SECTION III CODING STRUCTURE

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SECTION III CODING STRUCTURE

A. INTRODUCTION TO CODING STRUCTURE

A.01 CODING STRUCTURE

The purpose of this section is to provide the reader with an overview of the required coding structure; the graphic display and definitions which follow should be used for that purpose.

The coding structure is consistent with “Financial Accounting for Local and State School Systems” published by the National Center for Education Statistics, 2009. Standard coding found in this section is necessary to satisfy state and federal reporting requirements. Each district should review local needs before additional elements of the coding structure are added. The accounting system designed should accommodate the planning, budgeting, evaluating, and analysis functions of the system and should be cross-referenced to other information files of that system.
SECTION III CODING STRUCTURE

A.02 CODING DIMENSIONS - DEFINITIONS

Dimension - Block of related digits.

Fund - An independent fiscal and accounting entity, preferably with a self-balancing set of accounts, with its own assets, liabilities, resources, and fund balances which are segregated for the purpose of carrying on specific activities in accordance with special regulations, restrictions, or limitations (two positions). Edited field in the Financial Information Database (FID).

Transaction Code - A code used to identify whether an accounting entry is balance sheet, revenue, or expenditure (one position). Used internally in district accounting systems. Not reported to the FID as a separate field. The transaction code is used to determine which file (revenue, expenditure, or balance sheet) the record is to be uploaded for FID submission.

Major Class - The basic account identifier for recording transactions involving assets, liabilities, fund balance and revenues (three positions). Edited field in the FID.

Suffix - The code used to further define/distinguish between revenue sources (four positions). Edited field in the FID. Edited for revenue records, but not balance sheet.

Function - The basic account identifier for expenditures. It describes the activity for which a service or material is acquired. The basic functional categories operated by most districts are instruction, pupil support, instructional staff support, general administration, business services, operations and maintenance, transportation, central services, community services, and facilities acquisition. Edited field in FID.

Object - The code used to describe the service or commodity obtained as the result of a specific expenditure. The broad object code categories include salaries, benefits, purchased services, supplies/materials, and capital outlay. Edited to the 2nd position in FID.

Program - The code used to describe a plan of activities and procedures designed to accomplish predetermined objective or set of allied objectives (three positions). Required field in the FID, but currently not edited.

Grant Code - The code used to identify various grant programs/funding source (four positions). Fourth position may be used at district’s discretion. **This is a required field for reporting all restricted grant related expenditures. We recommend using it on all corresponding restricted grant revenue records as a good financial management practice. Some grant offices may require that districts report information in this field on both FID revenue and expenditure records as a condition for receiving a particular grant.**

Facility/School - The state assigned code used to designate a district building or administrative unit. (five positions). Edited field in the FID.

Other - A dimension available to further define a school district's activities; i.e., subject matter, special cost center, etc. (four positions).
SECTION III CODING STRUCTURE

A.03 GENERAL APPLICATION TO ALL FUNDS

    a) FIRST DIMENSION - (TWO POSITIONS) - FUND

(1) FIRST TWO POSITIONS -FUND

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>General Fund</td>
</tr>
<tr>
<td>21</td>
<td>Athletic Fund</td>
</tr>
<tr>
<td>22</td>
<td>*Special Education Fund</td>
</tr>
<tr>
<td>23</td>
<td>Community Service Fund</td>
</tr>
<tr>
<td>24</td>
<td>Bookstore Fund</td>
</tr>
<tr>
<td>25</td>
<td>Food Service Fund</td>
</tr>
<tr>
<td>26</td>
<td>*Vocational Education Fund</td>
</tr>
<tr>
<td>27</td>
<td>Cooperative Activities Fund</td>
</tr>
<tr>
<td>28</td>
<td>Private Purpose Trust</td>
</tr>
<tr>
<td>31-39</td>
<td>Debt Retirement Fund</td>
</tr>
<tr>
<td>41-49</td>
<td>Capital Projects Fund</td>
</tr>
<tr>
<td>51-59</td>
<td>Trust Funds</td>
</tr>
<tr>
<td>61-69</td>
<td>Agency Fund</td>
</tr>
<tr>
<td>71-79</td>
<td>Enterprise Funds</td>
</tr>
<tr>
<td>81-89</td>
<td>Internal Service Funds</td>
</tr>
<tr>
<td>91</td>
<td>Capital Asset Accounts</td>
</tr>
<tr>
<td>92</td>
<td>Long Term Liability Accounts</td>
</tr>
</tbody>
</table>

*These funds are used only by intermediate school districts.

(2) THIRD POSITION – TRANSACTION CODE

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Revenue Accounts</td>
</tr>
<tr>
<td>1</td>
<td>Expenditure Accounts</td>
</tr>
<tr>
<td>2</td>
<td>Balance Sheet Accounts</td>
</tr>
</tbody>
</table>
### SECTION III CODING STRUCTURE

#### CODING STRUCTURE

#### BALANCE SHEET

<table>
<thead>
<tr>
<th>Fund</th>
<th>Transaction Code</th>
<th>Major Class</th>
<th>Suffix</th>
<th>Not Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>X X</td>
<td>X</td>
<td>X X X</td>
<td>X X X</td>
<td>X X X - X X X - X X X - X X X</td>
</tr>
</tbody>
</table>

#### REVENUES

<table>
<thead>
<tr>
<th>Fund</th>
<th>Transaction Code</th>
<th>Major Class</th>
<th>Suffix</th>
<th>Grant</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>X X</td>
<td>X</td>
<td>X X X</td>
<td>X X X</td>
<td>X X X</td>
<td>X X X X- X X X</td>
</tr>
</tbody>
</table>

#### EXPENDITURES

<table>
<thead>
<tr>
<th>Fund</th>
<th>Transaction Code</th>
<th>Function</th>
<th>Object</th>
<th>Program</th>
<th>Grant</th>
<th>Facility /School</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>X X</td>
<td>X</td>
<td>X X X</td>
<td>X X X</td>
<td>X X X</td>
<td>X X X</td>
<td>X X X X</td>
<td>X X X</td>
</tr>
</tbody>
</table>

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SECTION III CODING STRUCTURE

B. EXAMPLES OF GENERAL ACCOUNTING ENTRIES

B.01 INTRODUCTION - ACCOUNTING ENTRIES

The diverse nature of school operations and the necessity of determining legal compliance require that accounts be organized on the basis of funds. Each fund must be accounted for as an independent entity. This is accomplished by providing a complete, self-balancing set of accounts for each fund which shows its assets, liabilities, fund balances, revenues and expenditures.

In addition to its own financial transactions of an internal nature (i.e., payrolls) and external nature (i.e., purchases), each fund may have financial transactions with other funds in the same school unit. Since each fund is a separate entity, the amounts due it from other funds as well as the amounts it owes to them must be reflected in the accounts and financial statements. Inter-fund receivables and payables may result from services rendered by one fund for another, from inter-fund loans, or out of transfers from the General Fund to another fund.

Specific examples of Recording of Transactions are illustrated in this chapter:

- Opening the General Ledger
- Recording the Budget
- Recording Encumbrances
- Closing the General Ledger
- Special Accounting Entries
- Long Term Debt Transactions
- Capital Assets
B.02 OPENING THE GENERAL LEDGER

The General Ledger is opened by recording the assets and liabilities of the fund at the beginning of the accounting period. Excess of assets over liabilities results in a fund balance, and an excess of liabilities over assets results in a fund deficit.

The assets and liabilities used will conform to the classifications as found in the Appendix to this manual.

The following is an example of this transaction for various funds:

GENERAL FUND:

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-2-101-0000</td>
<td>Cash in Bank</td>
<td>$20,021</td>
</tr>
<tr>
<td>11-2-111-0000</td>
<td>Taxes Receivable</td>
<td>1,369,186</td>
</tr>
<tr>
<td>11-2-121-0000</td>
<td>Accounts Receivable</td>
<td>98,290</td>
</tr>
<tr>
<td>11-2-131-0000</td>
<td>Due from--Other Funds</td>
<td>76,185</td>
</tr>
<tr>
<td>11-2-171-0000</td>
<td>Inventory</td>
<td>175,280</td>
</tr>
<tr>
<td>11-2-181-0000</td>
<td>Investments</td>
<td>8,400,000</td>
</tr>
<tr>
<td>11-2-192-0000</td>
<td>Prepaid Expenses</td>
<td>67,540</td>
</tr>
<tr>
<td>11-2-402-0000</td>
<td>Accounts Payable</td>
<td>$19,076</td>
</tr>
<tr>
<td>11-2-404-0000</td>
<td>Contracts Payable</td>
<td>12,000</td>
</tr>
<tr>
<td>11-2-411-0000</td>
<td>Due to--Other Funds</td>
<td>103,215</td>
</tr>
<tr>
<td>11-2-451-0000</td>
<td>Payroll Deductions</td>
<td>480,951</td>
</tr>
<tr>
<td>11-2-462-0000</td>
<td>Salaries Payable</td>
<td>1,145,210</td>
</tr>
<tr>
<td>11-2-471-0000</td>
<td>Deferred Revenue</td>
<td>356,810</td>
</tr>
<tr>
<td>11-2-741-0000</td>
<td>Fund Balance</td>
<td>8,089,240</td>
</tr>
</tbody>
</table>

To record opening balances of the General Fund.

DEBT RETIREMENT FUND:

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>3x-2-101-0000</td>
<td>Cash</td>
<td>$1,075</td>
</tr>
<tr>
<td>3x-2-110-0000</td>
<td>Taxes Receivable</td>
<td>13,118</td>
</tr>
<tr>
<td>3x-2-162-0000</td>
<td>Interest Receivable</td>
<td>2,334</td>
</tr>
<tr>
<td>3x-2-180-0000</td>
<td>Investments</td>
<td>265,750</td>
</tr>
<tr>
<td>3x-2-741-0000</td>
<td>Fund Balance</td>
<td>$282,277</td>
</tr>
</tbody>
</table>

To record opening balances of the Debt Retirement Fund.
SECTION III CODING STRUCTURE

B.03 RECORDING THE BUDGET

The initial step in accounting for the General Fund is to record the budget as adopted by the local Board of Education. Recording of the budget in this example is accomplished by debits to Estimated Revenues and Fund Balance and a credit to Appropriations in the general ledger. The following are examples of these transactions for the General Fund:

11-2-301-0000 Estimated Revenues  $26,243,409
11-2-706-0000 Fund Balance          135,311
11-2-601-0000 Appropriations      $26,378,720

To record adoption of the budget in the general ledger control accounts. This assures the budget has been balanced by an appropriation from Fund Balance.

Postings to the subsidiary ledger accounts would be as follows:

Estimated Revenue from Local Sources   $23,859,472
Estimated Revenue from Intermediate Sources  328,315
Estimated Revenue from State Sources       1,395,311
Estimated Revenue from Federal Sources      100,000
Estimated Incoming Transfers and Other Transactions  560,311

Appropriations - Instruction          $21,385,172
Appropriations - Supporting Services    3,417,166
Appropriations - Community Services     1,576,382
B.04 RECORDING ENCUMBRANCES

Proper budgetary control of General Fund operations requires the use of an encumbrance system. Under such a system, a formal entry is made when purchase orders or other commitments are made to reserve a portion of the applicable appropriation and hereby lessen the chance of over expenditure of the appropriation.

For example, when purchase orders and other expenditure commitments are approved, necessary amounts of appropriations are reserved for eventual payment by use of encumbrance accounts. This is accomplished by a debit to Encumbrances and a credit to Reserve for Encumbrances for the amount of the purchase order or other commitment. When the invoices for goods or services are received at a later date, the encumbrance entry is reversed for the original amount and the actual amount of the expenditure is recorded in the expense accounts by a debit to Expenditures and a credit to Accounts payable or Cash.

11-2-603-0000  Encumbrances        $25,112
11-2-711-0000  Reserve for Encumbrances  $25,112
To record current period encumbrances for purchase orders and contracts.

11-2-701-0000  Reserve for Encumbrances  $25,112
11-2-603-0000  Encumbrances        $25,112
To record liquidation of encumbrances upon receipt of invoices.

11-1-111-5110  Instruction        $18,720
11-2-402-0000  Accounts Payable    $18,720
To record payables upon receipt of invoices.
B.05 CLOSING THE GENERAL LEDGER

- At the end of each fiscal period, the budgetary and operating accounts of the General Fund are closed. The entry to record closing of revenues and expenditures is as follows:

- To close actual revenues and expenditures to fund balance:

  11-0-000-0000  Revenues          $26,264,302  
  11-2-741-0000  Fund Balance       46,470  
  11-1-000-0000  Expenditures       $26,310,772  

To close actual revenues and expenditures to fund balance.

- To close the budget, the following entry is required:

  12-2-601-0000  Appropriations      $26,378,720  
  12-2-741-0000  Fund Balance        $ 135,311  
  12-2-301-0000  Estimated Revenues  26,243,409  

To close budget to fund balance.
C. SPECIAL ACCOUNTING ENTRIES - EXAMPLES

C.01 REVENUES AND TAX LEVIES

Transactions are recorded in the books of original entry as follows:

- Revenues will generally be recorded as receivables when taxes are levied, billings are made, or claims filed with outside parties. When no receivable has been recorded, revenue will be recorded when the cash is received. Recording of tax revenues will be made at the time of levy when a debit will be made to the account Taxes Receivable and a credit to Property Tax Levy.

\[
\begin{align*}
11-2-111-0000 & \quad \text{Taxes Receivable} & \quad $23,959,422 \\
11-0-111-0000 & \quad \text{Property Tax Levy} & \quad $23,959,422 \\
\end{align*}
\]
To record tax levy.

- Recording of revenues which arise from billings made to, or claims filed with, outside parties should be recorded as accounts receivable when billed with the credit to a revenue account.

\[
\begin{align*}
11-2-121-0000 & \quad \text{Accounts Receivable} & \quad $48,000 \\
11-0-312-0000 & \quad \text{Grants in Aid - Restricted} & \quad $48,000 \\
\end{align*}
\]
To record claim filed for Driver Education.

- Revenues not previously recorded as receivable should be recorded as the cash is collected.

\[
\begin{align*}
11-2-101-0000 & \quad \text{Cash} & \quad $48,000 \\
11-0-312-0000 & \quad \text{Grants in Aid - Restricted} & \quad $48,000 \\
\end{align*}
\]
To record collection of Driver Education funds.
SECTION III CODING STRUCTURE

In this example, the collection of property taxes, and cash from other sources during the course of a fiscal year are recorded as follows:

11-2-101-0000 Cash $180,040
11-0-111-0000 Local Property Tax $14,873
11-2-111-0000 Taxes Receivable 155,000
11-2-121-0000 Accounts Receivable 10,167

To record cash received.

- Expenditures are recorded on a modified accrual basis as follows:

1) Recording of transactions in the General Fund for goods and services which have not been previously recorded as a payable or encumbrance.

11-1-111-5110 Classroom Instruction $12,187
11-2-171-0000 Inventory 3,120
11-2-192-0000 Prepaid Expenses 6,710
11-2-101-0000 Cash $22,017

To record cash disbursed.

2) Non-cash entries would be made in the General Fund to set up accounts payable:

11-1-111-5110 Classroom Instruction $17,846
11-2-171-0000 Inventory 2,860
11-2-192-0000 Prepaid Expenses 7,644
11-2-402-0000 Accounts Payable $28,350

To record payables.

3) Recording of expenditure transactions in the General Fund where the liability was previously recorded.

11-2-402-0000 Accounts Payable $21,165
11-2-462-0000 Salaries Payable 761,175
11-2-411-0000 Due to Other Funds 13,216
11-2-101-0000 Cash $795,556

To record disbursements for the period.
The following entries illustrate the proper transactions for the purchase, financing and disposal of school buses.

a) PURCHASE OF A NEW (OR REMANUFACTURED) SCHOOL BUS - CASH:

(1) General Fund

11-1-271-6610 School Bus Purchases $30,000
11-2-101-0000 Cash $30,000
To record the cash purchase of a bus.

(2) Capital Asset Accounts

91-2-261-0000 School Buses $30,000
91-2-761-0000 Investment in General Fixed Assets $30,000
To add a new bus to the asset inventory.

b) PURCHASE OF A NEW (OR REMANUFACTURED) SCHOOL BUS FINANCED BY CONDITIONAL SALES AGREEMENT:

(1) General Fund

11-1-271-6610 School Bus Purchases $30,000
11-0-592-0000 Proceeds from Sale of L/T Note $30,000
To record purchase of bus on credit.

(2) Long Term Debt Accounts

92-2-304-0000 Amounts to be Provided for Payment of Loans $30,000
92-2-561-0000 Bus Loans Payable $30,000
To set up long term liability.

(3) Capital Asset Accounts

91–2-261-0000 School Buses $30,000
91-2-761-0000 Investments in General Fixed Assets $30,000
SECTION III CODING STRUCTURE

To add a new bus to the fixed asset inventory.
c) PAYMENT ON SCHOOL BUS LOAN

(1) General Fund

11-1-511-7260  Interest Expense  $2,000
11-1-511-7160  Payment on Bus Loan  $5,000
11-2-101-0000  Cash  $7,000

To record payment on bus loan.

(2) Long Term Debt Accounts

92-2-531-0000  Bus Loans Payable  $5,000
92-2-304-0000  Amounts to be Provided
    For Payment of Loans  $5,000

To reduce long term liability account as a result of bus payment.

d) SALE OF USED SCHOOL BUS:

(1) General Fund

11-2-101-0000  Cash  $5,000
11-0-593-0000  Proceeds from the Sale
    of Capital Assets  $5,000

To record sale of a school bus.

(2) Capital Asset Accounts

91-2-761-0000  Investments in General
    Fixed Assets  $28,000
91-2-261-0000  School Buses

$28,000

To remove original cost of school bus sold.

NOTE: The trade-in of a used school bus for a new bus would simply be recorded in School Bus Purchases as the net cost of the new bus.
C.03 CLAIMS AND JUDGMENTS
The following entries illustrate the proper transactions for recording claims and judgments.

a) GENERAL FUND

Example A

11-1-231-7510  Claims and Judgments  $150,000
11-2-491-0000  Other Liabilities  $150,000
To accrue discrimination judgment not covered by insurance and payable currently.

Example B

11-1-231-7510  Claims and Judgments  $30,000
11-2-491-0000  Other Liabilities  $30,000
To accrue loss resulting from discrimination suit payable over five years as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total payable</td>
<td>$150,000</td>
</tr>
<tr>
<td>Long term portion</td>
<td>120,000</td>
</tr>
<tr>
<td>Currently payable</td>
<td>$ 30,000</td>
</tr>
</tbody>
</table>

b) LONG TERM DEBT ACCOUNTS

Example A (above) No entry required

Example B (above)

92-2-304-0000  Amount to be Provided for Other Obligations  $120,000
92-2-591-0000  Other Obligations Payable  $120,000
To accrue long term portion of discrimination judgment.
SECTION III CODING STRUCTURE

C.04 COMPENSATED ABSENCES

The following entries illustrate the proper transactions for recording compensated absences.

a) GENERAL FUND

Entry One - Year One

11-0-491-8910 Prior Year Adjustment $30,000
11-1-XXX-1XXX Various Salary Expenditures $30,000
To record prior period adj. for compensated absences not accrued in prior periods.

Entry Two - To Be Made At Year End Closing - Year One

11-1-XXX-1XXX Various Salary Expenditures $25,000
11-2-461-0000 Accrued Expenditures $25,000
To record current portion of compensated absences and computed as follows:

Total due at year end $280,000
Less: non-current portion (255,000)
Amount payable currently $25,000

Entry assumes amounts paid in current year for prior year liability were charged against liabilities.

Entry Three - To Be Made At Year End Closing - Year Two

11-1-1XX-1XXX Various Salary Expenditures $28,000
11-2-461-0000 Accrued Expenditure $28,000
To record current portion of compensated absences and computed as follows:

Total due at year end $295,000
Less: non-current portion (267,000)
Amount payable currently $28,000
SECTION III CODING STRUCTURE

b) LONG TERM DEBT ACCOUNTS

Entry One - Year One

92-2-304-0000  Amount to Be Provided for L/T Debt $255,000
92-2-581-0000  Other Liabilities Payable

$255,000

To accrue liability for long term portion of compensated absences.

Entry Two - Year Two

92-2-304-0000  Amount to Be Provided for L/T Debt $12,000
92-2-581-0000  Other Liabilities Payable

$12,000

To accrue liability for long term portion of compensated absences as follows:

Total long term amount due $267,000
Amount previously recorded (255,000)
Balance to accrue $12,000
SECTION III CODING STRUCTURE

C.05 ENERGY TRANSACTIONS

Section II - E.10 of this manual provides a narrative of proper accounting for school district energy related transactions. The examples listed below provide guidance to school district accountants in making energy transactions entries.

a) CAPITAL PROJECTS FUND

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>41-2-101-0000 Cash</td>
<td>$165,000</td>
<td></td>
</tr>
<tr>
<td>41-0-592-0000 Sale of Bonds</td>
<td>$165,000</td>
<td></td>
</tr>
</tbody>
</table>

To record the collection of the energy conservation project note proceeds.

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>41-1-456-6220 Building Improvement Services</td>
<td>$165,000</td>
<td></td>
</tr>
<tr>
<td>41-2-101-0000 Cash</td>
<td>Energy Project</td>
<td>$1</td>
</tr>
</tbody>
</table>

$165,000
To record the expenditure of funds on the 20XX Energy Conservation Project.

b) GENERAL FUND

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-1-511-7210 Interest</td>
<td>$16,500</td>
<td></td>
</tr>
<tr>
<td>11-1-511-7110 Principal</td>
<td>$16,500</td>
<td></td>
</tr>
</tbody>
</table>

$16,500
11-2-101-0000 Cash

$33,000
To record principal and interest payment on energy note.

c) LONG TERM DEBT ACCOUNTS

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>92-2-304-0000 Amount to be provided for Payment of Loan</td>
<td>$165,000</td>
<td></td>
</tr>
<tr>
<td>92-2-591-0000 Other Loans Payable</td>
<td>$165,000</td>
<td></td>
</tr>
</tbody>
</table>

To record ten year 10% energy note. Amount to be paid annually $16,500

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>92-2-591-0000 Other Loans Payable</td>
<td>$1</td>
<td></td>
</tr>
<tr>
<td>92-2-304-0000 Amount to be provided for Payment of Loan</td>
<td>$16,500</td>
<td></td>
</tr>
</tbody>
</table>

$1
$6,500
To record annual payment on the ten year 20xx energy note
C.06 EQUIPMENT PURCHASE AND SALE TRANSACTIONS

The following entries illustrate the proper transactions for the purchase, financing and disposal of equipment or furniture.

a) PURCHASE OF EQUIPMENT WITH CASH FOR A HIGH SCHOOL CLASSROOM

(1) General Fund

11-1-113-6410 Equipment-Instruction $20,000
11-2-101-0000 Cash $20,000
To record equipment purchase.

(2) Capital Assets Accounts

91-2-241-0000 Equipment Instruction $20,000
91-761-0000 Investment in General Fixed Assets $20,000
To record addition of equipment to the capital asset inventory.

b) PURCHASE OF HIGH SCHOOL CLASSROOM EQUIPMENT FINANCED BY A LONG TERM NOTE

(1) General Fund

11-1-113-6410 $20,000
11-0-592-0000 Proceeds from the Sale of Long Term Note $20,000
To record purchase of equipment.

(2) Long Term Debt Accounts

92-2-304-0000 Amount to Be Provided for Payment of Loans $20,000
92-2-571-0000 Furniture & Equipment Loans Payable $20,000
To record long term debt created for purchase of equipment.

(3) Capital Asset Accounts

91-2-241-0000 Equipment Instruction $20,000
91-2-761-0000 Investment in Capital Assets $20,000
SECTION III CODING STRUCTURE

To record addition of equipment to the fixed asset inventory.
c) PAYMENT ON EQUIPMENT LOANS

(1) General Fund

11-1-511-7210 Interest Expense $2,000
11-1-511-7130 Payments on Equipment Loans $3,000
11-2-101-0000 Cash $5,000

To record periodic payment on equipment loan.

(2) Long Term Debt Accounts

92-2-571-0000 Furniture and Equipment Loans Payable $3,000
92-2-304-0000 Amount to Be Provided for Payment of Loans $3,000

Too adjust long term loan payment for equipment loan payment.

d) SALE OF USED EQUIPMENT

(1) General Fund

11-2-101-0000 Cash $1,000
11-0-593-0000 Sale of Fixed Assets $1,000

To record sale of equipment.

(2) Capital Asset Accounts

91-2-761-0000 Investment in Fixed Assets $20,000
91-2-241-0000 Equipment $20,000

To remove cost of equipment sold.
SECTION III CODING STRUCTURE

D. LONG TERM DEBT TRANSACTIONS

Accounting for the amount of unmatured long term indebtedness should be recorded in the Long Term Debt Accounts. The purpose of this is to report a school district’s liability for long term debt at any time from date of issuance until the debt is retired. Whenever general obligation debt is incurred, the liability is usually recorded in the Long Term Debt Accounts as illustrated below:

92-2-304-0000  Amount to be Provided for Payment of L/T Debt  $500,000
92-511-0000  Bonds Payable Long Term Portion  $500,000

To record new bond issue
SECTION III CODING STRUCTURE

E. CAPITAL ASSETS

Accounting for the Capital Assets requires that proper classification of individual assets be made to asset classes. In addition, sub-accounts may be used to establish and accumulate the cost of each class of assets.

The recommended classes for accounting and statement presentation purpose are as follow:

21x - Land
22x - Buildings and Additions
23x - Site Improvements
24x - Equipment and Furniture
25x - Vehicles Other than Buses
26x - School Buses
27x - Educational Media and Textbooks
28x - Construction in Process
29x - Other Capital Assets

Since the Capital Asset Accounts are Self-balancing, a credit in the form of a fund balance account, Investments in Fixed Assets (761) is established to offset the asset categories listed above. An example of the accounting entry to record the purchase of a building is shown below:

\[
\begin{array}{ccc}
\text{Dr} & \text{Cr} & \\
91-2-221-0000 & \text{Buildings and Additions} & $5,000,000 \\
92-2-761-0000 & \text{Investment in Fixed Assets} & $5,000,000 \\
\end{array}
\]

To Record the Purchase of a Building

Additional Sub-Accounts have been added to the chart of accounts to allow district wide reporting of depreciation on each of the capital asset classes. This is in compliance with GASB #34 reporting requirements.