale of Investments</u>	- Gains realized from the sale of bonds or stocks. Gains represent the excess of the sales proceeds over cost or any other basis as of the date of sale (cost less amortization of premium in the case of long-term bonds purchased at a premium over par value, or cost plus amortization of discount on long-term bonds purchased at a discount under par value). Gains realized from the sale of U.S. treasury bills represent interest income and should be credited to account 1510.

	<b>Child Nutrition:</b> Revenue for dispensing food to students and adults.	
	<u>Reimbursable Programs - Daily sales:</u>	Revenue from students for the sale of breakfasts, lunches and milk which are considered reimbursable by the United States Department of Agriculture. <i>[NOTE: Federal reimbursements for meals should be recorded within revenue code 4400.]</i>
1611	<u>Daily Sales - School Lunch Program</u>	- Revenue from students for the sale of reimbursable lunches as part of the national school lunch program.
1612	<u>Daily Sales - School Breakfast Program</u>	- Revenue from students for the sale of reimbursable breakfasts as part of the school breakfast program.
1613	<u>Daily Sales - Special Milk Program</u>	- Revenue from students for the sale of reimbursable milk as part of the special milk program.
	<u>Non-reimbursable Programs -Daily Sales:</u>	Revenue from the sale of non-reimbursable breakfasts, lunches and milk.
1621	<u>Daily Sales - Adult</u>	- Revenue from adults for the sale of non-reimbursable lunches and breakfasts.
1622	<u>Daily Sales - Extra Food Sales</u>	- Revenue from the sale of extra food items.
1630	<u>Special Functions</u>	- Revenue from students, adults or organizations for the sale of food products and services considered special functions. Some examples would include pot lucks, PTA sponsored functions and athletic banquets.
1640	<u>Inspection Fees for FDC Homes</u>	- Fees received for inspection of family day care homes.

**Code Numbers:**                      **Function Descriptions and Definitions:**

	<b>Student Activities:</b> Revenue from school sponsored fund raising activities.	
1711-1719	<u>Admissions</u> - Revenue from patrons of a school sponsored activity such as a concert or football game.	
1721-1729	<u>Bookstore Sales</u> - Revenue from sales by students or student sponsored bookstores.	
1731-1739	<u>Fees(extracurricular)</u> - Revenue from students for fees such as locker fees, towel fees and equipment fees. Transportation fees are recorded under the appropriate account in the 1400 series.	
1741-1799	<u>Other Student Activity Revenue</u> - Other revenue from student activities.	
	<b>Community Services Activities:</b> Revenue from school sponsored community services fund raising activities.	
1800-1850	<u>Revenue From Community Services Activities</u> - Revenue from community services activities operated by an LEA. For example, revenue received from operation of a skating facility by an LEA as a community service would be recorded here. Multiple accounts may be established within the 1800 series to differentiate various activities.	
	<b>Other Revenue From Local Sources:</b> Other revenue from local sources not classified above.	
1910	<u>Rentals</u> - Revenue from the rental of either real or personal property owned by the LEA.	
1920	<u>Contributions and Donations From Private Sources</u> - Revenue from a philanthropic foundation, private individuals or private organizations for which no repayment or special service to the contributor is expected.	
1930	<u>Gains on Sale of Fixed Assets</u> - The amount of revenue over the book value of the fixed assets sold. For example, the gain on the sale would be the portion of the selling price received in excess of the depreciated value (book value). This account is used in the Proprietary Funds only. Revenue codes 6500 and 6600 are used to account for sale of property for fund types other than Proprietary Funds.	
1931-1949	<u>Instructional Fees and Sales to Students</u> - Revenue collected from students in the form of fees that are instructional related, i.e., paper fees, lab fees, workbook sales, etc.	
1950	<u>Services Provided Other LEAs</u> - Revenue from services provided other LEAs other than for tuition and transportation services. These services could include data processing, purchasing, maintenance, cleaning, consulting and guidance.	
1970	<u>Services Provided Other Funds</u> - Services provided other funds for services such as printing or data processing. This account would only be used in the Internal Service Funds.	



**Code Numbers:                      Function Descriptions and Definitions:**

	1980	<u>Refund of Prior Year's Expenditures</u> - Include here if expenditure occurred last year and the refund this year. If refund and expenditure occurred in current year, reduce this year's expenditures as prescribed by GAAP.
	1991	<u>Revenue From Gaming</u> - Revenue received as distribution of fees and/or taxes collected under local and private bills regarding cruise vessels (casinos).
	1992-1999	<u>Miscellaneous</u> - Miscellaneous revenue not classified elsewhere.

**Intermediate Sources**

	2000	<u>Revenue from Intermediate Sources</u> - Revenue received from local governmental entity(ies) other than funds received from tax levies
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**State Sources**

		<b><u>Unrestricted Grants-in-aid:</u></b> Revenues received from the state that have not been restricted as to their use.
	3110	<u>Homestead Exemption Reimbursement</u> - Reimbursement from the State in lieu of taxes on assessed property that has been exempted from local ad valorem taxes
	3120	<u>Severance Tax</u> - State funds allotted to individual school districts' from taxes assessed on the sale of timber, oil and gas commodities.
	3130	<u>Chickasaw Funds</u> - State funds allotted to individual school district's that do not have sixteenth section revenues.
	3140	<u>Driver Education Funds</u> - State funds reimbursed to school district's for participating in a driver education program.
	3150	<u>MAEP and Per Capita</u> - State revenues allotted to the school district under the authority of the Mississippi Accountability and Adequate Education Program Act ( Section 37-151-1, et seq.).
	3160	<u>School Ad Valorem Tax Reduction Fund</u> - State funds allotted to the school districts to alleviate part of the taxes levied at the local level.
	3190-3199	<u>Other Unrestricted Grants-in-aid</u> - Other state unrestricted grants not given a specific revenue code.

**Code Numbers:**                      **Function Descriptions and Definitions:**

	<b>Restricted Grants-in-aid:</b> State revenue restricted in its use.	
	3210	<u>Education Enhancement Fund</u> - State revenues allotted to the school district for educational enhancements purposes (Section 37-61-33).
	3212	<u>Technology in the Classroom</u> - State revenues allotted to the school district for technology in the classroom program purposes.
	3215	<u>Textbook Funds</u> - State revenues allotted to the school district for the purchase of textbooks (Section 37-43-1, eq. seq.).
	3220	<u>Vocational and Technical Education</u> - State revenues allotted to the school district for vocational and technical education purposes.
	3230	<u>Public School Building Fund</u> - State revenues allotted to the school district for school building purposes. These revenues should be recorded in Funds 3011-3019, Public School Building Funds.
	3240	<u>Adult Education</u> - State revenues allotted to the school district for adult education purposes.
	3250	<u>Child Nutrition</u> - State revenues allotted to the school district for the child nutrition program purposes.
	3260	<u>Uniform Millage Assistance</u> - State revenues allotted to the school district for purposed authorized the uniform millage assistance statutes.
	3270	<u>Educable Children</u> - State revenues allotted to the school district for purposes authorized for the educable children programs.
	3280	<u>Education Reform Act</u> - State revenue allotted to the school district for purposes authorized by the education reform act.
	3290 - 3299	<u>Other Restricted Grants-in-aid</u> - State revenues allotted to the school district that are not required to be reported elsewhere.
	<b>Revenue in Lieu of Taxes:</b> State revenue allotted to the LEA in lieu of local taxes on property that is not subject to the same basis of taxation as other property in the district.	
	3810	<u>Rail Cars</u> - State revenue allotted to the school district in lieu of local taxes for rail cars.
	3820	<u>Heavy Trucks</u> - State revenue allotted to the school district in lieu of local taxes for heavy truck usage.
	3830	<u>Rental Cars</u> - State revenues allotted to the school district in lieu of local taxes for rental car usage.

**Code Numbers:                      Function Descriptions and Definitions:**

	<b><u>Revenue for/on Behalf of the LEA:</u></b> Commitments or payments made by a state for the benefit of the LEA, or contributions of equipment or supplies. Such revenue includes the payment of a pension fund by the state on behalf of an LEA employee for services rendered to the LEA, and a contribution of fixed assets by a state unit to the LEA. Separate accounts may be maintained to identify the specific nature of the revenue item.
3900	<u>Revenue for/on Behalf of the LEA</u> - See above explanation.

<b>Federal Sources</b>	
	<b><u>Unrestricted Grants-in-aid Direct From the Federal Government:</u></b> Revenues direct from the federal government as grants to the LEA which can be used for any legal purpose desired by the LEA without restriction.
4110	<u>Wildlife Refuge</u> - Federal revenue allotted to the school district in lieu of local property taxes that would have been assessed on federally designated wildlife refuge lands.
4120	<u>E-Rate</u> - Federal revenue refunded to the school district as a rebate on telecommunication expenditures paid by the school district.
4130	<u>Impact Aid - Maintenance and Operation</u> - Federal grant revenue allowed to a school district that is impacted by a military base, Indian reservation or some other outside entity.
4190-4199	Other unrestricted grants-in-aid - Other grant revenue not required to be reported elsewhere.
<b><u>Unrestricted Grants-in-aid From the Federal Government Received Through the State:</u></b> Revenues from the federal government through the state as grants which can be used for any legal purpose desired by the LEA without restriction.	
4210	<u>Flood Control</u> - Federal grant revenue allowed a school district for flood control areas
4220	<u>Mineral Leases</u> - Federal revenue allowed a school district for mineral leases on property.
4230	<u>CHIPS Program</u> - Federal revenue allowed a school district as a finders fee for students who qualify for the children's health insurance program.
4290-4299	<u>Other unrestricted grants-in-aid [NOTE: <i>pass-through funding</i>]</u> - Other unrestricted federal grants allotted to the school district not required to be reported elsewhere.

**Code Numbers:**                      **Function Descriptions and Definitions:**

	<b>Restricted Grants-in-aid Direct From the Federal Government:</b> Revenues direct from the federal government as grants to the LEA which must be used for a categorical or specific purpose. If such money is not completely used by the LEA, it usually is returned to the governmental unit. (Must be recorded in the Special Revenue Funds.)
4310	<u>Impact Aid - Construction (P.L. 81-815)</u> - Federal revenue received by a school district that has been impacted by a military base, Indian reservation or some other entity restricted for construction purposes.
4390-4399	<u>Other restricted grants-in-aid [NOTE: direct funding]</u> - Other restricted federal grants allotted to the school district note required to be reported elsewhere.
<b>Restricted Grants-in-aid From the Federal Government Received Through the State or Other Pass-through Grantors:</b> Revenues from the federal government through the state or other pass-through grantors as grants to the LEA which must be used for a categorical or specific purpose. (Must be recorded in the Special Revenue Funds.)	
4401	<u>Title III - Goals 2000</u> - Federal program funds allowed under Catalogue of Federal Financial Assistance (CFDA) # 84.276 - Goals 2001 - state and local education systemic improvement grants.
4403	<u>Title III - Language Instruction for LEP &amp; Immigrant</u>
4405	<u>Title I</u> - Federal program funds allowed under CFDA # - 84.010 - Title I - grants to local educational agencies.
4406	<u>Migrant Education</u> - Federal program funds allowed under CFDA # 84.011 - Migrant education - basic state grant program.
4408	<u>State Assessments</u>
4410	<u>Title VI</u> - Federal program funds allowed under CFDA # 84.298 - Innovative education program strategies and CFDA # 84.340 - Class size reduction.
4414	<u>Title V-A-Innovative Programs</u>
4415	<u>Social Services</u>
4420	<u>Special Education</u> - Federal program funds allowed under CFDA # 84.027 - Special education - grants to states and CFDA # 84.173 - Special education - preschool grants.
4430	<u>Adult Education</u> - Federal program funds allowed under CFDA # - 84.002 - Adult education - state grant program.
4435	<u>Vocational Education</u> - Federal program funds allowed under CFDA # 84.048 - Vocational education - basic grants to states
4437	<u>Tech-Prep Education</u> - Federal program funds allowed under CFDA # 84.243 - Tech-prep education.
4440	<u>Title IV</u> - Federal program funds allowed under CFDA # 84.186 - Safe and drug - free schools and communities -state grants.

**Code Numbers:**                      **Function Descriptions and Definitions:**

	4445	<u>Technology Literacy Challenge</u> - Federal program funds allowed under CFDA # 84.318 -Technology literacy challenge fund grants
	4451	<u>USDA Reimbursement - School Breakfast Program</u> - Federal program funds allowed under CFDA # 10.553 - School breakfast program.
	4452	<u>USDA Reimbursement - National School Lunch Program</u> - Federal program funds allowed under CFDA # - 10.555 - National school lunch program.
	4453	<u>USDA Reimbursement - Summer Food Service Program</u> - Federal program funds allowed under CFDA # - 10.559 - National school lunch program.
	4454	<u>Donated Commodities</u> - Federal program assets allowed under CFDA # 10.550 - Food distribution.
	4455	<u>Extended Day Reimbursement</u>
	4456	<u>FDC Homes Pass-through Funds</u>
	4457	<u>FDC Homes Administrative Funds</u> -
	4460	<u>Title II</u> - Federal program funds allowed under CFDA #84.281 - Eisenhower professional development - state grants.
	4470	<u>Workforce Investment Act (WIA)</u> - Federal program funds allowed under CFDA #17.259 Workforce Investment Act.
	4472	<u>School to Careers</u> - Federal program funds allowed under CFDA # 17.249 - Employment services and job training - pilot and demonstration programs.
	4473	<u>Education for Homeless Children &amp; Youth (Title X-C)</u>
	4474	<u>CDC-Comprehensive School Health, HIV/AIDS</u>
	4475	<u>21<sup>st</sup> Century</u> - Federal program funds allowed under CFDA # 84.287 - Twenty-First century community learning centers.
	4476	<u>Class Size Reduction</u> - Federal program funds allowed under CFDA # 84.340 - Class size reduction.
	4480 - 4499	<u>Other restricted grants-in-aid</u> - Other restricted federal grants not required to be reported elsewhere.
	<b>Revenue in Lieu of Taxes:</b> Commitments or payments made out of general revenues by the federal government to the LEA in lieu of taxes it would have had to pay had its property or other tax base been subject to taxation by the LEA on the same basis as privately owned property or other tax base. Such revenue would include payment made for privately owned property which is not subject to taxation on the same basis as other privately owned property due to action by the federal governmental unit.	
	4510	<u>TVA</u> - Federal funds in lieu of taxes from the Tennessee Valley Authority.
	4520	<u>National Forest</u> - Federal funds in lieu of taxes on federally owned forest lands.
	4590	<u>Other revenue received in lieu of taxes</u> - Other revenue received in lieu of taxes not required to be reported elsewhere.

**Code Numbers:                      Function Descriptions and Definitions:**

	<b>Revenue for/on Behalf of the LEA:</b> Commitments or payments made by the federal government for the benefit of the LEA, or contributions of equipment or supplies. Such revenue includes a contribution of fixed assets by a federal governmental unit to the LEA and foods donated by the federal government to the LEA. Separate accounts should be maintained to identify the specific nature of the revenue item.	
4900		<u>Revenue for/on Behalf of the LEA</u>

<b>Sixteenth Section Sources</b>		
	Revenues derived from the use of sixteenth section lands held in trust by the school district and from the investment of sixteenth section funds.	
	<b>Rents and Leases:</b> Revenues from the rental of sixteenth section lands for residential, farm or commercial use. [NOTE: Leases would suggest a yearly payment for the use of the property.]	
5110		<u>Surface Leases</u>
5120		<u>Mineral Leases</u>
5130		<u>Hunting Leases</u>
	<b>Sale of Timber and Forest Products:</b> Revenues from the sale of timber and forest products located on sixteenth section lands. [NOTE: <i>Forfeited performance bonds would be included here.</i> ]	
5200		<u>Sale of Timber and Forest Products</u>
	<b>Sales of Other Assets:</b> Revenues from sales of assets other than forest products.	
5310		<u>Oil and Gas Royalties</u> - Revenues from producing oil or gas wells located on sixteenth section lands.
5320		<u>Sale of Other Nonrenewable Resources</u> - Revenues from the sale of resources that are not reproduced in a reasonable amount of time such as gravel. Oil and gas royalties are included in 5310.
5330		<u>Easements and Rights-of-way</u> - Revenues from the use of a portion of sixteenth section lands by individuals, groups or companies for the benefit of that individual, group or company.
5335		<u>Sale of 16<sup>th</sup> Section Land</u> - Revenue from the sale of 16 <sup>th</sup> section land that has been properly authorized by the Secretary of State's Office.
5340		<u>Other Sales</u> - Revenues from the sale of assets not classified elsewhere (e.g., sales of lieu lands and sales of buildings).
	<b>Pro rata Revenue From Other Districts:</b>	

**Code Numbers:**                      **Function Descriptions and Definitions:**

	5400	<u>Pro rata Revenue From Other Districts</u> - Revenues from sixteenth section lands which are shared between two or more school districts. The monies are prorated based on the ratio of one school district's students to the total students in that section.
	<b><u>Permanent Damages to Trust Lands:</u></b>	
	5500	<u>Permanent Damages to Trust Lands</u> - Revenues from permanent damages to sixteenth section trust lands.

**Code Numbers:                      Function Descriptions and Definitions:**

<b><u>Earnings on Sixteenth Section Investments:</u></b>		
5600	<u>Earnings on Sixteenth Section Investments</u> - Revenues from sixteenth section fund holdings invested for earnings purposes.	
5630	<u>Net Increase(decrease) in FMV of Investments</u> - Unrealized increase/decrease in the market value of investments.	
<b><u>Cost-sharing Payments:</u></b>		
5700	<u>Cost-sharing Payments</u> - Revenues from Forestry Commission or other sources for sharing in cost of planting trees, etc.	
<b><u>Other Sixteenth Section Revenues:</u></b>		
5900	<u>Other Revenues</u> - Any sixteenth section revenues other than those classified above.	

<b>Other Financing Sources</b>		
<b><u>Proceeds of debt issuances:</u></b>		
6100	<u>Proceeds of General Obligation Bonds</u> - Proceeds from the issuance of general obligation bonds by the LEA.	
6150	<u>Proceeds of Refunding Bonds</u> - Proceeds from the issuance of bonded debt which will be used to advance refund existing debt of the LEA.	
6200	<u>Proceeds of Loan(s)</u> - Proceeds from the issuance of loans/notes. These loans can be for transportation, capital improvements, tax shortfalls or equipment purposes.	
6300	<u>Inception of Capital Lease(s)</u> - An amount representing either the principal amount of equipment covered under a capital lease or the present value of the monthly payments made on the capital lease.	
6350	<u>Premium on debt issuance</u> - An amount representing debt that has been issued for an amount greater than the face value.	
<b><u>Insurance Loss Recoveries:</u></b>		
6400	<u>Insurance Loss Recoveries</u> - Amounts representing monies received from recoveries for loss of school property.	



**Code Numbers:                      Function Descriptions and Definitions:**

<b><u>Proceeds from asset sales:</u></b>		
6500	<u>Sale of Transportation Equipment</u> - Revenues realized from the sale of transportation equipment including vehicles used to service transportation equipment.	
6550	<u>Sale of Land</u> - Revenues realized from the sale of land.	
6600	<u>Sale of Other Property</u> - Revenues realized from the sale of property other than transportation equipment.	
<b><u>Transfers In:</u></b> Recurring or routine transactions which withdraw money from one fund and place it in another without recourse. Interfund loans are not recorded here, but are handled through the balance sheet accounts 131 and 441 in the funds affected.		
6710	<u>Indirect Costs</u> - Transfers from one fund (usually a Special Revenue Fund) to another fund (usually the district maintenance fund) as payment for costs incurred by the receiving fund that have been prorated to the paying fund.	
6720	<u>Other Transfers In</u> - Operating transfers in which do not involve indirect costs.	
<b><u>Payment to Escrow Agents:</u></b>		
6800	<u>Payments to Escrow Agents</u> - Funds paid by the school district to an escrow agent. These funds are being held for future payment. <i>(NOTE: This does NOT include payments made to escrow agents for a refunding bond situation.)</i>	
<b><u>Miscellaneous Other Financing Sources</u></b>		
6900	<u>Miscellaneous Other Financing Sources</u> - Other financing sources not classified elsewhere.	
6925	<u>Special Items</u> - Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence.	
6950	<u>Extraordinary Items</u> - Transactions or other events that are both unusual in nature and infrequent in occurrence.	
6975	<u>Capital Contributions</u> - Contributions to permanent or tern endowments, including those reported in permanent funds.	

<b><u>Direct Increases in Fund Equity</u></b>		
Increases in fund equity that are not properly recorded as revenues or other financing sources but must be reflected on the operations statement.		
7100	<u>Prior Period Adjustments</u> - Increases in fund equity due to prior period adjustments.	

**Code Numbers:                      Function Descriptions and Definitions:**

	7200	<u>Increase in Reserve for Inventory</u> - Increases in fund equity due to increase in fund balance reserved for inventories recorded under the purchases method.
	7300	<u>Residual Equity Transfers In</u> - Nonrecurring or nonroutine transfers of equity between funds. Normally only used for transfers in of a residual balance from a discontinued fund.

## REVENUE OBJECT CODING

The General Ledger Operation Account Code designated as "800" for Revenues, as explained in Section H, page 2 of this Manual has to be used with the following added **OPTIONAL** revenue object coding.

The three digit revenue object codes are provided as an optional mean of implementing GASB 34 financial statement reporting requirements. The following optional revenue object codes should be used if your district decides there is a need to further detail the individual revenue function codes for GASB 34's "Statement of Activities" preparation at year end. These revenue object codes may expedite and/or enhance the fiscal year-end GASB 34's financial statement preparation.

The following system of codes has been designed to match expenditure/expense function codes to program revenues. Note that the first digit of the revenue object code represents the category of program revenue and the second and third digits represent the first two digits of the related expenditure/expense function code. For example, a receipt for title I would be recorded as Fund Code 2210, General Ledger Code 800, revenue function code 4405, Program Code (xxx), revenue object code 111, operational unit code 01. This coding (2210-800-4405-xxx-111-01) would note the following:

2210	Title I-Low Grant Fund
800	Revenue
4405	Title I
xxx	"Optional Program Code"
111	Charge for Regular Program Services

1<sup>st</sup> digit denotes a "Charge for Service" program revenue.

2<sup>nd</sup> and 3<sup>rd</sup> digits denotes the first to digits of the expenditure/expense function codes from Section M of this Manual. The charge for service was generated from the expenditure/expense coded to function code 1200's

01	Elementary School
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**Object Code:**            **Description:**

**Charge for Services:**

Instructional Charges for Services:

- 110    Charges for Instructional Programs
- 111    Charges for Regular Programs
- 112    Charges for Special Programs
- 113    Charges for Adult/Continuing Education Programs
- 114    Charges for Summer School Programs
- 119    Charges for Other Instructional Programs

Support Charges for Services:

- 120    Charges for Support Services
- 121    Charges for Student Support Services
- 122    Charges for Instructional Staff Services
- 123    Charges for General Administration Services
- 124    Charges for School Administration Services
- 125    Charges for Business Services
- 126    Charges for Operation and Maintenance of Plant Services
- 127    Charges for Student Transportation Services
- 128    Charges for Central Services

Non-Instructional Charges for Services:

- 130    Charges for Non-Instructional Services
- 131    Charges for Food Service Operations Services
- 132    Charges for Enterprise Operations Services
- 133    Charges for Community Services
- 139    Charges for Other Non-instructional Services

Sixteenth Section charges for services

- 140    Charges for Sixteenth Section Services

Interest on Debt charges for services:

- 162    Charges for Debt Services

**Object Code:**            **Description:**

**Operating Grants and Contributions:**

Instructional Operating Grants and Contribution:

- 210    Operating Grants for Instructional Programs
- 211    Operating Grants and Contributions for Regular Programs
- 212    Operating Grants and Contributions for Special Programs
- 213    Operating Grants and Contributions for Adult/Continuing Education Programs
- 214    Operating Grants and Contributions for Summer School Programs
- 219    Operating Grants and Contributions for Other Instructional Programs

Support Services Operating Grants and Contributions:

- 220    Operating Grants for Support Services
- 221    Operating Grants and Contributions for Student Support Services
- 222    Operating Grants and Contributions for Instructional Staff Services
- 223    Operating Grants and Contributions for General Administration Services
- 224    Operating Grants and Contributions for School Administration Services
- 225    Operating Grants and Contributions for Business Services
- 226    Operating Grants and Contributions for Operation and Maintenance of Plant Services
- 227    Operating Grants and Contributions for Student Transportation Services
- 228    Operating Grants and Contributions for Central Services

Non-Instructional Operating Grants and Contributions:

- 230    Operating Grants for Non-Instructional Services
- 231    Operating Grants and Contributions for Food Services Operations
- 232    Operating Grants and Contributions for Enterprise Operations
- 233    Operating Grants and Contributions for Community Services Operations
- 239    Operating Grants and Contributions for Other Non-instructional Services

Interest on Debt Operating Grants and Contributions:

- 262    Operating Grants and Contributions for debt services

**Object Code:**            **Description:**

**Capital Grants and Contributions:**

Instructional Capital Grants and Contributions:

- 310    Capital Grants and Contributions for Instructional Programs
- 311    Capital Grants and Contributions for Regular Programs
- 312    Capital Grants and Contributions for Special Programs
- 313    Capital Grants and Contributions for Adult/Continuing Education Programs
- 314    Capital Grants and Contributions for Summer School Programs
- 319    Capital Grants and Contributions for Other Instructional Programs

Support Capital Grants and Contributions:

- 320    Capital Grants and Contributions for Support Services
- 321    Capital Grants and Contributions for Student Support Services
- 322    Capital Grants and Contributions for Instructional Staff Services
- 323    Capital Grants and Contributions for General Administration Services
- 324    Capital Grants and Contributions for School Administration Services
- 325    Capital Grants and Contributions for Business Services
- 326    Capital Grants and Contributions for Operation and Maintenance of Plant Services
- 327    Capital Grants and Contributions for Student Transportation Services
- 328    Capital Grants and Contributions for Central Services

Non-Instructional Capital Grants and Contributions:

- 330    Capital Grants and Contributions for Non-Instructional Services
- 331    Capital Grants and Contributions for Food Services Operations
- 332    Capital Grants and Contributions for Enterprise Operations
- 333    Capital Grants and Contributions for Community Services Operations
- 339    Capital Grants and Contributions for Other Non-instructional Services

**General Revenues:**

- 400            General Revenues

*[NOTE: These revenues are for general purposes and no expenditure/expense correlations are needed.]*

**SECTION L**            **MINIMUM EXPENDITURE/EXPENSE CODING**

The minimum expenditure/expense function codes are no longer used. This section was deleted June, 1999, but remains for possible future use.





**SECTION M**                      **EXPENDITURE / EXPENSE FUNCTION AND OBJECT CODES**

**Basis of Accounting:**

An entity's accounting basis determines when transactions and economic events are reflected in its financial records. The term expenditure is used for funds that are reported on the modified accrual basis of accounting. The term expense is used for funds that are reported on the accrual basis of accounting. Measurement focus and basis of accounting for reporting purposes will be discussed in Section N of the manual.

Only those events or transactions that represent the outflow of expendable financial resources are designated as governmental expenditures. An expenditure for a particular period represents a reduction in expendable financial resources or a claim(liability) at the end of the period that will be paid by using current expendable financial resources.

**Modified Accrual Basis:**

The basis of an accounting system is concerned with when to measure the governmental entity's financial statements. In governmental accounting, the modified accrual method serves as the basis of accounting. Expenditures are recognized when the related liability is incurred, if measurable, except for interest and principal on general long-term debt, which is recognized when due and payable. Expenditures should be accrued at the end of the year when they are expected to use expendable financial resources. Generally, this means that expenditures that will be paid within a short period after the year-end are subject to year end-end accrual.

**Accrual Basis:**

Accrual accounting attempts to record the financial effects on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events, and circumstances occur rather than only in the periods in which cash is received or paid by the enterprise. Accrual accounting is concerned with the process by which cash expended on resources and activities is returned as more(or perhaps less) cash to the enterprise, not just with the beginning and end of the process.

The essential elements of the accrual accounting method include:

1.        The deferral of expenditures and the subsequent amortization of the deferred costs (prepaid expenses, supplies, etc.),
2.        The deferral of revenues until they are earned (property taxes received in advance).
3.        The capitalization of certain expenditures and the subsequent depreciation of the capitalized costs (depreciation of cost of machinery), and
4.        The accrual of revenues that have been earned and expenses that have been incurred.

Recognition of expenditures and expenses may result in fund liabilities. These payables result when goods and services received by the school district have not been paid.

**SECTION M**

No additions are allowed. Expansions of any Section M codes would be per the discretion of the individual school district. For reporting purposes, all expanded Section M codes **must** be collapsed back into the code expanded from.

**For example:**

1120 Elementary Programs

The school district decides to expand this code to the following:

1121 Middle Elementary Programs  
1122 East Elementary Programs  
1123 South Elementary Programs  
1124 North Elementary Programs  
1125 West Elementary Programs

At the end of the fiscal year and before any reports are prepared the school district must collapse these expanded codes back into code 1120. If they are **NOT** collapsed, the reports generated for MSIS will be rejected.

Expansions of Section M codes would require the school district's records to generate sub-totals for each expanded Section M codes and an overall total of the code expanded from. The school district's records must have the capability of generating an individual transaction history file for each Section J code used by the school district, whether expanded or not.

**Function Code Numbers: Function Descriptions:**

**Instruction**

Regular Programs:

1105	Pre-Kindergarten Programs
1110	Kindergarten Programs
1120	Elementary Programs
1130	Middle-Junior High Programs
1140	High School Programs
1142	Vocational Educational Programs
1191 through 1199	Other Regular Programs

Special Programs:

1210	Gifted Education Programs
1220	Special Education Programs
1230	Alternative School Programs
1250	Title I Programs
1290	Other Special Programs

Adult/Continuing Education Programs:

1310	Adult Basic Education Programs
1320	Advanced Adult Education Programs
1330	Occupational Programs
1340	Upgrading in Current Occupation Programs
1350	Retraining for New Occupation Programs
1360	Special Interest Programs
1370	Life Enrichment Programs
1390	Other Adult/Continuing Education Programs

**Function Code Numbers: Function Descriptions:**

Summer School Programs:

- 1410 Elementary Summer School
- 1420 Secondary Summer School

Other Instructional Programs:

- 1910 Athletic Activities
- 1920 Student Activities
- 1930- Other
- 1990

**Support Services**

Support Services - Students:

- 2110 Attendance and Social Work Services
  - 2111 Supervision of Attendance and Social Work Services
  - 2112 Attendance Services
  - 2113 Social Work Services
  - 2114 Student Accounting Services
  - 2119 Other Attendance and Social Work Services
  
- 2120 Guidance Services
  - 2121 Supervision of Guidance Services
  - 2122 Counseling Services
  - 2123 Appraisal Services
  - 2124 Information Services
  - 2125 Record Maintenance Services
  - 2126 Placement Services
  - 2129 Other Guidance Services

**Function Code Numbers: Function Descriptions:**

- 2130 Health Services
  - 2131 Supervision of Health Services
  - 2132 Medical Services
  - 2133 Dental Services
  - 2134 Nursing Services *[NOTE: Use this code when school nurses are employed.]*
  - 2139 Other Health Services
  
- 2140 Psychological Services
  - 2141 Supervision of Psychological Services
  - 2142 Psychological Testing Services
  - 2143 Psychological Counseling Services
  - 2144 Psychotherapy Services
  - 2149 Other Psychological Services
  
- 2150 Speech Pathology and Audiology Services
  - 2151 Supervision of Speech Pathology and Audiology Services
  - 2152 Speech Pathology Services
  - 2153 Audiology Services
  - 2159 Other Speech Pathology and Audiology Services
  
- 2190 Other Support Services - Students

**Support Services - Instructional Staff:**

- 2210 Improvement of Instruction Services
  - 2211 Supervision of Improvement of Instruction Services
  - 2212 Instruction and Curriculum Development Services
  - 2213 Instructional Staff Training Services
  - 2219 Other Improvement of Instruction Services

**Function Code Numbers: Function Descriptions:**

- 2220 Educational Media Services
  - 2221 Supervision of Educational Media Services
  - 2222 School Library Services
  - 2223 Audio-visual Services
  - 2224 Educational Television Services
  - 2225 Computer-Assisted Instruction Services
  - 2229 Other Educational Media Services
  
- 2290 Other Support Services - Instructional Staff

**Support Services - General Administration:**

- 2310 Board of Education Services
  - 2311 Supervision of Board of Education Services
  - 2319 Other Board of Education Services
  
- 2320 Executive Administration Services
  - 2321 Office of the Superintendent Services
  - 2329 Other Executive Administration Services
  
- 2330 Special Area Administration Services

**Support Services - School Administration:**

- 2410 Office of the Principal Services
  
- 2490 Other Support Services - School Administration

**Function Code Numbers: Function Descriptions:**

Support Services - Business:

2510	Fiscal Services
2511	Supervising Fiscal Services
2512	Budgeting Services
2513	Receiving and Disbursing Funds Services
2514	Payroll Services
2515	Financial Accounting Services
2516	Internal Auditing Services
2517	Property Accounting Services
2519	Other Fiscal Services
2520	Purchasing Services
2530	Warehousing and Distributing Services
2540	Printing Publishing and Duplicating Services
2590	Other Support Services - Business

Support Services - Operation and Maintenance of Plant Services:

2610	Supervision of Operation & Maintenance of Plant Services
2620	Operating Buildings Services
2630	Care and Upkeep of Grounds Services
2640	Care and Upkeep of Equipment Services
2650	Vehicle Operation and Maintenance Services( <b>Other Than Student Transportation Vehicles</b> )
2660	Security Services
2690	Other Operation and Maintenance of Plant Services

**Function Code Numbers: Function Descriptions:**

Support Services - Student Transportation Services:

- 2710 Supervision of Student Transportation Services
- 2720 Vehicle Operation Services
- 2730 Monitoring Services
- 2740 Vehicle Servicing and Maintenance Services
- 2790 Other Student Transportation Services

Support Services - Central:

- 2810 Planning, Research, Development and Evaluation Services
  
- 2820 Information Services
  - 2821 Supervision of Information Services
  - 2822 Internal Information Services
  - 2823 Public Information Services
  - 2824 Management Information Services
  - 2829 Other Information Services
  
- 2830 Staff Services
  - 2831 Supervision of Staff Services
  - 2832 Recruitment and Placement Services
  - 2834 In-service Training Services (for Non-instructional Staff)
  - 2839 Other Staff Services
  
- 2840 Data Processing Services
  - 2841 Supervising Data Processing Services
  - 2842 Systems Analysis Services
  - 2843 Programming Services
  - 2844 Operations Services
  - 2849 Other Data Processing Services



**Function Code Numbers: Function Descriptions:**

**Non-instructional Services**

3100	Food Services Operations
3200	Enterprise Operations
3300	Community Services Operations
3900	Other Non-instructional Services
3950	Scholarship Awards
3975	Subsidies to other LEA's

**Sixteenth Section**

4100	Appraisal and Survey
4200	Improving Land
4300	Drainage District Taxes
4400	Allocation to Other LEA
4500	Management Fees
4600	Attorney's Fees
4700	Purchase of Lieu Lands
4900	Other Expenditures/Expenses

**Facilities Acquisition and Construction Services**

5100	Site Acquisition Services
5200	Site Improvement Services
5300	Architecture and Engineering Services
5400	Educational Specifications Development Services
5500	Building Acquisition and Construction Services
5600	Building Improvements Services
5900	Other Facilities Acquisition and Construction Services

**Function Code Numbers: Function Descriptions:**

**Debt Service**

Debt Payments:

- 6110 Transportation Loans Repaid
- 6120 Three Mill / Ten Year Loans Repaid
- 6130 Capital Lease Payments
- 6140 General Obligation Bonds Repaid
- 6150 Limited Obligation Bonds Repaid
- 6160 Shortfall Loans/Notes Repaid
- 6180 Certificates of Participation Repaid
- 6190 Qualified Zone Academy Debt Repaid
- 6191 through 6199 Other Payments on Debt

Other Debt Service Payments:

- 6300 Advance Refunding Escrow
- 6400 Payments for Arbitrage Commitments
- 6500 Debt Issuance Cost
- 6600 Discount Amortization Cost
- 6900 Other

**Function Code Numbers:                      Function Descriptions and Definitions:**

**Other Financing Uses**

Transfers Out:

7110            Indirect Costs Transfers Out

7120            Other Transfers Out

Other Financing Uses:

7500            Payment to Refunded Bond Escrow Agent

7600            Payment to Qualified Zone Academy Debt Escrow Agent

7900            Miscellaneous Other Financing Uses

7925            Special items

7950            Extraordinary items

**Direct Decreases in Fund Equity**

8100            Prior Period Adjustments

8200            Decrease in Reserve for Inventory

8300            Residual Equity Transfers Out

**Function Code Numbers:**                      **Function Descriptions and Definitions:**

	<p><b><u>Instruction</u></b> - Instruction includes the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in 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 classroom assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. If proration is not possible for department chairpersons who also teach, include department chairpersons who also teach in instruction. Full-time department chairpersons' expenditures should be included only in 2400.</p>
	<p><b><u>Regular Programs</u></b> - Instructional activities designed primarily to provide students in grades K-12 with learning experiences to prepare them for activities as citizens, family members and workers as contrasted with programs designed to improve or overcome physical, mental, social and/or emotional handicaps. Regular programs include: kindergarten, elementary, middle-junior high and high school. High school is broken into three types of programs - preparatory, post-secondary education programs; preparatory, post-secondary employment programs; and other programs.</p>
1105	<p><b><u>Pre-Kindergarten Programs</u></b> - Learning experiences concerned with knowledge, skills, appreciations, attitudes and behavioral characteristics considered to be needed by all pupils in terms of their awareness of life within our culture and the world of work and which normally may be achieved during the pre-kindergarten years.</p>
1110	<p><b><u>Kindergarten Programs</u></b> - Learning experiences concerned with knowledge, skills, appreciations, attitudes and behavioral characteristics considered to be needed by all pupils in terms of their awareness of life within our culture and the world of work and which normally may be achieved during the kindergarten years.</p>
1120	<p><b><u>Elementary Programs</u></b> - Learning experiences concerned with knowledge, skills, appreciations, attitudes and behavioral characteristics considered to be needed by all pupils in terms of their awareness of life within our culture and the world of work and which normally may be achieved during the elementary school years.</p>
1130	<p><b><u>Middle-Junior High Programs</u></b> - Learning experiences concerned with knowledge, skills, appreciations, attitudes and behavioral characteristics considered to be needed by all pupils in terms of understanding themselves and their relationships with society and various career clusters and which normally may be achieved during the middle and/or junior high school years. These are defined by applicable state laws and regulations.</p>
1140	<p><b><u>High School Programs</u></b> - Learning experiences concerned with knowledge, skills, appreciations, attitudes and behavioral characteristics considered to be needed by those pupils desiring further education in post-secondary education programs and which normally may be achieved during the secondary school years.</p>

**Function Code Numbers:**                      **Function Descriptions and Definitions:**

	1142	<u>Vocational Educational Programs</u> - Learning experiences concerned with knowledge, skills, appreciations, attitudes and behavioral characteristics considered to be needed by those pupils desiring immediate post-secondary employment which normally may be achieved during the secondary school years.
	1191-1199	<u>Other Regular Programs</u> - Any regular program other than those above.
<b>Special Programs</b> - Instructional activities designed primarily to deal with pupils having special needs. Special programs include: gifted education, special education, alternative school and ESEA - Title I.		
	1210	<u>Gifted Education Programs</u> - Special learning experiences for pupils identified as mentally gifted or talented.
	1220	<u>Special Education Programs</u> - Instructional activities associated with special education.
	1230	<u>Alternative School Programs</u> - Instructional activities conducted at alternative schools.
	1250	<u>Title I Programs</u> - Instructional activities associated with Title I programs.
	1290	<u>Other Special Programs</u> - Other special learning experiences which cannot be classified in the preceding service areas.
<b>Adult/Continuing Education Programs</b> - Learning experiences designed to develop knowledge and skills to meet immediate and long-range educational objectives of adults who, having completed or interrupted formal schooling, have accepted adult roles and responsibilities. Programs include activities to foster the development of fundamental tools of learning, prepare students for a post-secondary career, prepare students for post-secondary education programs, upgrade occupational competence, prepare students for a new or different career, develop skills and appreciation for special interests, or to enrich the aesthetic qualities of life.		
	1310	<u>Adult Basic Education Programs</u> - Learning experiences concerned with the fundamental tools of learning for adults who have never attended school, or who have interrupted formal schooling and need this knowledge and these skills to raise their level of education, to increase self confidence and/or self-determination, to prepare for an occupation, and to function more responsibly as citizens in a democracy.
	1320	<u>Advanced Adult Education Programs</u> - Learning experiences designed to develop the knowledge, skills, appreciations, attitudes and behavioral characteristics considered to be needed by adults who, having completed or interrupted formal schooling, have accepted adult roles and responsibilities and are preparing for post-secondary careers and/or post-secondary education programs.

**Function Code Numbers:**                      **Function Descriptions and Definitions:**

	1330	<u>Occupational Programs</u> - Learning experiences concerned with the skills and knowledge required to prepare learners for immediate employment in an occupation or cluster of occupations. (This type of program is the same as that of secondary or junior college students but differs in that adults are the students served.)
	1340	<u>Upgrading in Current Occupation Programs</u> - Learning experiences concerned with skills and knowledge designed primarily to extend or update workers' competencies for occupations in which they are directly employed.
	1350	<u>Retraining for New Occupation Programs</u> - Learning experiences concerned with the skills and knowledge required for preparation for employment in a new and different occupation.
	1360	<u>Special Interest Programs</u> - Learning experiences concerned with skills and knowledge required to prepare adults for a subordinate occupation in addition to their vocation. Such programs also may be called avocational programs.
	1370	<u>Life Enrichment Programs</u> - Learning experiences concerned with skills and knowledge designed primarily for enjoyment, without regard to a vocation.
	1390	<u>Other Adult/Continuing Education Programs</u> - Other adult/continuing education programs which cannot be classified above.
		<b>Summer School Programs</b> - Instructional programs conducted during the summer.
	1410	<u>Elementary Summer School</u> - [NOTE: See 1120 - Elementary Programs above for its definition.]
	1420	<u>Secondary Summer School</u> - [NOTE: See 1130/1140 - Programs above for its definition.]
		<b>Other Instructional Programs</b> - Activities that provide students in grades Pre-Kindergarten through the 12th with learning experiences not classified elsewhere in the 1000 series.
	1910	<u>Athletic Activities</u> - LEA-sponsored activities, under the guidance and supervision of LEA staff, designed to provide opportunities for students to participate in athletic events. Expenditures for the physical education program are to be charged to another 1000 or a 2000 function.
	1920	<u>Student Activities</u> - LEA-sponsored activities, under the guidance and supervision of LEA staff, designed to provide opportunities for students to participate in co-curricular activities (e.g., band, chorus, choir, speech and debate). Activities not financed in whole or in part by public funds (e.g., club activities financed only by nonpublic funds) are to be accounted for as Agency Funds.
	1930-1990	<u>Other</u> - Other instructional programs not classified above.

**Function Code Numbers:**                      **Function Descriptions and Definitions:**

	<b>Support Services</b> - Support services provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.		
		<b>Support Services - Students</b> - Activities designed to assess and improve the well-being of students and to supplement the teaching process.	
		2110	<u>Attendance and Social Work Services</u> - Activities designed to improve student attendance at school and which attempt to prevent or solve student problems involving the home, the school, and the community. Registration activities for adult education programs are included here.
		2111	<u>Supervision of Attendance and Social Work Services</u> - The activities associated with directing, managing and supervising attendance and social work.
		2112	<u>Attendance Services</u> - Activities such as promptly identifying nonattendance patterns, promoting improved attitudes toward attendance, analyzing causes of nonattendance, acting early on nonattendance problems, and enforcing compulsory attendance laws.
		2113	<u>Social Work Services</u> - Activities such as: investigating and diagnosing student problems arising out of the home, school or community; casework and group work services for the child, parent or both; interpreting the problems of students for other staff members; and promoting modification of the circumstances surrounding the individual student which are related to his or her problem.
		2114	<u>Student Accounting Services</u> - Activities of acquiring and maintaining records of school attendance, location of home, family characteristics, and census data. Portions of these records become a part of the cumulative record which is sorted and stored for teacher and guidance information. Pertinent statistical reports are prepared under this function as well.
		2119	<u>Other Attendance and Social Work Services</u> - Attendance and social work services other than those described above.
		2120	<u>Guidance Services</u> - Activities involving counseling with students and parents; consulting with other staff members on learning problems; evaluating the abilities of students; assisting students as they make their own educational and career plans and choices; assisting students in personal and social development; providing referral assistance; and working with other staff members in planning and conducting guidance programs for students.

**Function Code Numbers:****Function Descriptions and Definitions:**

		2121	<u>Supervision of Guidance Services</u> - Activities associated with directing, managing and supervising guidance services.
		2122	<u>Counseling Services</u> - Activities concerned with the relationship between one or more counselors and one or more students as counselors, between students and students, and between counselors and other staff members. These activities are to help the student understand his or her educational, personal and occupational strengths and limitations; relate his or her abilities, emotions and aptitudes to educational and career opportunities; utilize his or her abilities in formulating realistic plans; and achieve satisfying personal and social development.
		2123	<u>Appraisal Services</u> - Activities that assess student characteristics, are used in administration, instruction and guidance, and assist the student in assessing his or her purposes and progress in career and personality development.
		2124	<u>Information Services</u> - Activities for disseminating educational, occupational and personal social information to help acquaint students with the curriculum and with educational and vocational opportunities and requirements. Such information might be provided directly to students through activities such as group or individual guidance, or it might be provided indirectly to students, through staff members or parents.
		2125	<u>Record Maintenance Services</u> - Activities for compiling, maintaining and interpreting cumulative records of individual students, including systematic consideration of such factors as: Home and family background, Physical and medical status, standardized test results Personal and social development, School performance.
		2126	<u>Placement Services</u> - Activities that help place students in appropriate situations while they are in school. These could be educational situations, part-time employment while they are in school, and appropriate educational and occupational situations after they leave school. These activities also help ease the student's transition from one educational experience to another. The transition may require, for example, admissions counseling, referral services, assistance with records, and follow-up communications with employers.
		2129	<u>Other Guidance Services</u> - Guidance services which cannot be classified above.
		2130	<u>Health Services</u> - Physical and mental health services which are not direct instruction. Included are activities that provide students with appropriate medical, dental and nursing services.



**Function Code Numbers:**                      **Function Descriptions and Definitions:**

			2131	<u>Supervision of Health Services</u> - Activities associated with directing and managing health services.
			2132	<u>Medical Services</u> - Activities concerned with the physical and mental health of students, such as health appraisal, including screening for vision, communicable diseases, and hearing deficiencies; screening for psychiatric services; periodic health examinations; emergency injury and illness care; and communications with parents and medical officials.
			2133	<u>Dental Services</u> - Activities associated with dental screening, dental care and orthodontic activities.
			2134	<u>Nursing Services</u> - Activities associated with nursing, such as health inspection, treatment of minor injuries, and referrals for other health services.
			2139	<u>Other Health Services</u> - Health services not classified above.
		2140		<u>Psychological Services</u> - Activities concerned with administering psychological tests and interpreting the results; gathering and interpreting information about student behavior; working with other staff members in planning school programs to meet the special needs of students as indicated by psychological tests and behavioral evaluation; and planning and managing a program of psychological services, including psychological counseling for students, staff and parents.
			2140	<u>Psychological Services</u> - See above.
			2141	<u>Supervision of Psychological Services</u> - Directing, managing and supervising the activities associated with psychological services.
			2142	<u>Psychological Testing Services</u> - Activities concerned with administering psychological tests, standardized tests, and inventory assessments. These tests measure ability, aptitude, achievement, interests and personality. Activities also include the interpretation of these tests for students, school personnel and parents.
			2143	<u>Psychological Counseling Services</u> - Activities that take place between a school psychologist or other qualified person as counselor and one or more students as counselors in which the students are helped to perceive, clarify and solve problems or adjustment and interpersonal relationships.

**Function Code Numbers:****Function Descriptions and Definitions:**

		2144	<u>Psychotherapy Services</u> - Activities that provide a therapeutic relationship between a qualified mental health professional and one or more students in which the students are helped to perceive, clarify and solve emotional problems.
		2149	<u>Other Psychological Services</u> - Other activities associated with psychological services not classified above.
		2150	<u>Speech Pathology and Audiology Services</u> - Activities which identify, assess and treat children with speech, hearing and language impairments.
		2151	<u>Supervision of Speech Pathology and Audiology Services</u> - Activities associated with directing, managing and supervising speech pathology and audiology services.
		2152	<u>Speech Pathology Services</u> - Activities that identify children with speech and language disorders; diagnose and appraise specific speech and language disorders; refer problems for medical or other professional attention necessary to treat speech and language disorders; provide required speech treatment services; and counsel and guide children, parents and teachers, as appropriate.
		2153	<u>Audiology Services</u> - Activities that identify children with hearing loss; determine the range, nature and degree of hearing function; refer problems for medical or other professional attention appropriate to treat impaired hearing; treat language impairment; involve auditory training, speech reading (lip-reading), and speech conversation; create and administer programs of hearing conservation; and counsel guidance of children, parents and teachers, as appropriate.
		2159	<u>Other Speech Pathology and Audiology Services</u> - Other activities associated with speech pathology and audiology services not classified above.
		2190	<u>Other Support Services - Students</u> - Other support services to students not classified elsewhere in the 2100 series.
			<u>Support Services - Instructional Staff</u> - Activities associated with assisting the instructional staff with the content and process of providing learning experiences for students.

**Function Code Numbers:**                      **Function Descriptions and Definitions:**

		2210	<u>Improvement of Instruction Services</u> - Activities primarily for assisting instructional staff in planning, developing and evaluating the process of providing learning experiences for students. These activities include curriculum development, techniques of instruction, child development and understanding, staff training, etc.
		2211	<u>Supervision of Improvement of Instruction Services</u> - Activities associated with directing, managing and supervising the improvement of instruction services.
		2212	<u>Instruction and Curriculum Development Services</u> - Activities that aid teachers in developing the curriculum, preparing and utilizing special curriculum materials, and understanding and appreciating the various techniques which stimulate and motivate students.
		2213	<u>Instructional Staff Training Services</u> - Activities that contribute to the professional or occupational growth and competence of members of the instructional staff during the time of their service to the school system or school. Among these activities are workshops, demonstrations, school visits, courses for college credit, sabbatical leaves, and travel leaves.
		2219	<u>Other Improvement of Instruction Services</u> - Activities for improving instruction other than those classified above.
		2220	<u>Educational Media Services</u> - 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.
		2221	<u>Supervision of Educational Media Services</u> - Activities concerned with directing, managing and supervising educational media services.
		2222	<u>School Library Services</u> - Activities such as selecting, acquiring, preparing, cataloging and circulating books and other printed materials; planning the use of the library by students, teachers and other members of the instructional staff; and guiding individuals in their use of library books and materials, whether maintained separately or as a part of an instructional materials center. Textbooks will not be charged to this function but rather to the instruction function.

**Function Code Numbers:                      Function Descriptions and Definitions:**

		2223	<u>Audio-visual Services</u> - Activities such as selecting, preparing, caring for, and making available to members of the instructional staff the equipment, films, filmstrips, transparencies, tapes, TV programs and similar materials, whether maintained separately or as part of an instructional materials center. Included are activities in the audio-visual center, TV studio, and related work-study areas, and the services provided by audio-visual personnel.
		2224	<u>Educational Television Services</u> - Activities concerned with planning, programming, writing and presenting educational programs or segments of programs by closed circuit or broadcast television.
		2225	<u>Computer-Assisted Instruction Services</u> - Activities concerned with planning, programming, writing and presenting educational projects which have been especially programmed for a computer to be used as the principal medium of instruction.
		2229	<u>Other Educational Media Services</u> - Educational media services other than those classified above.
		2290	<u>Other Support Services - Instructional Staff</u> - Services supporting the instructional staff not classified elsewhere in the 2200 series.
			<u>Support Services - General Administration</u> - Activities concerned with establishing and administering policy for operating the LEA.
		2310	<u>Board of Education Services</u> - 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.
		2311	<u>Supervision of Board of Education Services</u> - Activities concerned with directing and managing the general operation of the Board of Education. These include the activities of the members of the Board of Education, but does not include any special activities defined in the other areas of responsibility described below. They also include any activities of the district performed in support of the school board meeting. Legal activities in interpretation of the laws and statutes and general liability situations are charged here, as are the activities of external auditors.
		2319	<u>Other Board of Education Services</u> - Board of Education services which cannot be classified under the preceding area of responsibility.

**Function Code Numbers:                      Function Descriptions and Definitions:**

		2320	<u>Executive Administration Services</u> - Activities associated with the overall general administration of or executive responsibility for the entire LEA.
		2321	<u>Office of the Superintendent Services</u> - Activities performed by the superintendent and such assistants as deputy, associate and assistant superintendents in generally directing and managing all affairs of the LEA. These include all personnel and materials in the office of the chief executive officer. Activities of the offices of the deputy superintendents should be charged here, unless the activities can be placed properly into a service area. In this case, they would be charged to service area direction in that service area.
		2329	<u>Other Executive Administration Services</u> - Other general administrative services which cannot be recorded under the preceding function.
		2330	<u>Special Area Administration Services</u> - Activities concerned with area wide supervisory responsibility. This function could include the activities of the chief business official and directors of district wide instructional programs that have administrative responsibilities. It also would include such general administrative activities as federal programs coordinators. When two or more service areas are directed by the same individual, the services of that individual may be charged to this function or prorated between the service areas concerned.
			<u>Support Services - School Administration</u> - Activities concerned with overall administrative responsibility for a school.
		2410	<u>Office of the Principal Services</u> - Activities concerned with directing and managing the operation of a particular school. They include the activities performed by the principal, assistant principals and other assistants while they supervise all operations of the school, evaluate the staff members of the school, assign duties to staff members, supervise and maintain the records of the school, and coordinate school instructional activities with those of the LEA. These activities also include the work of clerical staff in support of the teaching and administrative duties.
		2490	<u>Other Support Services - School Administration</u> - Other school administration services. This function includes graduation expenses and department chairpersons.

**Function Code Numbers:**                      **Function Descriptions and Definitions:**

			<u>Support Services - Business</u> - Activities concerned with paying, transporting, exchanging and maintaining goods and services for the LEA. Included are the fiscal and internal services necessary for operating the LEA. The chief business official and the activities of the chief business official are included here.
		2510	<u>Fiscal Services</u> - Activities concerned with the fiscal operations of the LEA. This function includes budgeting, receiving and disbursing, financial and property accounting, payroll, inventory control, internal auditing and managing funds.
		2511	<u>Supervising Fiscal Services</u> - The activities of directing, managing and supervising the fiscal services area. They include the activities of the assistant superintendent, director or school business official who directs and manages fiscal activities.
		2512	<u>Budgeting Services</u> - Activities concerned with supervising budget planning, formulation, control and analysis.
		2513	<u>Receiving and Disbursing Funds Services</u> - Activities concerned with taking in money and paying it out. They include the current audit of receipts; the pre-audit of requisitions or purchase orders to determine whether the amounts are within the budgetary allowances and to determine that such disbursements are lawful expenditures of the school or an LEA; and the management of school funds.
		2514	<u>Payroll Services</u> - Activities concerned with periodically paying individuals entitled to remuneration for services rendered. Payments are also made for such payroll-associated costs as federal income tax withholding, retirement and social security.
		2515	<u>Financial Accounting Services</u> - Activities concerned with maintaining records of the financial operations and transactions of the school system. They include such activities as accounting and interpreting financial transactions and account records.
		2516	<u>Internal Auditing Services</u> - Activities concerned with verifying the account records, which includes evaluating the adequacy of the internal control system, verifying and safeguarding assets, reviewing the reliability of the accounting and reporting systems, and ascertaining compliance with established policies and procedures.
		2517	<u>Property Accounting Services</u> - Activities concerned with preparing and maintaining current inventory records of land, buildings and equipment. These records are used in equipment control and facilities planning.

**Function Code Numbers:                      Function Descriptions and Definitions:**

		2519	<u>Other Fiscal Services</u> - Fiscal services which cannot be classified under the preceding functions.
		2520	<u>Purchasing Services</u> - Activities concerned with purchasing supplies, furniture, equipment and materials used in schools or school system operations.
		2530	<u>Warehousing and Distributing Services</u> - The activities of receiving, storing and distributing supplies, furniture, equipment, materials and mail. They include picking up and transporting cash from school facilities to the central administration office or bank for control, deposit or both.
		2540	<u>Printing, Publishing and Duplicating Services</u> - The activities of printing and publishing administrative publications such as annual reports, school directories and manuals. Activities here also include centralized services for duplicating school materials and instruments such as school bulletins, newsletters and notices.
		2590	<u>Other Support Services - Business</u> - Other support services to business not classified elsewhere in the 2500 series.
			<b><u>Support Services - Operation and Maintenance of Plant Services</u></b> - Activities concerned with keeping the physical plant open, comfortable and safe for use, and keeping the grounds, buildings and equipment in effective working condition and state of repair. These include the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools.
		2610	<u>Supervision of Operation and Maintenance of Plant Services</u> - The activities involved in directing, managing and supervising the operation and maintenance of school plant facilities.
		2620	<u>Operating Buildings Services</u> - Activities concerned with keeping the physical plant clean and ready for daily use. They include operating the heating, lighting and ventilating systems, and repairing and replacing facilities and equipment. Also, included are the costs of building rental and property insurance.
		2630	<u>Care and Upkeep of Grounds Services</u> - Activities involved in maintaining and improving the land (but not the buildings). These include snow removal, landscaping, grounds maintenance and the like.
		2640	<u>Care and Upkeep of Equipment Services</u> - Activities involved in maintaining equipment owned or used by the LEA. They include such activities as servicing and repairing furniture, machines and movable equipment.

**Function Code Numbers:                      Function Descriptions and Definitions:**

		2650	<u>Vehicle Operation and Maintenance Services</u> (Other Than Student Transportation Vehicles) - Activities involved in maintaining general purpose vehicles such as trucks, tractors, graders and staff vehicles. These include such activities as repairing vehicles, replacing vehicle parts, cleaning, painting, greasing, fueling and inspecting vehicles for safety, i.e., preventive maintenance.
		2660	<u>Security Services</u> - Activities concerned with maintaining order and safety in school buildings, on the grounds and in the vicinity of schools at all times. Included are police activities for school functions, traffic control on grounds and in the vicinity of schools, building alarm systems and hall monitoring services. Security services associated with athletics are charged to function 3400.
		2690	<u>Other Operation and Maintenance of Plant Services</u> - Operations and maintenance of plant services which cannot be classified elsewhere in the 2600 series. Includes re-modeling or re-roofing projects that maintains the building for its intended use.
			<u>Support Services - Student Transportation Services</u> - Activities concerned with conveying students to and from school, as provided by state and federal law. This includes trips between home and school, and trips to school activities.
		2710	<u>Supervision of Student Transportation Services</u> - Activities pertaining to directing and managing student transportation services.
		2720	<u>Vehicle Operation Services</u> - Activities involved in operating vehicles for student transportation, from the time the vehicles leave the point of storage until they return to the point of storage. These include driving buses or other student transportation vehicles.
		2730	<u>Monitoring Services</u> - Activities concerned with supervising students in the process of being transported between home and school, and between school and school activities. Such supervision can occur while students are in transit, while they are being loaded and unloaded, and in directing traffic at the loading stations.
		2740	<u>Vehicle Servicing and Maintenance Services</u> - Activities involved in maintaining student transportation vehicles. It includes repairing vehicle parts, replacing vehicle parts, cleaning, painting, fueling and inspecting vehicles for safety.
		2790	<u>Other Student Transportation Services</u> - Student transportation services which cannot be classified elsewhere in the 2700 series.



**Function Code Numbers:**                      **Function Descriptions and Definitions:**

			<u>Support Services - Central</u> - Activities, other than general administration, which support each of the other instructional and supporting services programs. These activities include planning, research, development, evaluation, information, staff and data processing services.
		2810	<u>Planning, Research, Development and Evaluation Services</u> - Activities associated with conducting and managing programs of planning, research, development and evaluation for a school system on a system-wide basis. These services are explained below:
		a.	<u>Planning Services</u> include activities concerned with selecting or identifying the overall, long-range goals and priorities of the organization or program. They also involve formulating various courses of action needed to achieve these goals. This is done by identifying needs and relative costs and benefits of each course of action.
		b.	<u>Research Services</u> include activities concerned with the systematic study and investigation of the various aspects of education, undertaken to establish facts and principles.
		c.	<u>Development Services</u> include activities in the deliberate evolving process of improving educational programs - such activities as using the products of research.
		d.	<u>Evaluation Services</u> include activities concerned with ascertaining or judging the value or amount of an action or an outcome. This is done through careful appraisal of previously specified data in light of the particular situation and the goals previously established.
		2820	<u>Information Services</u> - Activities concerned with writing, editing and other preparation necessary to disseminate educational and administrative information to students, staff, managers and the general public through direct mailing, the various news media, or personal contact.
		2821	<u>Supervision of Information Services</u> - The activities of directing, managing and supervising information services.
		2822	<u>Internal Information Services</u> - Activities concerned with writing, editing and providing administrative information to students and staff.
		2823	<u>Public Information Services</u> - Activities concerned with writing, editing and other preparation necessary to disseminate educational and administrative information to the public through various news media or personal contact.

**Function Code Numbers:**                      **Function Descriptions and Definitions:**

		2824	<u>Management Information Services</u> - Activities concerned with writing, editing and other preparation necessary to disseminate to management (1) the information needed about the operation of the LEA and (2) information about the community, state and nation to make logical decisions.
		2829	<u>Other Information Services</u> - Activities concerned with information services not classified above.
		2830	<u>Staff Services</u> - Activities concerned with maintaining an efficient staff for the school system. It includes such activities as recruiting and placement, staff transfers, in-service training, health services, and staff accounting.
		2831	<u>Supervision of Staff Services</u> - The activities of directing, managing and supervising staff services.
		2832	<u>Recruitment and Placement Services</u> - Activities concerned with employing and assigning personnel for the LEA. <i>[NOTE: Background checks and fingerprinting costs would be recorded here.]</i>
		2834	<u>In-service Training Services</u> (for Non-instructional Staff) - The activities developed by the LEA for training of non-instructional personnel in all classifications.
		2839	<u>Other Staff Services</u> - Staff services which cannot be classified under the preceding functions.
		2840	<u>Data Processing Services</u> - Activities concerned with preparing data for storage, storing data and retrieving them for reproduction as information for management and reporting.
		2841	<u>Supervising Data Processing Services</u> - Activities concerned with directing, managing and supervising data processing services.
		2842	<u>Systems Analysis Services</u> - Activities concerned with searching for and evaluating alternatives for achieving defined objectives, based on judgment and, wherever possible, on quantitative methods. Where applicable, these activities pertain to the development of data processing procedures or application to electronic data processing equipment.
		2843	<u>Programming Services</u> - Activities concerned with the preparation of a logical sequence of operations to be performed, either manually or electronically, in solving problems or processing data. These activities also involve preparing coded instructions and data for such sequences.

**Function Code Numbers:**                      **Function Descriptions and Definitions:**

		2844	<u>Operations Services</u> - Activities concerned with scheduling, maintaining and producing data. These activities include operating business machines, data preparation devices, and data processing machines.
		2849	<u>Other Data Processing Services</u> - Activities concerned with data processing not described above.

<b>Non-instructional Services</b> - Activities concerned with providing non-instructional services to students, staff or the community.			
		3100	<u>Food Service Operations</u> - Activities concerned with providing food to students and staff in a school or LEA. This service area includes preparing and serving regular and incidental meals, lunches or snacks in connection with school activities and food delivery.
		3200	<u>Enterprise Operations</u> - Activities that are financed and operated in a manner similar to private business enterprises - where the stated intent is that the costs are financed or recovered primarily through user charges. Food services should not be charged here but rather to function 3100. One example could be the LEA bookstore.
		3300	<u>Community Services Operations</u> - Activities concerned with providing community services to students, staff or other community participants. Examples of this function would be the operation of a community swimming pool, a recreation program for the elderly, a child care center for working mothers, etc.
		3900	<u>Other Non-instructional Services</u> - Activities concerned with non-instructional services not described above.
		3950	<u>Scholarship Awards</u> - Payments to individual for scholarships.
		3975	<u>Subsidies to other LEAs</u> - Grants and other financial assistance received by a governmental entity to transfer to or spend on behalf of a secondary recipient.
<b>Sixteenth Section</b> - Expenditures concerned with maintaining and improving sixteenth section lands.			
		4100	<u>Appraisal and Survey</u> - Expenditures for (1) an estimate of value, usually nonrenewable resources, by systematic procedures that include physical examination, pricing and often estimates, and/or (2) surveys.
		4200	<u>Improving Land</u> - Expenditures for improvement of sixteenth section forestry land, including but not restricted to the deadening of undesirable hardwoods, the planting of trees, the cutting and maintaining of fire lanes, and the establishment of marked boundaries on all lands classified as forest lands.
		4300	<u>Drainage District Taxes</u> - Expenditures for the LEA's pro rata share of the costs, expenses, taxes and assessments relating to the drainage district.

**Function Code Numbers:**

**Function Descriptions and Definitions:**

		4400	<u>Allocation to Other LEA</u> - Expenditures to allocate revenue to municipal separate or other county school districts which share sixteenth section lands.
		4500	<u>Management Fees</u> - Expenditures for management fees and related costs.
		4600	<u>Attorney's Fees</u> - Expenditures for attorney's fees and related costs.
		4700	<u>Purchase of Lieu Lands</u> - Expenditures for acquisition of lieu lands.
		4900	<u>Other Expenditures/Expenses</u> - Other expenditures/expenses concerned with maintaining and improving sixteenth section lands.
<b>Facilities Acquisition and Construction Services</b> - Activities concerned with acquiring land and buildings; constructing buildings and additions to buildings; initially installing or extending service systems and other built-in equipment; and improving sites. (Note: Include expenditures to be capitalized as additions to Buildings and Improvements, Improvement Other Than Buildings and/or Construction in Progress asset accounts. These expenditures <b>do not</b> include minor re-modeling or minor re-roofing expenditures.)			
		5100	<u>Site Acquisition Services</u> - Activities concerned with initially acquiring and improving new sites.
		5200	<u>Site Improvement Services</u> - Activities concerned with improving sites and with maintaining existing site improvements.
		5300	<u>Architecture and Engineering Services</u> - The activities of architects and engineers related to acquiring and improving sites and improving buildings. Charges are made to this function only for those preliminary activities which may or may not result in additions to the LEA's property. Otherwise, charge these services to 5100, 5200, 5500 or 5600, as appropriate.
		5400	<u>Educational Specifications Development Services</u> - Activities concerned with preparing and interpreting descriptions of specific space requirements for the various learning experiences of students to be accommodated in a building. These specifications are interpreted to the architects and engineers in the early stages of blueprint development.
		5500	<u>Building Acquisition and Construction Services</u> - Activities concerned with buying or constructing buildings.
		5600	<u>Building Improvements Services</u> - Activities concerned with building additions and with installing or extending service systems and other built-in equipment.
		5900	<u>Other Facilities Acquisition and Construction Services</u> - Facilities acquisition and construction activities which cannot be classified above.

**Function Code Numbers:                      Function Descriptions and Definitions:**

		<b>Debt Service</b> - The servicing of the general long-term debt of the LEA. Capital lease payments would be included here. <i>[Note: Normally only debt service on general long-term debt is recorded here. Interest on current debt (i.e., debt repayable within one year of incurring the debt) is charged to function 2513, and the receipt and payment of principal on that debt is handled as an adjustment to the balance sheet liability account of the applicable governmental type fund.]</i>	
		<b>Debt Payments</b>	
		6110	<u>Transportation Loans Repaid</u> - Payments for the amounts due for transportation equipment loans.
		6120	<u>Three Mill - Ten Year Loans Repaid</u> - Payments for the amounts due for three mill - ten years loans.
		6130	<u>Capital Lease Payments</u> - Payments for the amounts due for obligations under capital leases.
		6140	<u>General Obligation Bonds Repaid</u> - Payments for the amounts due for general obligation bonds.
		6150	<u>Limited Obligation Bonds Repaid</u> - Payments for the amounts due on limited obligation bonds.
		6160	<u>Shortfall Loans/Notes Repaid</u> - Payments for the amounts due on shortfall debt obligations.
		6180	<u>Certificates of Participation Repaid</u> - Payments for the amounts due on certificates of participation.
		6190	<u>Qualified Zone Academy Debt Repaid</u> - Payment of the final debt requirement according to the agreement with the lending institution. <i>[Note: The yearly transfer amount to the lending institution would be recorded as 7600 Function Code.]</i>
		6191-6199	<u>Other Debt</u> - Payments for the amounts due for other debt of an LEA.

**Function Code Numbers:                      Function Descriptions and Definitions:**

		<u>Other Debt Service Payments</u>	
	6300	<u>Advance Refunding Escrow</u> - Payments made to an escrow agent from sources other than refunding bonds proceeds.	
	6400	<u>Payments for Arbitrage Commitments</u> - Payments made to the appropriate federal agency for arbitrage commitments	
	6500	<u>Debt Issuance Cost</u> - Cost associated with the issuance of debt.	
	6600	<u>Discount Amortization</u> - Difference between the stated rate of interest on the debt and the comparable market rate.	
	6900	<u>Other</u> - Debt service payments not properly classified in categories above. Includes fiscal agent's fees (payments made to financial institutions or other fiscal agents for services rendered in paying interest and redeeming debt at maturity) and issuance costs (payments to bond underwriters, attorneys, and others for fees and costs associated with debt issuance).	
	<b>Other Financing Uses</b> - A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting controls.		
		<u>Transfers Out</u> - Recurring or routine transactions which withdraw money from one fund and place it in another without recourse. Interfund loans are <b>not</b> recorded here, but are handled through the balance sheet accounts 131 and 441 in the funds affected.	
	7110	<u>Indirect Costs Transfers Out</u> - Transfers from one fund (usually a Special Revenue Fund) to another fund (usually the district maintenance fund) as payment for costs incurred by the receiving fund that have been prorated to the paying fund.	
	7120	<u>Other Transfers Out</u> - Operating transfers out which do not involve indirect costs.	
		<u>Other Financing Uses</u>	
	7500	<u>Payment to Refunded Bond Escrow Agent</u> - Payments to an escrow agent from advance refunding bond proceeds.	
	7600	<u>Payment to Qualified Zone Academy Debt Escrow Agent</u> - Payments made to an escrow agent to be held for the retirement of the debt associated with the Qualified Zone Academy Debt.	

**Object Code Numbers:      Object Descriptions:**

		7900	<u>Miscellaneous Other Financing Uses</u> - Other financing uses not classified elsewhere.
		7925	<u>Special Items</u> - Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence.
		7950	<u>Extraordinary Items</u> - Transactions or other events that are both unusual in nature and infrequent in occurrence.
	<b>Direct Decreases in Fund Equity</b> - Decreases in fund equity that are not properly recorded as expenditures/expenses or other financing uses but must be reflected on the operations statement.		
		8100	<u>Prior Period Adjustments</u> - Decreases in fund equity due to prior period adjustments.
		8200	<u>Decrease in Reserve for Inventory</u> - Decreases in fund equity due to decrease in fund balance reserved for inventories recorded under the purchases method.
		8300	<u>Residual Equity Transfers Out</u> - Non-recurring or non-routine transfers of equity between funds. Normally only used for transfers of the residual balance of a discontinued fund to another fund.

**Personal Services - Salaries**

111	Teachers and Professional Personnel
112	Teachers Aids
113	Clerical
114 through 119	Other Employees
121	Substitute Teachers
122	Part-time Personnel
123 through 129	Other Temporary Employees
131 through 150	Overtime Salaries
151 through 170	Compensated Absences Payments
171 through 199	User defined other employees

**Personal Services - Employee Benefits**

210	Group Health Insurance
215	Group Life Insurance
220	Social Security Contributions
230	Retirement Contributions

**Object Code Numbers:      Object Descriptions:**

240	Unemployment Compensation
250	Tuition Reimbursement
260	Workmen's Compensation
270	Health Benefits
291 through 299	Other Employee Benefits

**Purchased Professional and Technical Services**

310	Official/Administrative Services
320	Professional/Educational Services
321	Curriculum Improvement Services
322	Counseling and Guidance Services
323 through 329	Other Professional/Educational Services
330	Other Professional Services
331	Medical Doctors
332	Lawyers
333	Architects
334	Accountants
335	Auditors
336	Nurses
337 through 339	Other Professional Services
340	Technical Services
341	Data Processing Services
342	Purchasing Services
343	Warehousing Services
344 through 349	Other Technical Services



**Object Code Numbers:      Object Descriptions:**

**Purchased Property Services**

Utility Services

411      Water & Sewer

412      Electricity

413      Natural Gas

414      Telephone

415 through 419      Other Utility Services

420      Cleaning Services

421      Custodial

422      Lawn Care

423      Waste Disposal

424 through 429      Other Cleaning Services

430      Repairs and Maintenance Services

431 through 439      User Defined Repairs and Maintenance Services

440      Rentals

441      Rental of Land and Buildings

442      Rental of Equipment

443 through 449      Other Rentals

450      Construction Services

490      Other Purchased Property Services

**Object Code Numbers:      Object Descriptions:**

**Other Purchased Services**

510	Student Transportation Services
520	Insurance (Other Than Employee Benefits)
521	Property Insurance
522	Liability Insurance
523	Fidelity Bonds
524 through 529	Other Insurance
530	Postal Services
531	Postage
532	Postage Machine Rental
533 through 539	Other Postal Services
540	Advertising
550	Printing and Binding
560	Tuition
570	Food Service Management
580	Travel and Per diem
590	Miscellaneous Purchased Services

**Object Code Numbers:      Object Descriptions:**

**Supplies**

610	General Supplies
611	Software
612 through 619	Other Supplies
620	Transportation Supplies
622	Tires and Tubes
623	Repair Parts
624 through 629	Other Transportation Supplies
630	Petroleum, Oils & Lubricants
631	Gasoline
632	Oil
633 through 639	Other Petroleum, Oils & Lubricants
	Food
641	Purchased Food
642	Donated Food
643	Food Production Supplies
644 through 649	Other Food
	Books and Periodicals
651	Textbooks
652 through 659	User Defined Books and Periodicals(NOT TEXTBOOKS)
660	Resale Items
661 through 669	User Defined Resale Items

**Object Code Numbers:      Object Descriptions:**

**Property**

Land

710      Land

Buildings

721      Buildings (**Cost or value less than \$50,000**)

725      Buildings (**Cost or value of \$50,000 and above**)

Building Improvements

728      Building Improvement (**Cost or value less than \$25,000**)

729      Building Improvements (**Cost or value of \$25,000 and above**)

Furniture and Equipment

731      Computer Equipment (**Cost or value less than \$5,000**)

733      Computer Equipment (**Cost or value \$5,000 and above**)

735      Other Furniture and Equipment (**Cost or value less than \$5,000**)

737      Other Furniture and Equipment (**Cost or value of \$5,000 and above**)

Non-Capitalized Property

740      Non-Capitalized Property

Improvements Other Than Buildings

751      Improvements Other Than Buildings (**Cost or value less than \$25,000**)

753      Improvements Other Than Buildings (**Cost or value of \$25,000 and above**)

**Object Code Numbers:      Object Descriptions:**

## Leased Property Under Capital Leases

- 755      Leased Property - Computer Equipment (**Cost or value less than \$5,000**)
- 756      Leased Property - Computer Equipment (**Cost or value \$5,000 and above**)
- 757      Leased Property - Other Furniture and Equipment (**Cost or value less than \$5,000**)
- 758      Leased Property - Other Furniture and Equipment (**Cost or value \$5,000 and above**)
- 759      Leased Property - Cars and Trucks (**Cost or value less than \$5,000**)
- 760      Leased Property - Cars and Trucks (**Cost or value \$5,000 and above**)
- 761      Leased Property - Buses (**Cost or value less than \$ 5,000**)
- 762      Leased Property - Buses (**Cost or value \$5,000 and above**)
- 763      Leased Property - Improvements other than buildings (**Cost or value less than \$25,000**)
- 764      Leased Property - Improvements other than buildings (**Cost or value \$25,000 and above**)
- 765      Leased Property - Buildings (**Cost or value less than \$50,000**)
- 766      Leased Property - Buildings (**Cost or value \$50,000 and above**)
- 767      Leased Property - Other Mobile Equipment (**Cost or value less than \$ 5,000**)
- 768      Leased Property - Other Mobile Equipment (**Cost or value \$5,000 and above**)

## Mobile Equipment

- 771      Cars and Trucks (**Cost or value less than \$ 5,000**)
- 772      Cars and Trucks (**Cost or value \$5,000 and above**)
- 773      Buses (**Cost or value less than \$ 5,000**)
- 774      Buses (**Cost or value \$5,000 and above**)
- 775      Other Mobile Equipment (**Cost or value less than \$ 5,000**)
- 776      Other Mobile Equipment (**Cost or value \$5,000 and above**)

## Depreciation

- 790      Depreciation - Proprietary funds

**Object Code Numbers:      Object Descriptions:**

**Other Objects**

- 810      Dues and Fees
- 820      Judgments and Claims Against the LEA
- 830      Interest
- 840      Redemption of Principal
- 848      Discount on Debt
- 849      Debt Issuance Costs
- 845      Other Debt Related Payments

FDC Homes Pass-through Funds

- 851      Payments to Providers
- 852      Payments to State Board of Health
  
- 860      Repayments to State Agency
- 870      Scholarship Awards
- 875      Loss on Sale of Investments
- 880      Losses on Sale/Disposal of Capital Assets
- 885      Decrease in FMV of Investments
- 890      Miscellaneous Expenditures

**Other Uses of Funds**

- 910      Summer Food - Administrative Indirect Cost
- 920      Summer Food - Operations Indirect Cost
- 930      Summer Food - Transportation Cost
- 940      Summer Food - Use Allowance
- 990      Miscellaneous Other Uses

**Object Code Numbers:      Object Descriptions:**

	<b><u>Personal Services - Salaries</u></b> - Amounts paid to both permanent and temporary LEA employees, including personnel substituting for those in permanent positions. This includes gross salary for personal services rendered while on the payroll of the LEA. <i>[NOTE: Used with all functions except 4000, 5000, 6000 and 7000.]</i>
111 - 119	<u>Regular Employees</u> - Full-time, part-time and prorated portions of the costs for work performed by permanent employees of the LEA.
121 - 129	<u>Temporary Employees</u> - Full-time, part-time and prorated portions of the costs for work performed by employees of the LEA who are hired on a temporary or substitute basis.
131 - 150	<u>Overtime Salaries</u> - Amounts paid to employees of the LEA in either temporary or permanent positions for work performed in addition to the normal work period for which the employee is compensated under regular salaries and temporary salaries above. The terms of such payment for overtime is a matter of federal, state and local laws and regulations and interpretations thereof.
151 - 170	<u>Compensated Absences Payment</u> - Amounts paid to employees of the LEA upon retirement for unused accumulated leave time, up to 30 days, as required by Section 37-7-307.
171 - 199	<u>User Defined Other Employees</u> - Expanded range for other employees of the LEA.
	<b><u>Personal Services - Employee Benefits</u></b> - Amounts paid by the LEA in behalf of employees; these amounts are not included in the gross salary, but are in addition to that amount. Such payments are fringe benefit payments and, while not paid directly to employees, nevertheless are part of the cost of personal services. <i>[NOTE: Used with all functions except 4000, 5000, 6000 and 7000.]</i>
210	<u>Group Health Insurance</u> - Employer's share of health insurance plan.
215	<u>Group Life Insurance</u> - Employer's share of life insurance costs.
220	<u>Social Security Contributions</u> - Employer's share of social security paid by the LEA.
230	<u>Retirement Contributions</u> - Employer's share of any state or local employee retirement system paid by the LEA, including the amount paid for employees assigned to federal programs.
240	<u>Unemployment Compensation</u> - Amounts paid by the LEA to provide unemployment compensation for its employees. These charges are to be distributed to functions in accordance with the salary budget.
250	<u>Tuition Reimbursement</u> - Amounts reimbursed by the LEA to any employee qualifying for tuition reimbursement based upon LEA policy.
260	<u>Workmen's Compensation</u> - Amounts paid by the LEA to provide workmen's compensation insurance for its employees. These charges are to be distributed to functions in accordance with the salary budget.
270	<u>Health Benefits</u> - Amounts paid by the LEA to provide health benefits for its current employees or employees now retired for whom benefits are paid. Premiums for insurance to provide health benefits would go in Code 210.

**Object Code Numbers:      Object Descriptions:**

	291-299	<u>Other Employee Benefits</u> - Employee benefits other than those classified above. The LEA may establish sub-codes locally for various accrued amounts. Such amounts may be distributed to the functions according to the employee's assignment.
<b><u>Purchased Professional and Technical Services</u></b> - Services which, by their nature, can be performed only by persons or firms with specialized skills and knowledge. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided. Included are the services of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, teachers, accountants, etc. It is recommended that a separate account be established for each type of service provided to the LEA.		
	310	<u>Official/Administrative Services</u> - Services in support of the various policy-making and managerial activities of the LEA. Included would be management consulting activities oriented to general governance or business and financial management of the LEA; school management support activities; election and tax assessing and collecting services. <b>[NOTE: Usually used with functions 2300 and 2400.]</b>
	320 - 329	<u>Professional/Educational Services</u> - Services supporting the instructional program and its administration. Included would be curriculum improvement services, counseling and guidance services, library and media support and contracted instructional services. <b>[NOTE: Usually used with functions 1000, 2100 and 2200.]</b>
	330 - 339	<u>Other Professional Services</u> - Professional services other than educational supporting the operation of the LEA. Included are medical doctors, lawyers, architects, auditors, accountants, therapists, audiologists, dieticians, editors, negotiations specialists, systems analysts, planners and the like. <b>[NOTE: Usually used with function 2000.]</b>
	340 - 349	<u>Technical Services</u> - Services to the LEA which are not regarded as professional but require basic scientific knowledge, manual skills, or both. Included are data processing services, purchasing and warehousing services, graphic arts and the like. <b>[NOTE: Usually used with functions 1000 and 2000.]</b>
<b><u>Purchased Property Services</u></b> - Services purchased to operate, repair, maintain, and rent property owned or used by the LEA. These services are performed by persons other than LEA employees. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.		
	411 - 419	<u>Utility Services</u> - Expenditures for utility services supplied by public or private organizations. Water and sewerage, electricity, natural gas and telephone charges are included here. <b>[NOTE: Used only with functions 2600 and 3100.]</b>
	420 - 429	<u>Cleaning Services</u> - Services purchased to clean buildings (apart from services provided by LEA employees). <b>[NOTE: Used only with functions 2600 and 3100.]</b>



**Object Code Numbers:      Object Descriptions:**

430 - 439	<u>Repairs and Maintenance Services</u> - Expenditures for repairs and maintenance services not provided directly by LEA personnel. This includes contracts and agreements covering the upkeep of buildings and equipment. Costs for renovating and remodeling are not included here but are classified under object 450.
440 - 449	<u>Rentals</u> - Costs for renting or leasing land, buildings, equipment and vehicles.
450	<u>Construction Services</u> - Includes amounts for renovating and remodeling paid to contractors. <i>[NOTE: Used only with function 5000.]</i>
490	<u>Other Purchased Property Services</u> - Purchased property services which are not classified above. Costs for telephone and telegraph are not included here but are included in object 530. <i>[NOTE: Usually used with functions 2600 and 3100.]</i>
	<b><u>Other Purchased Services</u></b> - Amounts paid for services rendered by organizations or personnel not on the payroll of the LEA (separate from professional and technical services or property services). While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.
510	<u>Student Transportation Services</u> - Payments to agencies or persons other than the LEA's employees for transporting children to and from school and other activities. <i>[NOTE: Used only with function 2700.]</i>
520 - 529	<u>Insurance</u> (Other Than Employee Benefits) - Expenditures for all types of insurance coverage, including property, liability, and fidelity. Insurance for group health is not charged here but is recorded under object 210. <i>[NOTE: Used with functions 2310 or 2620.]</i>
530 - 539	<u>Postal Services</u> - Services provided by persons or businesses to assist in transmitting and receiving messages or information. This category includes services such postage and postage machine rental. <i>[NOTE: Usually used with functions 2320 or 2410, but may be spread among functions.]</i>
540	<u>Advertising</u> - Expenditures for announcements in professional publications, newspapers or broadcasts over radio and television. These expenditures include advertising for such purposes as personnel recruitment, legal ads, new and used equipment and sale of property. Costs for professional advertising or public relations services are not recorded here but are charged to object 330. <i>[NOTE: Usually used with functions 2300, 2500 or 2800.]</i>
550	<u>Printing and Binding</u> - Expenditures for job printing and binding, usually according to specifications of the LEA. This includes designing and printing forms and posters as well as printing and binding LEA publications. Preprinted standard forms are not charged here but are recorded under object 610. <i>[NOTE: Usually used with function 2540, but may be assigned to other functions.]</i>
560	<u>Tuition</u> - Expenditures to reimburse other educational agencies for instructional services to students residing in the legal boundaries described for the paying LEA.

**Object Code Numbers:      Object Descriptions:**

570	<u>Food Service Management</u> - Expenditures for the operation of a local food service facility by other than employees of the LEA. Included are contracted services, such as food preparation, associated with the food service operation. Direct expenditures by the LEA for food, supplies, labor and equipment would be charged to the appropriate object codes. <i>[NOTE: Used only with function 3100.]</i>
580	<u>Travel and Per diem</u> - Expenditures for transportation, meals, hotel and other expenses associated with staff travel for the LEA. Payments for per diem in lieu of reimbursement for subsistence (room and board) also are charged here. <i>[NOTE: Used with all functions except 4000, 5000, 6000 and 7000.]</i>
590	<u>Miscellaneous Purchased Services</u> - Purchased services other than those described above. Any inter-district payments other than tuition should be classified here.
	<b>Supplies</b> - Amounts paid for items that are consumed, worn out, or deteriorated through use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances.
610 - 619	<u>General Supplies</u> - Expenditures for all supplies (other than those listed below) for the operation of an LEA, including freight and cartage. <i>[NOTE: Used with all functions except 6000 and 7000.]</i>
620 - 629	<u>Transportation Supplies</u> - Expenditures for all supplies, materials and repair parts for the operation of the LEA's transportation vehicles and related equipment. Gasoline purchases are recorded under object 630. <i>[NOTE: Used with function 2700.]</i>
630 - 639	<u>Petroleum, Oils &amp; Lubricants</u> - Expenditures for gasoline, oil and lubricants and other related costs. <i>[NOTE: Used with all functions except 5000, 6000 and 7000]</i>
641 - 649	<u>Food</u> - Expenditures for food used in the school food service program. Food used in instructional programs is charged under object 610. <i>[NOTE: Object Code 643 - Food Production Supplies - These expenditures are associated with the preparation and serving of the Child Nutrition Program meals such as eating utensils, napkins, paper plates and baking pans. Also, used only with function 3100.]</i>
651	<u>Textbooks</u> - Expenditures for textbooks as defined by Section 37-43-1.
652 - 659	<u>Books and Periodicals</u> - Expenditures for books and periodicals prescribed and available for general use, including reference books. This category includes the cost of workbooks, book binding or repairs, as well as books which are purchased to be rented. Also recorded here are costs of binding or other repairs to school library books. <i>[NOTE: Used with all functions except 4000, 5000, 6000 and 7000.]</i>
660 - 669	<u>Resale Items</u> - Items purchased which are to be resold. Food purchased for the food services program and instructional uses is charged within objects 640's and 610's, respectively.
	<b>Property</b> - Expenditures for acquiring capital assets, including land or existing buildings; improvements of grounds; initial equipment; additional equipment; and replacement of equipment.

**Object Code Numbers:      Object Descriptions:**

710	<u>Land</u> - Expenditures for the purchase of land. Purchases of air rights, mineral rights and the like are included here. <i>[NOTE: Used only with functions 5100 and 5200.]</i>
721 - 725	<u>Buildings</u> - Expenditures for the purchase of existing buildings. Expenditures for the contracted construction of buildings, for major permanent structural alterations that would increase the estimated useful life of the building by forty years. <i>[Used with governmental funds only.] [NOTE: Used only with function 5500.]</i>
728 - 729	<u>Building Improvements</u> - Expenditures for major improvements to an existing building that would have a estimated useful life of at least 20 years. This would include removal and replacement of an existing roof. Expenditures for the initial or additional installation of heating and ventilating systems, fire protection systems, and other service systems in existing buildings. <i>[NOTE: Used only with function 5600.]</i>
731 - 737	<u>Furniture and Equipment</u> - Expenditures for the purchase of furniture and equipment contained in the buildings of the district for which capital asset accountability is required or elected.
740	<u>Non-Capitalized Property</u> - Expenditures for the purchase of property by the district for which capital asset accountability is not required nor elected.
751 - 753	<u>Improvements Other Than Buildings</u> - Expenditures for the purchase of athletic fields, lighting, bleachers or other similar improvements that cannot be directly associated with a particular building.
755 - 776	<u>Leased Property Under Capital Leases</u> - Expenditures for the acquisition of property under capital leases.
771 - 776	<u>Mobile Equipment</u> - Expenditures for the purchase of school buses, automobiles, trucks, vans, lawn maintenance equipment, tractors, backhoes, dozers, front-end loaders and similar mobile equipment.
790	<u>Depreciation</u> - The portion of the cost of a capital asset which is charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is apportioned over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the cost of the asset is ultimately charged off as an expense.
<b><u>Other Objects</u></b> - Amounts paid for goods and services not otherwise classified above.	
810	<u>Dues and Fees</u> - Expenditures or assessments for membership in professional or other organizations or payments to a paying agent for services rendered. <i>(NOTE: Used with functions 1000, 2000 and 3100)</i>

**Object Code Numbers:      Object Descriptions:**

820	<u>Judgments and Claims Against the LEA</u> - Expenditures from current funds for all judgments and claims (except as indicated below) against the LEA that are not covered by liability insurance, but are of a type that might have been covered by insurance. Judgments and claims against the LEA 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. <i>(NOTE: Used only with function 2310)</i>
830	<u>Interest</u> - Expenditures for interest on bonds, notes or other debt of the district. <i>(NOTE: Used with function 6200)</i>
840	<u>Redemption of Principal</u> - Outlays from current funds to retire serial bonds, long-term loans and other long-term debt of the district. <i>(NOTE: Used with function 6100)</i>
845	<u>Other Related Debt Payments</u> - Outlays from current funds for other related debt requirements.
848	<u>Discount on Debt</u> - Outlays for discount on debt.
849	<u>Debt issuance Costs</u> - Outlays for debt issuance cost.
	<i>(NOTE: Used with function 6000)</i>
851 - 852	<u>FDC Homes Pass-through Funds</u> - Pass-through funds for family day care homes portion of federally funded child and adult care food program (CFDA #10.558). <i>(NOTE: Used with function 3100)</i>
860	<u>Repayments to State Agency</u> - Repayments by the LEA to the State Department of Education or another state agency.
870	<u>Scholarship Awards</u> - Payments to individuals for scholarships.
875	<u>Loss on Sale of Investments</u> - Losses on actual sale of investment instruments. Losses represent the excess of the cost or any other basis at date of sale over the sale proceeds.
880	<u>Losses on Sale/Disposal of Capital Assets</u> - The amount of expenditures over the book value of the capital assets sold. For example, the loss on the sale would be the difference in the selling price and the depreciated value (book value). This account is used in the Proprietary Funds only.
885	<u>Decrease in FMV of Investments</u> - Unrealized decrease in the difference between the fair value of the investments at the beginning of the year and at the end of the year, taking into consideration the investment purchases, sales and redemptions.
890	<u>Miscellaneous Expenditures</u> - Amounts paid for goods or services not properly classified in one of the objects included above.
	<b>Other Uses of Funds</b> - This series of codes is used to classify transactions which are not properly recorded as expenditures to the LEA but require budgetary or accounting control. Included here are operating transfers out.
910	<u>Summer Food - Administrative Indirect Cost</u> - Operating transfers out for administrative indirect cost charged to the Summer Food Service Fund.
920	<u>Summer Food - Operations Indirect Cost</u> - Operating transfers out for operations indirect cost charged to the Summer Food Service Fund.
930	<u>Summer Food - Transportation Cost</u> - Operating transfers out for transportation cost charged to the Summer Food Service Fund.

**Object Code Numbers:      Object Descriptions:**

	940	<u>Summer Food - Use Allowance</u> - Operating transfers out for use allowance charged to the Summer Food Service Fund.
	990	<u>Miscellaneous Other Uses</u> - Other uses not classified above.



## **SECTION N                      FINANCIAL STATEMENTS**

All Mississippi public school districts are required to prepare their annual financial statements as of and for the year ended June 30 of each fiscal year. The annual financial statements should be prepared in accordance with generally accepted accounting principals (GAAP) and should follow the guidance of this manual.

A.        Implementation of GASB Statement No. 34.

All school districts shall implement GASB Statement No. 34 requirements starting with the fiscal year beginning July 1, 2002, except those school districts whose annual revenues would require earlier implementation.

Since the vast majority of school districts in the State of Mississippi do not have business-type activities, component units or proprietary funds, information regarding these items has not been included in this manual.

B.        Generally Accepted Accounting Principals (GAAP) Requirements.

The following information is needed to meet the minimum requirements for GAAP.

1.        Management's Discussion and Analysis (MD&A) (See Note 1, below).
2.        Government-wide financial statements (See Note 2, below).
  - a.        Statement of Net Assets
    1.        Statement of Net Assets (Exhibit A)
    2.        Statement of Net Assets - Accounting Code Template (Exhibit A-1)
  - b.        Statement of Activities
    1.        Statement of Activity (Exhibit B)
    2.        Statement of Activity - Accounting Code Template (Exhibit B-1)
3.        Governmental Fund Financial Statements (See Note 3, below).
  - a.        Governmental Funds
    1.        Balance Sheet (Exhibit C)
    2.        Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets (Exhibit C-1)
    3.        Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit D)
    4.        Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities (Exhibit D-1)

- b. Fiduciary Funds
  - 1. Statement of Net Assets (Exhibit E)
  - 2. Statement of Changes in Fiduciary Net Assets (Exhibit F)
- 4. Notes to Financial Statements (See Note 4, below).
- 5. Required Supplementary Information (RSI) (other than MD&A) (See Note 5, below).  
Budgetary Comparisons Schedules (Schedule 1).
- 6. Schedule of Expenditures of Federal Awards (Schedule 2).

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NOTES:

1. Management's Discussion and Analysis (MD&A)

The MD&A is required supplementary information (RSI) that precedes and introduces the basic financial statements. MD&A gives an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions. It presents short-term and long-term analyses of the government's activities, compares current-year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Management is expected to write this important introductory section to the basic financial statements. Presentation requirements for the MD&A include the following:

- a. A brief discussion of the basic financial statements, including how they relate to each other and the significant differences in the information they provide.
- b. Condensed current and prior-year financial information from the government-wide financial statements with a comparative analysis that discusses reasons for significant inter-period changes and economic factors that significantly affected current-year operations.
- c. An analysis of individual fund financial information, including the reasons for significant changes in fund balances (or net assets) and whether limitations significantly affect the future of fund resources.
- d. An analysis of significant variances between original and final budget amounts and between final budget amounts and actual budget results for the general fund.
- e. A description of capital asset and long-term debt activity that occurred during the year.
- f. A description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net assets) or results of operations (revenues, expenses, and other changes in net assets).



2. Government - wide Financial Statements

The government-wide financial statements report information for the government as a whole, except for its fiduciary activities. These financial statements use the economic resources measurement focus basis of accounting (MFBA) and include transactions and balances relating to all assets.

Statement of Net Assets

The purpose of the statement of net assets is to provide information about the financial position of the government as an economic unit. The statement shows what the government owns and owes at a given point in time.

The statement reports all assets of the government, both financial and capital assets, and all liabilities of the government, both current and long-term obligations.

The statement presents financial information in a net assets format (assets less liabilities equal net assets). The governmental activities column includes all financial assets and all accrued liabilities of the governmental funds. It also includes all capital assets purchased or constructed by governmental funds and all long-term debt obligations repaid by governmental funds.

Statement of Activities

The statement of activities focuses on the net cost of services (functional or programmatic expenses less program revenues) and the extent to which each function/program reported by the government is financed with general revenues, principally taxes. The objective is not to identify which functions make money and which ones lose money, but rather to report the relative financial burden of each of the government's functions/programs on its taxpayers.

The statement reports expenses, net of program revenues, of the government's individual functions. General revenues, contributions to permanent fund principal, special and extraordinary items, and transfers are reported separately after the total net expenses of the functions, resulting in the "change in net assets" for the period.

The ultimate purpose of the statement of net assets is to report on the results of the government's operations (that is, its change in net assets) for the period. The change in net assets shows the increase or decrease from year to year in the net assets of the whole government—it is the sum total of revenues, expenses, gains, and losses reported in the statement of activities. A positive change in net assets for the year shows the government lived within its means. Conversely, a negative change shows the government did not live within its means.

3. Fund Financial Statements

The governmental fund financial statements consist of two separate sets of financial statements. These include the (a) Governmental Fund Statements and (b) the Fiduciary Fund Statements. These financial statements use different MFBA depending on the fund category: Governmental funds use the current financial resources/modified accrual MFBA and the Fiduciary funds generally use the economic resources/accrual MFBA.

4. Notes to the Financial Statements

The notes to the financial statements disclose information essential for the fair presentation of the basic financial statements that is not displayed in the financial statements. The notes are an integral part of the basic financial statements.

5. Budgetary Comparison Schedule

A budgetary comparison should be prepared for the general fund and each major special revenue fund. Each fund shall report its original budget, final budget and actual amounts. Separate columns will present comparisons between original budgeted amounts and final budgeted amounts and a comparison between final budgeted amounts and actual expenditures. Explanations of variances should be reported within the MD&A ( Schedule 1).

6. Schedule of Expenditures of Federal Awards

A schedule of expenditures of federal awards should be prepared to include information as required by OMB Cir. A-133. (Schedule 2)

SCHOOL DISTRICT  
Statement of Net Assets  
June 30, 2003

Exhibit A

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>Assets</b>	
Cash and cash equivalents (Note )	
Cash with fiscal agents (Note )	
Investments (Note )	
Due from other governments (Note )	
Accrued interest receivable (Note )	
Other receivables, net (Note )	
Inventories and prepaid items (Note )	
Restricted assets (Note ):	
Capital assets, net (Note )	
 Total Assets	 <u>0</u>
<b>Liabilities :</b>	
Accounts payable and accrued liabilities	
Due to other governments	
Deferred revenue	
Interest payable on long-term liabilities	
Long-term liabilities (Due within one year):(Note )	
Capital related liabilities	
Non-capital related liabilities	
Long-term liabilities (Due beyond one year): (Note )	
Capital related liabilities	
Non-capital related liabilities	
 Total Liabilities	 <u>0</u>
<b>Net Assets</b>	
Investment in capital assets (net of related debt)	
Restricted net assets:	
Expendable:	
School - based activities	
Debt service	
Capital improvements	
Forestry improvements	
Unemployment benefits	
Non-expendable:	
Sixteenth section	
Other	
Unrestricted	
 Total Net Assets	 <u>0</u>

The notes to the financial statements are an integral part of this statement.

**Statement of Net Assets - Accounting Code Template** (code changes from previous version noted in **bold**)

Revised 2/1/2004

Account as listed on the Statement of Net Assets	Funds included in balance	General Ledger Account Codes included in the balance	Exhibit A-1
<b>ASSETS</b>			
Cash and cash equivalents	1000s,2000s,3000s,4000s	101	
Cash with fiscal agent	1000s,2000s,3000s,4000s	105,134	
Investments	1000s,2000s,3000s,4000s	111	
Due from other governments	1000s,2000s,3000s,4000s	121,122,123	
Accrued interest receivable	1000s,2000s,3000s,4000s, <b>possibly some 7200s</b>	124; <b>include any 7200 funds where interest not restricted as to use</b>	
Other receivables, net	1000s,2000s,3000s,4000s	125,126,128 less 130	
Inventories and prepaid items	1000s,2000s,3000s,4000s	141,142,143,144,151	
Restricted assets	7200s	101,111	
Capital assets (net) (Note 1)	8000	201,211,212,221,231,241,251,261 less 290	<b>A</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1000s,2000s,3000s,4000s	401,402,411,412,421,461,480	
(1) Due to other governments		(any funds that are due to agency funds {GL Code 441} will need to be shown here for the district-wide presentation as an external liability)	
Interest payable on long-term liabilities		(calculated for district-wide presentation only)	
Deferred revenue	1000s,2000s,3000s,4000s	451	
Long-term liabilities (Note 2):			
Due within one year:			
Capital-related debt	9000	501,502,503,504,506,507,508,509,510,512,513 (portions due within one year on capital-related debt)	<b>B</b>
Noncapital related debt	9000	402,480,501,502,503,504,506,507,508,509,510,512,513, <b>514</b> , 551 (portions due within one year on noncapital-related debt)	
Total Due within one year			
Due beyond one year:			
Capital-related debt	9000	501,502,503,504,506,507,508,509,510,512,513 (portions due beyond one year on capital-related debt)	<b>B</b>
Non-capital related debt	9000	402,480,501,502,503,504,506,507,508,509,510,512,513, <b>514</b> , 551 (portions due within one year on noncapital-related debt)	
Total Due beyond one year			
Total liabilities			

**Statement of Net Assets - Accounting Code Template** (code changes from previous version noted in **bold**)

Revised 2/1/2004

Account as listed on the Statement of Net Assets	Funds included in balance	General Ledger Account Codes included in the balance	Exhibit A-1
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt			<b>A - B</b>
Restricted net assets			
Expendable:			
School-based activities	2000s	751	
Debt service	4000s	727	
Capital improvements	3000s	725 (reduced for any unspent proceeds)	
Forestry improvements	2830	723	
Unemployment benefits	2820	722	
Nonexpendable			
Sixteenth section	7200	721	
Other	7200	726	
Unrestricted	1000s	724,728,729,730,731,732,733,741,751	
Total net assets			

- (1) Long-term liabilities should be presented on the statement with subtotals for amounts "Due within one year" and "Due beyond one year". The additional breakdown shown above for "Capital-related debt" and "Noncapital-related debt" will not be shown for presentation, but is necessary to compute the net asset amount for "Invested in capital assets, net of related debt". Therefore, it will be necessary to establish a separate debt service fund number for each individual debt issued. If a debt instrument is issued for both capital and noncapital purposes, a determination must be made as to the percentage attributable to each and the resulting applicable amount of debt apportioned accordingly.

Revised 2/1/2003

SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2003

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction					
Support services					
Non-instructional					
Sixteenth section					
Interest and other charges related to long-term liabilities					
Total governmental activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
		General Revenues:			
		Taxes:			
		General purpose levies			
		Debt purpose levies			
		Gaming			
		Unrestricted grants and contributions:			
		State			
		Federal			
		Unrestricted investment earnings			
		Sixteenth section sources			
		Other			
		Total General Revenues			<u>0</u>
		Special Items			
		Extraordinary Items			
		Transfers			
		Total General Revenues, Special Items, Extraordinary Items and Transfers			<u>0</u>
		Change in Net Assets			<u>0</u>
		Net Assets - Beginning			
		Prior Period Adjustments (Note ):			
		Net Assets-Beginning - Restated			<u>0</u>
		Net Assets - Ending			<u>\$ 0</u>

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The notes to the financial statements are an integral part of this statement.

<b>Statement of Activities - Accounting Code Template</b> (code changes from previous version noted in <b>bold</b> )				Exhibit B-1	Revised 2/1/2004				
		<b>Program Revenues</b>							
	<i>Optional revenue object code-----&gt;</i>	<b>100s</b>	<b>200s</b>	<b>300s</b>					N-2-5
			<b>Operating</b>	<b>Capital</b>					
		<b>Charges for</b>	<b>Grants and</b>	<b>Grants and</b>	<b>Net (Expense) Revenue and</b>				
<b>Functions / Programs</b>	<b>Expenses</b>	<b>Services</b>	<b>Contributions</b>	<b>Contributions</b>	<b>Changes in Net Assets</b>				
Instruction	all 1000s and all applicable 5000s; also includes applicable depreciation expense; any applicable loss on sale/disp.of capital asset, sale of investment, or decrease in change in the FMV of investments	1310 - 1340, 1711 - 1799, 1910, <b>1930 - 1999</b>	* see note below	* see note below	(column C minus columns E, G and I)		<b>1</b>		
Support Services	all 2000s and all applicable 5000s; also includes applicable depreciation expense; any applicable loss on sale/disp.of capital asset, sale of investment, or decrease in change in the FMV of investments	1950,1970	* see note below	* see note below	(column C minus columns E, G and I)		<b>2</b>		
Non-Instructional	all 3000s( except 3200) and all applicable 5000s; also includes applicable depreciation expense; any applicable loss on sale/disp.of capital asset, sale of investment, or decrease in change in the FMV of investments	1410 - 1440,1611 - 1640, 1800 - 1850	* see note below	* see note below	(column C minus columns E, G and I)		<b>3</b>		
Sixteenth Section	4000	15% of 5200	* see note below	* see note below	(column C minus columns E, G and I)		<b>4</b>		
Interest and other charges related to long-term liabilities	6210 - 6299 (these codes have been eliminated from the accounting manual; however FETS will accept these codes for the June 30, 2004 transmission)		* see note below	* see note below	(column C minus columns E, G and I)		<b>5</b>		
Total governmental activities					<b>NET PROGRAM (EXPENSE) REVENUES (sum of 1 through 5)</b>		<b>A</b>		

Statement of Activities - Accounting Code Template (code changes from previous version noted in bold)				Exhibit B-1	Revised 2/1/2004				
	General revenues (optional revenue object code 400s):								
	Taxes:								
		General purpose levies			general ad valorem taxes 1120,1190,1210	6			
		Debt purpose levies			debt serv.ad valorem taxes 1120,1190,1210	7			N-2-6
		Gaming			1991	8			
	Unrestricted grants and contributions:								
		State			3110 - 3199,3810 - 3830	9			
		Federal			4110 - 4299, 4510 - 4590	10			
		Unrestricted investment earnings			1510 - 1540,5600,5630	11			
		Sixteenth section sources			5110,5120,5130,5310,5320,5330, 5335,5340, 5400, 5500,5700, 5900, and 85% of 5200	12			
		Other			1930,1980, 1992-1999,2000, 3900,4900, 6400	13			
		Total general revenues			<b>TOTAL GENERAL REVENUES</b> <i>(sum of 6 through 13)</i>	<b>B</b>			
		Special items				14			
		Extraordinary items				15			
		Transfers (should only be used to show transfers between the Primary government and a Business-Type Activity)				16			
		Total General revenues, Special items, Extraordinary items and Transfers			<i>(sum of B +14+15+16)</i>	<b>C</b>			
		Change in net assets			<b>A + C</b>				
		Net assets - beginning							
		Prior period adjustments							
		Net assets - beginning (restated)							
		Net assets - ending							
* The following revenue codes should be inserted into the applicable program revenue column based upon purpose, and the applicable expenditure function row based upon where the funds were spent:									
	<b>Revenue Source Function Code</b>	<b>Remarks</b>							
	1920 - Contributions and donations from private sources	could possibly be General revenue - Unrestricted grants and contributions if donor does not restrict purpose; otherwise, these codes should follow the expenditure function where the funds were spent and be placed in the applicable program revenue column based upon the purpose restriction of the funds							
	3210 through <b>3299</b> - Restricted grants in aid - State Sources	3210 <del>and 3211</del> will be Instruction function - could be Operating or Capital grants and contributions depending upon purpose 3230 will be Capital grants and contributions - expenditure function should agree with where funds were spent 3250 will be Non-instructional expenditure function - could be Operating or Capital grants and contributions depending upon purpose							
	4310 through 4499 - Restricted grants in aid - Federal Sources	these codes should follow the expenditure function where the funds were spent and be placed in the applicable program revenue column based upon the purpose restriction of the funds							



SCHOOL DISTRICT  
 Balance Sheet - Governmental Funds  
 June 30, 2003

Exhibit C

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents (Note )	\$			
Cash with fiscal agents (Note )				
Investments (Note )				
Due from other governments (Note )				
Accrued interest receivable (Note )				
Other receivables, net (Note )				
Due from other funds (Note)				
Advance to other funds (Note)				
Inventories and prepaid items (Note )				
Total Assets	\$			
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$			
Due to other funds (Note )				
Advances from other funds (Note )				
Deferred revenue				
Total Liabilities				
<b>Fund Balances:</b>				
<b>Reserved for:</b>				
Advances				
Inventory				
Prepaid items				
Ad valorem				
<b>Unreserved:</b>				
<b>Designated, reported in:</b>				
<i>(Explain designation)</i>				
<i>(Ex. General Funds: For future capital expansions \$500,000)</i>				
<b>Undesignated, reported in:</b>				
General fund				
Special revenue funds				
Capital projects funds				
Debt service funds				
Permanent funds				
Total Fund Balances				
Total Liabilities and Fund Balances	\$			

The notes to the financial statements are an integral part of this statement.

Revised 2/1/2003

School District  
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets  
June 30, 2003

Exhibit C-1

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	<u>Amount</u>
Total fund balance - governmental funds	\$
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets are used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$ _____.	
2. Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note)	
3. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note )	
4. (***)	
Total net assets - governmental activities	\$ <u>0</u>

The notes to the financial statements are an integral part of this statement.

(\*\*\*) Other adjustments needed to reconcile the Governmental Funds Balance Sheet to the Statement of Net Assets.

SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2003

Exhibit D

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Fund		
<b>Revenues:</b>				
Local sources				0
Intermediate sources				0
State sources				0
Federal sources				0
Sixteenth section sources				0
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures:</b>				
Instruction				0
Support services				
Noninstructional services				0
Sixteenth section				0
Facilities acquisition and construction				0
Debt service:				
Principal				0
Interest				0
Advance refunding escrow				0
Other				0
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other Financing Sources(Uses):</b>				
Proceeds of general obligation bonds				0
Proceeds of refunding bonds				0
Proceeds of loans				0
Inception of capital leases				0
Insurance loss recoveries				0
Sale of transportation equipment				0
Sale of other property				0
Operating transfers in				0
Other financing sources				0
Operating transfers out				0
Payment to refunded bond escrow agent				0
Other financing uses				0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Items				0
Extraordinary Items				0
<b>Net change in fund balances</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances:</b>				
July 1, 2002				0
Prior period adjustments (Note)				0
July 1, 2002, as restated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Increase(Decrease) in reserve for inventory				
Residual equity transfer in (out)				
June 30, 2003	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The notes to the financial statements are an integral part of this statement.

School District  
Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2003

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Exhibit D-1

	<u>Amount</u>
Net change in fund balances - governmental funds	\$
Amounts reported for governmental activities in the statement of activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchase amounted to \$ _____ and the depreciation expense amounted to \$ _____. (Note)	
3. Revenues in the statement of activity that do not provide current financial resources are not reported as revenues in the governmental funds. (Note )	
4. Proceeds of long-term liabilities are reported in the governmental funds, but not in the statement of activity. (Note )	
5. Issuance cost for long-term liabilities is reported as expenditures in the governmental funds, but is deferred and amortized in the statement of activity. (Note )	
6. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of activity. (Note )	
7. (***)	
8. (***)	
Change in net assets of governmental activities	\$ <u><u>0</u></u>

The notes to the financial statements are an integral part of this statement.

(\*\*\*) Other adjustment needed to reconcile the Governmental Funds' Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.

Revised 2/1/2003

SCHOOL DISTRICT  
Statement of Net Assets - Fiduciary Funds  
June 30, 2003

Exhibit E

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents		
Investments		
Accrued interest receivable		
Due from other funds		
Due from other governments		
 Total Assets	<u>0</u>	<u>0</u>
Liabilities		
Accounts payable and accrued liabilities		
Due to other governments		
Due to other funds		
Due to student clubs		
 Total Liabilities	<u>0</u>	<u>0</u>
Net Assets		
Reserved for endowments		
Held in trust		
 Total Net Assets	<u>0</u>	

The notes to the financial statements are an integral part of this statement.

Revised 2/1/2003

SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Assets  
For the year ended June 30, 2003

Exhibit F

	<u>Private-Purpose Trust Funds</u>
Additions	
Interest on Investments	
Contributions and donations from private sources	
Total Additions	<u>0</u>
Deductions	
Scholarships awarded	
Total Deductions	<u>0</u>
Change in net assets	<u>0</u>
Net Assets	
July 1, 2002	
Prior period adjustments (Note)	
July 1, 2002, as restated	<u>0</u>
June 30, 2003	<u>0</u>

The notes to the financial statements are an integral part of this statement.



Notes to Financial Statements  
For the Year Ended June 30, 2003

\*\*\*\*\*

[Option 3] [If Option 1 or 2 includes a Trust Certificate this following section may be needed]

The *[Input Name]* Leasing Authority (“the Authority”) as explained in the following paragraph is considered to be a blended component unit as determined by Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* and is included in the district’s reporting entity.

The Authority is governed by a *[Input Name]* member board which was appointed by the school district’s governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority’s assets, liabilities, equity, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (**see Note [Input Number]**).

\*\*\*\*\*  
[continue]

B. Basis of Presentation.

***Government-Wide Financial Statements:***

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds, if applicable. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

***Fund Financial Statements:***

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

\*\*\*\*\*  
[continue]



Notes to Financial Statements  
For the Year Ended June 30, 2003

C. Measurement Focus and Basis of Accounting.

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Program revenues on the Statement of Activities consist primarily of state appropriations and federal awards.

In the fund financial statements, governmental funds and agency funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Property taxes, state appropriations and federal awards associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. It accounts for all financial resources of the school district, except those required to be accounted for in another fund.

*[list individual other major funds, if any, and a description of each]*

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of **Exhibit C**.

Additionally the school district reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specific expenditure purposes.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. *[Note: Add option selection here]*

\*\*\*\*\*





















Notes to Financial Statements  
For the Year Ended June 30, 2003

Investment Type	Category			Carrying Amount	Market Value
	1	2	3		
Subtotal	\$ <u>0</u>	<u>0</u>	<u>0</u>	0	0
Investments in Mississippi School Boards Association cash flow management program assets					
Total Investments				\$ <u>0</u>	<u>0</u>

(3) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

[NOTE: if only one section is needed, remove the lettering (A and B)]

A. Due From/To Other Funds:

	Due From	Due To
Major funds:		
General fund	\$	
Other major fund(s) (List individual fund(s) name)		
Non-major Funds [NOTE: Report in total]		
Total funds	\$ <u>0</u>	<u>0</u>

Notes to Financial Statements  
For the Year Ended June 30, 2003

B. Advances To/From Other Funds:

	<u>Advances To</u>	<u>Advances From</u>
Major funds:		
General fund	\$	
Other major fund(s) (List individual fund(s) name)		
Non-major funds <b>[NOTE: Report in total]</b>		
Total funds	\$ <u>0</u>	<u>0</u>

[This note should be included if Sixteenth Section Principal Fund loans are reported with advances on Exhibit C.]

[Note: The sixteenth section principal loans payable is not reflected on the statement of net assets because these funds were borrowed by the General Fund from the sixteenth section trust fund (Permanent trust) in accordance with Section 29-3-113, Miss. Code Ann., 1972). The revenues and expenditures associated with these transactions were reflected on Exhibit D - 1.]

Sixteenth section principal loans payable.

The following is a schedule by years of the total payments due on this debt:

Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30			
2004	\$		0
2005			
2006			0
2007			0
2008			0
2009 - 2013			0
2014 - 2018			0
2019 - 2023			0
Total	\$ <u>0</u>	<u>0</u>	<u>0</u>

Notes to Financial Statements  
For the Year Ended June 30, 2003

C. Transfers In/Out.

	<u>Transfer In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$	
Other major fund(s) (List individual fund(s) name)		
Non-major Funds [NOTE: Report in total]		
Total funds	\$ <u>0</u>	<u>0</u>

Notes to Financial Statements  
For the Year Ended June 30, 2003

(4) Capital Assets.

The following is a summary of changes in capital assets for governmental activities:

	Balance 7-1-2002	Additions	Retirements	Completed Construction	Adjustments	Balance 6-30-2003
<u>Non-depreciable capital</u>						
Land	\$					0
Construction in progress						0
Total non-depreciable	0	0	0	0	0	0
<u>Depreciable capital assets:</u>						
Buildings						0
Building improvements						0
Improvements other than buildings						0
Mobile equipment						0
Furniture and equipment						0
Leased property under capital leases						0
Total depreciable capital	0	0	0	0	0	0
<u>Less accumulated</u>						
Buildings						0
Building improvements						0
Improvements other than buildings						0
Mobile equipment						0
Furniture and equipment						0
Leased property under capital leases						0
Total accumulated depreciation	0	0	0	0	0	0
Total depreciable capital assets, net	\$ 0	0	0	0	0	0
Governmental activities capital assets, net						







Notes to Financial Statements  
For the Year Ended June 30, 2003

A. General obligation bonds payable.

General obligation bonds are direct obligations and pledge the full faith and credit of the school district. General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General obligation bonds, (Second Line)	Varies			\$	
General obligation bonds, (Second Line)					
Total				\$ <u>0</u>	<u>0</u>

The following is a schedule by years of the total payments due on this debt:

	Year Ending			
	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$			0
2005				0
2006				0
2007				0
2008				0
2009 - 2013				0
2014 - 2018				0
2019 - 2023				0
2024 - 2028				0
Total	\$	<u>0</u>	<u>0</u>	<u>0</u>

The amount of bonded indebtedness that can be incurred by the school district is limited by state statute. Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in state statutes, have been met. As of June 30, 2003, the amount of outstanding bonded indebtedness was equal to *[input]*% of property assessments as of *[date]*.

Notes to Financial Statements  
For the Year Ended June 30, 2003

**[NOTE: The date, in most instances, should be October 1, 2002 for the current fiscal year. The percentage should be expressed in whole numbers.]**

[NOTE: If the district refunded debt in the current fiscal year, include the following information. If the district has refunded bonds in the past, complete the "Prior Year Defeasance" note]

Current Refunding.

On *[date]*, the district issued \$ in *[type of debt issuance]* with an average interest rate of *[rate]* percent to advance refund \$ of outstanding *[type of debt issuance]* with an average interest rate of *[rate]* percent. The net proceeds of \$ after payments of \$ for issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the *[type of debt issuance]*.

As a result, the *[original debt issuance]* are considered to be defeased and the liability for those bonds *[certificates, notes, etc.]* has been removed from long-term liabilities.

The district advance refunded the *[original debt issuance]* to reduce its total debt service payments over the remaining *number* years of the debt by approximately \$ and to obtain an economic gain of \$.

Notes to Financial Statements  
For the Year Ended June 30, 2003

B. Limited obligation bonds payable.

[NOTE: This debt instrument could be “notes”. If this is the case the wording should agree.]

Limited obligation bonds are direct obligations and pledge the full faith and credit of the school district. Limited obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
State aid capital improvement (Input bond name) (Second Line)	Varies			\$ _____	_____
Total				\$ <u>0</u>	<u>0</u>

The following is a schedule by years of the total payments due on this debt:

	<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2004	\$		0
	2005			0
	2006			0
	2007			0
	2008			0
	2009 - 2013			0
	2014 - 2018			0
	2019 - 2023			0
	2024 - 2028			0
Total		\$ <u>0</u>	<u>0</u>	<u>0</u>

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues the district receives from the state of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972). The state aid capital improvement bonds are not included in the computation of the debt limit percentage.

Notes to Financial Statements  
For the Year Ended June 30, 2003

C. Certificates of participation payable.

As more fully explained in Note *[input]*, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
(Input certificate name)					
(Second Line)	Varies			\$	
(Input certificate name)					
(Second Line)					
Total				\$ <u>0</u>	<u>0</u>

The following is a schedule by years of the total payments due on this debt:

	<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$			0
2005				0
2006				0
2007				0
2008				0
2009 - 2013				0
2014 - 2018				0
2019 - 2023				0
2024 - 2028				0
Total	\$	<u>0</u>	<u>0</u>	<u>0</u>

Notes to Financial Statements  
For the Year Ended June 30, 2003

D. Three mill notes payable.

The following is a schedule by years of the total payments due on this debt:

Year Ending June 30	Principal	Interest	Total
2004	\$		0
2005			0
2006			0
2007			0
2008			0
2009 - 2013			0
2014 - 2018			0
2019 - 2023			0
2024 - 2028			0
Total	\$ <u>0</u>	<u>0</u>	<u>0</u>

E. Transportation equipment loans payable.

The following is a schedule by years of the total payments due on this debt:

Year Ending June 30	Principal	Interest	Total
2004	\$		0
2005			0
2006			0
2007			0
2008			0
2009 - 2013			0
2014 - 2018			0
2019 - 2023			0
2024 - 2028			0
Total	\$ <u>0</u>	<u>0</u>	<u>0</u>





Notes to Financial Statements  
For the Year Ended June 30, 2003

H. Obligations under energy efficiency lease.

The following is a schedule by years of the total payments due on this debt:

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2004	\$		0
2005			0
2006			0
2007			0
2008			0
2009 - 2013			0
2014 - 2018			0
2019 - 2023			0
2024 - 2028			0
Total	\$ 0	0	0

An energy efficiency lease agreement dated *[date]*, was executed by and between the district, the lessee, and *[institution]*, the lessor.

The agreement authorized the borrowing of \$ for the purchase of energy efficiency equipment, machinery, supplies building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund *[edit if another fund]* and not exceed ten (10) years.

The district entered into this energy efficiency lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.







Notes to Financial Statements  
For the Year Ended June 30, 2003

K. Other loans payable.

The following is a schedule by years of the total payments due on this debt:

Year Ending	Principal	Interest	Total
June 30			
2004	\$		0
2005			0
2006			0
2007			0
2008			0
2009 - 2013			0
2014 - 2018			0
2019 - 2023			0
2024 - 2028			0
Total	\$ <u>0</u>	<u>0</u>	<u>0</u>

L. Compensated absences payable.

As more fully explained in Note 1(P), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972).

(6) Defined Benefit Pension Plan.

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2003, 2002 and 2001 were \$, \$ and \$, respectively, which equaled the required contributions for each year.

[NOTE: The above information for F/Y 2002 and F/Y 2001 should agree to reported amounts in the P/Y audit report.]





Notes to Financial Statements  
For the Year Ended June 30, 2003

**[NOTE: Delete the following note if it does not apply]**

(8) Sixteenth Section Lands.

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending	
<u>June 30</u>	<u>Amount</u>
2004	\$
2005	
2006	
2007	
2008	
2009 - 2013	
2014 - 2018	
2019 - 2023	
2024 - 2028	
Total	\$ <u><u>0</u></u>



Notes to Financial Statements  
For the Year Ended June 30, 2003

#####  
[Option 4] [use the following sentences if funds other than the district maintenance fund have deficit fund balances and the district maintenance fund has available funds to cover the deficits]

A generic fund type listing of the individual funds that have a deficit fund balance, including amounts of the deficit, is as follows:

<u>Fund</u>	<u>Fund Balance</u>
	\$

The deficit fund balances are not in violation of state law. These deficits could have been eliminated with a transfer from the district maintenance fund (General Fund).

#####

[Option 5] [use the following sentences if funds other than the district maintenance fund have deficit fund balances and the district maintenance fund DOES NOT have available funds to cover the deficits]

A generic fund type listing of the individual funds that have a deficit fund balance, including amounts of the deficit, is as follows:

<u>Fund</u>	<u>Fund Balance</u>
	\$

The deficit fund balances are not in violation of state law. Funds are not available to eliminate these deficits.

#####

[continue]

(10) Prior Period Adjustments/Exhibits.

<u>Exhibit D</u>	<u>Explanation</u>
<u>        </u> Fund(s)	



Notes to Financial Statements  
For the Year Ended June 30, 2003

**[NOTE: Delete any of Notes 11 - 21 that do not apply.]**

(11) MSBA Cash Flow Management Program.

**[NOTE: This section would be reported if a balance exists in the accounts payable and accrued liabilities section of Exh. A]**

During the fiscal year ended June 30, 2003, the school district participated in the Mississippi School Boards Association (MSBA) cash flow management program.

Under this program, the school district issues a revenue anticipation note payable, and the proceeds from such issuance are held by the financial institution serving as trustee under the program. The school district makes withdrawals from the trustee throughout the fiscal year based on its cash flow needs. The school district earns a fixed rate of return on its investable note proceeds held by the trustee, and such earnings are used to cover the interest and related issuance costs of the note. Depending upon whether the earnings are more or less than the interest and related issuance costs, the school district receives a distribution from or makes a payment to the trustee.

All transactions related to participation in this program are accounted for as part of the school district's General Fund.

[NOTE: Add the following paragraph if the note payable matures after June 30]

The revenue anticipation note payable does not mature until after the end of the current fiscal year; however, the school district must have repaid any withdrawals to the trustee prior to the end of the current fiscal year. Consequently, the note is reflected as a fund liability, not long-term liabilities. The current balance at June 30, 2003 was \$\_\_\_\_\_.

(12) Litigation.







Notes to Financial Statements  
For the Year Ended June 30, 2003

(16) Uncertainties.

In cases where a township is occupied by two or more school districts, state law requires that available sixteenth section funds shall be divided between the school districts lying wholly or partly within such townships in proportion to the number of children enrolled and residing in each school district. In order to determine what portions of available sixteenth section funds are due to or from other school districts, the superintendent of each school district is required to compile lists of such children in compliance with Section 29-3-121, Miss. Code Ann. (1972). Because none of the school districts which share townships with *[input]* School District nor the *[input]* School District itself filed lists of children as required, no division of sixteenth section revenues has been accrued as a receivable or payable, as the case may be.

Of the townships *[input]* School District shares with other school districts, *[input]* School District has control of some of the sixteenth section property. A portion of the sixteenth section revenues (rents, leases, timber sales, etc.) *[input]* School District received on these sections may be due to other school districts. In addition, on the other townships where another school district controls the sixteenth section property, *[input]* School District may be entitled to a portion of the sixteenth section revenues the other school district(s) received. Because none of the school districts compiled and filed lists of children as state law requires in either the current year or in preceding years, neither the amounts of any liabilities owed to other school districts nor the amounts of any receivables from other school districts can be determined.

(17) Prior Year Defeasance of Debt.

In prior years, the *[input]* School District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the district's financial statements. On June 30, 2003, \$ of bonds outstanding are defeased.

Notes to Financial Statements  
For the Year Ended June 30, 2003

(18) Trust Certificates.

[NOTE: This note relates to the certificates of participation payable account reported on Exhibit A and reported within Note (5). Also, it could relate to Note (1)A for reporting for a "Blended Component Unit" situation]

A trust agreement dated *[date]*, was executed by and between the school district and *[input]*, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$. Approximately \$ was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately \$ was used to pay the cost of issuance.

The project is leased to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, et seq., Miss. Code Ann. (1972). The lease represents a capital lease under which ownership of the project will transfer to the school district upon complete retirement of the trust certificates. The school district is obligated to make lease payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The lease rental payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 5 for details regarding the debt service requirement on the trust certificates.

Using the guidance provided in Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards dealing with defining the reporting entity, the trust accounts created by this trust agreement were deemed to constitute an inseparable part of the school district. Therefore, the assets, liabilities, equity, revenues, expenditures and other financing sources/uses of the trust accounts created by this trust agreement are part of the school district's financial statements, thereby eliminating the effects of the lease agreement for financial reporting purposes.

Notes to Financial Statements  
For the Year Ended June 30, 2003

(19) Qualified Zone Academy Bonds.

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with *[insert partner]*, has entered into such an arrangement dated *[insert date]*. **[NOTE: Describe the arrangement].**

This agreement establishes a method of repayment for a qualified interest-free debt instrument. The agreement requires the school district to deposit funds annually into a sinking fund account on or before *[insert date(s) or time frame]*. The amount accumulated in the sinking fund at the end of the ten-year period will be sufficient to retire the debt. The following schedule reports the yearly deposits to be made to the sinking fund by the school district.

Year Ending	
<u>June 30</u>	<u>Amount</u>
2004	\$
2005	
2006	
2007	
2008	
2009 - 2013	
2014 - 2018	
2019 - 2023	
2024 - 2028	
Total	\$ <u><u>0</u></u>

(20) Alternative School Consortium.

The school district entered into an Alternative School Agreement dated *[date]* creating the *[Name of the consortium]*. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the *[School District]* School District, *[School District]* School District and *[School District]* School District *[List all individual districts]*.

Section 37-13-92 (6), Miss. Code Ann. (1972), allows two or more adjacent school districts to enter into a contract to operate an alternative school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. Transportation for students attending the alternative school program will be the responsibility of the individual school district sending the students.

The *[School District]* School District has been designated as the lead school district for the *[Name of the consortium]*, and the operations of the consortium are included in its financial statements.

Notes to Financial Statements  
For the Year Ended June 30, 2003

\*\*\*\*\*

[Option 1] [NOTE: Only where the school district is acting as the agent of record would the following financial information be included]

The following Statement of Revenues an Expenditures and Changes in Fund Balance is presented to detail the financial activity of the *[Name of the consortium]*.

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds  
For the Year Ended June 30, 2003

Revenues

Local Sources

Tuition from other LEA's within the state:

<i>[Input]</i> School District	\$	
<i>[Input]</i> School District		
<i>[Input]</i> School District		
Total tuition from other LEA's within the state		0

Interest

Total Local Sources	0
---------------------	---

State sources

Federal sources

Total Revenues	0
----------------	---



Notes to Financial Statements  
For the Year Ended June 30, 2003

Expenditures	
Salaries	
Employee benefits	
Purchased professional and technical services	
Other professional services	
Purchased property services	
Other purchased services	
Supplies	
Property	
Other	
Total expenditures	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>
Other Financing Sources/Uses:	
<i>[List individual sources/uses]</i>	
Total Other Financing Sources/Uses	<u>0</u>
Net change in fund balance	<u>0</u>
Fund Balance:	
July 1, 2002	
Prior Period Adjustments: (Note)	
July 1, 2002, as restated	<u>0</u>
June 30, 2003	\$ <u><u>0</u></u>

(21) Extraordinary gains/losses and/or Special items.

SCHOOL DISTRICT  
 Budgetary Comparison Schedule for the General Fund  
 for the Year Ended June 30, 2003

Schedule 1

	<b>Budgeted Amounts</b>		Actual (GAAP Basis)	<b>Variances</b>	
	Original	Final		Positive (Negative)	
				Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$	\$	\$	\$ 0	\$ 0
Intermediate sources				0	0
State sources				0	0
Federal sources				0	0
Sixteenth section sources				0	0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures:</b>					
Instruction				0	0
Support services				0	0
Noninstructional services				0	0
Sixteenth section				0	0
Facilities acquisition and construction				0	0
Debt service:					
Principal				0	0
Interest				0	0
Advance refunding escrow				0	0
Other				0	0
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess(deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other financing sources(uses):</b>					
Proceeds of general obligation bonds	0			0	0
Proceeds of refunding bonds				0	0
Proceeds of loans				0	0
Inception of capital leases				0	0
Insurance loss recoveries				0	0
Sale of transportation equipment				0	0
Sale of other property				0	0
Operating transfers in				0	0
Other financing sources				0	0
Operating transfers out				0	0
Payment to refunded bond escrow agent				0	0
Other financing uses				0	0
Total other financing sources(uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Special Items</b>					
Extraordinary Items				0	0
				0	0
Net change in fund balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>					
July 1, 2002				0	0
Prior period adjustments				0	0
July 1, 2002, as restated	0	0	0	0	0
Increase(Decrease) in reserve for inventory				0	0
Residual equity transfer in (out)				0	0
June 30, 2003	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the required supplementary information are an integral part of this statement.

@SCHOOL SCHOOL DISTRICT

Notes to the Required Supplemental Information  
For the Year Ended June 30, 2003

- (1) Budget amendments and revisions.

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before August 15 of the following fiscal year. A budgetary comparison is presented for the general fund and each major special revenue fund on the same basis of accounting as the budget which is consistent with accounting principles generally accepted in the United States of America.

- (2) Individual Fund Disclosures.

~~~~~

[Option 1] [more than one fund not budgeted]

Individual funds that were required to be budgeted but were not budgeted is as follows:

| <u>Individual Fund</u> | <u>Amount</u> |
|------------------------|---------------|
|                        | \$            |

The unbudgeted funds are in violation of state law. However, the school district has no liability associated with this violation.

~~~~~

[Option 2] [only one fund not budgeted]

The *[input]* fund was not budgeted. The unbudgeted fund is in violation of state law. However, the school district has no liability associated with this violation.

~~~~~

@SCHOOL SCHOOL DISTRICT

Notes to the Required Supplemental Information  
For the Year Ended June 30, 2003

[Option 3] [one or more funds in excess of budgeted amounts and at least one NOT due to auditor's adjustments]

Individual funds that have an excess of expenditures over budget, including amounts of the excess, is as follows:

| <u>Individual Fund</u> | <u>Amount</u> |
|------------------------|---------------|
|                        | \$            |

The *[input]* fund and the *[input]* fund are in violation of state law. However, the school district has no liability associated with these violations. The remaining funds with an excess of expenditures over budget are not in violation of state law since the excesses resulted from auditor's adjustments.

\*\*\*\*\*

[Option 4] [ All excesses are due to auditor's adjustments]

Individual funds that have an excess of expenditures over budget, including amounts of the excess, is as follows:

| <u>Individual Fund</u> | <u>Amount</u> |
|------------------------|---------------|
|                        | \$            |

The funds with an excess of expenditures over budget are not in violation of state law since the excesses resulted from auditor's adjustments.

\*\*\*\*\*

[Option 5] [One fund has an excess over budget due to auditor's adjustments]

The *[input]* fund has an excess of expenditures over budget in the amount of \$. The fund with the excess of expenditures over budget is not in violation of state law since the excess resulted from auditor's adjustments.



@SCHOOL SCHOOL DISTRICT  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2003

Schedule 2

| Federal Grantor/<br>Pass-through Grantor/<br>Program Title              | Catalog of<br>Federal Domestic<br>Assistance Number | Federal<br>Expenditures |
|-------------------------------------------------------------------------|-----------------------------------------------------|-------------------------|
| <u>U.S. Department of Agriculture</u>                                   |                                                     |                         |
| Passed-through Mississippi Department of Education:                     |                                                     |                         |
| Non-cash assistance:                                                    |                                                     |                         |
| Food distribution                                                       | 10.550                                              | \$ _____                |
| Child nutrition cluster:                                                |                                                     |                         |
| School breakfast program                                                | 10.553                                              |                         |
| National school lunch program                                           | 10.555                                              |                         |
| Summer food service program for children                                | 10.559                                              |                         |
| Total child nutrition cluster                                           |                                                     | <u>0</u>                |
| Child and adult care food program                                       | 10.558                                              |                         |
| Schools and roads - grants to states                                    | 10.665                                              |                         |
| Total U.S. Department of Agriculture                                    |                                                     | <u>0</u>                |
| <u>U.S. Department of Commerce</u>                                      |                                                     |                         |
| Passed-through Mississippi Department of Education:                     |                                                     |                         |
| Telecommunications and information infrastructure assistance program    | 11.552                                              |                         |
| Total U.S. Department of Commerce                                       |                                                     | <u>0</u>                |
| <u>U.S. Department of Defense</u>                                       |                                                     |                         |
| Direct program:                                                         |                                                     |                         |
| Flood control projects                                                  | 12.106                                              |                         |
| Total U.S. Department of Defense                                        |                                                     | <u>0</u>                |
| <u>U.S. Department of Labor</u>                                         |                                                     |                         |
| Direct program:                                                         |                                                     |                         |
| Employment and training research and development projects               | 17.248                                              |                         |
| Passed-through Mississippi Department of Education:                     |                                                     |                         |
| Employment services and job training - pilot and demonstration programs | 17.249                                              |                         |
| Passed-through Mississippi Development Authority                        |                                                     |                         |
| Job Training Partnership Act                                            | 17.250                                              |                         |
| Workforce Investment Act                                                | 17.255                                              |                         |
| Total U.S. Department of Labor                                          |                                                     | <u>0</u>                |

| Federal Grantor/<br>Pass-through Grantor/<br>Program Title                                              | Catalog of<br>Federal Domestic<br>Assistance Number | Federal<br>Expenditures |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------|
| <u>National Science Foundation</u>                                                                      |                                                     |                         |
| Direct programs:                                                                                        |                                                     |                         |
| Mathematical and physical sciences                                                                      | 47.049                                              |                         |
| Education and human resources                                                                           | 47.076                                              |                         |
| Total National Science Foundation                                                                       |                                                     | <u>0</u>                |
| <u>U.S. Department of Energy</u>                                                                        |                                                     |                         |
| Direct program:                                                                                         |                                                     |                         |
| Conservation research and development                                                                   | 81.086                                              |                         |
| Total U.S. Department of Energy                                                                         |                                                     | <u>0</u>                |
| <u>U.S. Department of Education</u>                                                                     |                                                     |                         |
| Direct programs:                                                                                        |                                                     |                         |
| Impact aid - facilities maintenance                                                                     | 84.040                                              |                         |
| Impact aid                                                                                              | 84.041                                              |                         |
| Magnet schools assistance                                                                               | 84.165                                              |                         |
| Twenty-First Century Community Learning Centers                                                         | 84.287                                              |                         |
| Technology innovation challenge grant [NOTE: This grant could be passed through a school or university] | 84.303                                              |                         |
| Total                                                                                                   |                                                     | <u>0</u>                |
| Passed-through Mississippi Board for Community and Junior Colleges:                                     |                                                     |                         |
| Adult education - state grant program                                                                   | 84.002                                              |                         |
| Total                                                                                                   |                                                     | <u>0</u>                |
| Passed-through Mississippi Department of Rehabilitation Services:                                       |                                                     |                         |
| Rehabilitation services - vocational rehabilitation grants to states                                    | 84.126                                              |                         |
| Total                                                                                                   |                                                     | <u>0</u>                |
| Passed-through Mississippi Department of Education:                                                     |                                                     |                         |
| Title I - grants to local educational agencies                                                          | 84.010                                              |                         |
| Migrant education - basic state grant program                                                           | 84.011                                              |                         |
| Title I - program for neglected and delinquent children                                                 | 84.013                                              |                         |
| TRIO - talent search                                                                                    | 84.044                                              |                         |
| Vocational education - basic grants to states                                                           | 84.048                                              |                         |
| Secondary education and transitional services for youth with disabilities                               | 84.158A                                             |                         |
| Safe and drug-free schools and communities - state grants                                               | 84.186                                              |                         |
| Education for homeless children and youth                                                               | 84.196                                              |                         |
| Even start - state educational agencies                                                                 | 84.213                                              |                         |
| Capital expenses                                                                                        | 84.216                                              |                         |
| Tech-prep education                                                                                     | 84.243                                              |                         |
| Goals 2000 - state and local education systemic improvement grants                                      | 84.276                                              |                         |
| Eisenhower professional development state grants                                                        | 84.281                                              |                         |
| Charter schools                                                                                         | 84.282                                              |                         |
| Innovative education program strategies                                                                 | 84.298                                              |                         |
| Technology literacy challenge fund grants                                                               | 84.318                                              |                         |
| Comprehensive school reform demonstration                                                               | 84.332                                              |                         |
| Reading excellence                                                                                      | 84.338                                              |                         |
| Class size reduction                                                                                    | 84.340                                              |                         |
| Achieve Mississippi grants                                                                              | 84.342A                                             |                         |

| Federal Grantor/<br>Pass-through Grantor/<br>Program Title          | Catalog of<br>Federal Domestic<br>Assistance Number | Federal<br>Expenditures |
|---------------------------------------------------------------------|-----------------------------------------------------|-------------------------|
| Title I accountability grants                                       | 84.348                                              |                         |
| School renovation, IDEA and technology grants                       | 84.352A                                             |                         |
| Total                                                               |                                                     | <u>0</u>                |
| Special education cluster:                                          |                                                     |                         |
| Special education - grants to states                                | 84.027                                              |                         |
| Special education - preschool grants                                | 84.173                                              |                         |
| Total                                                               |                                                     | <u>0</u>                |
| Total passed-through Mississippi Department of Education            |                                                     | <u>0</u>                |
| Total U.S. Department of Education                                  |                                                     | <u>0</u>                |
| <u>U.S. Department of Health and Human Services</u>                 |                                                     |                         |
| Passed-through Mississippi Department of Health and Human Services: |                                                     |                         |
| Abstinence education                                                | 93.235                                              |                         |
| Temporary assistance for needy families                             | 93.558                                              |                         |
| Child care and development block grant                              | 93.575                                              |                         |
| Total                                                               |                                                     | <u>0</u>                |
| Total U.S. Department of Health and Human Services                  |                                                     | <u>0</u>                |
| <u>Corporation for National and Community Service</u>               |                                                     |                         |
| Passed-through the Mississippi Department of Education:             |                                                     |                         |
| Learn and serve America - school and community based programs       | 94.004                                              |                         |
| Total Corporation for National and Community Service                |                                                     | <u>0</u>                |
| <u>Other Federal Assistance</u>                                     |                                                     |                         |
| Direct program:                                                     |                                                     |                         |
| Reserve Officers' Training Corps                                    | 12.XXX                                              |                         |
| Total Other Federal Assistance                                      |                                                     | <u>0</u>                |
| Total for All Federal Awards                                        |                                                     | \$ <u>0</u>             |

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the general purpose financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.
4. The balance outstanding at June 30, 2002, of the loan received in a previous fiscal year under former CFDA #66.702 for asbestos removal was \$.
5. (If applicable, indicate by program the amount of funds transferred between ESEA programs and/or combined in a school wide program.)





**SECTION O**                      **TERMINOLOGY**

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The following definitions of terms were taken, with some modifications, from the November 2000 edition of the Governmental Accounting Standards Board's publication, *What You Should Know about Your School District's Finances - A Guide to Financial Statements*. These definitions are provided in order to facilitate understanding of various narrative discussions and illustrations included in this manual.

**ACCOUNTABILITY:** a responsibility to justify your actions to another party

**ACCOUNT GROUPS:** accounting entities used by districts (prior to GASB STATEMENT 34) to list GENERAL FIXED ASSETS and GENERAL LONG-TERM DEBTS generally financed or repaid through the governmental funds

**ACCOUNTING:** see FINANCIAL ACCOUNTING

**ACCOUNTING EQUATION:** the equation stating the relationship among the elements recorded by FINANCIAL ACCOUNTING. For the GOVERNMENTAL FUNDS it is *assets = liabilities + fund balance*; the equation is rearranged for other funds and the DISTRICT-WIDE FINANCIAL STATEMENTS: *assets - liabilities = net assets*

**ACCOUNTS PAYABLE:** amounts a district owes to external persons or groups

**ACCOUNTS RECEIVABLE:** amounts a district is due to receive

**ACCRUAL BASIS OF ACCOUNTING:** all flows of resources (and thus all CHANGES IN NET ASSETS) during the year are recorded regardless of whether they involved cash flowing into or out of the district

**ACCUMULATED DEPRECIATION:** the sum of all annual DEPRECIATION EXPENSES to date for a CAPITAL ASSET; it is subtracted from HISTORICAL COST on a STATEMENT OF NET ASSETS

**ADDITIONS:** increases in the NET ASSETS of a FIDUCIARY FUND, including contributions by employers and employees and investment earnings

**AGENCY FUNDS:** a type of FIDUCIARY FUND that contains resources held on a temporary, purely custodial basis by a district on behalf of others

**APPROPRIATIONS:** legal authorizations to make EXPENDITURES, or to enter into obligations to make EXPENDITURES, for specific purposes

**ASSETS:** resources owned or controlled by a district, as a result of a past TRANSACTION or other event, that have a recognizable monetary value

**AUDITOR'S REPORT:** a letter accompanying the financial statements that presents a CPA's or other auditor's opinion concerning whether the statements are presented fairly in conformity with GAAP

**BALANCE SHEET:** a financial statement that compares what an entity owns with what it owes; districts use them to report the CURRENT FINANCIAL RESOURCES (ASSETS, LIABILITIES, and FUND BALANCES) of the GOVERNMENTAL FUNDS, and sometimes to report the ASSETS, LIABILITIES, and NET ASSETS of the PROPRIETARY FUNDS

**BASIC FINANCIAL STATEMENTS (BFS):** the heart of a district's annual financial report, consisting of **DISTRICT-WIDE FINANCIAL STATEMENTS, FUND FINANCIAL STATEMENTS, and NOTES TO THE FINANCIAL STATEMENTS**

**BASIS OF ACCOUNTING:** the decision rule a district employs to determine when to record the **ASSETS, LIABILITIES, REVENUES, and EXPENSES/EXPENDITURES** specified by the relevant **MEASUREMENT FOCUS**; two principal bases used by districts are **ACCRUAL** and **MODIFIED ACCRUAL**

**BFS:** see **BASIC FINANCIAL STATEMENTS**

**BONDS:** a form of debt issued by districts that is repaid, usually with **INTEREST**, over periods stretching from a few years to a few decades; they typically are issued to finance the acquisition, construction, and rehabilitation of **CAPITAL ASSETS**

**BUDGETARY COMPARISON SCHEDULE/STATEMENT:** a document comparing data from a district's **ORIGINAL** and **FINAL BUDGETS** with actual results for a given year; a district may present the comparison as one of the **BASIC FINANCIAL STATEMENTS** or as a schedule with the **REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

**BUSINESS-TYPE ACTIVITIES (BTA):** activities primarily financed with fees charged for goods and services and generally reported in **ENTERPRISE FUNDS**, as well as the **DISTRICT-WIDE FINANCIAL STATEMENTS**

**CAFR:** see **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CAPITAL AND RELATED FINANCING CASH FLOWS:** cash received from borrowing, grants, or other sources and disbursed by a district for the purpose of buying, selling, building, and rehabilitating **CAPITAL ASSETS**

**CAPITAL ASSETS:** **ASSETS** used in operations that have initial **USEFUL LIVES** of more than one year, such as land, buildings, improvements to buildings, vehicles, equipment, and **INFRASTRUCTURE**

**CAPITAL CONTRIBUTIONS:** amounts received that are restricted for building or purchasing, **CAPITAL ASSETS**, or the receipt of an actual capital asset

**CAPITAL GRANTS:** **INTERGOVERNMENTAL AID** that is restricted for the purpose of purchasing, constructing, or renovating **CAPITAL ASSETS**

**CAPITAL PROJECTS FUND:** a **GOVERNMENTAL FUND** used to account for the flows of resources related to the construction, acquisition, and renovation of **CAPITAL ASSETS**

**CATEGORICAL GRANTS:** **INTERGOVERNMENTAL AID** restricted to a specific purpose

**CERTIFIED PUBLIC ACCOUNTANT (CPA):** professional designation earned by achieving specified standards of accounting education and work experience and by passing a national examination

**CHANGE IN FINANCIAL POSITION:** refers to how finances changed as a district was run during the course of a period; most simply defined as **CHANGE IN NET ASSETS**

**CHANGE IN FUND BALANCE:** the increase or decrease from year to year in **FUND BALANCE**; it is the sum total of the flows (**REVENUES, EXPENDITURES, and OTHER FINANCING SOURCES AND USES**) reported in the **GOVERNMENTAL FUNDS**

**CHANGE IN FUND NET ASSETS:** the increase or decrease from year to year in the **NET ASSETS** of the **PROPRIETARY FUNDS**; it is the sum total of **REVENUES**, **EXPENSES**, gains, and losses reported in the **STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**

**CHANGE IN NET ASSETS:** the increase or decrease from year to year in the **NET ASSETS** of the whole district; it is the sum total of **REVENUES**, **EXPENSES**, gains, and losses reported in the district-wide **STATEMENT OF ACTIVITIES**

**CHARGES FOR SERVICES:** fees and other charges to the users or recipients of the goods and services a district provides

**CLAIMS AND JUDGMENTS:** **LIABILITIES** of a district related to claims for payment (such as from insured employees) and court-imposed awards

**CLASSIFIED FORMAT:** a method of organizing a **STATEMENT OF NET ASSETS** or **BALANCE SHEET** that divides **ASSETS** and **LIABILITIES** between **CURRENT** and **NONCURRENT**

**COMBINING FINANCIAL STATEMENTS:** statements that present the finances of multiple similar accounting entities, such as **NONMAJOR FUNDS** or **INTERNAL SERVICE FUNDS**; combining statements for **COMPONENT UNITS** may be presented among the **BASIC FINANCIAL STATEMENTS**, and for other purposes with the supplementary material in the **CAFR**

**COMMON-SIZE RATIOS:** calculations that put financial data in a metric that allows comparisons over time and across districts; see **PERCENTAGE CHANGE** and **PERCENTAGE DISTRIBUTION**

**COMPARATIVE FINANCIAL STATEMENTS:** documents presenting the information from a particular statement for more than one year; districts may include them among the supplementary material in the **CAFR**

**COMPENSATED ABSENCES:** unused vacation and other leave time for which employees will be paid when they retire or otherwise cease to work for a district

**COMPONENT UNITS:** legally separate organizations, often governmental, for which the elected officials of a district are financially accountable; it is rare for districts to have component units

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** a district's official annual financial report, containing the **BASIC FINANCIAL STATEMENTS** as well as introductory material and additional statements and schedules with financial, economic, and demographic information

**CONDENSED FINANCIAL STATEMENTS:** documents containing a substantially reduced set of information from another, complete financial statement; districts may use them rather than **COMBINING FINANCIAL STATEMENTS** to report **COMPONENT UNITS**

**CONTINGENT LIABILITIES:** potential future **LIABILITIES** based on conditions that were unresolved as of the date of the financial statements, such as pending court cases, disputed claims, and unfilled purchase orders

**COVERAGE RATIOS:** types of **SOLVENCY RATIOS** used to assess a district's ability to repay **LONG-TERM DEBT**; examples include **INTEREST COVERAGE** and **DEBT SERVICE COVERAGE**

**CPA:** see **CERTIFIED PUBLIC ACCOUNTANT**

**CREDIT RATING:** a grade given by a private credit rating firm to a particular outstanding or pending issue of debt to assist investors and creditors in determining the likelihood that a district will be able to make INTEREST and PRINCIPAL payments on time

**CURRENT ASSETS:** cash and other ASSETS expected or required to be converted to cash within a year that face no restrictions that would prevent a district from doing so

**CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS:** this is applied to the GOVERNMENTAL FUNDS to report on the flows or resources that occurred within or soon after a given year; it does not include CAPITAL ASSETS or the portion of LONG-TERM DEBT due beyond the current year

**CURRENT LIABILITIES:** LIABILITIES that are due now or expected to become due within a year, and which generally require the use of CURRENT ASSETS to satisfy them

**CURRENT RATIO:** a calculation to assess if a district has enough liquid ASSETS to cover the LIABILITIES that are due now or expected to come due in the next year; calculated as follows: current assets ÷ current liabilities

**DEBT SERVICE:** the payment of INTEREST and PRINCIPAL on amounts borrowed

**DEBT SERVICE COVERAGE RATIO:** a kind of COVERAGE RATIO used to assess a district's ability to pay INTEREST on and repay the PRINCIPAL of its LONG-TERM DEBT

**DEBT SERVICE FUND:** a GOVERNMENTAL FUND to account for the payment of INTEREST and PRINCIPAL on LONG-TERM DEBT

**DEBT-TO-ASSETS RATIO:** a LEVERAGE RATIO used to assess the degree to which a government's ASSETS are financed through borrowing and other long-term obligations; it is calculated as follows: liabilities ÷ assets

**DEBT-TO-NET-ASSETS RATIO:** a LEVERAGE RATIO used to assess the degree to which a government's ASSETS are financed through borrowing and other long-term obligations; it is calculated as follows: liabilities ÷ net assets

**DEDUCTIONS:** reductions in the NET ASSETS of FIDUCIARY FUNDS; primarily benefit payments and the costs of general administration

**DEFERRED REVENUE:** LIABILITIES representing resources received by a district that do not yet qualify to be recorded as REVENUES

**DEPRECIATION EXPENSE:** the systematic allocation of the HISTORICAL COST of a CAPITAL ASSET over its USEFUL LIFE; it is a proxy for the cost of using a capital asset in the operations of a district, or for the gradual wearing out of a CAPITAL ASSET over time

**DESIGNATIONS:** self-imposed constraints on the use of NET ASSETS or FUND BALANCES; they do not qualify as RESTRICTIONS or RESERVATIONS because they are not legally or externally specified

**DIRECT EXPENSE:** an EXPENSE specifically associated with a service, program, or department and; therefore, clearly identifiable to a particular functional or program expense category

**DISTRICT-WIDE FINANCIAL STATEMENTS:** statements covering all of a district's activities (except FIDUCIARY ACTIVITIES); they are prepared using the ECONOMIC RESOURCES MEASUREMENT FOCUS and ACCRUAL BASIS OF ACCOUNTING; they appear first among the BASIC FINANCIAL STATEMENTS and include the STATEMENT OF NET ASSETS and STATEMENT OF ACTIVITIES

**DOUBLE-ENTRY ACCOUNTING:** a system of recording financial data, developed more than 500 years ago, that is based on the premise that for every account –ASSET, LIABILITY, or NET ASSETS–that is affected by a TRANSACTION, there must be at least one other account affected in such a way that the ACCOUNTING EQUATION remains balanced

**ECONOMIC RESOURCES MEASUREMENT FOCUS:** applied to all governmental accounting and reporting except for the GOVERNMENTAL FUNDS; this measurement focus includes all of the resources of a district, both capital and financial, current and long-term

**ENCUMBRANCES:** amounts committed to pay for goods and services a district contracted for but did not receive prior to the end of the year

**ENTERPRISE FUNDS:** a type of Proprietary Fund that accounts for goods and services provided to those outside the district, generally on a user-charge basis; they are virtually synonymous with a district's BUSINESS-TYPE ACTIVITIES

**EXPENDITURE ACCRUAL:** see MODIFIED ACCRUAL BASIS OF ACCOUNTING

**EXPENDITURES:** the outflow of cash, a promise to pay, or other financial resources in return for goods and services that have been received

**EXPENSE ACCRUAL:** see ACCRUAL BASIS OF ACCOUNTING

**EXPENSES:** decreases in NET ASSETS resulting from the using up or outflows of ASSETS in the course of operating a district and providing goods and services

**EXTRAORDINARY ITEMS:** CHANGES IN NET ASSETS or CHANGES IN FUND BALANCES that are both unusual in nature and infrequent in occurrence, they are reported separately from REVENUES and EXPENSES/EXPENDITURES

**FASB:** see FINANCIAL ACCOUNTING STANDARDS BOARD

**FIDUCIARY ACTIVITIES:** activities in which a district acts as trustee or agent for resources that belong to others, such as employee pension plans; these activities are not included in the DISTRICT-WIDE FINANCIAL STATEMENTS because their resources do not belong to the district and are not available to be used

**FIDUCIARY FUNDS:** FUNDS used to account for FIDUCIARY ACTIVITIES; they employ the ECONOMIC RESOURCES MEASUREMENT FOCUS and ACCRUAL BASIS OF ACCOUNTING; types of FIDUCIARY FUNDS include PENSION (AND OTHER EMPLOYEE BENEFIT) TRUSTS, INVESTMENT TRUSTS, PRIVATE-PURPOSE TRUSTS, and AGENCY FUNDS

**FINAL BUDGET:** the budget that reflects all legal changes made to the ORIGINAL BUDGET subsequent to the start of the year (even those that occur after the end of the year)

**FINANCIAL ACCOUNTING:** the systematic measuring and recording of the financial effect of an organization's activities for the purpose of external reporting

**FINANCIAL ACCOUNTING STANDARDS BOARD (FASB):** the GASB's counterpart for the private sector, with responsibility for for-profit and not-for-profit nongovernmental entities

**FINANCIAL ANALYSIS:** the examination and processing of **FINANCIAL STATEMENTS** and other relevant information to draw conclusions about a district's financial health upon which decisions may be based

**FINANCIAL POSITION:** a district's financial status at a given point in time

**FINANCIAL RATIOS:** numbers calculated from financial statement information for the purpose of conducting **FINANCIAL ANALYSIS**

**FINANCIAL REPORTING:** the process of summarizing an organization's accounting information and reporting it to the public

**FINANCIAL SECTION:** the portion of the CAFR containing the **BASIC FINANCIAL STATEMENTS** and other supporting **FINANCIAL STATEMENTS** and schedules

**FINANCIAL STATEMENTS:** documents prepared by a district for the purpose of reporting its finances to the public

**FISCAL YEAR:** the typical period covered by a district's financial statements

**FRINGE BENEFITS:** nonsalary compensation for employees, such as pension contributions and health and life insurance premiums

**FULL ACCRUAL:** see **ACCRUAL BASIS OF ACCOUNTING**

**FUND:** a fiscal and accounting entity created by a district for the purpose of tracking the finances of a particular activity or group of activities

**FUND BALANCE:** what remains after liabilities are subtracted from assets

**FUND FINANCIAL STATEMENTS:** statements reporting the finances of a district's **GOVERNMENTAL**, **PROPRIETARY**, and **FIDUCIARY FUNDS**

**GAAP:** see **GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

**GASB STATEMENT 34:** a set of substantial revisions, approved in June 1999, to the model that districts follow when reporting their finances to the public; the full title is *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*

**GENERAL FIXED ASSETS ACCOUNT GROUP (GFAAG):** a summary of a district's general fixed assets included in the financial statements prior to the implementation of **GASB STATEMENT 34**

**GENERAL FUND:** accounts for all activities not reported in the other **FUNDS**

**GENERAL LONG-TERM DEBT ACCOUNT GROUP (GLTDAG):** a summary of a district's general LONG-TERM DEBT included in the financial statements prior to the implementation of GASB STATEMENT 34

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP):** the body of standards promulgated by the GASB, its predecessors, and the AICPA that govern how districts account for and report their finances externally

**GENERAL OBLIGATION (GO) DEBT:** debt issued by a district (generally long-term BONDS) that typically is secured by the full faith and credit of the district - meaning all of its taxing and revenue-raising capability

**GENERAL REVENUES:** all REVENUES that are not PROGRAM REVENUES; most commonly taxes

**GFAAG:** see GENERAL FIXED ASSETS ACCOUNT GROUP

**GLTDAG:** see GENERAL LONG-TERM DEBT ACCOUNT GROUP

**GOVERNMENTAL ACTIVITIES:** activities generally financed with taxes and unrestricted INTERGOVERNMENTAL AID and generally reported in the GOVERNMENTAL FUNDS, as well as the DISTRICT-WIDE FINANCIAL STATEMENTS

**GOVERNMENTAL FUNDS:** these funds track the finances of a district's basic services and collectively are virtually synonymous with the GOVERNMENTAL ACTIVITIES reported in the DISTRICT-WIDE FINANCIAL STATEMENTS; they are reported using the CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS and MODIFIED ACCRUAL BASIS OF ACCOUNTING, and include the GENERAL, SPECIAL REVENUE, DEBT SERVICE, CAPITAL PROJECTS, and PERMANENT FUNDS

**HISTORICAL COST:** the original construction cost or acquisition price of a CAPITAL ASSET; it is reported in a STATEMENT OF NET ASSETS, less ACCUMULATED DEPRECIATION

**INDIRECT EXPENSE:** a cost that is not related directly to the provision of a good or service to the public, but rather is related to support and administration activities such as custodial and security services, personnel, and print shops; some districts allocate indirect expenses among the functional and program expense categories on their STATEMENT OF ACTIVITIES

**INTEREST:** the cost of using borrowed money, it is typically a percentage of PRINCIPAL

**INTEREST COVERAGE RATIO:** a kind of COVERAGE RATIO used to assess a district's ability to pay future INTEREST payments on its LONG-TERM DEBT

**INTERFUND ELIMINATIONS:** adjustments made when converting individual FUND information to district-wide data to avoid double-counting due to the effect of TRANSFERS or other movements of resources among funds

**INTERGENERATIONAL EQUITY:** the degree to which a district is using resources accumulated from previous years or borrowing from future years to finance the costs of present-day services

**INTERGOVERNMENTAL AID:** grants to or from other districts; for local districts, they typically come from the state and federal governments

**INTERNAL SERVICE FUND:** a type of PROPRIETARY FUND that tracks the activities that provide goods or services primarily to the other agencies or programs of a district; generally included with the GOVERNMENTAL ACTIVITIES in the DISTRICT-WIDE FINANCIAL STATEMENTS



**INTRODUCTORY SECTION:** the first part of the CAFR; it contains the letter of transmittal, organizational charts, and other general information about a district

**INVESTING CASH FLOWS:** the exchange of cash related to the buying and selling of investments, as well as investment earnings

**INVESTMENT TRUST FUND:** a type of FIDUCIARY FUND to track the portion of a district's investment pools that belongs to other districts

**LETTER OF TRANSMITTAL:** a welcoming message to the user of the CAFR, presented in the INTRODUCTORY SECTION, from a district's chief executive - the superintendent, board president, or equivalent position - or finance officers; it may include information not found in the MD&A, such as subjective information

**LEVERAGE RATIOS:** calculations to assess the degree to which a district's ASSETS are financed through borrowing and other long-term obligations

**LIABILITIES:** amounts a district owes

**LIQUIDITY:** how quickly an ASSET can be exchanged for cash or is expected to be used up, taking into account any restrictions as to when the asset can be used

**LIQUIDITY RATIOS:** calculations to assess a district's ability to pay for its most immediate obligations

**LONG-TERM DEBT:** see NONCURRENT LIABILITIES

**MAJOR FUNDS:** a district's most significant GOVERNMENTAL and ENTERPRISE FUNDS, based on specific size criteria, the GENERAL FUND is always considered major, and districts can designate other important funds as well; they are displayed individually on the FINANCIAL STATEMENTS

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A):** an overview and analysis, prepared by a district's finance officers, of the information in the district's FINANCIAL STATEMENTS; it is a form of RSI, although it appears before the BASIC FINANCIAL STATEMENTS

**MATURITY:** refers to when LIABILITIES are due to be settled

**MD&A:** see MANAGEMENT'S DISCUSSION AND ANALYSIS

**MEASUREMENT FOCUS:** the definition of the kinds of TRANSACTIONS or events a district should consider when accounting for and reporting its finances, see ECONOMIC RESOURCES MEASUREMENT FOCUS and CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS

**MFBA:** see MEASUREMENT FOCUS and BASIS OF ACCOUNTING

**MODIFIED ACCRUAL BASIS OF ACCOUNTING:** the basis a district uses for its GOVERNMENTAL FUNDS; it records EXPENDITURES rather than EXPENSES, and requires that payment on REVENUES be received during the year or soon enough thereafter to be used to liquidate the current year's LIABILITIES

**NET ASSETS:** what remains after LIABILITIES have been subtracted from ASSETS

**NET ASSETS INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT:** CAPITAL ASSETS net of ACCUMULATED DEPRECIATION, less outstanding debts incurred by a district to buy or construct them

**NET COST:** the portion of the cost of providing services - after deducting USER FEES and CATEGORICAL GRANTS or donations - that is financed by GENERAL REVENUES such as taxes; also called NET EXPENSE

**NET (EXPENSE) REVENUE:** the remainder after PROGRAM REVENUES are subtracted from EXPENSES; a functional expense category with a positive number provides net revenue to the district; a functional expense category with a negative number places a net expense on the district that generally is financed with taxes and other GENERAL REVENUES; this information is found in the STATEMENT OF ACTIVITIES

**NONCAPITAL FINANCING CASH FLOWS:** the exchange of cash related to grants received from or provided to other governments, as well as transfers and borrowing for purposes other than purchasing, constructing, or rehabilitating CAPITAL ASSETS

**NONCURRENT ASSETS:** ASSETS expected to be liquidated beyond the coming year or that are restricted from being liquidated in the current year

**NONCURRENT LIABILITIES:** LIABILITIES that come due beyond the coming year

**NONMAJOR FUNDS:** FUNDS that do not qualify as MAJOR FUNDS

**NOTE:** a form of debt issued by districts that is typically repaid within one year; notes are commonly used to even out cash flows over the course of a year

**NOTES TO THE FINANCIAL STATEMENTS:** note disclosures provide additional information that is essential for financial statements to fairly present the finances of a district; they are considered a component of the BASIC FINANCIAL STATEMENTS

**ON-BEHALF PAYMENTS:** direct payments made by a district to a third party or received from another government for FRINGE BENEFITS and salaries of employees of another, legally separate organization or government

**OPERATING CASH FLOWS:** the exchange of cash related to a district's provision of services and the production and provision of goods

**OPERATING EXPENSES:** the costs of producing and providing goods and services to customers and of collecting payment from them

**OPERATING GRANTS:** INTERGOVERNMENTAL AID received or provided that is not restricted to capital activities

**OPERATING REVENUES:** fees and charges generated by an activity's production and provision of goods and services to customers

**ORIGINAL BUDGET:** the first legally adopted budget for a given year, including any legal adjustments made to it subsequent to adoption but prior to the start of the year

**OTHER FINANCING SOURCES AND USES:** flows of resources other than REVENUES and EXPENSES in the GOVERNMENTAL FUNDS that increase and reduce FUND BALANCES; a common example is proceeds from LONG-TERM DEBT

**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUND:** a type of FIDUCIARY FUND used to account for resources held in trust for the members and beneficiaries of employee benefit plans

**PERCENTAGE CHANGE:** a COMMON-SIZE RATIO that shows the magnitude of change over time; it is calculated as follows:  $(\text{base year} - \text{comparison year}) \div \text{comparison year}$

**PERCENTAGE DISTRIBUTION:** a COMMON-SIZE RATIO for determining the proportions that individual elements represent of a total; it is calculated as follows:  $\text{individual element} \div \text{total}$

**PERMANENT FUND:** a GOVERNMENTAL FUND for reporting resources legally restricted so that only the earnings they generate, and not the resources themselves, may be used to finance operations

**PREPAID EXPENSE:** an ASSET related to resources a district gives to another party but for which the district has not yet received a good or service in return; the ASSET essentially represents a *right* to receive the good or service in the future; an example is rent that is paid in advance

**PRINCIPAL:** the original amount borrowed via a mortgage, BONDS, NOTES, or other debt instrument; or original amounts invested by a district

**PRIVATE-PURPOSE TRUST FUND:** a type of FIDUCIARY FUND used to report all trust arrangements not reported in another kind of FIDUCIARY FUND

**PROGRAM REVENUES:** REVENUES produced by an activity's fees and charges or received as OPERATING or CAPITAL GRANTS specifically for that activity

**PROPRIETARY FUNDS:** FUNDS that track a district's activities that are operated like businesses, charging customers a fee in return for goods or services; there are two kinds - ENTERPRISE and INTERNAL SERVICE FUNDS

**PUBLIC ENTITY RISK POOL:** an arrangement by which multiple districts join together to finance activities that involve risk or a liability, such as providing health or life insurance to employees

**QUICK RATIO:** a LIQUIDITY RATIO used to assess a district's ability to raise enough resources to cover its most immediate LIABILITIES; it is calculated as follows:  $(\text{cash} + \text{current investments}) \div \text{current liabilities}$

**RAN:** see REVENUE ANTICIPATION NOTE

**RECONCILIATIONS:** schedules to financial statements that present the adjustments necessary to generally explain how the BASIS OF ACCOUNTING differs in two sets of statements; districts prepare reconciliations between the DISTRICT-WIDE and GOVERNMENTAL FUNDS FINANCIAL STATEMENTS; the STATEMENT OF CASH FLOWS and STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS of the ENTERPRISE FUNDS; and the actual budget results and STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

**REQUIRED SUPPLEMENTARY INFORMATION (RSI):** important additional information that supports and explains the data in the BASIC FINANCIAL STATEMENTS; RSI is not a part of the BFS, but districts are required to provide it together with them; RSI materials follow the NOTES TO THE FINANCIAL STATEMENTS, with the exception of the MD&A, which precedes the statements

**RESERVED FUND BALANCE:** portions of FUND BALANCE that are set aside for future purposes and, therefore, cannot be appropriated for general uses

**RESTRICTED ASSETS:** ASSETS a district is externally or legally prohibited from using for general operating purposes

**RESTRICTED NET ASSETS:** NET ASSETS restricted to a particular purpose internally by law or by other organizations or persons external to a district

**REVENUE ANTICIPATION NOTE (RAN):** NOTE issued in advance of receiving payments of nontax revenues

**REVENUE DISPERSION:** the degree to which a district's REVENUES come from a few sources versus a wide variety of sources

**REVENUES:** increases in NET ASSETS connected with growth in ASSETS as a result, directly or indirectly, of providing goods and services

**RSI:** see REQUIRED SUPPLEMENTARY INFORMATION

**SALVAGE VALUE:** theoretically, the value of a CAPITAL ASSET at the end of its USEFUL LIFE; it is subtracted before HISTORICAL COST is allocated over the useful life via the DEPRECIATION EXPENSE; also called residual value

**SOLVENCY RATIOS:** calculations that examine a district's ability to meet long-term obligations

**SPECIAL ITEMS:** CHANGES IN NET ASSETS or CHANGES IN FUND BALANCES that are within the control of a district and are either unusual in nature or infrequent in occurrence; they are reported separately from REVENUES and EXPENSES/EXPENDITURES

**SPECIAL REVENUE FUND:** a GOVERNMENTAL FUND that tracks REVENUE sources legally restricted to specific uses

**STATEMENT OF ACTIVITIES:** a FINANCIAL STATEMENT that reports a district's EXPENSES, REVENUES, and other changes in its NET ASSETS during the year, as well as NET (EXPENSE) REVENUE

**STATEMENT OF CASH FLOWS:** a FINANCIAL STATEMENT that reports the inflows and outflows of cash during a given period for operating and other purposes; districts prepare this statement for their PROPRIETARY FUNDS

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS:** a FINANCIAL STATEMENT that reports ADDITIONS to and DEDUCTIONS from the NET ASSETS of FIDUCIARY FUNDS during a given period

**STATEMENT OF FIDUCIARY NET ASSETS:** a FINANCIAL STATEMENT that reports the ASSETS, LIABILITIES, and NET ASSETS of FIDUCIARY FUNDS at a given point in time

**STATEMENT OF NET ASSETS:** a FINANCIAL STATEMENT that reports ASSETS, LIABILITIES, and NET ASSETS at a given point in time; one of a district's DISTRICT-WIDE FINANCIAL STATEMENTS, as well as a PROPRIETARY FUNDS financial statement

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES:** a FINANCIAL STATEMENT that reports the REVENUES, EXPENDITURES, and other CHANGES IN FUND BALANCES of the GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS:** a FINANCIAL STATEMENT that reports the REVENUES, EXPENSES, and other CHANGES IN NET ASSETS of the PROPRIETARY FUNDS

**STATISTICAL SECTION:** the portion of the CAFR that contains additional financial, economic, and demographic information, generally for multiple years, relating to the district and its environs

**STEWARDSHIP:** the act of being accountable and demonstrating ACCOUNTABILITY to another party

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** explains the general accounting methods and assumptions employed by a district when recording financial information and reporting that information in its FINANCIAL STATEMENTS, especially those instances in which a district has a choice between two or more approaches

**TAN:** see Tax ANTICIPATION NOTE

**TAX AND REVENUE ANTICIPATION NOTE (TRAN):** NOTE issued in advance of receiving payments from taxes and other revenues

**TAX ANTICIPATION NOTE (TAN):** NOTE issued in advance of receiving payments from tax revenues

**TAXES RECEIVABLE:** payments due to a district from levied taxes

**TRAN:** see TAX AND REVENUE ANTICIPATION NOTE

**TRANSACTIONS:** events in which something of value is exchanged between a district and another party external to the district

**TRANSFERS:** shifts of resources from one part of a district to another without receiving something in return, such as from GOVERNMENTAL ACTIVITIES to BUSINESS-TYPE ACTIVITIES, or from the GENERAL FUND to a DEBT SERVICE FUND

**TRANSMITTAL LETTER:** see LETTER OF TRANSMITTAL

**UNRESERVED FUND BALANCE:** portions of FUND BALANCE that are available to be appropriated for general uses, less DESIGNATIONS

**UNRESTRICTED NET ASSETS:** all NET ASSETS neither restricted nor invested in CAPITAL ASSETS, net of related debt

**USEFUL LIFE:** period during which a CAPITAL ASSET is expected to be usable for district operations

USER FEES: see CHARGES FOR SERVICES

VENDORS PAYABLE: amounts owed to businesses that have sold a district goods or services

WAGES PAYABLE: amounts owed to employees for work performed



**QUICK REFERENCE INDEX OF SCHOOL RELATED LAWS**

This index is provided as a quick reference to many of the state laws that most frequently affect school districts. It is not designed to be an exhaustive nor all-inclusive index. All references to code sections are to the Mississippi Code Annotated(1972).

| <u>Description</u>                                  | <u>Code Section(s)</u> |
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| <u>Description</u>                                | <u>Code Section(s)</u> |
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| <u>Description</u>                       | <u>Code<br/>Section(s)</u> |
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**E**

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