



Fresno County  
Superintendent of  
Schools

# Accounts Payable Audit Manual

Revised 11/8/23

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## **PREFACE**

The purpose of the **ACCOUNTS PAYABLE AUDIT MANUAL** is to help school districts process and pay commercial claims in proper form and conformance with current legal requirements and good business practices.

The manual is intended for use by district staff involved in any phase of accounts payable processing. Review the manual carefully. We encourage any suggestions on our service and proposed changes, which could: (1) save time for districts; (2) eliminate any unnecessary activity or duplication of effort; or (3) improve processing procedures.

The format of the manual has been designed for easy insertion and/or deletion of items as revisions occur.

We appreciate your cooperation. If you have any questions or suggestions, please contact one of your District Assistance Team members or the District Financial Services Department at (559) 265-3021.

We would like to thank the San Diego County Office of Education and the Kern County Office of Education for contributing to this manual.



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**OVERVIEW**

EC 42636 California Education Code (EC) charges the Fresno County Superintendent of Schools (FCSS) with the responsibility of determining the propriety and legality of expenditures/ warrants issued by school districts. The Fresno County Superintendent of Schools takes this responsibility seriously and we attempt to comply with the charge while minimizing any disruption and/or inconvenience to school districts.

The audit procedures outlined in the Accounts Payable Audit Manual are designed to assist school districts with the processing and payment of commercial claims in proper form, in conformance with current legal requirements and good business practices.

**Required Contents of District Orders to Pay**

EC 42634 Each order drawn against the funds of a school district (Payroll or Accounts Payable) shall be numbered and shall state: (a) the particular fund or funds of the district against which it is drawn, (b) the amount of the payment to be made from each fund, and (c) the rate of salary and the period of service of any employee of the district for whom an order is issued for payment of salary or wages. If drawn for any purpose other than the payment of salaries or wages of the school district employees, **the order (Accounts Payable) shall be accompanied by an itemized bill showing the separate items and the price of each.**

**Authorized Signatures on District Orders to Pay**

EC 42632 Each order drawn on the funds of a school district **shall** be signed by at least a majority of the members of the governing board of the district, or by a person or persons authorized by the governing board to sign orders in its name. No person other than an officer or employee of the district shall be authorized to sign orders. All signature stamps **must** be initialed and dated by an authorized employee.

**Insufficient Cash to Approve Warrants**

EC 42636 If a district does not have sufficient cash to cover the daily expenditures, and the district's fund cash balance becomes negative, no additional warrants will be processed until the fund is replenished.

**Year-End Closeout**

Current liabilities should be generated for expenses carrying over into a new fiscal year. See the FCSS Year-End Closing Manual for more information.

**Records Retention**

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16020 -  
16028

## Reference

Districts must retain all records in accordance with California regulations and the CASBO Records Retention Manual. Documents collected by FCSS during an audit are not records of FCSS and will not be retained.

Reference

**AUDITING TIMELINES AND PROCEDURES**

**Accounts Payable Auditing Timelines**

The routine audit process takes *approximately seven workdays to complete from the date that the audit documentation is received by the FCSS Accounting Audit Specialist.* The warrant runs will be processed in the order of receipt.

**All Payment Orders will be subject to a 5% Random Audit**

Due to the methodology employed in selecting payments for audit, the number of items selected may at times be fewer than five percent (5%) of the warrant run. The FCSS reserves the right to identify additional payment items to meet the five percent (5%) goal or to adequately audit specific target areas.

**Accounts Payable Auditing Procedures (General)**

EC 42636

To serve districts and maintain adequate control over commercial warrant processing the FCSS's procedures encompass the following:

- District expenditures will be audited on a "post-processing" basis, unless (1) financial oversight status is "qualified" or "negative" and pre-approval is warranted or (2) the District requests a review before incurring the expense.
- Commercial warrants will be released once the corresponding invoices are in our office and audited, or will be released not less than one business day from when valid supporting documentation is received and has been audited.
- The audit will be performed on a random basis for five percent (5%) of district warrants, as well as other specific areas of focus. Those areas are as follows:
  1. Travel/Conference Claims (52000 Object Codes) - \$500 or more, per transaction line.
  2. Consultant/Independent Contractor Services that exceed \$100.
  3. Public works projects of \$15,000 or more (\$25,000 for districts that have opted into CUPCCAA).
  4. Expenditures of goods & services over the current bid limit of **\$109,300. Changes January 1<sup>st</sup> of each year.**
  5. Revolving Cash Fund Replenishments (including ASB, any other entity within the district, etc.) that exceed \$100.
  6. Payments to individuals that exceed \$100 (reimbursements, expenses, etc. other than object 5200)
  7. Large payments to financial institutions
- The audit will be conducted in accordance with this Accounts Payable Audit Manual and any superseding bulletins or memoranda. Accounts Payable

PCC  
20111(a)

Reference

warrant hold notices will be issued during the audit if documents are required or if supporting documentation is incomplete.

- Contracts will be required when . . .
  1. requested in the audit process via the random selection,
  2. the contract is subject to competitive bidding requirements,
  3. the contract is being let pursuant to California Uniform Public Construction Cost Accounting, or
  4. the contract is being let pursuant to an emergency resolution.
- Response to the hold notice is required within two business days in order to avoid a delay in the release of the warrants.
- Responses to any audit selection for which the supporting documentation consists of multiple invoices or items split by calculations **must** contain all invoices, calculation, and tape or other summary reconciling the documentation back to the audit amount.
- A pre-audit of future expenditures could be implemented and warrants held for required documentation if the audit shows any unsatisfactory trends.

**Auditing Warrants**

FCSS Audit Specialists audit warrants for the following elements:

- Authorized original agent signature on prelists (Authorized Signatures on Annual Signature Permit)
- Amounts agree to invoice totals
- The payee **must** agree with all supporting documents (invoices and listing sheets)

**Auditing Invoices**

FCSS Audit Specialists audit invoices for the following:

- *Legality of the expenditure.* Payments made will be subjected to scrutiny for gifts of public funds among other criteria (see discussion below on “Use of Public Funds”).
- *Allowability* - Federal. Expenditures for federal programs which are not otherwise specifically authorized by Education Code as legal expenditures of school district funds may be approved for payment if the invoices are

EC 12010  
EC 12220

Reference

accompanied by a signed certification that they were approved in an application for funds of a specific federal program.

- *Itemization.* Invoices **must** be itemized, quoted in job lot prices, or covered by the contract. Items purchased **must** have names/descriptions; stock numbers alone are not sufficient. **Statements are not accepted in lieu of invoices.**
- *Prior balances.* Payments of previous balances are not allowed unless accompanied by a current invoice.
- *Accuracy.* Invoices are checked for mathematical accuracy, including sales tax computations. Sales taxes **must** be itemized on the invoice.
- *Applicability of use tax.* Use tax is a purchase of an item for use in California from an out-of-state retailer. **Out-of-state retailers who are engaged in business in this state are required to collect use tax, whenever possible, from the consumer at the time of making the sale.** If you have been furnished with a receipt indicating that the correct amount of California use tax has been collected on the sale, you do not need to report the purchase on your return. <http://www.boe.ca.gov/>
- *Applicability of sales tax.* Sales tax is not paid on invoices from out-of-state vendors. The exception is if the vendor shows its California Permit number on the invoice, which allows the collection of California sales tax.
- *Compliance.* Labor, supplies, or a combination of labor/supplies exceeding bid limits require certification of advertising for bids or an approved bid exception.
- *Emergency items.* Emergency repairs exceeding bid limits **must** be approved by the governing board and the County Superintendent of Schools to be exempt from competitive bidding.
- *Compliance.* Invoices for payment of legal advertising need a Proof of Publication. Advertisements meeting legal requirements for bid purposes **must** show an opening date for bids not less than 14 days following publication, including therein the first day.
- *Timing.* Payments should be in arrears unless authorized under Advance Payments. Rental payment for facilities or equipment in possession of the district for the current month on an itemized invoice is considered to be in arrears.
- *Classification.* Consultant (independent contractor) invoices **must** be examined to rule out those persons who belong on payroll according to IRS regulations. The district **must** submit or have on file with the County Superintendent of Schools a completed “Certification of Independent Contractor.” Consultant services of employees and STRS retirees **must** be paid on the payroll. Districts should be very cautious when contracting with PERS retirees.
- *Board Approval.* Travel claims or invoices for employees **must** show certification of governing board approval, or if delegated, that of the superintendent or another designee. Should include the five W’s – who, what, when, where, and why.

Reference

- EC 17540
  - *Contracts.* School services between districts usually require a written agreement. School supplies or personal property may be purchased or sold by one district to another.
  - *Best Practices.* Districts are encouraged to take discounts regardless of time limitations stated on the invoice.
- EC 38110  
 EC 17540
  - *Supply List.* Elementary districts under 2,500 ADA **must** purchase from the Standard School Supply List unless they are a member of a purchasing cooperative with a total membership of 2,500 ADA or over. Any district may purchase from the list with vendor approval. Direct service size districts may purchase from other agencies.
  - *Approval.* Contract payments for architects and construction services **must** have approvals of required agencies. Payments **must** be in compliance with payment and retention provisions of the contract. Arithmetical accuracy of "completed to date" column and "payment summary" will be verified for each progress payment.
  - *Licensing.* A contractor **must** be properly licensed from the bid submission through satisfactory completion of the district's project. (Contractor license status may be verified at the Contractors' State License Board website: <http://www.cslb.ca.gov>.)
- EC 42800
  - *Compliance.* Revolving Cash Fund reimbursements **must** be payable to "Person's Name, Custodian, Revolving Cash Fund." Those established under EC §42800 **must** be closed to change custodians.
- EC 42820  
 EC 42821
  - *Pre-payment.* Only Revolving Cash Funds (RCF) opened under EC §42820 may make pre-payments to vendors. These RCFs are subject to lower imprest limits than those established pursuant to EC §42800. A single expenditure from the revolving fund established under EC §42820 cannot exceed \$1,000 for school districts. Travel **must** show certification of governing board approval, superintendent or another designee if delegated.
  - *Internal Controls.* All invoices are required to be approved by a district designee. Districts are encouraged to implement procedures for receiving items and approving payment.

**Contents of Invoices**

- EC 42634
 

Each commercial order for materials or services (other than contract payments) **must** be accompanied by an itemized invoice showing the separate items and the price of each. Billing on a flat rate or job price may be made when it is the general practice of a class of vendors to submit an invoice on this basis. Examples of this type of billing might include lubrication of cars or buses, rewinding of electric motors, repair of musical instruments, and overhaul of typewriters, printing, and some installation of utility companies. The governing board may also authorize securing estimates for certain small jobs such as repairs or painting. In such cases,



Reference

the invoice submitted should state that the prices are in accordance with the estimates given.

Completed invoices should include the following details:

1. Name of firm and address or person and address submitting the invoice.
2. Name of the school district as addressee (not school).
3. Date of the invoice.
4. Number of the school district purchase order (if applicable).
5. Special terms, such as discounts.
6. Description of each item, not just a stock number
7. Quantity
8. Unit quantity (dozen, gross, pound, etc.)
9. The unit price for each item.
10. Extended price for each item.
11. Standard list number for each item purchased (if Standard School Supply List).
12. Hours and rates for labor charges.
13. Subtotals of amounts subject to sales tax.
14. Amount of sales tax (if applicable).

**E-Commerce Purchases**

Payments for reimbursements of online purchases (such as through Amazon.com) fall under Credit Card payments if purchased using a district issued credit card, or Employee Reimbursement on an expense claim if paid for by the employee. As a best practice, the Board should establish a fiscal year purchase limit per employee and designate an individual to validate all purchases.

Districts must retain detailed invoices or order history that provides descriptions and amounts for each item. Online purchases should be delivered to a school site (not an individual's home).

**Rules and Regulations – Best Practices**

Reference

EC 42632  
EC 42633

The governing board should formulate rules and regulations relating to school orders, including, but not limited to, the following list:

1. Designate an employee(s) to authorize school orders (warrants).
2. File with FCSS the verified signature of each person, including members of the governing board authorized to sign orders in its name.
3. Provide a governing board review of school orders (warrants) issued and recording the inclusive numbers of the checks in the official board minutes.
4. Require that school orders (warrants) have complete documentary support indicating that all goods and services paid for have been delivered or rendered in accordance with the purchase agreement.
5. Determine that school orders (warrants) are to be processed expeditiously in order to take advantage of all cash discounts.

*FCSS reserves the right to reject the claim if it conflicts with existing statutes, to request additional supporting documentation to justify the claim, and/or return the claim due to arithmetical error(s).*

**Submitting Items Selected for Audit**

To facilitate the submission and orderly processing of items selected for audit, FCSS requires that each district complies with the following guidelines.

- Submit copies of invoices selected for audit by the APY date run with all supporting documentation in the Accounts Payable Audit Sharepoint site.
- All items selected for the audit for each APY date run should be submitted at one time. Organize the audit items in the order in which they appear on the accounts payable audit pre-list and the audit selection list.
- Incomplete documentation on audited items will be held and the district staff will be notified via email about the deficient documentation.

Reference

**AUDIT REQUIREMENTS**

**Board Authorization**

EC 17604  
EC 17605

All payments must be board approved. The board can delegate the power to act with the understanding that acts by the administration will then be ratified by the board. The board must review all purchases within sixty days. Districts should review their purchasing policies to determine when advanced board approval is required and to designate authorized district signees.

**Minimum Documentation Required for Payment**

- Signature permit, resolution or other document designating individual as authorized signee.

**Advance Payments**

Payments customarily are not made in advance except when such action will result in a substantial decrease in the cost to the district or when supplies and services cannot be secured without payment in advance. Some typical items for which advance payments are often made are: certain utilities; postage stamps; admission tickets; permits and services provided by other governmental agencies; subscriptions to, or purchases or rentals of newspapers, periodicals, books, films, recordings or other publications; software licenses; payment on leases of real property and for the maintenance of equipment.

**Minimum Documentation Required for Payment**

- Fully executed copy of authorizing document, if applicable (e.g. terms of a lease or maintenance agreement.)
- Invoice

**Note:**

- District should maintain a ledger to ensure reduction to final employee reimbursement for advance payment.

**Use of Public Funds**

Gifts of public funds are prohibited by the California Constitution and are subject to review by FCSS. If funds are spent on a “direct and substantial public purpose” it will not be considered a gift. Districts must be prepared to articulate the public purpose served of individual expenditures. The public purpose should be consistent with board policy or direction as the determination is vested in the legislative body.

Reference

In particular, FCSS will scrutinize payments and expenditures on disposable goods and food intended to benefit individuals. The following are examples of unallowable expenditures:

1. A social gathering where a meal is provided for employee recognition such as a teacher appreciation, secretary day, etc.
2. Holiday or other staff parties or picnics.
3. Contributions or donations to religious, community, charity, or other non-profit groups.
4. Giving of flowers or items to convey compassion, sympathy or meet a perceived moral obligation.
5. Presents or gifts to anyone including employees, volunteers, or students.
6. Purchase of alcohol or other controlled substances
7. Employee reimbursement for mileage from their residence to place of work

Before making expenditures that may be construed as a gift of public funds such as those for staff development, the board should adopt a resolution stating that it has determined that such an expenditure benefits the public interest. The resolution should also state the general reasons that the board has determined that the expenditure serves a public purpose.

Minimum Documentation Required for Payment (if requested)

- Description of the direct and substantial public purpose served by the expenditure
- Board authority supporting the public purpose (board policy, resolution, or agenda item)

**Awards**

**Employees/Pupils**

EC 44015

The governing board of a school district may make awards to pupils for excellence.

The governing board of a school district may make awards to employees who do any of the following:

- Propose procedures or ideas which thereafter are adopted and effectuated, and that result in eliminating or reducing district expenditures or improving operations.
- Perform special acts or special services in the public interest.
- By their superior accomplishments, make exceptional contributions to the efficiency, economy, or other improvements in operations of the school district.

Reference

**Before any such awards are made pursuant to this section, the governing board shall adopt rules and regulations.** The board may appoint one or more merit award committees made up of district officers, district employees, or private citizens to consider employee proposals, special acts, special services, or superior accomplishments and to act affirmatively or negatively thereon or to provide appropriate recommendations thereon to the board.

Any award granted to an employee made by an awards committee under adopted district rules ***shall not exceed*** two hundred dollars (\$200), *unless a larger award is expressly approved by the governing board.*

When a district awards program is established, the governing board **shall** budget funds for this purpose but may authorize awards from funds under its control whether or not budgeted funds have been provided or the funds budgeted are exhausted.

**FCSS Guidance**

“Awards” or “appreciation functions” to an entire classification of employee or group of students (e.g., gift cards, meals, or other gifts for all teachers, all classified staff, all seniors, etc.) ***do not meet the criteria established in EC 44015 and generally should not be paid with District funds.***

**Minimum Documentation Required for Payment**

- Copy of governing board policy on file at County Office.
- Copy of specific governing board action/approval. (The Governing Board must identify the direct and substantial public purpose served by expenditures that do not specifically meet the criteria established in ED 44015.)
- Award letter
- Proof of employment or enrollment
- Applicable tax documentation (e.g., W-9)
- Invoice

**Non-Employees (Plaques of Appreciation, etc.)**

EC 35160

School districts may purchase commemorative awards and gifts in recognition of service to the districts by non-employees, organizations, and firms, when the purpose of such awards is to promote services to the school district and the cost of such awards is reasonable.

The FCSS recommends that districts adopt policies and regulations for ensuring control of such expenditures. The policies should establish limits on the amounts to

Reference

be expended, the purposes of such expenditures, and the officials who may approve the expenditures. For example, a policy may state that awards will serve a public purpose by encouraging other private individuals, organizations, or firms to similarly undertake to assist the district. The awards **must** be of negligible intrinsic value, i.e., their value to the recipient **must** be limited to their token value as an expression of district appreciation for significant contributions or assistance to the district.

**Cash Payments Towards The Cost Of Benefits**

GC 53202

In an opinion letter to the Mendocino County District Attorney dated May 3, 2000, the Office of the Attorney General, State of California, provided clarification of Government Code §53202 regarding the payment of cash in lieu of benefits to employees and officers of the district. In that response the Attorney General's Office opined the following:

“Under this statutory authorization, a district may, rather than contracting itself, choose to approve an existing health care arrangement between its officers or employees and insurer or health care provider. If the school district chooses to grant such approval, we see no impediment to the district paying for the benefit by way of reimbursement to its officers or employees instead of making direct payment to the insurer or health care provider. That is not to say that cash payments may be made without the approval of an existing plan. **A school district may only make cash payments to its officers or employees as reimbursement for costs of approved health and welfare benefit plans that have been paid for by the officers or employees.** The statutes ***do not permit*** simply allocating a sum of money to governing board members instead of providing such benefits. We conclude that a school district ***may not make cash payments to members of its governing board in lieu of providing them with health insurance benefits.***”

Districts may make payments to retirees, employees and, officers as reimbursements to the extent of the benefit offered, with two conditions. **First**, the plan in which the individual is enrolled **must** be specifically approved by the district in order to qualify for reimbursement payments. Changes between plans or plan types are considered to be new plans, and **must** again be specifically approved. **Second**, payments **must** be made in arrears. This means that the costs of the benefit plan **must** first be borne by the individual, and can only be paid to them as reimbursements. **Reimbursements are limited by law to the lesser of the district's benefit amount or the individual's payments.**

Payments may be made either monthly or annually. The district **must** provide to the county office evidence of the individual's enrollment in an approved plan along with the first request for reimbursement, and by July 31<sup>st</sup> for each subsequent year. Monthly accounts payable payments **must** also be accompanied by proof of the individual's payment for the plan. Annual payments **must** be made in arrears and

Reference

**must** also be accompanied by proof of payments made by the individual. Payments are limited in the aggregate to the lesser of the individual's annual costs or the benefit total.

These payments are considered benefits and not income to the individual and will be reported only as may be required.

Minimum Documentation Required for Payment

- Copy of governing board policy for benefit value.
- Copy of governing board minutes or designee certification approving specific plans.
- Proof of annual individual enrollment.
- Proof of individual payment (statement of account, etc.).

**Employee Debit Card, Credit Card, or Cash Reimbursement**

If an employee is seeking reimbursement for purchases on behalf of the District, the employee must provide the following documentation for audit.

Minimum Documentation Required for Payment

- Debit or Credit Card Reimbursement – a redacted copy of the employee's bank or credit card statement showing itemized expense
- Cash Reimbursement – itemized receipt with the name of the employee on it
- All documentation **must** include an approval signature and date

NOTE: If debit/credit card charges involve more than one employee's expenses (e.g., meals/room), approval for each individual **must** be included as documentation.

See page 12 for a flow chart related to credit card audit procedures.

**District Credit Cards**

EC 35160

Credit cards may be obtained in the name of the school district for use by authorized district employees and officers. Individuals are to charge only those items which are **legal** expenditures and reimbursable from district funds.

Audit requirements for travel-related credit card expenditures are the same as indicated under "Travel."

In addition, **all district credit card statements or invoices must be approved and signed off (initialed), by the district's Chief Business Official (CBO)**. In doing so, the CBO is acknowledging that each credit card transaction has been audited by

Reference

the CBO or his/her staff for the appropriate itemized receipts that substantiate each transaction. The only exception to all credit cards would be the CBO’s credit card, which would be audited and approved (initialed) by the District Superintendent.

*If an employee is seeking reimbursement for supply purchases on the internet, a copy of the packing slip showing receipt of the order is also required. In addition, the slip **must** have an approval signature as is required with any credit card purchase.*

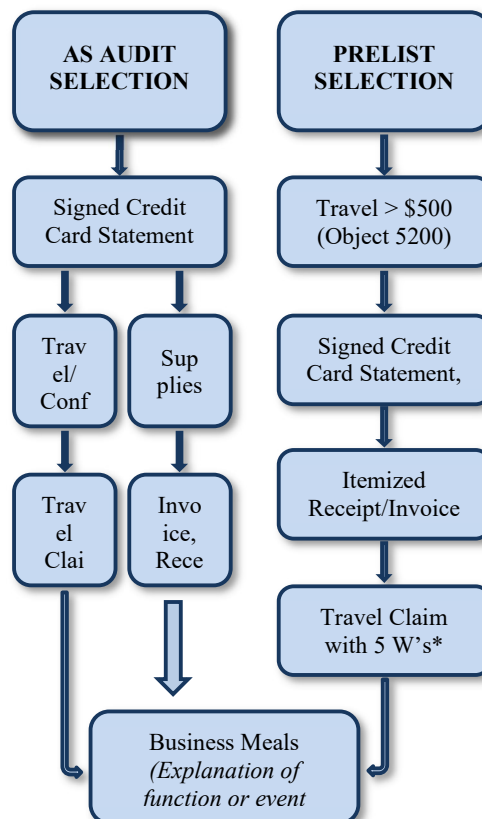
Minimum Documentation Required for Payment

- Credit card statement (**must** include an approval signature and date)
- Itemized receipts
- District Expense Claim Form
- Approvals, as necessary, e.g., travel - see “Travel Expenses.”

NOTE: If credit card charges involve more than one employee's expenses (e.g., meals/room), approved travel claims for each individual **must** be included as documentation.

See Figure A for a flow chart related to credit card audit procedures.

Credit Card Audit Requirements





Reference

**ASSOCIATED STUDENT BODY FUND (ASB)**

The purpose of an Associated Student Body (ASB) Fund is to raise money to be spent by the student body for the promotion of the general welfare, morale, and experiences of the student body. Student body funds are for activities beyond those provided by the district. **Student body funds should not be used to pay for the obligations of the school district, even if the district agrees to reimburse the student body organization.**

EC 48930 It is critical to establish effective policies and procedure, internal controls, for  
EC 48932 ASB organizations. **Internal controls** not only protect assets such as money and  
EC 48933 equipment, but they also **protect people**. Internal controls include segregating  
EC 48933(b) duties according to employees' functions so that one person is not handling a  
EC 48934 transaction from beginning to end. This is a critical part of a system of checks and  
EC 48938 balances. Functions that need to be segregated include the following:

- Those who initiate, authorize or approve transactions
- Those who execute the transactions
- Those who record the transactions
- Those who reconcile the transactions
- Those responsible for the item resulting from the transaction

To help ensure adequate internal controls, a district needs to establish, implement, and maintain efficient and understandable policies and procedures based on laws, regulations, and sound business principles, and communicate them to those involved (e.g. advisors and students). **It is critical that employees be aware of the proper internal accounting controls expectations.** All individuals who are expected to carry out the policies and procedures should be trained; more than one person should be trained for each job (cross-training).

**Referees and Others Paid from ASB**

The IRS requires the utilization of the W-9, Request for Taxpayer Identification Number as a mechanism to identify vendors who are or are not subject to 1099 miscellaneous reporting. Referees, walk-on coaches, DJs, and caterers are examples of vendors who would be subject to receiving a 1099. Accordingly, the District **must** obtain a W-9 from all vendors, regardless of how they are initially paid. Any vendor paid \$600 or more **must** receive a 1099 from the District, regardless of the payment source.

Reference

**Discussion of Allowance Costs**

Because ASBs are part of the district, ASB organizations **must** follow the same laws and local policies, as well as ensure that the funds are spent appropriately. In general, ASB expenses that promote the students' general welfare, morale and educational experiences are allowable and **must** be directly linked to the students' benefit. The expenditures **must** also be for goods and services other than those the district should provide from its own funding sources. *If the expenditures are the district's responsibility or the district has paid for the expenditure in the past, or the ASB is being asked to pay for the item or service because of the district budget cuts, it is probably not an allowable ASB expenditure.* ASBs are supposed to pay for extras, meaning items in addition to the regular curriculum.

Student body funds **must** be invested in one or more of the following:

- A federally insured bank (FDIC)
- Federally insured savings and loan (FLIC)
- Repurchase agreements issued by a bank or savings and loan
- U.S. Government Notes and Bonds
- An insured credit union (NCUA)

For more detailed information, districts may want to read one or all the following publications:

CDE Accounting Procedures for student organizations

<https://www.cde.ca.gov/fg/ac/sa/documents/csam2019complete.pdf>

FCMAT Associated Student Body Accounting Manual, Fraud Prevention Guide, and Desk Reference

<http://fcmat.org/2015-asb-accounting-manual-fraud-prevention-guide-and-desk-reference/>

Example of allowable and Prohibited ASB Activities, Events, Fundraisers, Purchases, Expenditures, and Governance (See Appendix D)

<http://fcmat.org/example-allowable-prohibited-asb-board-policies>

**Minimum Documentation Required for Payment**

- Copies of invoices from the Associated Student Body (ASB)
- Proof of payment made by the ASB, *if district payment is a reimbursement*
- Authorized district approval for payment

See “**APPENDIX F ASB Activities, Events, Fundraisers, Purchases, Expenditures, and Governance**”

Reference

**Field Trips and Special Activities**

EC 35330

The governing board of any school district or the County Superintendent of Schools of any county may:

- Conduct field trips or excursions in connection with courses of instruction or school-related social, educational, cultural, athletic, or school band activities to and from places in the state, any other state, the District of Columbia, or a foreign country for pupils enrolled in elementary or secondary schools.
- Engage such instructors or supervisors and provide equipment and supplies for such field trip or excursion.
- Transport by use of district equipment, contract to provide transportation, or arrange transportation by the use of other equipment, of pupils, instructors, supervisors or other personnel to and from places in the state, any other state, the District of Columbia, or a foreign country where such excursions and field trips are being conducted; provided that, when district equipment is used, the governing board **shall** secure liability insurance, and if travel is to and from a foreign country, such liability insurance **shall** be secured from a carrier licensed to transact insurance business in such foreign country.
- Provide supervision of pupils involved in field trips or excursions by certificated employees of the district.

In conducting field trips or other special activities the following **prohibitions** apply:

- No pupil shall be prevented from making the field trip or excursion because of lack of sufficient funds. To this end, the governing board shall coordinate efforts of community service groups to supply funds for pupils in need of them.
- No group shall be authorized to take a field trip or excursion authorized by this section if any pupil who is a member of such an identifiable group will be excluded from participation in the field trip or excursion because of lack of sufficient funds.
- Expenses of students, instructors, chaperones, and other personnel participating in a field trip or excursion authorized by this section *may* be paid from school district funds, and the school district *may* pay from school district funds all incidental expenses for the use of school district equipment during a field trip or excursion authorized by this section including out of state field trips.

**All Field Trips and Special Activities must be preapproved by the governing board.**

EC 39860

"The governing board of a school district may contract for the transportation of pupils attending schools within the district to and from any exposition or fair, school activities, or other activities that the governing board of the school district

Reference

determines to be for the benefit of the pupils, in this state, and may pay for the transportation out of any funds of the school district available for the purpose."

Minimum Documentation Required for Payment

- Invoice
- List of participants
- A copy of governing board minutes approving the Field Trip or Activities
- Out of state expenditures must be Board approved
- In-state expenditures must be approved by the Superintendent or Board approved designee
- Board policy

EC 39802  
EC 39801

**NOTE:** Transportation expenditures in excess of \$10,000 must generally be bid unless provided by a public transit system. Notwithstanding the foregoing, school districts in the County can contract with FCSS to provide necessary transportation services.

See "Guidance Regarding Use of District Funds for Field Trip Expenses."

Hearings – Certificated Employee Dismissal

EC 44944

In the event of employee dismissal hearings, the district is **required** to pay certain costs based on the outcome of the hearing. If the Commission on Professional Competence determines that the employee should be dismissed:

1. The district **shall** pay 50% of the total expenses of the hearing, including the cost of the administrative law judge.
2. The employee and the district **shall** pay their own attorney's fees.

If the Commission on Professional Competence determines that the employee should not be dismissed:

1. The district **shall** pay all the expenses of the hearing, including the cost of the administrative law judge.
2. The district **shall** pay reasonable attorney's fees incurred by the employee.

Minimum Documentation Required for Payment:

- Invoice(s) - District should indicate on the invoice(s) "Paid pursuant to EC 44944."

Reference

**Lecturers**

EC 35161 The governing board may employ special lecturers to speak before classes and assemblies of students of the school without the lecturer being required to hold a teacher's credential or certificate.

The power to employ such individuals can be delegated by the governing board to an officer or employee of the school district.

Honorariums are governed by the Political Reform Act. Public officials, if considered a designated employee under Government Code 82019, may be ineligible to receive honorarium payments that are not actual payments for services.

**Minimum Documentation Required for Payment**

- Board policy or board approval date or approval of person delegated.
- Invoice

**Meals and Beverages at District Functions**

EC 35160 School districts may expend reasonable sums of money to purchase food and beverages as refreshments for attendees at district-sponsored events which further the **legitimate** purposes of the district.

A district can provide meals and refreshments at district-sponsored events for the purpose of encouraging attendance at those events and creating an overall favorable impression of the district and the public schools. As with any other expenditure of district funds, the event **must** reasonably relate to the function of a district.

It is *recommended* that school districts adopt regulations to ensure that the expenditures for refreshments are made primarily for a public purpose and are reasonable in amount. The regulations should state the purposes of the expenditures, who may approve the expenditures and the maximum amounts to be expended. The specific nature of these limits is within the discretion of the governing board.

EC 32435 **No school district, the county board of education, or county superintendent of schools shall expend any public funds on the purchase of alcoholic beverages.**

**Minimum Documentation Required for Payment**

- Board resolution on file at the County Superintendent of Schools **OR** a copy of board action approving the meals, refreshments, and purpose of the event.
- Invoice

Reference

- List of Attendees

**NOTE:**

42 USC  
 1758b

Any food or snacks distributed on campus during the school day must be consistent with the district’s nutrition guidelines that promote student health. Additionally, food and beverages sold to students on campus must follow state and federal requirements on competitive foods and beverages. For more information, see <https://www.cde.ca.gov/ls/nu/he/compfoods.asp>.

EC 49430

**ADDITIONAL NOTE:**

- Purchases of food for use in the food service programs including breakfasts, snacks, lunches, etc. are recorded to the Cafeteria Fund – 1300 code to object 4700 - Food. Paper products and other consumable items used in the preparation and service of these programs are coded to the Cafeteria Fund – 1300, object 4300-Materials and Supplies.
- Supplies purchased for food service such as office supplies that are not used in the production of breakfasts, snacks, lunches, etc. are coded to the Cafeteria Fund – 1300, object 4300 – Materials and Supplies.
- Expenditures for food used for instruction in regular classroom such as cooking class are coded to object 4300 – Materials and Supplies.

**Membership/Dues**

EC 35172

There is no specific authority to use district funds to pay for memberships/dues of individuals in organizations.

The governing board of any school district may subscribe for membership for any school under its jurisdiction in any society, association, or organization which has for its purpose the promotion and advancement of public or private education (e.g., ACSA, CSBA, CASBO, or CASH). District funds should not be used for memberships/dues that do not directly promote or advance education.

*To pay for memberships/dues in the name of individuals, the governing board **must** either:*

1. *Include the item specified in the individual's contract, e.g., superintendent's contract, **or***
2. *Take specific action and have board policy that states the payment of dues is part of the fringe benefit program for the "**entire**" group of employees, e.g., assistant superintendent, management, etc.*

**Minimum Documentation Required for Payment**

Reference

- Board approval date
- Invoice
- Contract or board excerpt/policy if dues paid in name of an individual.

**NOTE:**

Memberships/dues for specific individuals may reportable as taxable income to the employee to the extent the membership does not qualify as a fringe benefit. See the [IRS Fringe Benefit Guide \(https://www.irs.gov/pub/irs-pdf/p5137.pdf\)](https://www.irs.gov/pub/irs-pdf/p5137.pdf), or contact your district payroll department or the payroll unit at the County Superintendent of Schools for details.

**Mileage or Monthly Car Allowance**

***SPECIAL NOTE: Employees may either attain a monthly car allowance or mileage reimbursement, but not BOTH, except in rare situations.***

**Employees**

EC 44033

Employees may be reimbursed for the use of their own car when performing services for the district. Each district **shall** have a board-approved travel policy on file with the County Superintendent of Schools. A statement or claim should be submitted containing the following::

- Employee's name
- Period covered
- Total number of miles (broken-out by date and destination(s))
- Rate per mile
- Amount

**Monthly Car Allowance**

Governing boards may establish monthly car allowances paid to district employees as stipends (through payroll) rather than the payment of per mile reimbursements. These monthly mileage allowances **should not** be submitted for payment through Accounts Payable.

A monthly mileage allowance for certificated employees **should not** be reported to STRS as creditable compensation. Any payments to employees for travel that do not meet the requirements of an “Accountable Reimbursement Plan” **must** be reported as taxable income to the employee.

Districts can obtain more information concerning these requirements by obtaining IRS Publication 463 “Travel, Entertainment, Gifts, and Car Expenses.”

Reference

**Board Members**

EC 35160

A mileage payment to a board member **must** be supported by a statement or claim containing the following:

- Board member name
- Dates and type of function attended
- Miles traveled
- Rate of reimbursement

Minimum Documentation Required for Payment

- Board policy (employees and board members) filed annually if any changes
- Invoice/mileage claim
- Mileage proof (e.g., Google Maps)

**NOTE: Districts should be aware that there are various IRS requirements relative to mileage/car allowances. Information may have to be reported to the IRS as income to the individual. Contact your district payroll department or the payroll unit at the County Superintendent of Schools for details.**

**Parent or Guardian**

EC 39806

In lieu of providing in whole or in part for the transportation of a pupil attending the schools of a district, the governing board may pay to the parents or guardian of the pupil a sum not to exceed the cost of actual and necessary travel incurred in transporting the pupil to and from the regular day schools of the district. A payment **may not** be made pursuant to this section unless it will be more economical to make the payments than to provide for said transportation.

A statement or claim should be submitted containing the following:

Minimum Documentation Required for Payment

- Districts should enter into a signed contract with the parent/guardian, which specifies the rate and total amount of reimbursement, including the total number of miles per day. *The district should also require proof of car insurance in the agreement.*
- Parent's name
- Period covered



Reference

- Total number of miles (broken-out by date and destination(s))
- Rate per mile
- Amount
- Student's attendance records for reimbursement period

**Personal Property Damages – Employees/Other Persons**

EC 35213

The board may, by policy or employee contract, provide for the payment of the cost of repairing/replacing personal property used in the schools of the district, which is damaged or stolen in the line of duty. Approval for the use of the personal property in the schools of the district **must** be obtained *prior to* it being brought on-site and an agreed upon value **must** be determined at that time. Limits may be established for the payment for such damaged or stolen property.

*"The governing body of a school district may provide by rule or regulation for the reimbursement of any person or persons for the loss, destruction, or damage by arson, burglary, or vandalism of personal property used in the schools of the district. Reimbursement shall be made only when approval for the use of personal property in the schools was given before the property was brought to school and when the value of the property was agreed upon by the person or persons bringing the property and the school administrator or person appointed by him for this purpose at the time the approval for its use. The governing body may establish a maximum value of reimbursement which will be paid."*

**Minimum Documentation Required for Payment**

- Invoice/billing for cost of repair, replacement, or reimbursement
- Copy of board policy or excerpt from employee contract

**Purchase of Real Property**

**Any property acquisition involves a complex series of approvals from state and local regulatory agencies. Districts must also comply with the California Environmental Quality Act (CEQA) requirements prior to the purchase of property. It is strongly recommended that districts work closely with a qualified school facility planner/CEQA consultant when considering possible property acquisition.**

**Additional Requirements for School Site Acquisition**

EC 17212

Reference

EC 17211 The board of a school district, prior to acquiring any site on which it proposes to construct any school building as defined in Section 17283 **shall** have the site, or sites, under consideration investigated by competent personnel to ensure that the final site selection is determined by an evaluation of all factors affecting the public interest and is not limited to selection on the basis of raw land cost only. For more information visit the CDE School Site Section and Approval Guide: <https://www.cde.ca.gov/ls/fa/sf/schoolsiteguide.asp>

EC 17213.1 Districts must also conduct due diligence to investigate and identify any potential environmental concerns. Approval from the Department of Toxic Substances Control (DTSC) is required for districts to obtain state funding for school construction. For more information visit: <https://dtsc.ca.gov/regulatory-assistance-for-due-diligence/>.

The proposed school site must also be approved by CDE School Facilities Staff: <https://www.cde.ca.gov/ls/fa/sf/fieldstaff.asp>.

Minimum Documentation Required for Payment

- Governing board approval, including authorization for execution of escrow, if proceeding with the purchase
- Invoice - if the invoice is for geological and/or engineering studies
- Title/escrow documentation

**SURPLUS PROPERTY**

Prior to taking any action to dispose of real property, the district must generally appoint a committee to determine the amount of surplus real property, declare the property as “surplus land,” provide notice to designated entities, and follow a public bid process. Additional considerations may apply when closing an existing school. Districts should contact legal counsel when considering the disposal of real property.

Reference

**REVOLVING CASH FUNDS**

The Revolving Cash Fund (RCF) is an account used primarily for **emergency or small disbursements** and reimbursed periodically through properly documented expenditures, which are summarized and charged to proper accounting classifications.

Practical considerations for all types of revolving cash funds/accounts:

- Disbursements **shall** be for clearly legal expenditures.
- A signed receipt should be prepared and signed by the payee for each RCF disbursement.
- Follow CASBO Retention guidance for keeping records and receipts of each transaction.
- Reconcile to bank statement **monthly** and replenish funds annually (by other staff for segregation of duties).
- Voided checks should be kept on file.
- Only authorized staff should have access to the unused checks, which should be kept in a safe place.
- Each disbursement is a full payment—not a progress payment.
- Current records and receipts should be kept.
- RCF checks should be pre-numbered and contain the district’s information.
- Reimbursement payments to the fund should be made payable to an individual or the school district as the payee.
- Dual signatures are advisable but are not legally required.

**Establishment**

- |                      |   |
|----------------------|---|
| EC 42800             | The governing board of a school district may, with the consent of FCSS, establish a revolving cash fund for the use of the chief accounting officer.  |
| EC 42804             | Payments from the RCF <b>shall</b> be only for services or material for which a receipt is obtained setting forth the date, purpose of the expenditure, and the amount expended. The governing board may establish an account for the RCF in one or more banks, subject to such regulations for use as the governing board prescribes. A bill <b>shall</b> be submitted at least monthly supported by the receipts required for reimbursement of the RCF. Upon demand of the office of the County Superintendent of Schools or County Auditor, an accounting <b>shall</b> be given of the fund. |
| EC 42801<br>EC 41021 | The custodian of the RCF <b>must</b> be covered either by an individual bond not less than double the amount of the RCF or by a name schedule bond, schedule position   |

Reference

EC 42802 bond, or blanket bond. The district may insure against losses caused by an employee or officer of the district if the insurance gives the same or greater protection to the district that a bond would provide. No bond is required for an RCF which does not exceed \$25.

EC 42803 The RCF **shall** be established by submitting to FCSS a school order in favor of the officer for whose use the RCF is created, accompanied by the bond or evidence of insurance coverage, and two certified copies of the board resolution.

**Fund Limit**

EC 42800 An amount not to exceed two percent of the district's estimated expenditures for the current fiscal year, but not exceeding \$75,000\* for any elementary or high school district, or \$150,000\* for any unified school district.

\*Amounts listed are as of the 1990-91 fiscal year. The dollar amount limit for each school district shall, through the 2012–13 fiscal year, be increased annually by the percentage increase in the school district’s revenue limit established by Section 42238, as that section read on January 1, 2013. The dollar amount limit for each school district shall thereafter be increased annually by the percentage increase in the school district’s local control funding formula allocation established pursuant to Section 42238.02, as implemented pursuant to Section 42238.03.

EC 42805 The RCF imprest amount may be increased within the above limitations, or it may be reduced or discontinued. If the custodian of the RCF is to be changed, the RCF **shall** be considered as discontinued. Upon resolution of the governing board to reduce or discontinue the RCF, the custodian **shall** redeposit with the County Treasury the amount by which the fund is reduced, or if discontinued, to the total amount of the RCF.

**Reimbursement**

EC 42804 The fund should be reimbursed at least monthly by drawing a warrant on the General Fund payable to the Revolving Cash Fund in whatever name it was established.

The warrant **must** be accompanied by a list of RCF payments approved by the governing board.

**Minimum Documentation Required for Payment**

- Copies of the warrants issued by the RCF (by name) and not exceeding revolving cash fund imprest amount.
- Itemized receipts (with district signature)

Reference

**TRAVEL EXPENSES**

**Overview**

EC 44032

All payments for travel expenses or advances that exceed five hundred dollars (\$500) **or** that are randomly-selected will be audited by FCSS. In all cases, a request for payment **must** be accompanied by a purchase order **OR** a district-approved Advance Authorization Form that has been signed and approved by the appropriate administrator.

Credit card signature receipts should have an itemized bill (i.e. hotel bills, materials, supplies, etc.) attached so that each expense item may be verified. *Restaurant bills that might not normally be itemized are a possible exception.* In such cases, a listing (handwritten on the back or front of the signed receipt) that reflects the business purpose of the meal and the name and position of the people in attendance is required. (i.e. Tom Jones, Supt. & Bob Smith, Board Member. Discuss modernization project.)

**Employees**

EC 44032

The governing board of any school district **shall** provide for the payment of the actual and necessary expenses, including traveling expenses, of any employee of the district incurred in the course of performing services for the district, whether within or outside the district, under the direction of the governing board.

The board may authorize an advance of funds to cover such a necessary expense. Such advance **shall** be repaid or adjusted upon the filing of a regular claim for the actual and necessary expenses incurred. The governing board may direct any employee of the district to attend any convention or conference or to visit schools for the discussion or observation of any school matter pertaining to the duties of the employee or any question of interest to the school district.

IRS Publication 463 regulations does not allow for per diem for same-day travel, however; a district may reimburse an employee for same-day travel with actual receipts. Any meal reimbursement for same-day travel **must** be reported as wages on the employee's Form W2. It is recommended that the district reimburse the employees based on the IRS per diem rate of the city traveled to or with the use of actual receipt basis for the cost of meals incurred during travel away from the employee's ordinary place of business for a business purpose. Meal reimbursements should be for district employees only. *The employee will bear the cost of the portion of any meal that is related to an employee's guest, whether professional or personal.*

The governing board **must** adopt a policy authorizing the process of any advance payment to a board member or employee, limiting the advance by per diem or by specifying an amount for each type of expenditure, such as meals, lodging, etc. The policy **shall** include procedures for travel advances, including the circumstances

Reference

under which travel advances will be approved, the maximum amount and, how far in advance the funds are issued.

It is permissible to claim more or less per meal for reimbursement than the IRS per diem structure. Any reimbursable expense over the daily per diem rates is subject to a Form W2 adjustment.

NOTE: Non-employees, i.e. WASC Team, paid through the accounts payable will be audited as if they were an employee of the district. Therefore, the minimum documentation required for payment would apply.

Meals reimbursements will be based on two protocols: 1) those employees attending workshops and/or related meetings where the departing and arriving times back to the District are on the same day (same-day travel) and 2) those employees attending workshops and/or related meetings where departing and arriving times back to the District are on different days (overnight travel).

**SAME-DAY TRAVEL (WORKSHOPS AND OTHER RELATED MEETINGS)**

**Per IRS Publication 463, the per diem method for meals is not allowed for non-overnight travel.**

**NOTE: Employees attending a one-day workshop or related meeting where the departing and arriving times back to the District are on the same-day will be reimbursed for meals based on actual receipts and not a standard per diem rate. Because the reimbursement is based on actual receipts, it is not recommended to make any advance payments. Districts must be considerate of the optics of the expenditures and avoid any illegal gift of public funds.**

**Example of Meal Reimbursement Allowance Are Below:**

1. Employees will be reimbursed **up to** \$69 per day (\$16 Breakfast, \$17 Lunch, and \$31 Dinner). Expenditures in excess of these limits **will be denied**.
2. If the employee departs the District/home prior to 7:00 a.m., a breakfast is allowed up to \$16, if the employee departs the District/home prior to 10:30 a.m. a lunch allowance is allowed up to \$17, or if the employee departs the District/home prior to the employee arrives back to the District/home after 7:00 p.m. a dinner allowance is allowed up to \$31.
3. Employees **should be required** to submit meal receipts with their Conference Reimbursement Request form in order to receive reimbursement for meals.

Reference

4. Employees **should be required** to record departure and arrival time to/from the District/home on the Conference Reimbursement Request form.

**OVERNIGHT TRAVEL – WORKSHOPS AND OTHER RELATED MEETINGS**

Per the IRS, overnight travel is considered as being “*away from home*” requiring the traveler to travel overnight or long enough to require substantial “*sleep or rest*”. The IRS considers the employee’s tax home as the employee’s regular place of business.

- 1) The maximum daily per diem rate for meals and incidental expenses for this example will be:
  - **\$43** per day for those **cities listed on the Federal Per Diem Tables** published by the General Services Administration (GSA).
  - **\$39** per day for those **cities not list on the Federal Per Diem Tables** published by the GSA.
- 2) Employees will be provided the daily per diem rate for each full-day of travel. Per the IRS, a full-day of travel is from **12:01 a.m. to 12:00 midnight.** No meal receipts will be required.
  - For the first and last day of multiple-day travel, the employee will receive 75% of the daily per die rate regardless of departure or return time.

**Example**

- An employee attends a 3-day workshop. The employee departs the District at 7:00 a.m. on Monday and arrives back to the District at 5:00 p.m. on Wednesday. No meals were included.
  - The per diem rate for Monday (1<sup>st</sup> day) and Wednesday (last day) was based on 75% of the daily per diem rate of \$43 ( $\$43.00 \times 75\% = \$32.25$ ).
  - The employee will receive a total meal per diem of \$107.50 (Monday and Wednesday,  $\$43.00 \times 75\% = \$32.25 \times 2 \text{ days} = \$64.50$  plus Tuesday, \$43.00 equals \$107.50) See example below
- 3) To accurately determine prorated per diem amounts, employees **must be required** to record departure and arrival time to and from the District/home on the Conference Reimbursement Request form.
  - 4) When the cost of a meal is included in the registration fee for a workshop or other type of meeting, the cost of the meal will be deducted from the per diem amount. When the meal cost cannot be easily identified, the following application amount will be deducted from the per diem amount.

Reference

	City <u>on</u> Federal Daily Per Diem List- \$43	City <u>not on</u> Federal Daily Per Diem List - \$39
Breakfast	\$ 9.00	\$ 9.00
Lunch	\$12.00	\$12.00
Dinner	\$22.00	\$18.00

**NOTE: The amounts deducted for included meals will be prorated for the 1<sup>st</sup> and last days of travel based on the following calculation:**

	Daily Per Diem - \$32.25 (\$43.00 x 75% = \$32.25)	Daily Per Diem - \$29.25 (\$39.00 x 75% = \$29.95)
Breakfast	\$ 6.75	\$ 6.75
Lunch	\$ 9.00	\$ 9.00
Dinner	\$16.50	\$13.50

Minimum Documentation Required for Payment

- Board approval date, (a current fiscal year date) or approval of any person delegated in pursuant to EC §35161 (K- 12 districts).
- Board or designee approval of advance of funds.
- Invoices and expense claims which include the name of employee, purpose, location of conference, conference agenda, and dates of travel. (Online reservations **must** show confirmation number, names of employees, dates of the event, and a reconciliation to the total amount charge *reduced by any advance payments.*)
- Credit card statement, *if applicable.*

IMPORTANT TO REMEMBER:

- Only one option is permitted per claim, either all receipts or flat per diem rate. If any receipts are missing; the reimbursement **will** be based on the IRS daily per diem rate.
- Large reimbursement requests in excess of the district’s limit or the IRS per diem will be scrutinized and may be considered a gift of public funds.
- Alcoholic beverages are not an allowable expense and should have a separate receipt from an itemized meal receipt.
- When the cost of a meal is included in the registration fee for a workshop or other type of meeting, the cost of the meal **MUST** be deducted from the per diem amount.



Reference

- To accurately determine prorated per diem amounts, employees **MUST** be required to record departure and arrival time to and from the district/home on the Conference Reimbursement Request form.
- Additional hotel and meals for days beyond those necessary are deemed an inappropriate expense for reimbursement.
- Districts should cross-check pricing of vacation rentals (e.g., AirBNB, VRBO) to hotels to verify reasonableness of expense.
- Expenditures for activities that are not required by the conference are deemed an inappropriate expense for reimbursement

**NOTE:** There is no provision for paying expenses for spouses/guests. Invoices should be for employees only. If a spouse or guest expense is paid using the district funds, the district **MUST** request for reimbursement from the spouse or guest and send the documentation of the reimbursement to the FCSS Audit Specialists as part of the documentation for the accounts payable warrant's release.

Reference

**Governing Board Members**

EC 35172  
EC 35044

The actual expenses of the member or members selected to attend a meeting or convention pursuant to subdivision (f) of Section 35172 may be allowed and paid out of the funds of the district, and the governing board of the district may authorize an advance of funds to cover such expenses, with the advance to be repaid or adjusted upon the filing of a regular claim for the actual expenses incurred. Except as otherwise provided in this section the governing board of any school district may pay-out of the same funds the actual and necessary expenses incurred in connection with activities pursuant to subdivisions (a), (b), and (d) of Section 35172.

If any studies are undertaken jointly by two or more school districts pursuant to subdivision (a) of Section 35172, the costs thereof **shall** be apportioned among the participating districts as determined by the agreement of the governing boards. Expenses, including transportation expenses, incurred in connection with installing, maintaining, and returning exhibits provided pursuant to subdivision (b) of Section 35172 may be paid only out of funds of the district not required to be used for other purposes.”

**Minimum Documentation Required for Payment**

- Board approval date or approval of person delegated pursuant to EC §35161.
- Invoices and expense claims which include the board member's name, purpose, location, and dates of travel.
- There is no provision for paying expenses for spouses/guests. Invoices should be for employees only. If a spouse or guest expense is paid using the district funds, the district **must** request reimbursement from the spouse or guest and send the documentation of the reimbursement to the FCSS Audit Specialist as part of the documentation for the accounts payable warrant’s release.

**Representatives of the Board**

EC 35044

The governing board of each school district **shall** provide for the payment of travel expenses of any representatives of the board when performing services directed by the board.

**Minimum Documentation for Payment**

- District approval
- Invoices and expense claims which include the name of representative, purpose, location, and dates of travel
- There is no provision for paying expenses for spouses/guests. Invoices should be for employees only. If a spouse or guest expense is paid using the district funds, the district **must** request for reimbursement from the spouse or guest and

Reference

send the documentation of the reimbursement to the FCSS Audit Specialist as part of the documentation for the accounts payable warrant's release.

NOTE: If a credit card is used for any travel, the same approvals and expense claims **must** accompany the credit card statement for payment – See **“CREDIT CARDS.”**

**Personnel Commission**

EC 45243 Travel expenses of personnel commissions authorized by EC §45243 are to be supported by submission of the travel policy established by the commission.

**Minimum Documentation Required for Payment**

- Travel policy **must** be on file at County Office
- Invoice/expense claim which includes the name of commissioner, purpose, location, and dates of travel.

**Employment Candidates**

EC 44016 "Whenever any person is requested by a school district to travel to the headquarters of such district for the purpose of being interviewed and examined prior to possible employment, the district may reimburse such candidate for expenses necessarily incurred in traveling from his place of residence to the place of interview or examination."

**Minimum Documentation Required for Payment**

- Invoice/receipts for reimbursement indicating employment candidate

**Students**

EC §35044 See **“TRAVEL** - Representatives of the Board.”

EC §35172

EC §44016 See **“FIELD TRIPS AND SPECIAL ACTIVITIES.”**

EC §45243

Reference

**BIDDING REQUIREMENTS**

**Formal Bidding**

PCC 20111 All contracts that require formal bidding as per the Public Contract Code (PCC) §20111 will be audited by the County Superintendent of Schools.

**Contract Checklist**

GC 6066 Listed below is a recommended checklist for contracts that go out to bid. Due to  
CC 3247 the variability of contracts and services, the following listing is not intended to be comprehensive. When applicable (\*\*), only the items in bold print (3, 7, 9, 10, 11, 12, & 15) will be required to be submitted as part of the County Superintendent of Schools audit of contracts.

1. *Board Minutes noting approval to proceed to bid.*
2. *Bid specifications approved by the appropriate authority.*
3. ***Affidavit of Publication for two weeks*** - Once a week for two successive weeks, with at least five days intervening between the respective publications dates. Bid opening **shall** not occur until the end of the 14-day notice period (counting the first advertisement day as day 1 of 14).
4. *When required, the list of the mandatory job walks attendees.*
5. *Bid opening summary with a copy of all bids submitted.*
6. *Board Minutes awarding the bid.*
7. ***Signed Contractor's Agreement or purchase order is used in lieu of the Contractor's Agreement.***
8. *Faithful Performance Bond (at 100 % of contract).*
9. ***Payment Bond (Labor and Materials Bond at 100% of contract).*** *Note: A Payment Bond is required for all public projects exceeding \$25,000.*
10. ***Proof of Contractor's General Liability, Automobile Liability, Excess Liability, and Workers' Compensation/Employers Liability Certificate of Insurance.***
11. ***Copy of Progress Payment invoices marked with the appropriate Purchase Order number and signatures from the architect, contractor, and District Superintendent or Designee.***
12. ***Change Order(s) with P.O. not to exceed 10% of the original contract or \$15,000, whichever is greater.***
13. *Copy of Notice of Completion (for construction contracts only).*
14. *Board Minutes accepting the completed project.*
15. ***In cases of Lease Purchase Agreements, all Financial Data related to the Loan and Annual Payment Schedule.***

See "Bidding Requirement Limit, Checklist, and Other Public Works"

Reference

**Letting of Contracts to Lowest Bidder**

PCC 20111  
PCC 22002

The governing board of any school district **shall** let any contracts for public projects involving an expenditure of \$15,000 or more for “work to be done” (\$60,000 for CUPCCAA districts) and **\$109,300** or more for equipment, materials, supplies, or services to be furnished or sold or leased to the district to the lowest responsible bidder who **shall** give such security as the board requires or else reject all bids. This section applies to all materials and supplies whether patented or otherwise. The \$15,000 limit applies to a combination of labor and materials for public projects. Public Contract Code §22002 lists the type of work defined as a public project involving any publicly owned, leased, or operated facility, i.e., building or real property. Also, sales tax **must** be included in determining these amounts.

Payments for materials or services cannot be processed if the district has not complied with applicable competitive bidding provisions. In order to protect the district from possible litigation from contractors or bidders, and to ensure the district's ability to obtain good bids in the future, competitive bidding **must** be complied with whenever the total amount to be expended exceeds the limits specified above. *The legal requirements of obtaining bids must be observed for purchases of materials such as diesel fuel, propane, oil, or gasoline.*

The County Superintendent of Schools may monitor total cumulative expenditures by vendor. In the event the cumulative total cost exceeds the bid limit in a particular school year, districts may be asked to provide justification of the separate nature of the expenditures (see the discussion below on Unlawful Splitting of Bids).

\* Bid thresholds are adjusted annually by the SPI and can be found at <http://www.cde.ca.gov/fg/ac/co/index.asp>

**Bid Security**

PCC 20107  
PCC 20111  
PCC 3400  
PCC 20106-  
20117

All bids for construction work **shall** be presented under sealed cover and **shall** be accompanied by one of the following forms of bidder's security: cash, a cashier's check, a certified check, or a bidder's bond executed by an admitted surety insurer, each made payable to the district.

Upon an award to the lowest responsible bidder, the security of an unsuccessful bidder **shall** be returned in a reasonable period, but in no event **shall** that security be held by the district beyond 60 days from the time the award is made.

**Notice Calling for Bids**

PCC 20112  
GC 6066

The governing board **shall** publish at least once a week for two weeks (with at least five days between advertisement dates) in a newspaper of general circulation published in the district, or if there is no such paper, then in some newspaper of general circulation, circulated in the county, a notice calling for bids, stating the

Reference

work to be done or materials or supplies to be furnished and the time when and the place where bids will be opened. Government Code states that while only two notices **must** be published (in subsequent weeks and with five days between them), more **may** be published and that the notice period is to last two weeks (14 days) from the time of the first publication; only after the notice period may bids be opened. Whether or not bids are opened exactly at the time fixed in the public notice for opening bids, a bid **shall** not be received after that time. The governing board of the district may accept a bid that was submitted either electronically or on paper.

Example 1. **(Non-compliant)** A district advertises in a publication meeting the requirements of the Government Code on Monday the first week, and the following Monday. Bids are opened the day following the second advertisement. *This district is non-compliant as the notice period has not yet been 14 days.*

Example 2. **(Non-compliant)** A district advertises in an appropriate publication on Monday of the first week, and Friday of that same week. The notice states that the bids will be opened 14 days after the first date of publication. *The district has not met the requirement of the notice period; the advertisements were in the same week.*

Example 3. **(Compliant)** A district advertises in an appropriate publication on Monday of both the first and second week and allows the notice period to extend 14 days after the first advertisement date. Bids are opened on Monday of the third week. *This district has met the requirement of advertisements at least five days apart and has allowed the notice period to extend the full 14 days before opening and awarding bids.*

**Unlawful Splitting of Bids**

PCC 20116  
PCC 20657

Contracts for public projects involving labor and materials **may not** be split or separated into smaller work orders with the intent to avoid advertising for bids.

Neither work nor labor associated with a purchase of equipment or materials to be installed to improve an existing building should be separated from the equipment purchase to avoid the requirement for competitive bidding.

Contracts for related school improvements have been upheld as separate contracts by the courts in instances where each contract was decided on separately and independent of others. Districts making multiple expenditures with the same vendor that exceed the bid limit in the aggregate must be able to identify a legitimate business reason for treating the contracts as separate. Such justification may include a future unforeseen need or unrelated expenditures arising from separate departments. Routine or reoccurring expenditures of the same or similar good (e.g., standard supplies, computers, fuel, etc.) during the course of a school year in excess of the bid limit may be treated as unlawful splitting of bids.

Reference

Minimum Documentation Required for Separate Payment in Excess of Bid Limit

- Justification of business reason for separate contracts.
- Other documentation as may be required.

**Prequalification**

PCC  
 20111.6

Districts with an average daily attendance of 2,500 or more are required to prequalify contractors for projects funded pursuant to the Leroy F. Greene School Facilities Act (SFP funding). It is also required if the district uses the lease-leaseback or design-build delivery method. In addition to the general contractor, districts must also prequalify all mechanical, electrical and plumbing subcontractors, and share the list of prequalified subcontractors with potential bidders at least 5 business days before the bid due date. For more information and sample prequalification materials, visit: <https://www.dir.ca.gov/Public-Works/Public-Works-Pre%E2%80%90Qualification-of-Contractors.html>.

PCC  
 20111.5

Districts with an average daily attendance of less than 2,500 may incorporate prequalification of general contractors as part of the bid process. However, such prequalification is **optional**.

**Two or More Identical Bids**

PCC 20107  
 PCC 20111/  
 20651  
 PCC  
 20651.5  
 PCC 22002

"Notwithstanding any other provisions of law, in the event, there are two or more identical lowest or highest bids, as the case may be, submitted to a school district for the purchase, sale, or lease of real property, supplies, materials, equipment, services, bonds, or the awarding of any contract, pursuant to a provision requiring competitive bidding, the governing board of any school district may determine by lot which **shall** be accepted."

**Change Orders**

PCC  
 20118.4

If changes or alterations to the contract are deemed necessary, they **shall** be specified in writing and the board and the contractor **shall** agree upon the price. **The board may authorize the contractor to proceed with the performance of the change or alteration, without the formality of securing bids, if the cost so agreed upon does not exceed the greater of 10% of the original contract price or \$15,000 (\$60,000 for CUPCCAA districts). Change orders over 10% must be bid unless an exception applies.**

Districts may plan for the potential of change orders through use of contingencies and allowances. If applicable, the contingency and allowance balances should be specified in the bid documents and included in the bids.

Minimum Documentation Required for Payment

- Written modification to the contract signed by the contractor and district.

Reference

- Approval of the governing board (board minutes etc.)
- Any other required signatures as determined by the type of contract.

**Refer to the latest copy of the Bid Limits Checklists as an audit guide.**



Reference

**PURCHASES WITHOUT BIDS**

School districts are exempt from competitive bidding with respect to contracts for:

- |   |   |
|---|---|
| GC 53060<br>EC 38083<br>PCC<br>20118.3<br>EC 17602<br>PCC 20118<br>GC 4217.12<br>PCC<br>20118.2PCC<br>20113 | <ul style="list-style-type: none"> <li>• Special services;</li> <li>• Perishable foodstuffs and seasonal commodities;</li> <li>• Supplemental textbooks, library books, educational films, audiovisual material, workbooks, instructional computer software packages, or periodicals;</li> <li>• Surplus federal property;</li> <li>• Purchases through other public agencies;</li> <li>• Energy conservation projects;</li> <li>• Technology contracts; and</li> <li>• Emergency repairs.</li> </ul> |
|---|---|

**Day Labor (Non-CUPCCAA districts)**

- |                  |   |
|------------------|---|
| PCC 20114<br>(a) | In each school district, the governing board may make repairs, alterations, additions, or painting, repainting, or decorating upon school building, repair or build apparatus or equipment, make improvements on the school grounds, erect a new building, and perform maintenance as defined in Section 20015 by day labor, or by force account, whenever the total number of hours on the job does not exceed 350 hours. Moreover, in any school district having an average daily attendance of 35,000 or greater, the governing board may make repairs to school buildings, grounds, apparatus, or equipment, including painting or repainting, and perform maintenance, as defined in Section 20115, by day labor or by force account whenever the total number of hours on the job does not exceed 750 hours, or when the cost of material does not exceed twenty-one thousand dollars (\$21,000). |
| (b)              | For purposes of this section, day labor <b>shall</b> include the use of maintenance personnel employed on a permanent or temporary basis.   |

**Special Services**

- |          |  |
|----------|--|
| GC 53060 | A school district may contract without bidding “for the furnishing to the corporation or district special services and advice in financial, economic, accounting, engineering, legal, or administrative matters if such persons are specially trained and experienced and competent to perform the special services required.” Districts must be prepared to provide justification for the classification of the contract as special services. |
|----------|--|

**Construction Professionals**

- |         |  |
|---------|--|
| GC 4526 | Although bidding is not required, construction professionals must be selected based on demonstrated competence and professional qualifications necessary for satisfactory performance. When hiring architects and engineers, a fair and competitive selection process must be used. When hiring a construction project |
|---------|--|

Reference

	<p>manager, there must be evidence of expertise and experience in various construction project management services.</p>
EC 17070.50	<p>Additionally, districts must use a more detailed formal competitive selection process when state funding will be used. Districts should consult with legal counsel on the appropriate selection process used when hiring construction professionals.</p>
	<p><b><u>Perishable Foodstuff and Supplemental Textbooks</u></b></p>
EC 38083	<p>School districts may purchase “perishable foodstuffs and seasonal commodities needed in the operation of cafeterias” without formal bidding. Note, this does not extend to cafeteria goods or supplies without limited shelf-lives.</p>
PCC 20118.3	<p>School districts may also purchase “supplementary textbooks, library books, educational films, audiovisual materials, test materials, workbooks, instructional computer software packages, or periodicals” without bidding. All instructional materials must follow the required adoption process. For more information visit: <a href="https://www.cde.ca.gov/ci/cr/cf/imagen.asp">https://www.cde.ca.gov/ci/cr/cf/imagen.asp</a></p> <p>NOTE: Federal procurements may apply to the extent the contract will be federally funded. See <b>FEDERALLY FUNDED CONTRACTS</b> below for more information.</p>
	<p><b><u>Purchases of Surplus Property</u></b></p>
EC 17602	<p>"The governing board of any school district may purchase from the federal government or any agency thereof any surplus property, as defined in the Surplus Property Act of 1944, in any amount needed for the operation of the schools of the district without taking estimates or advertising for bids."</p>
	<p><b><u>Energy Efficiency Projects</u></b></p>
GC 4217.12	<p>Public agencies may enter into an energy service contract, without competitive bid, “on terms that its governing body determines are in the best interests of the public agency.” To enter into such a contract, a school district must:</p> <ol style="list-style-type: none"> <li>1) Provide two weeks’ notice of a public hearing regarding the energy service contract at a regularly scheduled meeting of the board;</li> <li>2) Conduct the public hearing; and</li> <li>3) Make findings that the cost to the district under the energy service contract is less than the anticipated marginal cost to the district for energy in the absence of the energy services contract.</li> </ol> <p>At the board meeting, the board must evaluate the estimated cost savings of the energy service contract and make a finding that the cost to the district under the energy service contract is less than the anticipated marginal cost to the district for energy in the absence of the energy service contract. These findings should be made by a resolution tailored to the specific project.</p>

Reference

Minimum Documentation Required for Payment

- Proof notice of hearing was posted
- Board finding of anticipate cost savings (resolution or minutes)
- Fully executed contract (if applicable)
- Invoice
- Payment Bond (**required** for projects over \$25,000)
- Performance Bond (Recommended, not required)
- Certificate of Insurance

Emergency Repair Contracts (Non-CUPCCAA districts)

PCC 20113/  
20654

Districts may award contracts *without competitive bidding* in specific emergencies. In an emergency when any repairs, alterations, work, or improvement is necessary to any facility of public schools to permit the continuance of existing school classes or to avoid danger to life or property, the board may, by unanimous vote, with the approval of the county superintendent of schools, do either of the following:

- Make a contract in writing or otherwise on behalf of the district for the performance of labor and furnishing of materials or supplies for the purpose without advertising for or inviting bids.
- Notwithstanding Public Contract Code §20114, authorize the use of day labor or force accounts for the purpose. (PCC §20113)

Even under emergency approval, districts **must** require any bonds and security otherwise required by law.

Procedure for Obtaining Approval of the County Superintendent

- When an “emergency” situation arises, the District should contact the FCSS (District Financial Services Department) for preapproval to enter into a contract without advertising for bids.
- If the FCSS concurs that the situation meets the criteria established in PCC 20113, preapproval (as well as a sample resolution) will be provided to the District via email.
- The District should prepare a resolution for Board consideration; the resolution **must** also have a signature line for the County Superintendent.
- Once approved unanimously by the District’s Board, the original resolution **must** be submitted to the County Superintendent for signature.
- The FCSS will keep the original and return a fully-executed copy to the District.

Minimum Documentation Required for Payment

Reference

- Unanimous board approval of the emergency condition
- Approval of County Superintendent of Schools
- Fully executed contract (if applicable)
- Invoice
- Payment Bond (**required** for projects over \$25,000)
- Performance Bond (Recommended, not required)
- Certificate of Insurance

**Piggyback Bids/NCEPC**

PCC 20118  
PCC 20652

Public Contract Code §20118 provides for the purchase of personal property through what is commonly called the *piggyback* process. The governing board of a school district may, without advertising for bids, if the board has determined it to be in the best interest of the district, authorize by contract, lease, requisition or purchase order, any public corporation or agency to lease data-processing equipment, purchase materials, supplies, equipment, classroom and office furniture, automotive vehicles, tractors and other personal property for the district. **It is important to note that Public Contract Code does not authorize district to “piggyback” on other public agency’s service contracts.**

The California Attorney General concluded that Public Contract Code section 20118 may not be used to contract with another public agency to acquire factory built modular building components for installation on permanent foundation. On July 5, 2022, the Office of Public School Construction provided notice that use of piggyback contracts for modular facilities will be ineligible for state funding from the State Allocation Board, effective August 22, 2022. **Piggybacks used to acquire building components or installation may result in the loss of state funding going forward.**

State contracts and government purchase alliances such as the North County Educational Purchasing Consortium function similar to piggybacks. All of the same piggyback requirements apply.

**Minimum Documentation Required for Payment**

- The original bid that was advertised by the school district or agency. The contract term and whether or not extensions are allowed should be highlighted.
- If the contract has been extended, a copy of the extension letter. (Extensions are only valid if they were authorized in the original bid language.)
- Governing board minutes approving the use of the other agency’s bid and duration of such approval (e.g., one-time, one year, or duration of contract term).

Reference

- A payment bond is required for public work involving an expenditure of over \$25,000
- A performance bond, although not required, is encouraged to protect the district in the event of the contractor’s default in its performance on the project
- **Tie to base bid price.** Obtain back-up documentation should clearly demonstrate how the price quoted to the district ties to the pricing quoted in the original bid. For example, District A goes out to bid for computers. The vendor is awarded the bid at \$1,000 per laptop. District B piggybacks on District A’s bid and the vendor quotes District B a price other than \$1,000 per laptop, District B **must** require the vendor to demonstrate how the pricing change (whether an increase or decrease) is authorized in the original bid documents and how the pricing ties to the original bid pricing.

NOTE:

- A website link is not a permissible form of documented proof of bid pricing.
- Installing an item, piece of equipment, or product system that once installed is considered a permanent appendage or addition to real property because the item is physically attached to real property and cannot be readily or easily removed without damage to, or alteration or modification of, the real property.

**CMAS Contracts**

The governing board of a school district is also authorized to purchase materials, equipment or supplies through the State Department of General Services without advertising for bid. California Multiple Award Schedules (CMAS) including acquisitions of information technology, goods and services. Public Contract Codes 10290-10299 and 12100. The Procurement Division of the California Department of General Services can provide purchasing assistance to local agencies without the necessity for the districts to go to bid. It is generally accepted that a CMAS contract may include labor and installation services if those services are “incidental” to the project. According to official CMAS program information, an agency purchase order may allow for a public work component only when it is incidental to the overall project requirements, describing “incidental” as meaning that the total dollar value of all services included in a purchase order must not exceed the dollar value of the products. The labor/installation portion of the contract may go up to fifty percent (50%) of the total project cost. Confirm with your legal counsel, many allow a maximum of 10%. School Districts must comply with applicable bidding requirements for installation/labor.

PCC 20653  
 PCC 10290-  
 PCC 10299  
 PCC 12100

PCC  
 10298.5

One limited exception to the incidental installation restriction applies to resilient flooring, carpet, lighting fixtures, and synthetic turfs. Public Contract Code 10298.5 authorizes school districts to use CMAS contracts for these purchases with any quantity of installation. However, to be eligible, the contract must meet all the following requirements:

## Reference

- The installation work cannot be performed in connection with new construction.
- The contractor must provide an acknowledgement to the district that the installation is a public work for purposes of prevailing wages.
- The contractor must provide an enforceable commitment it will use a skilled and trained workforce under Public Contract Code section 2601.
- The contract amount cannot exceed the formal competitive bidding amount for public works that otherwise would apply to the contract.
- The district must notify the Department of Industrial Relations of the contract, no matter the size.

Prior to using a CMAS contract, a district should:

- Review the original bid documents to ensure that (1) the bid process was conducted in accordance with legal requirements and (2) that the contract is still valid for use (in an active term).
- Verify that the pricing quoted to the district can be tied directly to the pricing quoted in the original bid.

### Minimum Documentation Required for Payment

The following documents/information must be sent to the FCSS:

- Governing board minutes approving the use of the CMAS contract.
- A payment bond is required for public work involving an expenditure of over \$25,000
- A performance bond, although not required, is encouraged to protect the district in the event of the contractor's default in its performance on the project
- **Tie to base bid price.** The submitted back-up documentation should clearly demonstrate how the price quoted to the district ties to the CMAS pricing.

### Technology Purchases

Although not complete exceptions to bidding, districts have two alternative procurement methods to choose from when making technology purchases.

Purchasing or maintaining electronic data-processing systems and supporting software, may be procured by selecting among the lowest of the three responsible bidders. Board action is required to establish the manner of selection it deems appropriate.

Districts may also use a competitive selection process for the procurement of computers, software, telecommunications equipment, microwave equipment, and other related electronic equipment and apparatus. The district must establish a request for proposal that identifies all significant evaluation factors, including price, and their relative importance. The board must find that the competitive selection process is appropriate before the request for proposals is issued.

Reference

Minimum Required Documentation for Payment

- Board finding to use alternative procurement.
- See Contract Checklist
- Districts must have documentation to demonstrate compliance with all statutory requirements

Public Policy Exception

Bidding may not be required if competitive bidding would not produce an advantage. Courts have held that competitive bidding is not required when it works an incongruity and is unavailing as affecting the final result, or where it does not produce an advantage, or is practically impossible to obtain what is required and observe such forms.

PCC  
20118.1

PCC  
20118.2

Sole Source

PCC 3400

The most common situation of the public policy exception is when only one potential vendor or product is available. The competitive bidding laws are intended to prohibit unfair contracting associated with specifying trade names, brands, and/or vendors when seeking bids. The only exceptions are:

Reference

- In order that a field test or experiment may be made to determine the product's suitability for future use.
- In order to match other products in use on a particular public improvement either completed or in the course of completion.
- In order to obtain a necessary item that is only available from one source.
- Emergency

Minimum Documentation Required for Payment

- Districts should make appropriate findings to support the absence of bidding and to limit the award of contracts without competitive bidding to the circumstances expressly permitted by statute. This includes the district staff report of research undertaken and provided to the governing board.
- District legal counsel's approval/certification (best practice)
- Governing board action will be required to process a commercial check as a "sole source" item not requiring the bidding process.
- A vendor's self-certification or affidavit of sole-source status if applicable.

**ALTERNATIVE CONSTRUCTION DELIVERY METHODS**

**Lease-Leaseback Delivery Method**

EC 17400

The lease-leaseback delivery method allows districts to select a contractor based on a "best value" determination through a formal request for proposals procedure. Before proceeding, the board is required to "adopt and publish required procedures and guidelines for evaluating the qualifications of proposers that ensure the best value selections by the school district are conducted in a fair and impartial manner." At the time of selection, the board must provide a statement of the basis of award.

EC 17407.5

As part of the RFP process the contractor must provide an "enforceable commitment" that the contractor and its subcontractors will use "a skilled and trained workforce to perform all work ... that falls within an apprenticeable occupation." Among other requirements, contractors must provide monthly reports demonstrating that at least 60% of the workers for most trades are graduates of an apprenticeship program. If a contractor agrees to submit monthly reports but it fails to do so, the school district must immediately cease payment to that contractor.

**NOTE:** Case law raised questions about the structure of lease-leaseback construction contracts. Districts should consult with legal counsel before proceeding with this delivery method.

Minimum Required Documentation for Payment:



Reference

- Board adoption of procedures and guidelines (either by resolution or board policy)
- Board statement of the basis of the award of the selected contractor (either by resolution, agenda language, or board meeting minutes)
- Contract Checklist Nos. 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, and 14.

**Construction Manager – Multiple Prime**

In this delivery method, the project is divided into multiple trades; the architect then works with the construction manager to ensure the project is built according to plans and within the time frame. The district enters into the multiple prime contracts with each successful prime bidder for different trade scopes. The construction manager takes over general management and oversight of the multiple prime contracts on behalf of the district.

On the other hand, where the construction manager’s duties and obligations include direct responsibility for subcontractors or self-performing the work, the California Supreme Court has held that those duties are “too closely akin to traditional lump sum general construction contracting to be held exempt from the statutory competitive bidding requirements.” (*City of Inglewood-Los Angeles County Civic Center Authority v. Superior Court* (1972) 7 Cal.3d 861.) Such contracts referred to as a Construction Manager at Risk (CMAR) require compliance with competitive bidding requirements.

**NOTE:** The trade contractors must still be obtained through a bidding process but the construction manager may be selected based on evaluation of professional qualifications. See the discussion above regarding the selection of Construction Professionals.

EC  
17250.20

**Minimum Required Documentation for Payment:**

- Proof of selection process used for construction manager (see Construction Professionals section above)
- See Contract Checklist.

**Design-Build Delivery Method**

Under design-build, the district contracts with one entity to both design and build the project. This delivery method is available for projects over \$1,000,000. Before approving a design-build contract, the district must develop guidelines for a standard organizational conflict-of-interest policy, consistent with applicable law, regarding the ability of a person or entity that performs services for the school district relating to the solicitation of a design-build project.

As part of the board approval process, the board making findings that the method will reduce costs, expedite completion, or provide other features not achievable through traditional bidding. A detailed RFQ process is required to short-list

## Reference

potential design-build entities, followed by an RFP describing the significant scoring factors and their relative importance. The district must publicly announce its award and identify the statement regarding the basis of the award. The design-build entities must also commit to using a “skilled and trained workforce” similar to lease-leaseback contractors.

NOTE: Districts should consult with legal counsel before proceeding with this delivery method to ensure compliance with statutory requirements.

### Minimum Required Documentation for Payment:

- Board findings and approval of design-build delivery method (by resolution, agenda language or board meeting minutes)
- Conflict of interest policy.
- Board statement of the basis of the award of the selected contractor (either by resolution, agenda language, or board meeting minutes)
- Contract Checklist.

Reference

**CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT**

PCC 22000-22045 | The California Uniform Public Construction Cost Accounting Act (Act), enacted in 1983 under Public Contract Code §22000 et seq., allows local agencies to perform public project work of up to \$60,000 with their workforces or by negotiated contract, or through purchase order if the agencies elect to follow the cost accounting procedures set forth in the Cost Accounting Policies & Procedures Manual (Manual) of the California Uniform Construction Cost Accounting Commission. For contracts in excess of \$60,000 and less than \$200,000, the Act allows less restrictive bidding procedures that would normally apply.

Districts **must** formally elect by resolution to become subject to the Act procedures. A copy of the resolution and board minutes indicating passage **must** be submitted to the Fresno County Superintendent of Schools.

**Note:** These guidelines are not all-inclusive. Districts that elect to be subject to the Uniform Public Construction Cost Accounting Act should follow the specific procedures outlined in the Cost Account Policies & Procedure Manual.

**Public Projects**

PCC 22032 | Public projects of \$60,000 or less may be performed without bid by the district’s personnel by force account, or through negotiated contract or a purchase order. Projects of \$200,000 or less are subject to the *Informal* Bid procedures as set forth in the following paragraphs. Contracts over \$200,000 are subject to *Formal* Bid procedures. **The district must still comply with other requirements under the Public Contract Code such as payment bonds, certificates of insurance, or the payment of prevailing wages.**

**Formal and Informal Bidding**

PCC 22036 | The district **shall** refer to the agency and trade journal list as identified in Manual and **shall** mail, email, or fax a notice to the organizations identified, of all informal or formal construction contracts being bid, no less than ten (10) days before bids are due for informal contracts, and no less than fifteen (15) days before bids are due on formal contracts. (In lieu of following the formal bid procedures in this section, the district may use normal formal bid procedures.) Evidence of compliance with the mailing requirements **shall** be maintained on file for each notification.

PCC 22037 | Formal bids **shall** also be published at least fourteen (14) calendar days in advance of the date of the opening of bids, in a newspaper of general circulation, printed and published within the district’s boundaries, or serving the communities within the district.

PCC 22034(b) | The notice inviting informal bids **shall** describe the project in general terms and how to obtain more detailed information about the project, and state the time and place for the submission of bids.

Reference

PCC 22034

Minimum Documentation Required for Payment

- Copy of the approved resolution electing to become subject to the Act's provisions on file with FCSS.
- Copy of the enacted Informal Bid Procedure (Ordinance) on file with FCSS

**Projects \$60,000\* or Less**

- Board designee or board approval (Ed Code 17605, requires all contract approved by Board Designees be approved or ratified by the Board within 60 days)
- Evidence of negotiated contract or approved purchase order

**Projects \$200,000\* or Less (Informal)**

- Board designee or board approval (Ed Code 17605, requires all contract approved by board designees be approved or ratified by the board within 60 days)
- Evidence the district mailed a notice inviting bids at least ten (10) days before bids are due to:
  - a. All contractors on district's list of qualified contractors for category of work; **OR**
  - b. Notice of Informal Construction Contracts in two (2) specified trade journals as listed in the manual by approved means of distribution; **OR**
  - c. Both a and b.
- Evidence that the written notice was mailed to all construction trade journals designated for that district under Section 22036, inviting all licensed contractors to submit the name of their firm for inclusion on the district's list of qualified bidders for the following calendar year.
- District's list of qualified contractors

**Projects Over \$200,000\*(Formal)**

- Evidence of notice of Formal Construction Contracts to the Trade Journals/Organizations as listed in the manual by approved means of distribution, fifteen (15) days prior to bid deadline for each district contract
- Affidavit of publication of the notice, fourteen (14) days prior to the opening of bids in a newspaper of general circulation

**All Projects**

- Evidence of compliance with other legal requirements under the Public Contract Code such as payment bonds, certificates of insurance, or the payment of prevailing wages as applicable
- Invoice for work performed

Reference

- Recommended the purchase order has DIR disclaimer on it. (Seek guidance from the district’s legal counsel)

**Emergency Contracts**

PCC 22035  
PCC 22050

In cases of emergency when repair or replacements is needed because there is an imminent threat to person or property, the governing board may proceed at once to replace or repair any public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The work may be done by day labor under the direction of the governing board, by contractor, or by a combination of the two.

- By a 4/5 vote of the governing board, may repair or replace a public facility, take any directly related and immediate action required by the emergency, and procure the necessary equipment, services and supplies for those purposes, without giving notice for bids to let contracts.
- By a 4/5 vote of the governing board, the authority to enter emergency contracts may be delegated as long as the designee takes the action to the governing board within 7 days or at its next regularly scheduled meeting which shall be no more than 14 days after the action was taken. The designee must report at each following meeting until the action is terminated (contract completed).
- The code is in conflict with boards that meet on a monthly basis.
- There is no requirement in the Public Contract Code 22050 that requires for a unanimous vote or for County Superintendent approval.

See the contract checklist in the “Bidding Requirements” section for additional documents as applicable.

See “APPENDIX G CUPCCAA Frequently Asked Questions (FAQs)”

Reference

**FEDERALLY FUNDED CONTRACTS**

Contracts funded through a federal grant or award may be subject to federal procurement requirements even if the expenditure is otherwise exempt from bidding under California law. In general, recipients and subrecipients of federal awards must comply with Part 200 of Title 2 of the Federal Code of Regulations, known as the Uniform Guidance.

Per the federal procurement rules, local agencies must use a formal procurement method when the value of the property or services to be procured exceeds \$250,000. Formal procurement methods include either a sealed bid process, which is preferred for construction projects, or a competitive proposal process, which is generally used when conditions are not appropriate for the use of sealed bids.

When the value of the property or services to be procured does not exceed \$250,000, local agencies may use an informal procurement method to expedite the completion of the transactions and minimize the associated administrative burden and cost. Projects under \$10,000 are generally exempt from competitive bidding under the Uniform Guidance.

The specific requirements for both informal and formal procurement methods under the federal rules are highly technical. The federal regulations also contain some exceptions where noncompetitive procurement may be allowed, but those exceptions are limited. As such, districts should consult the Uniform Guidance and legal counsel to ensure compliance and to determine if an exception could apply to the districts' specific situation.

Districts must also follow applicable federal regulations, such as maintaining written records of purchases, conflict of interest standards, contract monitoring, and contractor evaluation. Additionally, the federal rules require that any contract for the procurement of services or property contains, if applicable, address the following provisions:

- Administrative, contractual, and legal remedies
- Equal Employment Opportunity
- Davis-Bacon Act
- Work hours and Safety Standards Act
- Clear Air Act
- Debarment and Suspension
- Byrd Anti-Lobbying Amendment

Reference

**INDEPENDENT CONTRACTORS**

When contracting with an individual for services, the district **must** establish the nature of the relationship (i.e., “employee” versus “independent contractor”). Since this relationship determines the legal method of payment, the employment status should be clearly defined prior to any services being performed. Employees are paid through payroll; independent contractors are paid through accounts payable.

An individual’s job title can be irrelevant to the analysis of the employment relationship. The IRS looks at the facts and the relationship on a case-by-case basis. To avoid stiff penalties and interest a proper determination **must be** made from the outset when an “employee” is paid as an “independent contractor.”

Due to the "gray" area regarding independent contractor status, the determination of an individual’s employment relationship **must** be made by the district on a case-by-case basis. In its “IRS Revenue Ruling 87-41,” the IRS established common-law factors that are to be used in determining independent contractor status. These factors are defined in the IRS “Publication 15-A,” which can be accessed on the internet at <http://www.irs.gov/publications/p15a/>.

If after reviewing the common-law factors, the individual is determined to be an independent contractor, the district should complete a "Certification of Independent Contractor Status" form or other checklist/certification document that covers the independent contractor criteria. This certification **must** be *signed by the district superintendent* and submitted to FCSS with the accounts payable audit run that includes an individual’s first payment of the fiscal year. This form will not be required on subsequent payments for the same contract.

A district should keep records of independent contractors in ways that may help protect the district in the case of an IRS audit. Documentation that should be placed in the vendor file includes copies of contracts, business cards, licenses, insurance policies, and correspondence with the contractor's letterhead. Even though these items are not necessarily required, having documentation on file may increase the district’s chances of proving in an audit that an independent contractor relationship existed.

Minimum Documentation Required for Payment

- Fully executed contract, including a description of services, board approval, and date if applicable
- Federal TIN (Tax Identification Number from IRS Form W-9)
- California Form 590 – to determine residency, if the vendor does not have a California address, will be performing services for the district, and will receive more than \$1,500 in a calendar year
- Verification that services have been satisfactorily completed
- Request for payment (Invoice) from the Independent Contractor (unless otherwise agreed to arrangements specified in the contract)

Reference

- Completion of a ***Certification of Independent Contractor*** form
- Strongly recommended to complete ABC Independent Contractors' form for the determination

EC 45125.1

**NOTE REGARDING FINGERPRINTS:** Independent contractors who interact with students “outside of the immediate supervision and control of the pupil’s parent or guardian or a school employee” must submit employee fingerprints to the Department of Justice to conduct a criminal background check.

EC 45125.2

Contracts for construction or repair require contractors to comply with the fingerprint requirements if there will be more than limited contact with pupils unless alternative protective measures are taken.

**ADDITIONAL CONSIDERATION**

**Hold 24% Backup Withholding for Federal and 7% for California**

- Required when the payee/vendor ***does not*** furnish a Tax Identification Number (TIN)
- Required when IRS notified the District that an incorrect Tax Identification Number (TIN)
- Failure to collect and forward backup withholding as required may result in the District being liable for any uncollected amount
- California backup withholding is triggered whenever federal backup withholding occurs

**Payments to California Non-Residents**

- Payments in excess of \$1,500 require withholding; withholding is also required when there is federal back-up withholding
- California withholding rate is 7%, even if incorporated, but can be lowered if a vendor has filed a Form 587- Non-Resident Withholding Allocation Worksheet or Form 589 – Non-Resident Reduced Withholding Request
- Reported on Form 592 – Resident and Non-Resident Withholding Statement to the Franchise Tax Board(FTB) with a Form 592B – Resident and Non-Resident Withholding provided to the vendor
- Exemption exist for nonresident withholding such as for corporations, partnerships, and LLCs that have a permanent place of business are permanently staffed by employees in California or are qualified through the California Secretary of State



Reference

**Payments to Foreign Vendors**

- Foreign vendors include nonresident alien individuals and foreign corporations, fiduciaries, and partnerships not created or organized in the United States or under United States laws
- There is no threshold amount for foreign vendors before withholding begins
- Federal tax withholding rates are generally 24% but can vary and can be reduced if a tax treaty exists, and payments to foreign vendors are also subject to the 7% California Non-Resident Withholding
- Reported on Form 1042 – Annual Withholding Tax Return for U.S. Source of Foreign Persons to IRS from Form 1042-S Foreign Person’s U.S. Source Income Subject to Withholding submissions
- Never report on Form 1099 MISC or Form 1099 NEC

**Internal Revenue Service**

[www.irs.gov](http://www.irs.gov)

**California Franchise Tax Board**

[www.ftb.ca.gov](http://www.ftb.ca.gov)

See “**APPENDIX D Independent Contractor ABC Requirements and IRS Form 1099 Matrix**”

**State Teachers Retirement System Employees or Retirees**

EC 22119.5  
EC 22461

Earnings regardless of how they are paid to a retired member of the State Teachers Retirement System (STRS), who is performing creditable services pursuant to Education Code §22119.5 **must** be reported to STRS as specified in Education Code §22461. Some examples of jobs that have been researched and deemed to be STRS creditable service include BTSA Support Providers, School Assistance and Intervention Grant Teachers, and any curriculum development if done by a STRS member. Workshop presentations are not STRS creditable service.

Per Education Code §22461(a) (2), it is the district's responsibility to maintain accurate records of retirees' earnings and report those earnings monthly. *In order to comply with EC §22461(a) (2), FCSS currently requires that all payees covered under the STRS retirement system, whether active or inactive (retirees) be placed on payroll so that earnings may be reported through the automated payroll process.*

Positions having sustained contact with students at a school district have generally been held by the IRS to be filled by employees. Independent contractor status should be carefully reviewed for STRS employees or retirees where they are performing job duties that bring them into regular and sustained contact with students.

Reference

**California Public Employees' Retirement System (CalPERS) Retirees**

- GC 7522.56 CalPERS retirees may only be hired for “extra help” or interim (or acting) “vacant position” employment. CalPERS retiree employment cannot begin for a period of 180 days after retirement, unless the board certifies that the nature of the employment is necessary to fill a critically needed position in compliance with CalPERS regulation. The hourly pay rate received cannot be less than the minimum or exceed the maximum paid to other employees performing comparable duties as listed in the district’s pay schedule. The CalPERS retiree cannot receive any benefit, incentive, compensation in lieu of benefits, or other form of compensation in addition to the hourly pay rate.
- GC 21220 The hours worked by a CalPERS retiree cannot exceed 960 in a fiscal year (July 1 through June 30) for employment with all CalPERS employers combined. There are no exceptions to this limit. Districts must enroll and report hours worked by retirees to CalPERS.
- GC 20300 Districts must be very cautious when classifying CalPERS retirees as independent contractors. To ensure a proposed position qualifies as a true independent contractor, CalPERS recommends that the retiree obtain an independent contractor determination by emailing the proposed contract to: Membership\_Reporting@calpers.ca.gov. If a CalPERS retiree performs work as an independent contractor and is later determined to be an employee, that retiree’s retirement will be terminated.

**A Guide to CalPERS: Employment After Retirement**

<https://www.calpers.ca.gov/docs/forms-publications/employment-after-retirement.pdf>

See “APPENDIX D Independent Contractor ABC Requirements and IRS Form 1099 Matrix”

Reference

**WARRANTS**

All school district warrants processed through FCSS (APY or PAY) are cleared through a County of Fresno Auditor-Controller/Treasurer-Tax Collector (AC/TTC) bank account. Any cancel, replacement, or re-issue requests are submitted to the AC/TTC's office and require such information as they may request in order to proceed.

**Duplicate (Replacement of Lost/Stolen/Destroyed Warrant)**

When a valid warrant has been lost, stolen, or destroyed, and a duplicate (replacement) is requested, notify the AC/TTC's office of the:

- a. Payee/vendor
- b. Warrant date and warrant number
- c. Fund subclass
- d. Amount

Only after the necessary paperwork has been completed and returned to the AC/TTC's office will a "Notice to Stop Payment" be processed by them.

**Six Month Cancels**

If a warrant has not been negotiated within six months following the issue date, the AC/TTC's office will cancel the warrant and put monies back into the original fund.

**Canceling a Warrant**

The need to cancel a warrant may result from a district request or arise out of a problem discovered during the audit process, which occurs after the warrant is signed.

The individual at a district who is requesting the cancellation of a warrant will submit a completed cancellation form to the AC/TTC's office for processing. The warrant to be canceled is normally required to be in the district's possession. "Cancel" or "Void" is to be written or stamped on the warrant and the warrant is to be attached to the form.

If the FCSS is canceling the warrant, the Audit Specialist will complete the cancellation form and stamp the warrant "Void," sending both to the AC/TTC's office for processing. Copies of the form and voided warrant will also be sent to the district.

Reference

**Warrant Voided by Age - Issuance of a New Warrant**

The payee on a warrant that has been voided because of age may present the warrant to the district governing board and request a new warrant. Replacement warrants should be issued by the district through the regular APY process and should follow the account coding of the original warrant to the extent possible.



**Guidance Regarding Use of District Funds for Field Trip Expenses**

The following guidelines address the general rule regarding use of district funds for costs associated with field trips. There are particular grants and programs that may be contrary to these general rules.

<b>Use of District Funds for:</b>	<b>In State Travel</b>	<b>Out of State Foreign Travel</b>	<b>Note</b>
Staff salaries, expenses related to trip	Yes	Yes	Education Code 35330(a)(2)
Expenses for students (e.g. food and lodging costs)	Yes	Yes	If District authorizes a trip, no student may be denied involvement due to insufficient funds; District has the duty in this case to coordinate the efforts of community service groups to fund such students. (Education Code 35330(b)(1). <b>And</b> , any District-authorized trip, whether in-state, out-of-state, or to a foreign country, cannot be authorized by District if any student in a protected class is excluded due to lack of funds. (Education Code 35330(b)(2).
Staff/Chaperone expenses, including transportation costs	Yes	Yes	
Incidental expenses related to field trip/travel (e.g., phone calls to London, mailing costs) for staff/chaperones and students	Yes	Yes	Education Code § 35330
Transportation of staff/chaperones by district equipment, chartered/contracted transportation, reimbursement for transportation (e.g., parents provide transport)	Yes	Yes	Education Code § 35330
Transportation of <b>students</b> by district equipment, chartered/contracted transportation, reimbursement for transportation (e.g., parents provide transport)	Yes	Yes	Education Code § 35330
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## **APPENDIX C**

The language contained within the brackets and italicized is for example purposes only. Please customize according to your specific emergency needs. You can utilize as many, or as few, "WHEREAS" points as necessary.

**BEFORE THE BOARD OF TRUSTEES  
OF THE  
\_\_\_\_\_ SCHOOL DISTRICT  
FRESNO COUNTY, CALIFORNIA**

In the Matter of Emergency Contract ) RESOLUTION \_\_\_\_\_  
Without Bidding (Non-CUPCCA) ) [Public Contract Code 20113]  
\_\_\_\_\_ )

**WHEREAS**, Public Contract Code section 20113 authorizes a school district to let contracts for repairs, alterations, work or improvements necessary to any facility to permit the continuance of school classes and/or to avoid danger to life or property upon the adoption of a resolution by unanimous vote of the governing board declaring the need to bypass bidding procedures required by Public Contract Code section 20110, *et seq.*; and

**WHEREAS**, the \_\_\_\_\_ facility [e.g. *is served by a single HVAC (Heating, Ventilation, Air Conditioning) unit. The unit is a large DX/gas-fired split system manufactured by a company called Air Fan, which is no longer in business. The unit as a whole is not functioning in a manner that is safe or healthful. In particular, a gas-fired heat exchanger (furnace) and a DX compressor have failed. The gas-fired heat exchanger, an integral component of the unit, has eroded and is leaking carbon monoxide exhaust into the supply air stream, which may be reaching students and staff. This is unacceptable and dangerous for an education and work environment;*] and

**WHEREAS**, [the ventilation system was not designed to meet current air transfer standards. In fact, ventilation dampers are inoperable, providing insufficient air ventilation to the facility. This



*situation, especially when combined with the above condition, contributes to the unsafe and unhealthy educational and work environment;]* and

**WHEREAS**, *[the facility's failing system is unable to produce cooling and heating functions adequate to provide healthy educational and work environments;]* and

**WHEREAS**, *[it is standard in the industry that a new HVAC system which meets current equipment standards and the needs of the school involves several weeks of lead time to develop the design and to complete the manufacturing process;]* and

**WHEREAS**, *[employing the competitive bidding process of Public Contract Code section 20110 et seq. would most likely result in the repairs not being completed before the commencement of the next school year]* and

**WHEREAS**, the conditions described above create an emergency situation that will have a dramatic impact on the health and safety of students and staff, in addition to impeding the continuance of classes.

**NOW THEREFORE, BE IT RESOLVED**, that based on the foregoing the Board of Trustees of \_\_\_\_\_, by unanimous vote, declares that an emergency exists under Public Contract Code section 20113 and hereby requests approval of the Fresno County Superintendent of Schools to enter into contract for the performance of labor and the furnishing of materials and supplies for the purpose of the \_\_\_\_\_ *[Insert project title]* at the \_\_\_\_\_ *[insert site and facility]* without advertising for or inviting bids.

**IT IS FURTHER RESOLVED**, that, upon approval by the County Superintendent of Schools, the Board of Trustees authorizes District administration to take whatever steps are necessary to fulfill the purpose and intent of this resolution.

//

//

This foregoing Resolution was adopted by the Board of Trustees of the \_\_\_\_\_ School District of Fresno County, California, at a regular meeting to the Board held on the \_\_\_ day of \_\_\_\_\_, by the following unanimous vote:

AYES \_\_\_\_\_  
NOES \_\_\_\_\_  
ABSENT \_\_\_\_\_

\_\_\_\_\_  
President, Board of Trustees  
\_\_\_\_\_  
School District

Attest:

\_\_\_\_\_  
Clerk, Board of Trustees  
\_\_\_\_\_  
School District

The language contained within the brackets and italicized is for example purposes only. Please customize according to your specific emergency needs. You can utilize as many, or as few, “WHEREAS” points as necessary.

**BEFORE THE BOARD OF TRUSTEES  
OF THE  
\_\_\_\_\_ SCHOOL DISTRICT  
FRESNO COUNTY, CALIFORNIA**

In the Matter of Emergency Contract ) RESOLUTION \_\_\_\_\_  
Without Bidding (CUPCCAA) ) [Public Contract Code 20113]  
\_\_\_\_\_ )

**WHEREAS**, the District has adopted the California Uniform Public Construction Cost Accounting Act (Pub. Contract Code, § 22000, et seq.), which would otherwise require formal competitive bidding for construction contracts over \$200,000, and informal bidding for construction contracts over \$60,000, except in cases of emergencies pursuant to Public Contract Code § 22050 which requires a four-fifths vote of the Board;

**WHEREAS**, the competitive bidding requirements are not required in cases of emergency when repair and/or replacements are necessary to “prevent or mitigate the loss or impairment of life, health, property, or essential public services” (Public Contract Code §22035);

**WHEREAS**, before taking action to approve the emergency contract, a governing board must make a finding “based on substantial evidence set forth in the minutes of its meeting, that the emergency will not permit a delay resulting from a competitive solicitation for bids, and that the action is necessary to respond to the emergency;”

**WHEREAS**, the \_\_\_\_\_ facility [e.g. is served by a single HVAC (Heating, Ventilation, Air Conditioning) unit. The unit is a large DX/gas-fired split system manufactured by a company called Air Fan, which is no longer in business. The unit as a whole is not functioning in a manner that is safe or healthful. In particular, a gas-fired heat exchanger (furnace) and a DX compressor have failed. The gas-fired heat exchanger, an integral component of the unit, has eroded

and is leaking carbon monoxide exhaust into the supply air stream, which may be reaching students and staff. This is unacceptable and dangerous for an education and work environment;]

**WHEREAS**, [the ventilation system was not designed to meet current air transfer standards. In fact, ventilation dampers are inoperable, providing insufficient air ventilation to the facility. This situation, especially when combined with the above condition, contributes to the unsafe and unhealthy educational and work environment;]

**WHEREAS**, [the facility's failing system is unable to produce cooling and heating functions adequate to provide healthy educational and work environments;]

**WHEREAS**, [it is standard in the industry that a new HVAC system which meets current equipment standards and the needs of the school involves several weeks of lead time to develop the design and to complete the manufacturing process;]

**WHEREAS**, [employing the competitive bidding process of Public Contract Code section 20110 et seq. would most likely result in the repairs not being completed before the commencement of the next school year;] and

**WHEREAS**, the conditions described above create an emergency situation that will have a dramatic impact on the health and safety of students and staff, in addition to impeding the continuance of classes.

**NOW, THEREFORE, BE IT RESOLVED** by the \_\_\_\_\_ School District which finds and determines as follows:

1. The foregoing recitals as true and correct.
2. Based on the substantial evidence set forth in this Resolution, the Board finds, by at least a four-fifths vote, that an emergency exists pursuant to Public Contract Code section 22035, and such emergency will not permit a delay resulting from a competitive solicitation for bids.
3. The Superintendent, or designee, is delegated the authority to enter into the emergency contract, and to take all steps necessary to respond to the emergency.
4. The Superintendent is asked to report on the status of the improvements to the Board at subsequent regularly-scheduled meetings, if there is a need to continue the work, to the extent required by Public Contract Code section 22050.
5. This Resolution is effective immediately upon its adoption.

This foregoing Resolution was adopted by the Board of Trustees of the \_\_\_\_\_ School District  
of Fresno County, California, at a regular meeting to the Board held on the \_\_\_ day of \_\_\_\_\_,  
by the following vote:

AYES \_\_\_\_\_

NOES \_\_\_\_\_

ABSENT \_\_\_\_\_

\_\_\_\_\_  
President, Board of Trustees  
\_\_\_\_\_ School District

Attest:

\_\_\_\_\_  
Clerk, Board of Trustees  
\_\_\_\_\_ School District



**WHEREAS**, pursuant to Government Code section 4217.12, the Board has held a public hearing, public notice of which was given at least two (2) weeks in advance, to receive public comment.

**NOW, THEREFORE**, based upon the above-referenced recitals, the Board hereby finds, determines and orders as follows:

1. In accordance with Government Code section 4217.12, and based on data provided in the Analysis, the Board finds that the anticipated cost to the District for electrical energy provided by the Project under the Energy Agreement will be less than the anticipated marginal cost to the District of electrical energy that would have been consumed by the District in the absence of those purchases.
2. The Board hereby approves the Energy Agreement with the Company, subject to such changes, insertions or omissions as the District's Superintendent or designee reasonably deems necessary.
3. The District's Superintendent or designee are authorized and directed to negotiate any further changes, insertions and omissions to the Energy Agreement, and thereafter to execute and deliver the Energy Agreement following the Board's adoption of this Resolution. The District's Superintendent or designee are further authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution and said agreement.

This foregoing Resolution was adopted by the Board of Trustees of the \_\_\_\_\_ School District of Fresno County, California, at a regular meeting to the Board held on the \_\_\_ day of \_\_\_\_\_, by the following vote:

AYES \_\_\_\_\_  
NOES \_\_\_\_\_  
ABSENT \_\_\_\_\_

---

President, Board of Trustees

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

Attest:

\_\_\_\_\_  
Clerk, Board of Trustees  
\_\_\_\_\_ School District



**BEFORE THE BOARD OF TRUSTEES  
OF THE  
\_\_\_\_\_ SCHOOL DISTRICT  
FRESNO COUNTY, CALIFORNIA**

In the Matter of Approving and Authorizing ) **APPROVAL**  
A CMAS Contract )  
\_\_\_\_\_ )

WHEREAS, the Board of Trustees of the \_\_\_\_\_ School District (“Board”) desires to maximize taxpayer dollars by taking advantage of large-volume purchasing for materials, supplies, services, equipment, and/or any other item; and

WHEREAS, the \_\_\_\_\_ School District (“District”) needs to purchase \_\_\_\_\_ (“Goods”); and

WHEREAS, Education Code section 17595 authorizes the governing board of a school district to purchase materials, equipment or supplies through the California Department of General Services;

WHEREAS, Public Contract Code section 10298, subdivision (a), allows the Director of General Services for California to establish multiple award schedules (CMAS) with vendors of goods, information technology or services and in turn allows school districts to contract with the vendors awarded those multiple award schedules without competitive bidding;

WHEREAS, the Director of General Services has established a multiple award schedule with \_\_\_\_\_ (“Vendor”), CMAS # \_\_\_\_\_ which includes the needed Goods;

WHEREAS, the Board finds and declares that it would be in the District’s best interests to purchase the Goods based on the information included in Vendor’s CMAS.

NOW, THEREFORE, the Board of Trustees of the \_\_\_\_\_ School District of Fresno County, State of California, hereby finds, determines and orders as follows:

1. The recitals above are true and correct.

2. The District's Superintendent and designee are authorized and directed to enter into a purchase with the Vendor, without advertising for or inviting bids, pursuant to the authority of this Resolution and California Education Code section 17595 and Public Contract Code section 10298.
3. The related installation or other services contained in the purchase agreement, if any, are less than the cost of the Goods.
4. The District's Superintendent or designee are individually authorized and directed to execute the purchase agreement on behalf of the District (subject to making such changes to the purchase agreement as may be necessary or appropriate) to consummate the purchase of the Goods and to approve any amendments as necessary to carry out the provisions of this authorizing Resolution.
5. This Resolution shall take effect immediately upon its adoption.

This foregoing Resolution was adopted by the Board of Trustees of the \_\_\_\_\_ School District of Fresno County, California, at a regular meeting to the Board held on the \_\_\_ day of \_\_\_\_\_, by the following vote:

AYES \_\_\_\_\_  
NOES \_\_\_\_\_  
ABSENT \_\_\_\_\_

\_\_\_\_\_  
President, Board of Trustees  
\_\_\_\_\_  
School District

Attest:

\_\_\_\_\_  
Clerk, Board of Trustees  
\_\_\_\_\_  
School District

**BEFORE THE BOARD OF TRUSTEES  
OF THE  
\_\_\_\_\_ SCHOOL DISTRICT  
FRESNO COUNTY, CALIFORNIA**

In the Matter of Approving and Authorizing ) **APPROVAL**  
A CMAS Contract )  
\_\_\_\_\_ )

WHEREAS, the Board of Trustees of the \_\_\_\_\_ School District (“Board”) desires to maximize taxpayer dollars by taking advantage of large-volume purchasing for materials, supplies, services, equipment, and/or any other item; and

WHEREAS, the \_\_\_\_\_ School District (“District”) needs to purchase \_\_\_\_\_ (“Goods”); and

WHEREAS, Section 20118 of the Public Contract Code allows the District to enter into a contract to lease or purchase said materials and/or equipment, without advertising for bids, if the Board determines that it is in the best interest of the District to do so and provided that said materials and/or equipment comply with the specifications and unit prices established by a competitively-bid contract awarded by another local public agency; and

WHEREAS, District staff has advised this Board that Goods meeting the District’s needs and requirements were specified in a competitively-bid contract, awarded by the \_\_\_\_\_, a local public agency; and

WHEREAS, District staff recommends the Board approve and authorize the District to enter into a purchase agreement with \_\_\_\_\_ (“Vendor”) for the purchase of classroom furniture, attached hereto as Exhibit A.

NOW, THEREFORE, the Board of Trustees of the \_\_\_\_\_ School District of Fresno County, State of California, hereby finds, determines and orders as follows:

1. The recitals above are true and correct.

2. The purchase agreement pursuant to Public Contract Code 20118 as described above, between the District and Vendor is found to be in the best interest of the District and is hereby approved and ratified.
3. The related installation or other services contained in the purchase agreement, if any, are less than 10% of the total contract price and are incidental in nature.
4. The District staff is authorized and directed to take all steps necessary or convenient to acquire the Goods in accordance with said purchase agreement.
5. The District's Superintendent and designee are individually authorized and directed to execute the purchase agreement on behalf of the District (subject to making such changes to the purchase agreement as may be necessary or appropriate) to consummate the purchase of the Goods and to approve any amendments as necessary to carry out the provisions of this authorizing Resolution.
6. This Resolution shall take effect immediately upon its adoption.

This foregoing Resolution was adopted by the Board of Trustees of the \_\_\_\_\_ School District of Fresno County, California, at a regular meeting to the Board held on the \_\_\_ day of \_\_\_\_\_, by the following vote:

AYES \_\_\_\_\_  
NOES \_\_\_\_\_  
ABSENT \_\_\_\_\_

\_\_\_\_\_  
President, Board of Trustees  
\_\_\_\_\_  
School District

Attest:

\_\_\_\_\_  
Clerk, Board of Trustees  
\_\_\_\_\_  
School District

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## **APPENDIX D**

## California Supreme Court Changes the Standard for Determining Independent Contractor Status in California

The California Supreme Court issued a decision on April 30, 2018 in *Dynamex Operations West Inc. v. Superior Court* which significantly changed the standard for determining independent contractor versus employee status in California.

This new decision provides *stricter and more limited rules* for determining worker classifications under California law than required through the Internal Revenue Service.

The California court ruling places the burden on the business *to prove* that a worker is an independent contractor rather than an employee, otherwise the worker will be presumed to be an employee.

Under the “ABC Test,” the failure of a business to establish **any one** of three factors means that a worker will be determined to be an employee and not an independent contractor.

**A) The company must not be able to control or direct what the worker does, either by contract or in actual practice.** This is similar to the test used in the past. The control factor looks at whether the worker supplies his own tools and materials and how and when the work is done free of the control of the business hiring them.

**B) The worker must perform tasks outside of the hiring entity’s usual course of business.** The Court gave the example of the application of this new test: A work at home seamstress hired by a clothing manufacturer to make dresses from cloth and patterns supplied by the company is an employee, as is a decorator contracted to regularly design cakes for a bakery. On the other hand, an outside plumber hired to fix a “leak in its’ retail store on a one-time basis is an independent contractor. The plumber is not part of the store’s usual course of business.

**C) The worker must be engaged in an independently established trade, occupation, or business.** The court will look at factors such as whether the business is incorporated or licensed, whether it’s advertised, and whether it offers services to the public or other potential customers.

### **California Penalties for Misclassification**

California state law imposes tax penalties for misclassifying workers. These penalties include repayment of back payroll taxes, subject to interest and a 10% penalty on the unpaid taxes. Failure to withhold and pay California payroll taxes can also result in a fine up to \$1,000 for a misdemeanor or sentence to jail for up to one year, or both.

### **IRS and State of California Audit Partnership**

The IRS state partnering program, one of Governmental Liaison's partnering components, facilitates and expands joint tax administration relationships between the IRS and state taxing authorities, such as departments of revenue and state workforce agencies.

IRS and state/local agencies share data with each other through a variety of ongoing initiatives. The information includes:

- Audit results
- Federal individual and business return information
- Employment tax information including worker classifications

California has a Memorandum of Understanding with the IRS that allows the IRS and California workforce agencies (EDD & FTB) to exchange audit reports and audit plans, and to participate in side-by-side examinations.

This agency partnership can increase your potential audit chances to be audited both on a federal and state level.





**MEMBER ALERT**  
**Dynamex – New Standards for Determining Whether  
an Independent Contractor is an Employee**

On April 30, 2018, the California Supreme Court issued a significant decision in the case of *Dynamex Operations West, Inc. v. Superior Court*. In *Dynamex*, the Court expressed concern that employers are misclassifying individuals as “independent contractors” in order to avoid paying employer taxes and/or avoid providing health care benefits. Given these concerns, the Supreme Court has now interpreted the term “employee” for use in certain California Industrial Welfare Commission (“IWC”) Wage Orders in a manner likely turning many “independent contractors” into “employees.”

Based on this change in the governing legal standards, Members are encouraged to review their independent contractor agreements, in keeping with the standards discussed below and the advice of their general counsels, to help ensure you are not misclassifying individuals as “independent contractors” when they should be considered your employees.

**1. Dynamex’s New Legal Test for an “Employee”**

For individuals covered by IWC Work Orders, the Court states that the term “employee” should now encompass all workers who “would ordinarily be viewed” as working in the employer’s business. Exception is made for individuals who have traditionally been viewed as “genuine independent contractors” and who customarily engage only in their own independent businesses. So, if an individual is performing tasks normally associated with a Member’s usual business operations (teaching, supervising, transporting, etc., in general or special education settings), *subject to the additional provisions discussed in Section 2 below*, the individual will be considered an “employee” unless the Member can prove all of these elements:

- (A) that the individual is free from the control and direction of the Member in connection with the performance of his/her work, both under the contract terms and the actual nature of the performance of services;
- (B) that the individual performs work that is outside the usual course of the Member’s business; and
- (C) that the individual is customarily engaged in an independently established trade, occupation, or business of the same nature as the work performed for the Member.

It is important to note that this new rule does not apply to other areas like EDD or workers’ compensation, where existing and more limited definitions of “employee” still apply. As to civil wage and hour issues, the new rule might be best summarized this way: If the individual is performing a task or function normally performed by a Member’s employees, or is operating under the direct supervision and guidance of a Member’s employees, or does not regularly perform the same work or services through his/own separate business for other clients, the individual will likely be deemed your employee *if an IWC Wage Order applies to him/her*. As noted below, however, just because they might be considered an “employee” for certain purposes, *that does not mean they are an “employee” for all purposes*.

**2. The Applicability of Dynamex to Members/Public Agencies under the Governing Wage Orders**

*Dynamex* has received a great deal of media attention and concern, but its impact on public agencies is more limited than on private employers. While public agencies have long recognized their obligations under the federal Fair Labor Standards Act (“FLSA”), only limited attention has been given to the IWC Wage Orders because many of them expressly state that some or all of their provisions do not apply to state and local public agencies. In addition, to the extent the IWC Wage Orders do apply to Members, they have historically had limited actual relevance due to Education Code standards or collective bargaining agreements that provide the same or greater wage, hour, and workplace standards.

Given the holding in *Dynamex*, however, Members who have “independent contractors” performing services in the following areas, and for the following wage and hour topics, will now likely be governed by the Supreme Court’s new legal “employee” standard such that a review of their “independent contractor” status would seem appropriate:

- **Wage Order 4 - Professional, Technical, Clerical, Mechanical Occupations.** Most public employees (or independent contractors) fall within these provisions given their educational or professional roles. However, the only relevant provisions of Wage Order 4 are found in Sections 1 [Applicability], 2 [Definitions], 4 [Minimum Wage], 10 [Meals and Lodging], and 20 [Penalties], with the primary issues being overtime, exempt/nonexempt status, and “hours worked” for compensation purposes. Uniforms, equipment, meal and rest periods, reporting time pay, and seats are excluded from the applicability of Wage Order 4 to public agencies.

- **Wage Order 9 – Transportation Industry Professionals**, which includes individuals working for any “establishment” having a purpose of conveying persons or property from one place to another, as well as the warehousing, repair, storage, and maintenance of vehicles. This might include school bus/commercial van drivers and motor pool staff. In addition to the covered issues above under Wage Order 4, for commercial drivers, Wage Order 9 also includes Sections 11 [meal periods] and 12 [rest periods] standards.
- **Wage Order 15 - Household Occupations**, which include all services related to the care of persons or property within a private household, which might include in-home aides or assistants provided under an IEP if they are providing personal care or assistance. All Sections of this Wage Order apply.
- **Wage Order 17 - Miscellaneous**, which includes “any industry or occupation not covered by, and all employees not specifically exempted in, the Commission's wage orders in effect in 1997, or otherwise exempted by law. ...” All Sections of this Wage Order apply.

### 3. A Few Examples of Still Viable “Independent Contractor” Relationships

The Supreme Court opinion notes that the new “employee” standard should not be applied to traditional “genuine independent contractor” relationships. This should be a key point in a review of existing “independent contractor” agreements to determine if an issue of misclassification exists, with a few guiding examples provided.

- Attorneys, accountants, auditors, etc., are historic “independent contractors,” even if some school districts/COEs have brought such functions “in house.” If a Member does not ordinarily or historically hire employees to fulfill such functions, having them performed by “independent contractors” should present no legal concern unless the individuals (i) are not performing such services for other clients, or (ii) they are regularly conducting their services at the Member's facilities and/or with the use of its equipment/systems.
- One-time/short-term professionals should be of limited concern if they are called upon to address emergency or short-term projects, particularly if the Member does not have employees generally capable and licensed to perform such tasks (i.e., plumbers, electricians, specialty cabling, etc.).

Areas of concern can include:

- Teaching aides, psychologists, occupational and physical therapy aides who provide training or support (particularly to special education students). If their tasks or functions are generally provided in support of students, or in meeting the Member's obligations to students under special education/IEP standards, there can be a concern with classification since such individuals are probably also required to be certificated, or be providing services under the supervision of a certificated employee. Exception would be if the “independent contractor” has (i) unique or special skills targeted for a specific student or a specific training/educational module, and (ii) these services are not generally available through full-time or regular employees,

### 4. Consequences of Misclassification

If an independent contractor has been misclassified and a complaint is filed either with the Department of Labor Standards Employment or a civil court, the Member may face compensatory exposures (certain unpaid wages or benefits depending upon the Wage Order category into which the individual falls), as well as certain fines, penalties and potential attorney's fees. Thus, the claims can involve significant financial exposure such that contract reviews may result in both sound risk management and prudent cost avoidance.

### 5. Conclusion

Members use “independent contractors” in many areas. While the Supreme Court opinion has raised concern as to proper classification of individuals performing certain tasks or who only provide services to a single Member, the impact of Dynamex is somewhat limited given its application only to wage orders and exemptions for public agencies with respect to several of the more onerous IWC Wage Order obligations. Nevertheless, staff training regarding proper supervision and oversight of independent contractors is an important way to avoid misclassification disputes. Members should also conduct reviews of their independent contractor agreements to ensure that they have been properly drafted and applied to a given individual. Members may consider a rotating review process throughout the year (as the agreements come up for review/renewal), to help ensure proper classifications of individuals without imposing an unworkable, immediate review process. If a question as to proper classification arises during a preliminary review, the contract/situation can then be further evaluated (internally or externally) to help ensure compliance with this new and important legal standard.

## **CALIFORNIA SCHOOL ACCOUNTING MANUAL**

### **OBJECT CODE DEFINITIONS**

*(THIS LIST IS NOT MEANT TO BE INCLUSIVE; ONLY USED AS A TOOL TO HELP DETERMINE THE VALID EXPENSE OBJECT CODE FOR THE PURPOSE OF FORM 1099 PROCESSES)*

#### **Object 5100 – SUB AGREEMENTS FOR SERVICES**

- See the CSAM pages 330-21 through 330-22 for details.

#### **Object 5500 – PROFESSIONAL/CONSULTING SERVICES AND OPERATING EXPENDITURES**

- Record expenditures for water, heating, fuel, light, power, waste disposal, pest control, laundry and dry cleaning (such as laundering of curtains and cleaning of drapes), and so forth. Include contracts for these services. **Object 5500 is used only with the maintenance and operation functions 8100-8500 and Function 6000 Enterprise.**
- Cleaning of uniforms, such as band or custodial uniforms is charged to the appropriate function and Object 5800, Professional/Consulting Services and Operating Expenditures. Fuel for pupil transportation is coded to Object 4300, Materials and Supplies.

#### **Object 5600 – Rentals, Leases, and Non-Capitalized Improvements**

- Record expenditures for rentals, leases without option to purchase, and repairs or maintenance (including maintenance agreements) of sites, buildings, and equipment by outside vendors. **Include** incidental materials and supplies included in the cost of repairs. Include expenditures for site or building improvements that do not meet the LEA's threshold for capitalization.
- Capital leases should be recorded according to the accounting procedures for lease/purchase agreements in Procedure 710.
- Rental of facilities is normally charged to Function 8700, Facilities Rents and Leases. The **temporary rental of facilities** incidental to a particular activity, such as the hourly or daily rental of a hall for a staff development workshop or the rental of an auditorium for a school graduation, is charged to the function of the benefiting activity.

#### **Object 5800 - PROFESSIONAL/CONSULTING SERVICES AND OPERATING EXPENDITURES**

- Record expenditures for personal services rendered by personnel who are **not on the payroll** of the LEA. Professional/consulting services are delivered by an independent contractor (individual, entity, or firm) that offers its services to the public. Such services are paid on a fee basis for specialized services that are usually considered to be temporary or short term in nature, normally in areas that supplement the expertise of the LEA. This includes all related expenditures covered by the personal services contract.
- Record expenditures for services such as printing, engraving, and so forth performed by an outside agency. This includes but is not limited to copies made from masters provided by the LEA.
- Record expenditures for catering services provided by an outside vendor.
- Record expenditures for college tuition paid on behalf of employees.
- Record expenditures for lodging and admission tickets for students and staff on field trips.

## **Object 5800 - PROFESSIONAL/CONSULTING SERVICES AND OPERATING EXPENDITURES**

- Record expenditures for **all advertising**, including advertising for items such as bond sales, contract bidding, and personnel vacancies. Record expenditures for judgments, penalties, legal advice, attorneys, hearing officers, elections, audits, and other similar costs. Record expenditures for services provided, such as administration, bus transportation, audiovisual, and library.
- Record **assessments for other than capital improvements, including state assessment for nonuse of school sites**. Record expenditures for surveys and appraisals of sites that are **not** purchased. Expenditures for *surveys, appraisals, and assessments in connection with site purchases and/or improvements* are record in Object 6100, Land, and/or Object 6170, Land Improvements.
- Record expenditures for **fees charged to LEAs by other local governmental agencies, such as counties, cities, and special districts, for required services**. Such fees **include** those charged for health, building, and operating inspections and permits, plan reviews, and utility connection fees. These charges typically relate to emissions, fuel-tank operations, hazardous waste generation, chemical storage, food safety, water safety, and fire safety. Examples of departments and special districts that assess these fees include Air Pollution Control, Environmental or Public Health Services, Fire Department, and Public Water Control.
- Record expenditures for Internet-based publications and materials, **excluding approved textbooks and core curricula materials (Object 4100)**. Record periodic costs of licensing, support, or maintenance agreements for non-equipment items, such as software. **Initial licensing and other costs incurred as part of a major system acquisition should be recorded in Object 6400, Equipment.**
- Record expenditures not otherwise designated, such as payments of interest on loans repaid within the fiscal year, payments for damages to personal property, expenditures for fingerprints, physical and X-ray examinations required for employment, scholarship payments, and similar items.
- Record **arbitrage rebate resulting from a positive spread between interest earned on the invested proceeds of tax-exempt debt and the lower interest paid on those proceeds**. Use Function 9100, Debt Service, in the fund where the debt proceeds were deposited and where the interest revenue was earned. **For bonds, this is typically the Building Fund**. For **certificates of participation, it is typically another other capital projects fund**. **Recognize the arbitrage rebate in the period incurred**, even if it will be not be paid immediately.
- Record **penalties for issuing tax and revenue anticipation notes without a demonstrable cash flow need**. Use Function 7100, Board and Superintendent (or the optional Function 7110, Board).
- **Debt issuance costs such as underwriter discounts and fees should be recorded here**. Debt issuance costs for **debt insurance** should be recorded in Object 5450. If **long-term debt is issued at a discount**, the discount should be recorded in Object 7699, All Other Financing Uses.
- May record up to \$25,000 for each individual sub-agreement as defined in Object 5100, Sub-agreements for Services. **This is optional**. The \$25,000 limit applies each year throughout the duration of the sub-agreement. The remainder of the **sub-agreement must be recorded in Object 5100**. Examples of sub-agreements are shown under Object 5100.

**Note:** Expenditures to **nonpublic, nonsectarian schools for the education of children with exceptional needs should be charged to Object 5100, Sub-agreements for Services**. Expenditures for **excess costs and/or deficits in special education programs paid to provider school districts or county offices should be charged to objects 7141-7143, Other Tuition**.

## **Object 6100 – LAND AND LAND IMPROVEMENTS**

**6100 Land** Record the **costs of acquisition of land and additions to old sites and adjacent ways**. Include incidental expenditures in connection with the acquisition of sites, such as appraisal fees, search and title insurance, surveys, and condemnation proceedings, and fees. **If a site is not purchased after the appraisal or survey**, record the expenditure in **Object 5800, Professional/Consulting Services and Operating Expenditures**. Include costs to remove buildings on newly acquired sites. Use with Function 8500, Facilities Acquisition and Construction.

**6170 Land Improvements** Record expenditures for each of the following with **Function 8500, Facilities Acquisition and Construction**:

- **Improvements of sites** (new and old) and adjacent ways that **meet the LEA's threshold for capitalization**. **Include work** such as grading, landscaping, seeding, and planting shrubs and trees; constructing new sidewalks, roadways, retaining walls, sewers, and storm drains; installing hydrants; treating soil and surfacing athletic fields and tennis courts; furnishing and installing fixed playground apparatus, flagpoles, gateways, fences, and underground storage tanks that are not parts of building service systems; and doing demolition work in connection with improvement of sites.
- **Leasehold improvements to sites**. **Include** costs of site improvements to leased property.
- **Payment of special assessments**. **Include** assessments against the school district for capital improvements such as streets, curbs, sewers, drains, and pedestrian tunnels, whether on or off school property.

## **Object 6200 – BUILDINGS AND IMPROVEMENT OF BUILDINGS**

- Record *costs of construction or purchase of new buildings* (**including** relocatable buildings, such as portable classrooms) and additions and replacements of obsolete buildings, including advertising; architectural and engineering fees; blueprinting; inspection service (departmental or contract); tests and examinations; demolition work in connection with construction of electrical, sprinkling, or warning devices; installation of heating and ventilating fixtures, attachments, and built-in fixtures; and other expenditures directly related to the construction or acquisition of buildings.
- 
- Record **costs of improvements of buildings**, **including** alterations, remodeling, renovations, and replacement of buildings in whole or in part, that meet the LEA's threshold for capitalization. Include leasehold improvements.
- **Use with Function 8500, Facilities Acquisition and Construction**.

SOURCE: CDE California Schools Accounting Manual, rev. 2019



**IRS 1099 REPORTING CHEAT SHEET**

**When to Issue a 1099**

When payments for the following equal or exceed \$600 in one calendar year:

Description	1099 Box
Services including payment for parts or materials used to perform the services if supplying the parts or materials was incidental to providing the service.	
<ul style="list-style-type: none"> <li>• Attorneys working on behalf of the district (including corporations)</li> <li>• Accountants / Auditors</li> <li>• Architects</li> <li>• Contractors (sole proprietors)</li> <li>• Engineers</li> <li>• Judges</li> <li>• Referees</li> <li>• Sports Officials</li> <li>• Sport Officials Representatives</li> <li>• Umpires</li> <li>• All Other Independent Contractors / Consultants</li> </ul>	7
<b>Medical Services (including corporations):</b> <ul style="list-style-type: none"> <li>○ Ambulance Services</li> <li>○ Dentists</li> <li>○ Doctors</li> <li>○ Hospitals (exempt if tax exempt or owned by a governmental agency)</li> <li>○ Lab Services</li> <li>○ Optometrists</li> <li>○ Private Nurses</li> <li>○ Psychiatrists / Psychologists</li> <li>○ Rehabilitation Centers</li> <li>○ Therapists</li> </ul>	6
<b>Settlements:</b> <ul style="list-style-type: none"> <li>• Attorneys receiving proceeds from a settlement agreement</li> </ul>	14
<b>Rent Payments</b>	1

When payments for the following equal or exceed \$10 in one calendar year:

Royalty Payments	2
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**Exemptions:**

Corporations (except as noted above)

Limited Liability Corporations

Tax Exempt Organizations (e.g. colleges, universities, churches/religious organizations,

Government Entities

Utilities

<b>Classification</b>	<b>Possible 1099 Reporting</b>	<b>SSN</b>	<b>EIN</b>
Inv/sole proprietor	YES	X	X
C Corporation	NO		X
S Corporation	NO		X
Partnership	YES		X
Trust/Estate	YES		X
Exempt	NO		X
LLC Corporation (C)	NO		X
LLC S Corporation (S)	NO		X
LLC Partnership (P)	YES		X

**Health and Medical & Attorneys that are Corporations are Reportable**

## **APPENDIX E**



- Description of Each SACS Field

**Fund (2 digits)**

- ◆ Establishes a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, all related liabilities, and residual equities and balances or changes therein.
- ◆ Identifies specific activities or defines certain objectives of a local educational agency in accordance with special regulations, restrictions, or limitations.
- ◆ Applies to revenue, expenditure, and balance sheet accounts.

**Resource (Project/Reporting) (4 digits)**

- ◆ Tracks those activities that are funded with revenues that have special accounting or reporting requirements or that are legally restricted, such as Title I.
- ◆ Includes code 0000 for accounting activities using resources that are unrestricted within the fund.
- ◆ Applies to revenue, expenditure, and balance sheet accounts.
- ◆ A Master List of Resources can be found at [www.cde.ca.gov/fg/ac/ac/resource.asp](http://www.cde.ca.gov/fg/ac/ac/resource.asp).

**Project Year (1 digit)**

- ◆ Distinguishes the activities of those projects that span more than one fiscal year.
- ◆ Applies to revenue, expenditure, and balance sheet accounts.

**Goal (4 digits)**

- ◆ Accumulates costs by instructional goals and objectives of a local educational agency. Groups costs by population, setting, and/or educational mode.
- ◆ Allows the charging of instructional costs and direct support costs to the benefiting goals.
- ◆ Captures financial information by subject matter and/or mode of education.
- ◆ Includes code 0000 for functions that are not directly assignable to a goal.
- ◆ Applies to expenditure accounts and special education revenue accounts; may be used with other revenue accounts and is required in special education revenue accounts.

**Function (Activity) (4 digits)**

- ◆ Describes activities or services performed to accomplish one or more objectives in the goal field.
- ◆ Describes the activity for which a service or material object is acquired.
- ◆ Consists of activities that have somewhat the same general operational objectives.
- ◆ Applies to expenditure accounts; may be used in revenue accounts.

**Object (4 digits)**

- ◆ Captures the service or commodity obtained as a result of a specific expenditure; the general source and type of revenue; or a balance sheet account.
- ◆ Generates financial statements.
- ◆ Applies to revenue, expenditure, and balance sheet accounts.

**School (3 digits) (optional use)**

- ◆ Designates a specific physical school structure or group of structures that form a campus under a principal's responsibility, for which a unique set of test scores is reported and that is identified as such in the California Public School Directory.
- ◆ Applies to expenditure accounts; may be used in revenue accounts and balance sheet accounts.

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**Procedure 301 Overview of the Standardized Account Code Structure**

**SACS Fields**

The seven fields in SACS and the required minimum digits for each are:

<b>Field #</b>	<b>SACS Field</b>	<b>Number of Digits</b>
1.	Fund	2 Digits
2.	Resource	4 Digits
3.	Project Year	1 Digit
4.	Goal	4 Digits
5.	Function (Activity)	4 Digits
6.	Object	4 Digits
7.	<i>School (A three-digit school field is required, but its use is optional.)</i>	<i>3 Digits</i>

Through this accounting structure, an LEA can produce financial reports by fund, resource, goal, function, or object (type of revenue or expenditure) or any combination of these fields.

Because SACS contains seven unique fields, a computerized accounting system is normally necessary to maintain an LEA’s accounting records. The system must have the capability to accommodate at least seven fields, with each field allowing for the minimum number of digits as shown above. To meet their local accounting and reporting needs, LEAs may also choose to include additional subfields in their chart of accounts and/or expand the number of digits in each field.

The SACS fields are described as follows:

**Fund (2 digits)**

- Identifies the fund that is receiving the revenue, paying the expenditure, or otherwise being affected by the transaction. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, all related liabilities, and residual equities and balances or changes therein.
- Identifies specific activities or defines certain objectives of an LEA in accordance with special regulations, restrictions, or limitations.
- Examples include general fund, child development fund, and cafeteria special revenue fund.
- Applies to revenue, expenditure, and balance sheet accounts.

**Resource (Project/Reporting) (4 digits)**

- Tracks those activities that are funded with revenues that have special accounting or reporting requirements or that are legally restricted.
- Includes Resource 0000 for accounting activities funded with revenues that are unrestricted.

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**Procedure 301 Overview of the Standardized Account Code Structure**

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- Applies to revenue, expenditure, and balance sheet accounts.

**Project Year (1 digit)**

- Identifies the reporting year for a project that has more than one reporting year during the LEA's fiscal year.
- If a project's reporting year is the same throughout the LEA's fiscal year, the Project Year code is 0.
- When applicable for a project, applies to revenue and expenditure accounts but is optional for balance sheet accounts.

**Goal (4 digits)**

- Accumulates costs by instructional goals and objectives of an LEA. Groups costs by population, setting, and/or educational mode.
- Identifies revenues for special education.
- Examples include regular education K–12, continuation schools, migrant education, and special education.
- Allows the charging of instructional costs and support costs directly to the benefiting goals.
- Provides the framework for accumulating the costs of different functions by goals.
- Classifies financial information by subject matter and/or mode of education.
- Includes Goal 0000 for costs that are not directly assignable to a goal and for non-special education revenue.
- Applies to expenditure accounts. It is required for special education revenue accounts but is optional for other revenue accounts.

**Function (Activity) (4 digits)**

- Identifies activities or services performed to support or accomplish one or more goals or objectives.
- Describes the activity for which a service or material is acquired.
- Examples include instruction, school administration, pupil transportation, and general administration.
- Applies to expenditure accounts but is optional for revenue accounts.

**Object (4 digits)**

- Classifies revenues by source and type, e.g., Local Control Funding Formula (LCFF) sources, federal revenue, other state revenue, fees, and contracts.
- Classifies expenditures by type of commodity or service, e.g., certificated salaries, classified salaries, employee benefits, books, and supplies.
- Classifies balance sheet accounts such as assets, liabilities, or fund balance.
- Applies to revenue, expenditure, and balance sheet accounts.

*California School Accounting Manual*

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**Procedure 301 Overview of the Standardized Account Code Structure**

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**School (3 digits)**

- Designates a specific, physical school structure or group of structures that form a campus under a principal's responsibility for which a unique set of test scores is reported and that is identified as such in the California Public School Directory.
- Applies to expenditure accounts but is optional for revenue and balance sheet accounts.

*Note:* The school field is required to be built into the accounting system of all LEAs that utilize SACS. However, *its use is not required at this time* for state reporting purposes.

Procedures 305 through 330 of this section list the accounts for each of the required six fields, showing the account codes and their titles and definitions. The numbering or definitions of codes may not be altered by LEAs for their own use.

**Optional and Locally Defined Codes**

**Optional Codes:** Accounts (codes) shown in *italics* in Procedures 305 through 330 are optional. However, if an LEA chooses to account for transactions in a greater level of detail and optional codes already exist for those transactions, the LEA is required to use those optional codes. In other words, an LEA may not use its own codes or definitions to identify accounts that are already defined by required or optional codes in this manual.

Optional codes are reported to CDE.

**Locally Defined Codes:** An LEA may create its own unique locally defined codes and definitions to reflect accounting detail not covered by required or optional codes.

Locally defined codes must be rolled up by the LEA before reporting data to CDE (see "Reporting Data to the State," following).

*Caution:* CDE is not encouraging the use of locally defined codes outside the ranges defined for this purpose, but the system does allow local flexibility. It must be understood, however, that if an LEA elects to add its own detailed codes, the LEA should be aware that in the future some of those codes may be preempted by CDE for other uses.

**Reporting Data to the State**

When reporting data to CDE, required and optional codes are included, but any locally defined codes must be rolled up by the LEA to the standardized codes specified by CDE (i.e., locally defined codes must be rolled to the appropriate required or optional code).

Using function as an example, an LEA may code its Plant Services transactions to the minimum function code level required by Procedure 325 as follows:

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**Procedure 301 Overview of the Standardized Account Code Structure**

<b>Code</b>	<b>Description</b>
8100	Plant Maintenance and Operations
8500	Facilities Acquisition and Construction
8700	Facilities Rents and Leases

Or an LEA may code its transactions to a more detailed function code level by using some of the optional codes in Procedure 325 and some locally defined codes (which must not conflict with either the required or optional codes), as shown in the following example:

<b>Code</b>	<b>Description</b>
8100	Plant Maintenance and Operations <i>(required minimum level of detail)</i>
8110	Maintenance <i>(optional code in Procedure 325)</i>
8120	Repairs, Vandalism <i>(locally defined code)</i>
8200	Operations <i>(optional code in Procedure 325)</i>

In this example, in addition to a required code (8100), the LEA used the more detailed optional codes (8110 and 8200) defined in Procedure 325, as well as a locally defined code (8120). For transmission of data to CDE, the transactions in codes 8100, 8110 and 8200 must be reported (in those codes) to CDE; the latter two codes are reported because, though optional, they are specifically identified in SACS. However, Function 8120, which is a locally defined code, must be rolled up by the LEA to Function 8110 (or 8100) since any locally defined codes must roll up to the standardized codes designated by CDE. This method of reporting enables CDE to combine the accounts to a level that allows for statewide comparisons of districts whether or not they are using any of the optional or locally defined codes.

Procedure 345 illustrates basic examples of how to use SACS codes for recording revenue, expenditure, and balance sheet transactions.

**Standardized Account Code Structure Layout**

<b>Fund</b>	<b>Resource (Project/Reporting)</b>	<b>Project Year</b>	<b>Goal</b>	<b>Function (Activity)</b>	<b>Object</b>	<b>School (Use optional)</b>
XX	XXXX	X	XXXX	XXXX	XXXX	XXX

- The fields must be presented in this order when data are submitted to the California Department of Education.
- Each of these fields must contain either digits or default zeros.
- The three digits of the school field will not be submitted to the California Department of Education at this time.

*California School Accounting Manual*

**Procedure 301 Overview of the Standardized Account Code Structure**

**Use of the Standardized Account Code Structure**

The following highlights the required use of each field for revenue, expenditure, and balance sheet accounts:

**Revenue Accounts**

<b>Fund XX</b>	<b>Resource XXXX</b>	<b>Project Year X</b>	<b>Goal XXXX</b>	<b>Function XXXX</b>	<b>Object XXXX</b>	<b>School XXX</b>
Required	Required	Required when more than one project year occurs in the fiscal year	Not required except for Special Education Revenues	Not required	Required	Not required

**Expenditure Accounts**

<b>Fund XX</b>	<b>Resource XXXX</b>	<b>Project Year X</b>	<b>Goal XXXX</b>	<b>Function XXXX</b>	<b>Object XXXX</b>	<b>School XXX</b>
Required	Required	Required when more than one project year occurs in the fiscal year	Required	Required	Required	Not Required

**Balance Sheet Accounts**

<b>Fund XX</b>	<b>Resource XXXX</b>	<b>Project Year X</b>	<b>Goal XXXX</b>	<b>Function XXXX</b>	<b>Object XXXX</b>	<b>School XXX</b>
Required	Required	Not Required	Not Required	Not Required	Required	Not Required



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**Procedure 305 Fund Classification**

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The accounting systems of local educational agencies (LEAs) are organized and operated on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording financial resources and liabilities. It is established to carry on specific activities or to attain certain objectives of an LEA in accordance with special regulations, restrictions, or limitations. Fund accounting theory and principles are discussed in procedures 101 and 105.

**How the Fund Field Is Used**

The funds in this procedure are authorized for use by LEAs. Certain funds are required when an LEA conducts certain activities that meet the criteria for using those funds. Other funds are optional and may be used at the LEA's discretion.

Only the minimum number of funds consistent with legal and operating requirements should be established; using unnecessary funds results in inflexibility, undue complexity, and inefficient financial administration.

The fund field is used when any accounting transaction is recorded. It applies to all accounts: revenue, expenditure, and balance sheet accounts.

**Flexibility of the Fund Field**

LEAs are required to code their transactions to at least the minimum fund level required by the California Department of Education (CDE). However, LEAs may also use more detailed CDE-defined optional fund codes (indicated by italics in the fund code listing) or create their own locally defined fund codes. Required and optional codes are reported to CDE; locally defined codes must be rolled up by the LEA when reporting data to CDE. For example, if an LEA were to use fund numbers 68, 69, and 70 to establish separate funds for each of its self-insurance activities, these funds must be rolled up by the LEA to Fund 67 when reporting to CDE. For further information, see "Optional and Locally Defined Codes" and "Reporting Data to the State," beginning on page 301-4.



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**Procedure 305 Fund Classification**

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**List of Fund Codes**

(Italicized codes are optional; if used, they must be reported to CDE.)

<b>Code</b>	<b>Title</b>
<b>01–60</b>	<b>GOVERNMENTAL FUNDS</b>
01	General fund/County School Service Fund*
	*The general fund for a county office of education is called the County School Service Fund ( <i>Education Code</i> Section 1600). All references to the general fund in this manual also apply to the County School Service Fund.
09–20	Special Revenue Funds
09	Charter Schools Special Revenue Fund
10	Special Education Pass-Through Fund
11	Adult Education Fund
12	Child Development Fund
13	Cafeteria Special Revenue Fund
14	Deferred Maintenance Fund
15	Pupil Transportation Equipment Fund
16	Forest Reserve Fund
17	Special Reserve Fund for Other Than Capital Outlay Projects
18	School Bus Emissions Reduction Fund
19	Foundation Special Revenue Fund
20	Special Reserve Fund for Postemployment Benefits
21–50	Capital Projects Funds
21	Building Fund
25	Capital Facilities Fund
30	State School Building Lease-Purchase Fund
35	County School Facilities Fund
40	Special Reserve Fund for Capital Outlay Projects
49	Capital Projects Fund for Blended Component Units
51–56	Debt Service Funds
51	Bond Interest and Redemption Fund
52	Debt Service Fund for Blended Component Units
53	Tax Override Fund
56	Debt Service Fund
57–60	Permanent Funds
57	Foundation Permanent Fund

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**Procedure 305 Fund Classification**

<b>Code</b>	<b>Title</b>
<b>61–70</b>	<b>PROPRIETARY FUNDS</b>
61–65	Enterprise Funds
61	Cafeteria Enterprise Fund
62	Charter Schools Enterprise Fund
63	Other Enterprise Fund
66–70	Internal Service Funds
66	Warehouse Revolving Fund
67	Self-Insurance Fund
<b>71–95</b>	<b>FIDUCIARY FUNDS</b>
71–75	Pension (and Other Employee Benefit) Trust Funds <b>and</b> Private-Purpose Trust Funds
71	Retiree Benefit Fund
73	Foundation Private-Purpose Trust Fund
76–95	Agency Funds
76	Warrant/Pass-Through Fund*
95	Student Body Fund*

\*Not required to be reported to CDE; however, these funds must be included in the audited financial statements to meet generally accepted accounting principles (GAAP) reporting requirements.

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**Procedure 305 Fund Classification**

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**Fund Code Definitions**

*(Italicized codes are optional; if used, they must be reported to CDE.)*

**Code Definition**

**01–60 GOVERNMENTAL FUNDS**

**01 General Fund.** This is the chief operating fund for all LEAs. It is used to account for the ordinary operations of an LEA. All transactions except those accounted for in another fund are accounted for in this fund.

A charter school that reports separately from its authorizing LEA and that uses the governmental accounting model will use this fund as its chief operating fund. For charter schools operated as or by a not-for-profit public benefit corporation, see Fund 62.

The general fund for a county office of education is called the **County School Service Fund** (*Education Code* Section 1600). All references to the general fund in this manual also apply to the County School Service Fund.

Restricted projects or activities within the general fund must be identified and reported separately from unrestricted projects or activities. This is done by using codes in the resource field that identify whether the resources used are restricted or unrestricted.

**09–20 Special Revenue Funds.** Special revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

**09 Charter Schools Special Revenue Fund.** This fund may be used by authorizing LEAs to account separately for the operating activities of LEA-operated charter schools that would otherwise be reported in the authorizing LEA's general fund. If an LEA uses this fund for any of a charter school's operating activities, it should use this fund for all of the charter school's operating activities.

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**Procedure 305 Fund Classification**

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**Code Definition**

Transactions of an authorizing or sponsoring LEA on behalf of a charter school that operates independently from the LEA, such as the LEA's receipt and subsequent pass-through of funds to the charter school, should be reported in the authorizing LEA's general fund or, in certain circumstances, in an agency fund (see Procedure 750).

Charter schools that report separately from their authorizing LEAs and that use the governmental accounting model should use Fund 01 as their chief operating fund.

For charter schools operated as or by not-for-profit public benefit corporations, see Fund 62 for additional information.

The principal revenues in this fund are:

- Local Control Funding Formula (LCFF) Sources
- Transfers from Sponsoring LEAs to Charter Schools in Lieu of Property Taxes
- Lottery
- Interest
- All Other Local Revenue

See Procedure 810 for further information on charter school reporting.

10 **Special Education Pass-Through Fund.** This fund is used by the Administrative Unit (AU) of a multi-LEA Special Education Local Plan Area (SELPA) to account for special education revenue passed through to other member LEAs.

Special education revenues that are not passed through to other member LEAs, but rather are retained for use by the SELPA AU in accordance with the local plan, are not accounted for in this fund. These revenues and the related expenditures are operational in nature and are properly accounted for in the AU's own general fund.

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Revenues typically reported in this fund include state special education apportionments, federal local assistance under the Individuals with Disabilities Education Act, federal preschool funding, state mental health funding, and the portion of a county office of education's local property taxes restricted to special education.

See Procedure 755 for appropriate recording of transactions in this fund.

*California School Accounting Manual*

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**Procedure 305 Fund Classification**

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<b>Code</b>	<b>Definition</b>
11	<p><b>Adult Education Fund.</b> This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.</p> <p>The principal revenues in this fund are:</p> <ul style="list-style-type: none"><li>• LCFF Transfers</li><li>• Adult Education Program</li><li>• Workforce Innovation and Opportunity Act</li><li>• Other Federal Revenue (e.g., Adult Basic Education)</li><li>• All Other State Revenue</li><li>• Interest</li><li>• Adult Education Fees</li><li>• All Other Local Revenue</li></ul> <p>Money in this fund shall be expended for adult education purposes only. Except for moneys received pursuant to the Local Control Funding Formula, moneys received for programs other than adult education shall not be expended for adult education (<i>Education Code</i> sections 52616[b] and 52501.5[a]).</p> <p>Expenditures in this fund may be made only for direct instructional costs, direct support costs, and indirect costs as specified in <i>Education Code</i> Section 52616.4.</p> <p>Other educational programs and activities that are administered by adult education staff but do not specifically serve adults should be expended in the LEA's general fund.</p>
12	<p><b>Child Development Fund.</b> This fund is used to account separately for federal, state, and local revenues to operate child development programs.</p> <p>The principal revenues and other sources in this fund are:</p> <ul style="list-style-type: none"><li>• Child Nutrition Programs (Federal)</li><li>• State Preschool</li><li>• Child Nutrition Programs (State)</li><li>• Child Development Apportionments</li><li>• All Other State Revenue</li><li>• Food Service Sales</li><li>• Interest</li><li>• Child Development Parent Fees</li></ul>

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**Procedure 305 Fund Classification**

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<b>Code</b>	<b>Definition</b>
	<ul style="list-style-type: none"><li>• All Other Local Revenue</li><li>• Interfund Transfers In</li></ul>

All moneys received by an LEA for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code* Section 8200 et seq.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code* Section 8328).

Child development programs that are not subsidized by state or federal funds and that are operated with the intent of recovering the costs of the program through parent fees or other charges to users, if significant, should be accounted for in an enterprise fund.

- 13 Cafeteria Special Revenue Fund. This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090 and 38093).

The principal revenues in this fund are:

- Child Nutrition Programs (Federal)
- Child Nutrition Programs (State)
- Food Service Sales
- Interest
- All Other Local Revenue

The Cafeteria Special Revenue Fund (Fund 13) shall be used only for those expenditures authorized by the governing board as necessary for the operation of the LEA's food service program (*Education Code* sections 38091 and 38100).

See Procedure 635 for appropriate recording of transactions in this fund.

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- 14 **Deferred Maintenance Fund.** This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

The principal revenues and other sources in this fund are:

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**Procedure 305 Fund Classification**

**Code Definition**

- LCFF Transfers
- Interest
- Interfund Transfers In

Moneys in this fund may be expended only for the following purposes:

- a. Major repair or replacement of plumbing, heating, air-conditioning, electrical, roofing, and floor systems.
- b. Exterior and interior painting of school buildings, including a facility that a county office of education is authorized to use pursuant to *Education Code* sections 17280–17317.
- c. The inspection, sampling, and analysis of building materials to determine the presence of asbestos-containing materials.
- d. The encapsulation or removal of materials containing asbestos.
- e. The inspection, identification, sampling, and analysis of building materials to determine the presence of materials containing lead.

See Procedure 650 for appropriate recording of transactions in this fund.

15 **Pupil Transportation Equipment Fund.** This fund is used to account separately for state and local revenues specifically for the acquisition, rehabilitation, or replacement of equipment used to transport students (*Education Code* Section 41852[b]).

Typical expenditures in this fund are items charged to Object 4400, Noncapitalized Equipment; Object 6400, Equipment; and Object 6500, Equipment Replacement.

16 **Forest Reserve Fund (county offices).** This fund exists to account separately for federal forest reserve funds received by offices of county superintendents for distribution to school districts and community college districts (*Education Code* Section 2300; *Government Code* Section 29484).

See Procedure 620 for appropriate recording of transactions in this fund.

17 **Special Reserve Fund for Other Than Capital Outlay Projects.** This fund is used primarily to provide for the accumulation of general fund moneys for general operating purposes other than for capital outlay (*Education Code* Section 42840). Amounts from this special reserve fund must first be transferred into the general fund or other appropriate fund before expenditures may be made (*Education Code* Section 42842).

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**Procedure 305 Fund Classification**

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**Code Definition**

Although this fund is authorized by statute, it does not meet the GAAP definition of a special revenue fund; it functions effectively as an extension of the general fund. For presentation in the audited financial statements, this fund may either be combined with the general fund or be reported separately and the departure from GAAP explained.

- 18 **School Bus Emissions Reduction Fund.** This fund may be used to accumulate money for the purchase or lease of new low- or zero-emission school buses or for the retrofitting of existing school buses (*Education Code* sections 17920–17926). The money may come from private parties as payment for the right to use emission reduction credits or from air pollution control district and air quality management district grants. Resource 7236, School Bus Emissions Reduction, may be deposited to the general fund as well as to funds 09, 15, 18, and 62.

More than 50 percent of the money deposited in the School Bus Emissions Reduction Fund must come from LEA contributions. The LEA's contributions may be from local sources such as those described in *Education Code* sections 17921 and 17923 or from unrestricted general fund money but cannot be from money that the state appropriates for the purchase or lease of new low- or zero-emission school buses or for the retrofitting of existing school buses as described in *Education Code* Section 17922.

- 19 **Foundation Special Revenue Fund.** This fund is used to account for resources received from gifts or bequests pursuant to *Education Code* Section 41031 under which both earnings and principal may be used for purposes that support the LEA's own programs and where there is a formal trust agreement with the donor. Gifts or bequests not covered by a formal trust agreement should be accounted for in the general fund.

Amounts in the Foundation Special Revenue Fund (Fund 19) shall be expended only for the specific purposes of the gift or bequest (*Education Code* Section 41032).

- 20 **Special Reserve Fund for Postemployment Benefits.** This fund may be used pursuant to *Education Code* Section 42840 to account for amounts the LEA has earmarked for the future cost of postemployment benefits but has not contributed irrevocably to a separate trust for the postemployment benefit plan. Amounts accumulated in this fund must be transferred back to the general fund for expenditure (*Education Code* Section 42842).
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**Procedure 305 Fund Classification**

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<b>Code</b>	<b>Definition</b>
	<p>Use of this fund is optional. The LEA may account for amounts earmarked for postemployment benefits in the General Fund (Fund 01) or the Special Reserve Fund for Other Than Capital Outlay Projects (Fund 17) instead.</p> <p>If the LEA pays for its postemployment benefit costs entirely on a pay-as-you-go basis, there is no need to use this fund. If the LEA makes irrevocable contributions to a separate trust for the postemployment benefit plan and the plan assets are in the LEA's custody, the LEA should use Fund 71, Retiree Benefit Fund.</p> <p>Although this fund is authorized by statute, it does not meet the GAAP definition of a special revenue fund; it functions effectively as an extension of the general fund. For presentation in the audited financial statements, this fund may either be combined with the general fund or be reported separately and the departure from GAAP explained.</p>
21–50	<p><b>Capital Projects Funds.</b> Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).</p> <p>Capital facilities project expenditures are coded to Function 8500, Facilities Acquisition and Construction. Generally, Function 1000, Instruction; Function 2420, Instructional Library, Media and Technology; Function 7200, Other General Administration; and other operational functions are not used in a capital projects fund.</p>
21	<p><b>Building Fund.</b> This fund exists primarily to account separately for proceeds from the sale of bonds (<i>Education Code</i> Section 15146) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund (Fund 21) are proceeds from the sale or lease-with-option-to-purchase of real property (<i>Education Code</i> Section 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (<i>Education Code</i> Section 41003).</p> <p>The principal revenues and other sources in this fund are:</p> <ul style="list-style-type: none"><li>• Rentals and Leases</li><li>• Interest</li><li>• Proceeds from the Sale of Bonds</li><li>• Proceeds from the Sale/Lease–Purchase of Land and Buildings</li></ul>

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**Procedure 305 Fund Classification**

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<b>Code</b>	<b>Definition</b>
	Expenditures in Fund 21, Building Fund, are most commonly made against the 6000 object codes for capital outlay. Another example of an authorized expenditure in Fund 21 is repayment of State School Building Aid out of proceeds from the sale of bonds ( <i>Education Code</i> Section 16058).
25	<p><b>Capital Facilities Fund.</b> This fund is used primarily to account separately for moneys received from fees levied on development projects as a condition of approval (<i>Education Code</i> sections 17620–17626 and <i>Government Code</i> Section 65995 et seq.). The authority for these levies may also be county or city ordinances (<i>Government Code</i> sections 65970–65981) or private agreements between the LEA and the developer. Interest earned in the Capital Facilities Fund (Fund 25) is restricted to that fund (<i>Government Code</i> Section 66006).</p> <p>The principal revenues in this fund are:</p> <ul style="list-style-type: none"> <li>• Interest</li> <li>• Mitigation/Developer Fees</li> </ul> <p>Expenditures in Fund 25, Capital Facilities Fund, are restricted to the purposes specified in <i>Government Code</i> sections 65970–65981 or <i>Government Code</i> Section 65995 et seq., or to the items specified in agreements with the developer (<i>Government Code</i> Section 66006). Costs of justifying and adopting fees may be paid from Fund 25 (<i>Education Code</i> Section 17620). Administrative costs of collecting fees may be reimbursed from Fund 25 within the limitations of <i>Education Code</i> Section 17620. Eligible expenditures incurred in another fund may be reimbursed to that fund by means of an interfund transfer of direct costs (see Procedure 615).</p>
30	<p><b>State School Building Lease–Purchase Fund.</b> This fund is used primarily to account separately for state apportionments for the reconstruction, remodeling, or replacement of existing school buildings or the acquisition of new school sites and buildings, as provided in the Leroy F. Greene State School Building Lease–Purchase Law of 1976 (<i>Education Code</i> Section 17000 et seq.). The LEA may be required to transfer to this fund any available moneys from other funds as the LEA’s contribution to a particular project.</p>

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The principal revenues and other sources in this fund are:

- Interest
- Interfund Transfers In
- School Facilities Apportionments

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**Procedure 305 Fund Classification**

Code	Definition
35	<p>Typical expenditures in this fund are items charged to Object 6200, Buildings and Improvements of Buildings, and Object 6300, Books and Media for New School Libraries or Major Expansion of School Libraries.</p> <p><b>County School Facilities Fund.</b> This fund is established pursuant to <i>Education Code</i> Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D) or the 2016 State School Facilities Fund (Proposition 51). The fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (<i>Education Code</i> Section 17070.10 et seq.).</p> <p>The principal revenues and other sources in this fund are:</p> <ul style="list-style-type: none"> <li>• School Facilities Apportionments</li> <li>• Interest</li> <li>• Interfund Transfers In</li> </ul> <p>Funding provided by the state for the reconstruction of facilities after disasters such as flooding may be deposited to Fund 35. Typical expenditures in this fund are payments for the costs of sites, site improvements, buildings, building improvements, and furniture and fixtures capitalized as a part of the construction project.</p>
40	<p><b>Special Reserve Fund for Capital Outlay Projects.</b> This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (<i>Education Code</i> Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49. Other authorized resources that may be deposited to the Special Reserve Fund for Capital Outlay Projects (Fund 40) are proceeds from the sale or lease-with-option-to-purchase of real property (<i>Education Code</i> Section 17462) and rentals and leases of real property specifically authorized for deposit to the fund by the governing board (<i>Education Code</i> Section 41003).</p> <p>The principal revenues and other sources in this fund are:</p> <ul style="list-style-type: none"> <li>• Federal, State, or Local Revenues</li> <li>• Rentals and Leases</li> </ul>

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**Procedure 305 Fund Classification**

**Code Definition**

- Interest
- Other Authorized Interfund Transfers In
- Proceeds from Sale/Lease–Purchase of Land and Buildings
- Federal Emergency Management Act (FEMA)

Transfers from the general fund to Fund 40 authorized by the governing board must be expended for capital outlay purposes. Proceeds from the sale or lease-with-option-to-purchase may be spent for capital outlay purposes, costs of maintenance of the LEA’s property, and future maintenance and renovation of school sites (*Education Code* Section 17462). Expenditures for capital outlay are most commonly made against the 6000 object codes for capital outlay.

Salaries of school district employees whose work is directly related to projects financed by Fund 40 revenues are capitalized as a part of the capital facilities project.

49 **Capital Projects Fund for Blended Component Units.** This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the LEA under generally accepted accounting principles (GAAP). The Mello-Roos Community Facilities Act of 1982 (*Government Code* Section 53311 et seq.) allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a “Community Facilities District” (CFD) for the purpose of selling tax-exempt bonds to finance public improvements and services. Mello-Roos tax receipts collected by the LEA should be recorded in Object 8622, Other Non-Ad Valorem Taxes. Mello-Roos proceeds collected by another agency’s community facility district, of which the LEA is only a beneficiary, should be reported in Object 8799, Transfers In From All Others.

51–56 **Debt Service Funds.** Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

51 **Bond Interest and Redemption Fund.** This fund is used for the repayment of bonds issued for an LEA (*Education Code* sections 15125–15262).

Bonds may be issued either by the county board of supervisors on behalf of the school district, or by the school district. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund (Fund 21) of the LEA.

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**Procedure 305 Fund Classification**

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<b>Code</b>	<b>Definition</b>
	<p>Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund (Fund 51) of the LEA.</p> <p>The county auditor maintains control over the LEA's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.</p> <p>The principal revenues in this fund are:</p> <ul style="list-style-type: none"><li>• State Subventions for Homeowners' Exemptions</li><li>• Other Subventions/In-lieu Taxes</li><li>• Secured Roll Taxes</li><li>• Unsecured Roll Taxes</li><li>• Prior Years' Taxes</li><li>• Interest</li></ul> <p>Expenditures in this fund are limited to bond interest, redemption, and related costs. Any money remaining in this fund after the payment of all bonds and coupons payable from the fund, or any money in excess of an amount sufficient to pay all unpaid bonds and coupons payable from the fund, shall be transferred to the general fund upon order of the county auditor (<i>Education Code</i> Section 15234).</p>
52	<p><b>Debt Service Fund for Blended Component Units.</b> This fund is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the LEA under generally accepted accounting principles (GAAP). The Mello-Roos Community Facilities Act of 1982 (<i>Government Code</i> Section 53311 et seq.) allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a "Community Facilities District" (CFD) for the purpose of selling tax-exempt bonds to finance public improvements and services.</p>
53	<p><b>Tax Override Fund.</b> This fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies. An example is a public school building loan repayment.</p> <p>Interest earned in the Tax Override Fund (Fund 53) is credited to the general fund of the LEA.</p>

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**Procedure 305 Fund Classification**

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**Code Definition**

The principal revenues in this fund are:

- State Subventions for Homeowners' Exemptions
- Other Subventions/In-Lieu Taxes
- Secured Roll Taxes
- Unsecured Roll Taxes
- Prior Years' Taxes
- Supplemental Taxes

The principal expenditure accounts in this fund, by purpose for which levy was authorized and by applicable object code, are:

State school building loan repayments – Object 7432  
(*Education Code* Section 16090)

Payment to original district for acquisition of property – Object 7436  
(*Education Code* Section 35576)

Compensatory education housing repayments – Object 7439  
(*Education Code* Section 16214)

Lease–purchase payments – Object 7439  
(*Education Code* Section 17409)

Construction of exceptional children's facilities repayments – Object 7439  
(*Education Code* Section 16196)

Other voter-approved debt service – Object 7439

Debt Service—Interest – Object Code 7438

56 **Debt Service Fund.** This fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term debt.

The principal financing source in this fund is Other Authorized Interfund Transfers In.

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Expenditures are most commonly made in the 7400 object codes for debt service.

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**Procedure 305 Fund Classification**

Code	Definition
57–60	<b>Permanent Funds.</b> Permanent funds were introduced as part of the governmental financial reporting model established by GASB Statement 34 to account for permanent foundations that benefit an LEA.
57	<b>Foundation Permanent Fund.</b> This fund is used to account for resources received from gifts or bequests pursuant to <i>Education Code</i> Section 41031 that are restricted to the extent that earnings, but not principal, may be used for purposes that support the LEA’s own programs and where there is a formal trust agreement with the donor. Gifts or bequests not covered by a formal trust agreement should be accounted for in the general fund.

Amounts in Fund 57, Foundation Permanent Fund, shall be expended only for the specific purposes of the gift or bequest (*Education Code* Section 41032).

**61–70 PROPRIETARY FUNDS**

**61–65 Enterprise Funds.** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. An enterprise fund must be used to report any activity whose principal revenue sources meet any of the following criteria:

1. The LEA has issued debt backed solely by fees and charges from that activity.
2. There is a legal requirement that the cost of providing services, including capital costs such as depreciation or debt service, must be recovered through fees or charges.
3. The LEA’s policy is to establish activity fees or charges designed to recover the cost of providing services, including capital costs such as depreciation or debt service.

An enterprise fund is accounted for on the accrual basis. Capital assets and long-term debt (including all long-term debt obligations such as vacation pay and capital leases) are recorded in the fund. All revenues and expenses (rather than expenditures) are recorded, regardless of when they are received or paid. Depreciation of capital assets is recorded.

An enterprise fund may be used to account for any activity that an LEA accounted for in an enterprise fund prior to the issuance of GASB Statement 34, even if the activity does not otherwise meet the criteria for using an enterprise fund.

Generally, use Goal 0000, Undistributed, with an enterprise fund.



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**Procedure 305 Fund Classification**

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<b>Code</b>	<b>Definition</b>
61	<p><b>Cafeteria Enterprise Fund.</b> The cafeteria program may be accounted for using an enterprise fund rather than a special revenue fund (Fund 13) even though its primary source of financing comes from federal and state child nutrition program revenues rather than through the price paid for meals by the students. CDE recommends that an LEA use an enterprise fund to account for its cafeteria operations only if the LEA's governing board intends to operate its cafeteria program in a manner similar to that employed by private business enterprises and to fully recover all costs of providing services, including depreciation of capital assets.</p> <p>Use Function 3700 for cafeteria program operations. Use Function 6000 for noncafeteria enterprise activities such as catering.</p>
62	<p><b>Charter Schools Enterprise Fund.</b> This fund may be used by authorizing LEAs to account separately for the operating activities of LEA-operated not-for-profit public benefit charter schools that use the accrual basis of accounting. It may also be used to report the operating activities of not-for-profit public benefit charter schools that report separately from their authorizing LEAs. Since fund accounting is inconsistent with the not-for-profit financial reporting model, in this case Fund 62 serves not as a fund but rather as a financial statement for purposes of reporting to CDE.</p> <p>If Fund 62 is used for any of a charter school's operating activities, it should be used for all of the charter school's operating activities.</p> <p>Costs reported in Fund 62 should include the function most descriptive of the activity being performed (e.g., instruction, pupil services, enterprise, plant services) rather than Function 6000, Enterprise, which is normally done in an enterprise fund.</p> <p>Transactions of an authorizing or sponsoring LEA on behalf of a charter school that operates independently from the LEA, such as the LEA's receipt and subsequent pass-through of funds to the charter school, should be reported in the authorizing LEA's general fund or, in certain circumstances, in an agency fund (see Procedure 750).</p> <hr/> <p>See Procedure 810 for further information on charter school reporting.</p>
63	<p><b>Other Enterprise Fund.</b> This fund may be used to account for other business activities.</p> <p>Only Function 6000, Enterprise, is applicable to Fund 63.</p>



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**Procedure 305 Fund Classification**

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<b>Code</b>	<b>Definition</b>
66–70	<p><b>Internal Service Funds.</b> Internal service funds are created principally to render services to other organizational units of the LEA on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.</p> <p>An internal service fund should be used only if the LEA is the primary participant. If services are provided on a cost-reimbursement basis primarily to other LEAs and/or entities, use an enterprise fund.</p> <p>An internal service fund is accounted for on the accrual basis. Capital assets and long-term debt (including all long-term debt obligations such as vacation pay and capital leases) are recorded in the fund. All revenues and expenses (rather than expenditures) are recorded, regardless of when they are received or paid. Depreciation of capital assets is recorded.</p> <p>For more information on internal service funds, see Procedure 775.</p>
66	<p><b>Warehouse Revolving Fund.</b> This fund is used primarily to maintain budget control and stock accounting of merchandise for an LEA’s use (<i>Education Code</i> Section 42830). The Warehouse Revolving Fund (Fund 66) is reimbursed from various funds of the LEA for amounts consumed by these user funds.</p> <p>Expenses in Fund 66, Warehouse Revolving Fund, may include the purchase of stores to be placed in stock and the costs of receiving, storing, and delivering stores (<i>Education Code</i> Section 42832).</p> <p>See Procedure 775 for appropriate recording of transactions in this fund.</p>
67	<p><b>Self-Insurance Fund.</b> Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of an LEA. Separate funds may be established for each type of self-insurance activity, such as workers’ compensation, health and welfare, and deductible property loss (<i>Education Code</i> Section 17566).</p> <p>The principal revenues in this fund are:</p> <ul style="list-style-type: none"><li>• Interest</li><li>• In-District Premiums/Contributions</li><li>• Interagency Revenues</li><li>• All Other Local Revenue</li></ul>

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**Procedure 305 Fund Classification**

<b>Code</b>	<b>Definition</b>
	<p>Expense transactions in the Self-Insurance Fund (Fund 67) shall be recorded for the payment of claims, estimates of costs relating to incurred but not reported (IBNR) claims, administrative costs, deductible insurance amounts, cost of excess insurance, and other related costs. Most of the activities of Fund 67 should be coded to Function 6000, Enterprise.</p> <p>Amounts contributed to Fund 67, Self-Insurance Fund, are lawfully restricted for insurance purposes (<i>Education Code</i> Section 17566 and <i>Government Code</i> Section 53205).</p> <p>See Procedure 775 for accounting guidance and restrictions relating to this fund.</p>
71-95	<p><b>FIDUCIARY FUNDS</b></p> <p>Fiduciary funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the LEA's own programs.</p> <p>The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.</p>
71-75	<p><b>Pension (and Other Employee Benefit) Trust Funds and Private-Purpose Trust Funds.</b> Pension (and other employee benefit) trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans and for which the LEA has managerial responsibility. For a state-administered pension system such as STRS or PERS, the state, not the LEA, maintains the pension (and other employee benefit) trust funds.</p> <p>Private-purpose trust funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.</p>
71	<p><b>Retiree Benefit Fund.</b> This fund exists to account separately for amounts held in trust from salary reduction agreements, other irrevocable contributions for employees' retirement benefit payments, or both. This fund should be used only to account for an LEA's irrevocable contributions to a postemployment benefit plan for which a formal trust or an arrangement that is equivalent to a formal trust exists. Amounts earmarked for postemployment benefits but not contributed irrevocably to a trust or to an arrangement that is equivalent to a</p>

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**Procedure 305 Fund Classification**

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<b>Code</b>	<b>Definition</b>
	<p>formal trust should be accounted for in the general fund or a special reserve fund.</p> <p>Moneys may be contributed to the Retiree Benefit Fund (Fund 71) from other funds by periodic expense charges to those funds in amounts based on existing and future obligation requirements. Payments may be made from the fund for insurance, annuities, administrative costs, or any other authorized purpose (<i>Education Code</i> Section 42850).</p> <p>The principal revenues in this fund are:</p> <ul style="list-style-type: none"><li>• Interest</li><li>• In-District Premiums/Contributions</li><li>• All Other Local Revenue</li></ul> <p>Expenditures in Fund 71, Retiree Benefit Fund, are made using Object 5800, Professional/Consulting Services and Operating Expenditures. Use with Function 6000, Enterprise.</p>
73	<p><b>Foundation Private-Purpose Trust Fund.</b> This fund is used to account separately for gifts or bequests per <i>Education Code</i> Section 41031 that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the LEA's own programs.</p> <p>This fund should be used when there is a formal trust agreement with the donor. Donations not covered by a formal trust agreement should be accounted for in the general fund. Amounts in the Foundation Private-Purpose Trust Fund shall be expended only for the specific purposes of the gift or bequest (<i>Education Code</i> Section 41032).</p>
76–95	<p><b>Agency Funds</b></p>
76	<p><b>Warrant/Pass-Through Fund.</b> (Reporting of this fund to CDE is not required; however, it must be included in the audited financial statements to meet GAAP reporting requirements.) This fund exists primarily to account separately for amounts collected from employees for federal taxes, state taxes, transfers to credit unions, and other contributions. It is also used to account for those receipts for transfer to agencies for which the LEA is acting simply as a "cash conduit." For more information on the cash conduit accounting model, see Procedure 750.</p>

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**Procedure 305 Fund Classification**

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<b>Code</b>	<b>Definition</b>
95	<p>It is recommended that two agency funds be used at a local level: one for clearing payroll withholdings and another for the pass-through of resources. If the LEA chooses to report this information to CDE, the funds would combine into one Fund 76.</p> <p><b>Student Body Fund.</b> (Reporting of this fund to CDE is not required; however, it must be included in the audited financial statements to meet GAAP reporting requirements.) In the financial reports of the LEA, the Student Body Fund (Fund 95) is an agency fund and, therefore, consists only of accounts such as Cash and balancing liability accounts, such as Due to Student Groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (<i>Education Code</i> sections 48930–48938). Sources of receipts include, but are not limited to, fund-raising ventures, student store merchandise sales, athletic and student body performances, concessions, publications, gifts, grants, and interest. Unorganized student body funds are governed by the same principles of student body accounting that govern organized student body funds (<i>Education Code</i> Section 48938).</p> <p>Disbursements from the student body’s bank account may be made for merchandise, student body activities, food, hospitality, and student awards (<i>California Code of Regulations, Title 5, Education, sections 15500 and 15501</i>).</p>

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**Procedure 310 Resource (Project/Reporting) Classification**

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The resource code is used to classify revenues and resulting expenditures in accordance with restrictions or special reporting requirements placed on either of these aspects of local educational agency (LEA) financial activities by law or regulation. Further, because such revenues frequently are not fully expended within a fiscal year and related liabilities are not completely liquidated, the resource code is also used to reflect restrictions and special reporting obligations on balance sheet accounts.

**How the Resource Field Is Used**

**Resource and Revenue Object Accounts**

The resource field allows LEAs to account separately for activities funded with revenues that have restrictions on how the funds are spent (e.g., ESSA Title I) and for activities funded with revenues that have financial reporting or special accounting requirements (e.g., State Lottery).

Restricted revenues are those funds received from external sources that are legally restricted or that are restricted by the donor to specific purposes. Unrestricted revenues are those funds whose uses are not subject to specific constraints and that may be used for any purposes not prohibited by law. Programs funded by a combination of restricted and unrestricted sources are accounted for and reported as restricted.

Funds or activities that are not restricted by the donor, but rather are earmarked for particular purposes by the LEA's governing board, are accounted for and reported as unrestricted. LEAs need to review local revenues received from external sources to determine whether legal or donor restrictions apply for purposes of accounting for them as restricted or unrestricted.

Restricted revenues are accounted for in resource codes in the 2000–9999 range. Revenues whose use is unrestricted in nature but that still have reporting requirements are accounted for in unrestricted resource codes in the 1000–1999 range. Those activities using unrestricted revenues that do not have financial reporting or special accounting requirements are accounted for in Resource 0000, Unrestricted.

In combination with the resource code, the revenue object code further classifies revenues by source: Local Control Funding Formula (LCFF), federal, state, and local. This identification is useful because an activity or project may be funded with revenues from federal, state, and local sources. For example, a restricted federal program might also have revenues from state and/or local sources. The resource code allows related expenditures to be grouped for reporting and information purposes.

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A single source of revenue that must link to expenditures will have the following characteristics:

- A unique resource code
- A generic revenue object code (such as Object 8290, Other Federal Revenues)

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**Procedure 310 Resource (Project/Reporting) Classification**

For example:

<b>Resource</b>	<b>Object</b>
3010 – ESSA Title I	8290 – Other Federal Revenues

Two or more specific sources of revenues, which must link to expenditures in the aggregate, will have the following characteristics:

- A unique resource code
- A separate revenue object code for each type of revenue associated with that resource

For example:

<b>Resource</b>	<b>Object</b>
5310 – Child Nutrition School Programs	8220 – Federal Child Nutrition
	8520 – State Child Nutrition
	8634 – Local Food Service Sales

Many revenue object codes may be used with more than one resource code. For example, Revenue Object 8281, FEMA, uses Resource 5652 and Resource 5650 for FEMA revenues for which reports to the federal government are required.

**Resource and Balance Sheet Accounts**

The resource field also applies to balance sheet accounts. At year-end, the resource field will identify the ending balance of restricted resources (e.g., Special Education, Lottery: Instructional Materials, State School Facilities Projects,). This field will also identify unearned revenues and the amounts due to other governmental agencies (e.g., ESSA Title I, Special Education discretionary grants).

Depending on how the LEA’s financial system is programmed, balance sheet accounts such as Cash and Accounts Payable may include the resource field at the time of the transaction, or may be identified as a part of year-end closing procedures. However, when year-end data are submitted to the California Department of Education (CDE), the balance sheet accounts must be identified by resource because at the state level, the resource field is used to separate the unrestricted portion of the general fund from the restricted portion of the general fund. If the balance sheet accounts have not been posted with the resource field during the year, the unrestricted and restricted accounts will be out of balance, and an additional closing entry will be needed before the information can be submitted to CDE.

For example, when the accounts payable staff pays the LEA’s bills, the detailed expenditure transaction (the debit) is entered into the financial system by the accounts payable staff;



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**Procedure 310 Resource (Project/Reporting) Classification**

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however, the entry to the cash account (the credit) is usually an automatic entry made by the financial system.

Most financial systems have been programmed to post any automatic balance sheet entries to the resource field. LEAs using these systems will automatically have all balance sheet transactions posted to the resource field, and no additional entry is needed at year-end.

Some financial systems may not be programmed to post automatic balance sheet entries to the resource field. In these LEAs, for state reporting purposes, the unrestricted and restricted general funds will be out of balance and an entry must be made to cash to balance the restricted and unrestricted resources. (Example 3 in Procedure 605 illustrates how an LEA would prepare this entry.)

**Table of Resource Codes**

The Table of Resource Codes contains the resources in numerical order with the most commonly associated revenue object codes, their number from the *Catalog of Federal Domestic Assistance (CFDA)*, and a U/F designation. Depending on the conditions placed on the receipt or expenditure of certain restricted funds, the revenue of a restricted program is recognized in the period in which it is received, and at year-end the unspent balance, or carryover, is reflected as ending balance. These resources are indicated with an F (fund balance). The revenue of other restricted resources is recognized in the period in which it is expended, and carryover is recorded as unearned revenue. These resources are indicated with a U (unearned revenue).

CDE maintains a standardized account code structure (SACS) query that provides the most current information regarding resources, including new resources established subsequent to the release of this manual. In addition, a comprehensive list of the program cost accounts (PCAs) assigned by the CDE Budget Office and associated with the resources is maintained and updated periodically with the SACS validation table updates. The reference tools are located on the Standardized Account Code Structure (SACS) web page under “Program Codes” at <http://www.cde.ca.gov/fg/ac/ac/>.

**Obsolete Resource Codes**

If a resource becomes obsolete, it will appear in the Table of Resource Codes for one year with its final fiscal year in parentheses next to the title. For example, a resource with “(14–15)” in the *California School Accounting Manual* indicates that the last year that funding was available for this resource was fiscal year 2014–15. This resource code would then be eliminated in the subsequent edition of the manual. LEAs may need to maintain this resource code in their general ledger to track carryover of balances for a longer period. Therefore, the resource code will remain in the matrix of valid combinations for a period of three years subsequent to the fiscal year in which funds were available for that resource. In the previous example, the resource would remain in the matrix for fiscal years 2015–16, 2016–17, and 2017–18 to allow for expenditure of carryover balances.

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**Procedure 310 Resource (Project/Reporting) Classification**

**Flexibility of the Resource Field**

LEAs are required to code their transactions to at least the minimum resource level required by CDE. However, LEAs may also use more detailed CDE-defined optional resource codes (indicated by italics in the resource code listing). LEAs may create locally defined resource codes but only within the specific ranges shown on page 310-4. Required and optional codes are reported to CDE; locally defined codes must be rolled up by the LEA when reporting data to CDE. For further information, see “Optional and Locally Defined Codes” and “Reporting Data to the State,” beginning on page 301-4.

Resource codes are assigned by CDE just as PCA codes are assigned by CDE’s Budget Office. Generally, CDE assigns resource codes only to funding sources administered by CDE. Thus, an LEA receiving program funding directly from the United States Department of Education will establish a locally defined federal resource in the Other Restricted Federal: Locally Defined range (5800–5999).

The LEA may not create its own locally defined resource codes except within the following specified ranges:

<b>Resource Range</b>	<b>Description</b>
0001–0999	Unrestricted: Locally Defined
5210–5240	Head Start
5800–5999	Other Restricted Federal: Locally Defined
7701–7799	State School Facilities Funds
7800–7999	Other Restricted State: Locally Defined
9000–9999	Other Restricted Local: Locally Defined

*Note:* The range 9000–9999, Other Restricted Local: Locally Defined, including Resource 9010, Other Restricted Local, is used only for local revenue that is restricted by the donor or by law for specific purposes. Unrestricted local revenue, including those amounts committed, assigned, or otherwise earmarked for a particular purpose by the LEA or its governing board, should be reported using the range 0001–0999, Unrestricted: Locally Defined.

When data are submitted to CDE, LEAs must roll up all resources within these ranges to the specific resource code indicated for each in the Table of Resource Codes.



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**Procedure 310 Resource (Project/Reporting) Classification**

**Table of Resource Codes**

*(Italicized codes are optional; if used, they must be reported to CDE.)*

(See previous section for explanation of table references.)

<b>Resource Code</b>	<b>Resource Description</b>	<b>Revenue Object</b>	<b>U/F</b>	<b>CFDA</b>
<b>0000–1999</b>	<b>UNRESTRICTED RESOURCES</b>	N/A	N/A	N/A
0000	Unrestricted	8010–8099 8110 8260 8270 8280 8281 8290 8311 8550 8590 8631 8632 8639 8660 8671 8672 8674 8689 8691 8699 8910–8919 8980	N/A	N/A
0001–0999	Unrestricted: Locally defined These optional codes may be used at the LEA level to track unrestricted revenues that do not have reporting requirements. When reporting to CDE, LEAs must roll up these resources to Resource 0000.	N/A	N/A	N/A
<b>1000–1999</b>	<b>Unrestricted Resources: Reporting or Special Accounting Required</b>	N/A	N/A	N/A
1100	Lottery: Unrestricted	8560	F	N/A
1400	Education Protection Account	8012	F	N/A

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**Procedure 310 Resource (Project/Reporting) Classification**

Resource Code	Resource Description	Revenue Object	U/F	CFDA
<b>2000–9999</b>	<b>RESTRICTED RESOURCES</b>	N/A	N/A	N/A
<b>3000–5999</b>	<b>Federal Resources Restricted</b>	N/A	N/A	N/A
3010	ESSA: Title I, Part A, Basic Grants Low-Income and Neglected	8290	U	84.010
3020	NCLB: Title I, Basic School Support (17–18)	8290	U	84.010
3025	ESSA: Title I, Part D, Local Delinquent Programs	8290	U	84.010 84.013
3040	ESSA: Title I, Part C, Migrant Ed Mini Corps Project (Regular and Summer)	8290 8990	U	84.011
3041	NCLB: Title I, Migrant Ed Mini Corps Summer Project (17–18)	8990	U	84.011
3045	NCLB: Title I, Migrant Ed Statewide PASS Project (17–18)	8290	U	84.011
3060	ESSA: Title I, Part C, Migrant Ed (Regular and Summer Program)	8290 8990	U	84.011
3061	ESSA: Title I, Migrant Ed Summer Program	8990	U	84.011
3110	ESSA: Title I, Part C, Migrant Ed (MESRP)	8290	U	84.011
3150	ESSA: Title 1, Part A, Schoolwide Programs (SWP)	8290 8990	U	84.010
3155	ESSA: Consolidated Administrative Funds	N/A	N/A	N/A
3177	NCLB: Title I, Part A, Prevention of Local Educational Agency Intervention Program (17–18)	8290	U	84.010
3180	NCLB: Title I, School Improvement Grant	8290	U	84.010 84.377
3181	NCLB: ARRA Title I, School Improvement Grants (17–18)	8290	U	84.388 84.389
3185	NCLB: Title I, Part A, Program Improvement LEA Corrective Action Resources (17–18)	8290	U	84.010
3310	Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	8181 8287	U	84.027
3311	Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	8181	U	84.027

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**Procedure 310 Resource (Project/Reporting) Classification**

<b>Resource Code</b>	<b>Resource Description</b>	<b>Revenue Object</b>	<b>U/F</b>	<b>CFDA</b>
3312	Special Ed: IDEA Local Assistance, Part B, Sec 611, Early Intervening Services	8990	U	84.027
3315	Special Ed: IDEA Preschool Grants, Part B, Sec 619	8182	U	84.173
3316	Special Ed: IDEA Preschool Accountability Grants, Part B, Sec 619	8182	U	84.173
3318	Special Ed: IDEA Part B, Sec 619 Preschool Grants Early Intervening Services	8990	U	84.173
3320	Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611 (17-18)	8182	U	84.027
3326	Special Ed: IDEA Preschool Capacity Building, Part B, Sec 619	8182	U	84.173
3327	Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611	8287	U	84.027
3332	Special Ed: IDEA Part B, Sec 611, Preschool Local Entitlement Early Intervening Services (17-18)	8990	U	84.027
3345	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	8182	U	84.173
3372	Special Ed: State Improvement Grant, Improving Special Ed Systems	8182	U	84.323
3385	Special Ed: IDEA Early Intervention Grants	8182 8590	U	84.181
3386	Special Ed: IDEA Quality Assurance & Focused Monitoring	8182	U	84.027
3395	Special Ed: Alternative Dispute Resolution	8182	U	84.027
3400	Special Ed: Disabled Children State Institutions (17-18)	8182	U	84.027
3410	Department of Rehab: WorkAbility II, Transition Partnership	8290	U	84.126
3515	Carl D. Perkins Career and Technical Education: State Leadership, Section 124	8290	U	84.048
3540	Carl D. Perkins Career and Technical Education: State Institutions, Section 112	8290	U	84.048

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<b>Resource Code</b>	<b>Resource Description</b>	<b>Revenue Object</b>	<b>U/F</b>	<b>CFDA</b>
3550	Carl D. Perkins Career and Technical Education: Secondary, Section 131	8290	U	84.048
3555	Carl D. Perkins Career and Technical Education: Adult, Section 132	8290	U	84.048
3724	Advancing Wellness & Resilience in Education (NITT-AWARE) Program	8290	U	93.243
3725	Safe and Supportive Schools Programmatic Intervention	8290	U	84.184
3900–3999	Adult Education	N/A	N/A	N/A
3905	Adult Education: Adult Basic Education & ESL	8290	U	84.002
3909	Adult Education: State Leadership Projects	8290	U	84.002
3913	Adult Education: Adult Secondary Education	8290	U	84.002
3926	Adult Education: English Literacy & Civics Education	8290	U	84.002
3927	Adult Education: English Literacy & Civics Education State Leadership (16–17)	8290	U	84.002
3940	Adult Education: Institutionalized Adults	8290	U	84.002
4035	ESSA: Title II, Part A, Supporting Effective Instruction	8290	U	84.367
4050	NCLB: Title II, Part B, California Mathematics and Science Partnership (17–18)	8290	U	84.366
4123	ESSA: Title IV, 21st Century Community Learning Centers Technical Assistance	8290	U	84.287
4124	ESSA: Title IV, Part B, 21st Century Community Learning Centers Program	8290	U	84.287
4126	ESSA: Title V, Part B, Rural & Low Income School Program	8290	U	84.358
4127	ESSA: Title IV, Part A, Student Support and Academic Enrichment Grant Program	8290	U	84.424
4201	ESSA: Title III, Immigrant Student Program	8290	U	84.365
4203	ESSA: Title III, English Learner Student Program	8290	U	84.365
4204	ESSA: Title III, Technical Assistance	8290	U	84.365

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<b>Resource Code</b>	<b>Resource Description</b>	<b>Revenue Object</b>	<b>U/F</b>	<b>CFDA</b>
4510	Indian Education	8290	U	84.060
4600–4699	Charter Schools	N/A	N/A	N/A
4610	ESSA: Title IV, Part C, Public Charter Schools Grants	8290	U	84.282
4810	Other ARRA Programs (17–18)	8290	U/F	Various
5000–5199	Child Development Programs	N/A	N/A	N/A
5025	Child Development: Federal Child Care, Center-based	8290	U	93.575 93.596
5026	Child Development: Federal Family Child Care Homes	8290	U	93.596
5035	Child Development: Quality Improvement Activities	8290 8590	U	93.575
5037	Child Development: ARRA Quality Improvement Activities (17–18)	8290	U	93.713
5050	Child Development: Federal Alternative Payment	8290	U	93.575 93.596
5055	Child Development: Local Planning Councils	8290	U	93.575 93.596
5061	Child Development: Federal Alternative Payment, Stage 2	8290	U	93.575 93.596
5062	Child Development: Federal Alternative Payment, Stage 3	8290	U	93.575 93.596
5080	Child Development: School-Age Child Care Resource Contracts (15–16)	8290	U	93.575
5085	Child Development: Federal Resource and Referral (17–18)	8290	U	93.575 93.596
5095	Child Development: Infant/Toddler Child Care Resource Contracts	8290	U	93.575
5210–5240	Head Start Program: Locally defined These optional codes may be used at the LEA level to track federal Head Start revenues not defined elsewhere. When reporting to CDE, LEAs must roll up these resources to Resource 5210.	N/A	N/A	N/A
5210	Head Start	8290	U	93.600

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<b>Resource Code</b>	<b>Resource Description</b>	<b>Revenue Object</b>	<b>U/F</b>	<b>CFDA</b>
5245	Early Head Start-Child Care Partnership Grant Program	8290	U	93.600
5310	Child Nutrition: School Programs (e.g., School Lunch, School Breakfast, Milk, Pregnant & Lactating Students)	8220 8221 8520 8634	F	10.553 10.555 10.556
5314	Child Nutrition: NSLP Equipment Assistance Grants	8290	U	10.579
5320	Child Nutrition: Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes (Meal Reimbursements)	8220 8520	F	10.558
5330	Child Nutrition: Summer Food Service Program Operations	8220 8221	F	10.559
5335	Child Nutrition: Summer Food Service Sponsor Administration	8220	F	10.559
5340	Child Nutrition: CCFP Cash in Lieu of Commodities	8220	F	10.558
5350	Child Nutrition: CCFP Family Day Care Sponsor Admin	8220	F	10.558
5360	Child Nutrition: CCFP Startup	8220	F	10.558
5370	Child Nutrition: Fresh Fruit and Vegetable Program	8220	U	10.582
5380	Child Nutrition: School Breakfast Startup	8520	U	N/A
5454	Child Nutrition: Team Nutrition	8290	U	10.574
5510	NCLB: Title V, Part D, Character Education (17-18)	8290	U	84.215
5610	Workforce Innovation and Opportunity Act (WIOA) From Other Agencies (Local Areas)	8290	U	17.259
5630	ESSA: Title IX, Part A, McKinney-Vento Homeless Assistance Grants	8290	U	84.196
5640	Medi-Cal Billing Option	8290	F	93.778
5650	FEMA Public Assistance Funds	8281	F	97.036
5652	FEMA Hazard Mitigation Grant	8281	U	97.039
5653	Project School Emergency Response to Violence (SERV)	8290	U	N/A



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**Procedure 310 Resource (Project/Reporting) Classification**

<b>Resource Code</b>	<b>Resource Description</b>	<b>Revenue Object</b>	<b>U/F</b>	<b>CFDA</b>
5654	Immediate Aid to Restart Operations (Restart)	8290	U	N/A
5800–5999	Other Restricted Federal: Locally defined These optional codes may be used at the LEA level to track all other restricted federal revenues not defined elsewhere. When reporting to CDE, LEAs must roll up these resources to Resource 5810.	N/A	N/A	N/A
5810	Other Restricted Federal	8182 8290	U/F	Various
<b>6000–7999</b>	<b>State Resources Restricted</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
6010	After School Education and Safety (ASES)	8590	U	N/A
6011	After School Kids Code Grant Pilot Program	8590	U	N/A
6015	Adults in Correctional Facilities	8311	F	N/A
6030	Charter School Facility Grant Program	8590	U	N/A
6040	Child Development: State Alternative Payment	8590	U	N/A
6041	Child Development: State Alternative Payment, Stage 2	8590	U	N/A
6042	Child Development: State Alternative Payment, Stage 3	8590	U	N/A
6045	Child Development: State Local Planning Councils	8590	U	N/A
6052	Child Development: Prekindergarten and Family Literacy, Program Support	8590	U	N/A
6060	Child Development: State General Child Care, Center-based	8530 8590	U	N/A
6065	Child Development: Migrant Day Care Centers	8530 8590	U	N/A
6070	Child Development: Migrant Special Services	8530 8590	U	N/A
6075	Child Development: State Family Child Care Homes	8590	U	N/A
6100	Child Development: California Child Care Initiative Project	8590	U	N/A

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<b>Resource Code</b>	<b>Resource Description</b>	<b>Revenue Object</b>	<b>U/F</b>	<b>CFDA</b>
6105	Child Development: California State Preschool Program	8590	U	N/A
6110	Child Development: Resource & Referral	8590	U	N/A
6126	Child Development: California Transitional Kindergarten Stipend (CTKS) Incentive Program	8590	U	N/A
6127	Child Development: California State Preschool Program QRIS Block Grant RFA	8590	U	N/A
6128	Inclusive Early Education Expansion Grant	8590	U	N/A
6130	Child Development: Center-Based Reserve Account	8990	F	N/A
6131	Child Development: Resource & Referral Reserve Account	8990	F	N/A
6132	Child Development: Alternative Payment Reserve Account	8990	F	N/A
6140	Child Development: Child Care Facilities Revolving Fund	8979	F	N/A
6145	Child Development: Facilities Renovation and Repair	8590	U	N/A
6225	Emergency Repair Program, Williams Case	8590	U	N/A
6230	California Clean Energy Jobs Act	8590	F	N/A
6264	Educator Effectiveness (15–16)	8590	F	N/A
6300	Lottery: Instructional Materials	8560	F	N/A
6317	California Equity Performance and Improvement Grant	8590	F	N/A
6355	Direct Support Professional Training Program	8590	F	N/A
6360	Pupils with Disabilities Attending ROCP	8990	U	N/A
6371	CalWORKs for ROCP or Adult Education	8590	F	N/A
6378	California Health Science Capacity Building Project	8590	U	N/A
6381	Linked Learning Pilot Program (15–16)	8590	U	N/A
6382	California Career Pathways Trust (16–17)	8590	U	N/A



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<b>Resource Code</b>	<b>Resource Description</b>	<b>Revenue Object</b>	<b>U/F</b>	<b>CFDA</b>
6385	Governor’s CTE Initiative: California Partnership Academies	8590	U	N/A
6386	California Partnership Academies: Green and Clean Academies	8590	U	N/A
6387	Career Technical Education Incentive Grant Program	8590	U	N/A
6388	K–12 Strong Workforce Program	8590	U	N/A
6391	Adult Education Program	8590	F	N/A
6392	Adult Education Block Grant Data and Accountability	8590	F	N/A
6500	Special Education	8097 8311 8319 8710 8791 8792 8793 8980	F	N/A
6501	Special Ed: State Local Assistance Grant (17–18)	8590	U	N/A
6510	Special Ed: Early Ed Individuals with Exceptional Needs (Infant Program)	8311	F	N/A
6512	Special Ed: Mental Health Services	8590	F	N/A
6513	Special Ed: State Preschool Grant (16–17)	8590	F	N/A
6515	Special Ed: Infant Discretionary Funds	8590	U	N/A
6520	Special Ed: Project WorkAbility I LEA	8590	U	N/A
6540	Special Ed: State Staff Development	8590	U	N/A
6545	SELPA Systems Improvement Grant	8590	U	N/A
6650	Tobacco-Use Prevention Education: Discretionary District Grants	8590	U	N/A
6680	Tobacco-Use Prevention Education: COE Administration Grants	8590	U	N/A
6685	Tobacco-Use Prevention Education (Prop. 56): COE Technical Assistance Grants	8590	U	N/A

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**Procedure 310 Resource (Project/Reporting) Classification**

<b>Resource Code</b>	<b>Resource Description</b>	<b>Revenue Object</b>	<b>U/F</b>	<b>CFDA</b>
6690	Tobacco-Use Prevention Education: Grades Six Through Twelve	8590	U	N/A
6695	Tobacco-Use Prevention Education (Prop. 56): Local Assistance	8590	U	N/A
7010	Agricultural Career Technical Education Incentive Grants	8590	U	N/A
7024	California-grown Fresh School Meals Grant	8590	U	N/A
7085	Learning Communities for School Success Program	8590	F	N/A
7124	Broadband Infrastructure Improvement Grant (BIIG)	8590	U	N/A
7126	California K–12 High-Speed Network	8590	U	N/A
7135	Environmental Education	8590	U	N/A
7210	American Indian Early Childhood Education	8590	U	N/A
7220	Partnership Academies Program	8590	U	N/A
7236	School Bus Emissions Reduction Funds	8590 8699	U/F	N/A
7311	Classified School Employee Professional Development Block Grant	8590	F	N/A
7338	College Readiness Block Grant	8590	F	N/A
7365	Supplementary Programs: Foster Youth	8590	U	N/A
7366	Supplementary Programs: Foster Youth Services Countywide and Juvenile Detention Programs	8590	U	N/A
7370	Supplementary Programs: Specialized Secondary	8590	U	N/A
7400	Quality Education Investment Act	8590	F	N/A
7410	Student Friendly Services	8590	F	N/A
7411	Online Education Resources (Student Friendly Services)	8590	F	N/A
7415	Classified School Employee Summer Assistance Program	8590	F	N/A
7505	Geographic Lead Agency System	8590	U	N/A

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<b>Resource Code</b>	<b>Resource Description</b>	<b>Revenue Object</b>	<b>U/F</b>	<b>CFDA</b>
7510	Low-Performing Student Block Grant	8590	F	N/A
7690	STRS On-Behalf Pension Contributions	8590	U	N/A
7701–7799	State School Facilities Projects These optional codes may be used at the LEA level to track capital projects funded by the Office of Public School Construction. When reporting to CDE, LEAs must roll up these resources to Resource 7710.	N/A	N/A	N/A
7710	State School Facilities Projects	8545	F	N/A
7800–7999	Other Restricted State: Locally defined These optional codes may be used at the LEA level to track all other restricted state revenues not defined elsewhere. When reporting to CDE, LEAs must roll up these resources to Resource 7810.	N/A	N/A	N/A
7810	Other Restricted State	8590	U/F	N/A
<b>8000–9999</b>	<b>Local Resources Restricted</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
8100	Routine Repair and Maintenance (RRRMF: <i>Education Code</i> Section 17014)	8980	F	N/A
8150	Ongoing and Major Maintenance Account (RMA: <i>Education Code</i> Section 17070.75)	8980	F	N/A
9000–9999	Other Restricted Local: Locally defined These optional codes may be used at the LEA level to track all other restricted local revenues or other financing sources that are not defined elsewhere and that are restricted to specific purposes by the donor or by law. (Refer to pages 310-1 and 310-5 for additional discussion of restricted programs and activities.) When reporting to CDE, LEAs must roll up these resources to Resource 9010.	N/A	N/A	N/A
9010	Other Restricted Local	8610–8699 8931–8979	U/F	N/A

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**Procedure 315 Project Year Classification**

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The project year field is used to distinguish grants, sometimes known as special projects, whose “project year” or “reporting year” is different from the local educational agency (LEA) fiscal year. Historically, few grants have had this characteristic. Those that have were typically federal grants with a project year that corresponded to the federal fiscal year of October 1 through September 30, rather than to the LEA fiscal year of July 1 through June 30.

Because it is rare for grants to have this characteristic, it is rare for the project year field to be needed.

**How the Project Year Field Is Used**

The project year, or reporting year, refers to the one-year period for which grant funds are normally awarded and at the end of which an expenditure report is normally due. Nearly all grants, including those that allow carryover of unspent funds to the following year, have an initial project year corresponding to the LEA fiscal year of July 1 through June 30.

When the project year for a grant is the same as the LEA fiscal year, the project year code for that grant is always zero (“0”), the default. When the project year for a grant is different from the LEA fiscal year, the project year code is the last digit of the calendar year in which the project terminates. For example, a project year ending in October 2015 is represented by a “5.”

To illustrate, assume that an LEA receives a grant each year that has a project year beginning October 1 and ending September 30. The LEA’s general ledger for its 2014–15 fiscal year of July through June will contain three months of expenditures for that grant for the project year that ends September 30, 2014, and nine months of expenditures for that same grant for the project year that begins October 1, 2014 and will end September 30, 2015. Because the expenditures of both project years are reported under the same resource code within the same LEA fiscal year, a project year code is needed to distinguish the two projects to allow the LEA to produce separate expenditure reports to the grantor.

The only time a project year code is needed is when a grant has a project year different from July 1 through June 30 *and* the LEA has the grant for two adjacent project years. When a project year code is needed, it serves essentially as a subresource code. It distinguishes the activities of the grant project ending within the LEA fiscal year from the activities of the grant project beginning within that same LEA fiscal year.

Very few grants have a project year different from the LEA fiscal year. Historical examples of grants that did at one time include Migrant Education and Special Education Infant Discretionary grants.

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If used, the project year field is required for both revenues and expenditures. It is optional for balance sheet accounts, but advisable if the project year is to serve effectively as a subresource.

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**Procedure 315 Project Year Classification**

**Examples of Project Year Codes**

The following examples illustrate project year codes for grants with a project year corresponding to the federal fiscal year of October 1 through September 30.

<b>Code</b>	<b>Federal Project Year</b>
4	2013–14
5	2014–15
6	2015–16
7	2016–17
8	2017–18
9	2018–19
0	2019–20
1	2020–21
2	2021–22
3	2022–23

Note that a project year code of zero (“0”) represents a project year ending in zero (2020, for example), but also serves as the default for when a project year code is not needed. A “0” that represents a project year takes on meaning and is distinguishable from the default “0” when the resource code for a grant appears twice in the general ledger for a fiscal year, once with a “9” for activities of the project ending in September 2019 and again with a “0” for activities of the project beginning in October 2019 and ending in September 2020. Likewise, the “0” will have meaning in the following year when the same resource code appears twice in the general ledger, once with a “0” for activities of the project ending in September 2020 and again with a “1” for activities of the project beginning in October 2020 and ending in September 2021.

**Flexibility of the Project Year Field**

The project year code may also be used for grants awarded for a period of longer than one year and for which a project expenditure report is required covering the entire multiyear period. For example, assume that an LEA receives a three-year grant for a project that ends June 30, 2018. The LEA could use project year “8” to distinguish the expenditures of that grant from the expenditures of another three-year grant from the same source that will end in 2019 and for which a separate expenditure report will be required.

Once a project year code is assigned to a grant, the revenues and expenditures of that grant reflect that project year code for the entire duration of the grant, even if the grantor extends the grant. In the preceding example, the project year “8” would be used every year for the grant that was originally expected to end in 2018.

The project year code may also be used to label other federal, state, or local projects. For example, an LEA may choose to use this field to identify routine grant carryover, that is, unspent grant funds from one year that the LEA is allowed to carry over and spend in the following year.

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**Procedure 315 Project Year Classification**

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CDE does not require this and does not recommend that LEAs go to this effort because it is usually not necessary for an LEA to distinguish its carried-over grant funds from its current-year grant funds. Carried-over funds are usually simply blended with the following year's grant funds and are presumed to be spent first.

The 27-month "Tydings period" for federal programs allowed by the Tydings Amendment, which allows for a 27-month total period of availability for federal funds administered by states, is not the same as a project year and does not give rise to a need to use a project year code.

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**Procedure 320 Goal Classification**

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The goal field defines an objective or a set of objectives for the local educational agency (LEA). Another way to view the goal is to look at the instructional setting or the group of students who are receiving instructional services: regular classes, special education classes, career technical education, adult education, or community service, for example.

**How the Goal Field Is Used**

The goal field provides the framework for charging instructional costs and support costs to the benefiting objectives. For example, both a special education teacher (an instruction function) and a special education counselor (a guidance and counseling function) would be charged to a Special Education goal.

The goal field applies primarily to expenditure accounts, but it may be used with revenue accounts. However, a 5xxx goal is required with both special education revenue and expenditure accounts.

Those expenditures in activities (functions) that are not directly assignable to a goal at the time of expenditure are charged to Goal 0000, Undistributed. Costs remaining in Goal 0000 are eventually distributed to benefiting goals using standardized allocation factors (see Procedure 910).

In general, the following guidelines should be used in coding goals with functions.

Instructional Goals (goals 1000–6999) and Nonagency Goals (goals 7100–7199):

- Typically used with Function 1000, Instruction, and the Special Education instructional functions 1100–1199. May be used with Function 4000, Ancillary Services.
- May be used with functions 2000–2999, Instruction-Related Services, and functions 3000–3999, Pupil Services, if the expenditures can be directly identified and supported with a goal.

Community Services and Child Care Services Goals (goals 8100 and 8500):

- Typically used with Function 5000, Community Services.
- May be used with Function 3600, Pupil Transportation, and Function 3700, Food Services, if the expenditures can be directly identified and supported with a goal.

Undistributed Goal (Goal 0000):

- May be used with those expenditures in functions 2000–2999, Instruction-Related Services; functions 3000–3999, Pupil Services; functions 7000–7999, General Administration; and functions 8000–8999, Plant Services.
- LEAs may wish to transfer Goal 0000 costs to other goals on the basis of supporting documentation or allocation factors. The transfers are done using Object 5710, Transfers



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**Procedure 320 Goal Classification**

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of Direct Costs, and Object 5750, Transfers of Direct Costs—Interfund. For additional information, see Procedure 615.

**Flexibility of the Goal Field**

LEAs are required to code their transactions to at least the minimum goal level required by the California Department of Education (CDE). However, LEAs may also create their own locally defined goal codes. Required codes are reported to CDE; locally defined codes must be rolled up by the LEA when reporting data to CDE. For further information, see “Optional and Locally Defined Codes” and “Reporting Data to the State,” beginning on page 301-4.

CDE has provided two specific ranges of goals for use as locally defined codes:

- Goals 1130–1999, for local definition of regular K–12 instruction. When reporting data to CDE, LEAs must roll up these goals to Goal 1110, Regular Education, K–12.
- Goals 4130–4399, for local definition of regular adult education. When reporting data to CDE, LEAs must roll up these goals to Goal 4110, Regular Education, Adult.

**Importance of the Goal Field in Program Cost Accounting**

The goal field provides the framework for program cost accounting. It is important to understand and apply the appropriate costing principles when charging costs to the benefiting goals. (Procedure 910 addresses these principles.)

Salaries and wages direct-charged to a goal will, in most cases, require supporting documentation. The level of documentation needed depends on whether the funding for the program is restricted or unrestricted and whether the program is instructional or noninstructional (refer to Procedure 905).

Nonpersonnel costs direct-charged to a goal should be substantiated by documentation that identifies the program(s) that received the service, supply, or equipment. The dated signature of a program administrator on a tracking document acknowledging receipt of the service, supply, or equipment is usually sufficient to validate the charge.



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**Procedure 320    Goal Classification**

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**List of Goal Codes**

<b>Code</b>	<b>Title</b>
<b>0000</b>	<b>UNDISTRIBUTED</b>
<b>0001–6999</b>	<b>INSTRUCTIONAL</b>
0001–0999	General Education, Pre-K
0001	General Education, Pre-K
1000–3999	General Education, K–12
1110	Regular Education, K–12
1130–1999	Other K–12 Subject Matter and Other K–12 Tracking—Locally defined (When reporting data to CDE, LEAs must roll up these goals to Goal 1110.)
2000–2999	Reserved for Future State Definition for Other Subject Matter and Other Tracking
3100	Alternative Schools
3200	Continuation Schools
3300	Independent Study Centers
3400	Opportunity Schools
3500	County Community Schools (county offices only)
3550	Community Day Schools (school districts only)
3600	Juvenile Courts
3700	Specialized Secondary Programs
3800	Career Technical Education
4000–4749	General Education, Adult
4110	Regular Education, Adult
4130–4399	Other Subject Matter and Other Tracking, Adult—Locally defined (When reporting data to CDE, LEAs must roll up these goals to Goal 4110.)
4610	Adult Independent Study Centers
4620	Adult Correctional Education
4630	Adult Career Technical Education
4750–4999	Supplemental Education, K–12
4760	Bilingual
4850	Migrant Education
4900	Other Supplemental Education (county offices only)

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**Procedure 320 Goal Classification**

<b>Code</b>	<b>Title</b>
5000–5999	Special Education
5001	Special Education—Unspecified
5050	Regionalized Services
5060	Regionalized Program Specialist
5710	Special Education, Infants
5730	Special Education, Preschool Students
5750	Special Education, Ages 5–22 Severely Disabled
5770	Special Education, Ages 5–22 Nonseverely Disabled
6000–6999	Regional Occupational Center/Program (ROCP)
6000	Regional Occupational Center/Program (ROCP)
<b>7000–9999</b>	<b>OTHER GOALS</b>
7100–7199	Nonagency
7110	Nonagency—Educational
7150	Nonagency—Other
8100–8199	Community Services
8100	Community Services
8500–8599	Child Care and Development Services
8500	Child Care and Development Services
8600–8699	County Services to Districts
8600	County Services to Districts
9000–9999	Other Goals—Locally Defined
9000	Other Local Goals

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**Procedure 320 Goal Classification**

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**Goal Code Definitions**

**Code Definition**

**0000 UNDISTRIBUTED**

Undistributed expenditures are expenditures other than those for instruction, ancillary services, and community service functions that are not directly assignable at the time of transaction to a specific goal.

Expenditures accumulated in Goal 0000 can be distributed to benefiting goals based on supporting documentation or will eventually be distributed to benefiting goals using standardized allocation factors. Goal 0000 is also used for revenues and balance sheet transactions for which a goal is not required. Generally, use Goal 0000, Undistributed, with an enterprise fund. The costs in an enterprise fund are not included in the program cost report (PCR), nor are the goals of an enterprise fund necessary for the LEA's government-wide statements.

Pursuant to guidance in Procedure 905, county offices of education that have staff within the county office or county board of education performing similar support-type activities for their own LEA and for their school districts may charge the costs as follows:

- 50 percent to Goal 0000, Undistributed (for general administrative support)
- 50 percent to Goal 8600, County Services to Districts

**0001–6999 INSTRUCTIONAL**

**0001–0999 General Education, Pre-K**

**0001 General Education, Pre-K.** A group of activities and/or services that provides educational experiences for children during the year or years preceding kindergarten that is part of a sequential program of an elementary school and is under the direction of a qualified teacher. The term *general* refers to basic skill areas that emphasize beginning literacy and numeracy. General Education, Pre-K, does not include special education.

This goal would include those child development programs that require teachers to possess a children's center instructional permit.

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**Procedure 320 Goal Classification**

<b>Code</b>	<b>Definition</b>
	Local child care programs that are not subsidized by state or federal funds and that are operated with the intent of recovering the costs of the program through parent fees or other charges are typically accounted for in an enterprise fund.
1000–3999	<b>General Education, K–12.</b> A group of activities and/or services that provides students in kindergarten through grade twelve (K–12) with learning experiences that prepare them for roles as citizens, family members, and employable workers. The term <i>general</i> refers to basic skill areas that emphasize literacy, numeracy, and knowledge in languages, mathematics, sciences, history and related social studies, arts, and other subject areas, including career technical education.
1110	<b>Regular Education, K–12.</b> Educational programs that are designed to serve the vast majority of the public school student population in traditional settings. This goal should generally not be used by county offices of education except for a county-operated K–12 charter school or a county-operated non Pre-K child development program that requires teachers to possess a children’s center instructional permit.
1130–1999	<b>Other K–12 Subject Matter and Other K–12 Tracking—Locally defined.</b> LEAs may use these codes to locally track regular K–12 education expenditures by subject matter. They may include languages, mathematics, sciences, history and related social studies, and arts. When reporting data to CDE, LEAs must roll up these goals to Goal 1110.
2000–2999	<b>Reserved for Future State Definition for Other Subject Matter and Other Tracking</b>
3100	<b>Alternative Schools.</b> A school or separate class group established in a school district or county office of education that is operated to (a) maximize the opportunity for students to develop self-reliance, initiative, kindness, spontaneity, resourcefulness, courage, creativity, and joy; (b) recognize that the best learning takes place when the student learns because of his or her desire to learn; (c) maintain a learning situation maximizing student self-motivation and encouraging the student in his or her own time to follow his or her own interests; (d) maximize the opportunity for teachers, parents, and students to cooperatively develop the learning process and its subject matter; and (e) maximize the opportunity for the students, teachers, and parents to continually react to the changing world ( <i>Education Code</i> Section 58500).

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**Procedure 320 Goal Classification**

Code	Definition
3200	<p><b>Continuation Schools.</b> Schools and classes established by high school and unified school districts to provide all of the following: (a) an opportunity for pupils to complete the academic courses of instruction to graduate from high school; (b) a program of instruction that emphasizes occupational orientation or a work-study schedule and offers intense guidance services to meet the special needs of pupils; and (c) a program designed to meet the educational needs of each pupil, including, but not limited to, independent study, regional occupational programs, work study, career counseling, and job placement services as a supplement to classroom instruction (<i>Education Code</i> Section 48430).</p>
3300	<p><b>Independent Study Centers.</b> Study centers conducting activities undertaken by school districts pursuant to <i>Education Code</i> sections 46300(e) and 51745–51749.6 to provide certain students with the option of schooling apart from classrooms. For reporting purposes, include in this goal only those activities that provide full-time education pursuant to a written agreement, as required by statutes and regulations, as an alternative to daily attendance in a classroom. Do not include students participating in limited periods of full-time independent study because of illness, family vacation, and so on.</p>
3400	<p><b>Opportunity Schools.</b> Alternative school, class, or program placements that may be provided by school districts or county boards of education for pupils who demonstrate irregular attendance, are at risk of being habitually truant, or are in danger of becoming insubordinate or disorderly during their attendance. The intent is to provide instruction to resolve the problems so that the students may maintain themselves in regular classes or return to regular classes or regular schools as soon as practicable (<i>Education Code</i> sections 48640 and 48641).</p>
3500	<p><b>County Community Schools (COEs only).</b> Schools established by a county board of education and administered by the county superintendent for (a) pupils who have been expelled from a school district; (b) pupils who have been referred to county community schools by a school district on the recommendation of a school attendance review board; (c) pupils who are probation-referred pursuant to the <i>Welfare and Institutions Code</i> or are on probation or parole and not in attendance in any school or expelled; and (d) pupils whose school districts of attendance have, at the request of the pupils' parents or guardians, approved the pupils' enrollment in a county community school or pupils who do not have a school district of residence (<i>Education Code</i> Section 1981).</p>

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**Procedure 320 Goal Classification**

Code	Definition
3550	<b>Community Day Schools (School Districts only).</b> Schools established by a governing board of a school district for students who (a) have been expelled for any reason; (b) are on probation pursuant to the <i>Welfare and Institutions Code</i> ; or (c) are referred by a School Attendance Review Board (SARB) or any other attendance review board ( <i>Education Code</i> sections 48660–48666).
3600	<b>Juvenile Courts.</b> Public schools in juvenile halls, juvenile homes, day centers, juvenile ranches, camps, and so forth provided by the county board of education or by contract with the governing board of the local school district ( <i>Education Code</i> Section 48645).
3700	<b>Specialized Secondary Programs.</b> Secondary schools established to provide advanced instruction and training in high-technology fields and in the performing arts. These schools benefit the state economy by providing talented students with enhanced learning opportunities in high-technology fields and in the performing arts while the students are enrolled in schools that are in close proximity to where the industries are located ( <i>Education Code</i> Section 58800).
3800	<b>Career Technical Education.</b> Refers to skill areas, such as distributive education, health, home economics, industrial arts, technology, and trades, designed to prepare students for gainful employment. The Career Technical Education goal is used to track the costs of career technical education students and is not used for adult education, ROCP, or special education costs.
4000–4749	<b>General Education, Adult.</b> Refers to a group of activities and/or services for adults who have not completed or have interrupted their formal schooling and have subsequently taken on adult roles and responsibilities. Programs in which adults develop knowledge and skills to meet their immediate and long-range educational objectives include activities to foster the development of fundamental tools of learning; prepare students for a postsecondary career or postsecondary education program; upgrade occupational competence; prepare students for a new or different career; develop skills and appreciation for special interests; and enrich the aesthetic qualities of life. Adult basic education is included in these goals ( <i>Education Code</i> sections 41976 and 52610).
4110	<b>Regular Education, Adult.</b> Educational programs that are designed to serve the vast majority of the adult student population in more traditional settings.

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**Procedure 320 Goal Classification**

Code	Definition
4130–4399	<b>Other Subject Matter and Other Tracking, Adult—Locally defined.</b> LEAs may use these codes to locally track regular adult education expenditures by subject matter. They may include languages, mathematics, sciences, history and related social studies, and arts. When reporting data to CDE, LEAs must roll up these goals to Goal 4110.
4610	<b>Adult Independent Study Centers.</b> Study centers providing adult education classes and courses through independent study for adult students as defined in <i>Education Code</i> Section 41976.2.
4620	<b>Adult Correctional Education.</b> Classes established for prisoners in any county jail, county honor farm, county industrial farm, or county or joint-county road camp for the purpose of providing instruction in civic, literacy, health, homemaking, career technical, and general education ( <i>Education Code</i> sections 1900 and 41841.5).
4630	<b>Adult Career Technical Education.</b> Refers to skill areas, such as distributive education, health, home economics, industrial arts, technology, and trades, designed to prepare adult students for gainful employment.
4750–4999	<b>Supplemental Education, K–12.</b> A group of activities and/or services designed to meet the needs of students in areas other than the basic skill areas. Supplemental education does not include special education.
4760	<b>Bilingual.</b> Activities and/or services provided to students from homes where English is not the primary language.
4850	<b>Migrant Education.</b> Activities and/or services provided for children under the age of eighteen of migrant agricultural workers and migratory fishermen whose situations require additional resources through regional coordinating offices ( <i>Education Code</i> sections 54440–54445). This goal is used with the migrant education resources.
4900	<b>Other Supplemental Education (COE only).</b> Activities or programs offered by county offices of education to directly serve students who attend other schools and who are not students of the county office, such as Foster Youth Services or Tutors for Indian Education. This goal may be associated with Function 1000, Instruction, or Function 3110, Guidance and Counseling, for example.



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**Procedure 320    Goal Classification**

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<b>Code</b>	<b>Definition</b>
	County offices of education use Goal 3100 when providing services to students in their own programs, or Goal 8600 when providing services such as nursing or psychological services directly to its small districts.
5000–5999	<p><b>Special Education.</b> Activities and/or services to students with exceptional needs who are assigned individualized education programs (IEPs). The activities and/or services in the IEPs are designed for students with exceptional mental or physical needs and incorporate distinctive techniques, materials, and arrangements to suit their learning needs.</p> <p>Psychologist services for assessment testing of students with an IEP are coded to goals 5000–5999, using Function 3120, Psychological Services.</p>
5001	<p><b>Special Education—Unspecified.</b> This code is used to account for the costs of services that are not identified for a specific special education population or setting as listed below. Goal 5001 may not be used with the special education instruction functions. These costs must be directly charged to a definitive special education goal, such as Goal 5750, Special Education, Ages 5–22 Severely Disabled.</p>
5050	<p><b>Regionalized Services.</b> Regionalized services to local special education programs include personnel development for staff, parents, and community; data collection; curriculum development; and provision for ongoing review of programs under the local plan (<i>Education Code</i> Section 56836.23).</p>
5060	<p><b>Regionalized Program Specialist.</b> A program specialist has a special credential and advanced training in special education to assist instructional staff, plan programs, and provide staff development in a specialized area (<i>Education Code</i> sections 56362 and 56368). If a program specialist is working in a specific special education setting, his or her cost should be charged to that goal. If a program specialist is working on a regionalized basis, his or her cost should be charged to Goal 5060.</p>
5710	<p><b>Special Education, Infants.</b> Children who are younger than three years of age and are identified by the district, the special education local plan area, or the county office as requiring <u>intensive special education and services as defined by the State Board of Education</u> (<i>Education Code</i> Section 56026[c][1]).</p>



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**Procedure 320 Goal Classification**

Code	Definition
5730	<b>Special Education, Preschool Students.</b> Children with exceptional needs between the ages of three and five years inclusive ( <i>Education Code</i> Section 56440). A five-year-old who meets the eligibility criteria to be identified as a kindergartner shall be included in either Goal 5750 or Goal 5770 ( <i>Education Code</i> Section 56441.1).
5750	<b>Special Education, Ages 5–22 Severely Disabled.</b> Students between the ages of five (who have been identified as kindergartners) and eighteen years identified as requiring intensive special education and services and students between the ages of nineteen and twenty-one years, and certain students twenty-two years of age, who are enrolled in or eligible for a special education program prior to their nineteenth birthday and have not yet completed the prescribed course of study or who have not met proficiency standards or have not graduated from high school with a regular high school diploma ( <i>Education Code</i> Section 56026). Severely disabled students have the following profound disabilities: autism, blindness, deafness, severe orthopedic impairments, serious emotional disturbances, and/or severe mental retardation ( <i>Education Code</i> Section 56030.5).
5770	<b>Special Education, Ages 5–22 Nonseverely Disabled.</b> Students between the ages of five (who have been identified as kindergartners) and eighteen years identified as requiring special education services and students between the ages of nineteen and twenty-one years, and certain students twenty-two years of age, who are enrolled in or eligible for a special education program prior to their nineteenth birthday and have not yet completed the prescribed course of study or who have not met proficiency standards or have not graduated from high school with a regular high school diploma ( <i>Education Code</i> Section 56026). Nonseverely disabled students are those who are not identified as severely disabled.
6000–6999	<b>Regional Occupational Center/Program (ROCP)</b>
6000	<b>Regional Occupational Center/Program (ROCP).</b> Refers to skill areas, such as agriculture, distributive education, health, home economics, industrial arts, technology, and trades designed to prepare students for gainful employment.

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**Procedure 320 Goal Classification**

<b>Code</b>	<b>Definition</b>
<b>7000–9999</b>	<b>OTHER GOALS</b>
7100–7199	<b>Nonagency</b>
7110	<b>Nonagency—Educational.</b> Refers to activities conducted on behalf of another LEA by contract or agreement for which the other LEA retains the prime responsibility. LEAs are defined as all K–12 public educational agencies, including charter schools. Such services may be instructional or supportive in nature. Use for costs of providing special education, transportation, cafeteria, or any other services to other LEAs where the other LEA retains primary responsibility for providing those services.
7150	<b>Nonagency—Other.</b> Refers to activities conducted on behalf of a non-LEA agency by contract or agreement for which the other agency retains the prime responsibility. Such services may be instructional or supportive in nature. Contracts for a non-LEA, such as a community college or a private school, would be coded to this goal.
8100–8199	<b>Community Services</b>
8100	<b>Community Services.</b> A group of activities and/or services not directly related to the educational purpose and goals of an LEA. These include services and activities as authorized by the Community Recreation Act ( <i>Education Code</i> Section 10900 et seq.) and by the Civic Center Act ( <i>Education Code</i> Section 38130 et seq.).
8500–8599	<b>Child Care and Development Services</b>
8500	<b>Child Care and Development Services.</b> A group of activities and/or services pertaining to the operation of programs for the care of children in residential day schools or child care and development programs that are not a part of, or directly related to, LEA instructional goals. Child care and development programs that require teachers to possess a children’s center instructional permit should be reported in an instructional goal, such as Goal 0001, General Education, Pre-K.

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**Procedure 320    Goal Classification**

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<b>Code</b>	<b>Definition</b>
8600–8699	<b>County Services to Districts</b>
8600	<b>County Services to Districts (or other county offices).</b> Activities performed by the county superintendent of schools in support of school districts or other offices of county superintendents of schools, including, but not limited to, the following: (a) coordination activities and professional services, such as supervision of instruction, health, guidance, special education, attendance, and school library services ( <i>Education Code</i> Section 1700 et seq.); (b) financial services ( <i>Education Code</i> Section 42100 et seq.); and (c) credential services ( <i>Education Code</i> Section 44330).  Pursuant to Procedure 905, county offices of education that have staff within the county office or county board of education performing similar support-type activities for their own LEA and for their school districts may charge the costs as follows: <ul style="list-style-type: none"><li>• 50 percent to Goal 8600, County Services to Districts</li><li>• 50 percent to Goal 0000, Undistributed (for general administrative support)</li></ul>
9000–9999	<b>Other Goals—Locally Defined.</b> These codes are used, at the option of the LEA, to track other local goals that are not defined elsewhere. CDE will consider these activities to be undistributed goal costs.
9000	<b>Other Local Goals.</b> Report local goals not defined elsewhere. These goals will be treated as Goal 0000, Undistributed, by the CDE financial reporting software and will be allocated among appropriate goals on the program cost report/allocation factor (PCR/PCRAF) worksheets.

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**Procedure 325    Function (Activity) Classification**

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The function field represents a general operational area in an LEA and groups together related activities. The function describes the activities or services performed to accomplish a set of objectives or goal. Most LEAs use all of the functions in the process of educating students or organizing the resources to educate students. For example, to provide the appropriate atmosphere for learning, school districts transport students to school, teach students, feed students, and provide health services. Each of these activities is a function.

**How the Function Field Is Used**

All expenditures must be coded to a function. Although the function field applies mainly to expenditure accounts, it may be used with revenue accounts and balance sheet accounts at the discretion of the LEA.

In general, the following guidelines should be used in coding functions in combination with goals:

- Expenditures coded to instructional functions (1000–1999), ancillary service functions (4000–4999), or community service functions (5000–5999) must be directly charged to a specific goal. Goal 0000, Undistributed, and Goal 5001, Special Education—Unspecified, are not allowed with these three categories of functions.
- Expenditures coded to support service functions (2000–2999, 3000–3999) may be charged to a specific goal at the time of the transaction when there is supporting documentation. Expenditures that are coded to these functions and cannot be identified with a specific goal are charged to Goal 0000 and subsequently distributed to specific goals using documentation or standard allocation factors.
- Expenditures coded to general administration functions (7000–7999) are normally charged to Goal 0000 and subsequently distributed as central administrative costs.
- Expenditures coded to Function 8100, Plant Maintenance and Operations, and Function 8700, Facilities Rents and Leases, may be charged to a specific goal at the time of the transaction when there is supporting documentation (refer to the description of Function 8700 for specific limitations of that function). Expenditures that are coded to these functions and that cannot be identified with a specific goal are charged to Goal 0000 and subsequently distributed to specific goals, using documentation or standard allocation factors.

See the procedures in Section 900, “Cost Accounting,” for information regarding indirect costs and distributing support costs using the documented and allocated methods.

**Flexibility of the Function Field**

LEAs are required to code their transactions to at least the minimum function level required by CDE. However, LEAs may also use more detailed CDE-defined optional function codes (indicated by italics in the function code listing) or create their own locally defined function

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## **Procedure 325    Function (Activity) Classification**

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codes. Required and optional codes are reported to CDE; locally defined codes must be rolled up by the LEA when reporting data to CDE. For further information, see “Optional and Locally Defined Codes” and “Reporting Data to the State,” beginning on page 301-4.

### **Importance of the Function Field in the Indirect Cost Rate Calculation**

The function field is the basis for determining direct and indirect costs and for calculating the LEA’s approved indirect cost rate. Charging expenditures to improper functions may result in an indirect cost rate that is too low or too high. An inaccurate rate may cause problems both in claiming indirect costs on federal and state programs and in calculating future rates. Therefore, it is important that LEAs understand the difference between agency-wide general administration expenditures (indirect costs) and school- or program-level expenditures (direct costs). Care should be taken that only countywide or districtwide administrative activities remain in general administration (functions 7200–7999). (Refer to Procedure 915 for further information on the indirect cost rate process.)

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**List of Function Codes**

*(Italicized codes are optional; if used, they must be reported to CDE.)*

<b>Code</b>	<b>Title</b>
<b>0000</b>	<b>NOT APPLICABLE.</b> Used with revenues and balance sheet transactions that do not require a function; only expenditure transactions require a function.
<b>1000–1999</b>	<b>INSTRUCTION</b>
1000	Instruction
1001–1099	Instruction for Other Than Special Education—Locally defined (When reporting data to CDE, LEAs must roll up these functions to Function 1000.)
1100–1199	Special Education Instruction
1110	Special Education: Separate Classes
1120	Special Education: Resource Specialist Instruction
1130	Special Education: Supplemental Aids and Services in Regular Classrooms
1180	Special Education: Nonpublic Agencies/Schools (NPA/S)
1190	Special Education: Other Specialized Instructional Services
<b>2000–2999</b>	<b>INSTRUCTION-RELATED SERVICES</b>
2100	Instructional Supervision and Administration
2110	<i>Instructional Supervision</i>
2120	<i>Instructional Research</i>
2130	<i>Curriculum Development</i>
2140	<i>In-house Instructional Staff Development</i>
2150	<i>Instructional Administration of Special Projects</i>
2200	Administrative Unit (AU) of a Multidistrict SELPA
2420	Instructional Library, Media, and Technology
2490	Other Instructional Resources
2495	<i>Parent Participation</i>
2700	School Administration
<b>3000–3999</b>	<b>PUPIL SERVICES</b>
3110	Guidance and Counseling Services
3120	Psychological Services
3130	Attendance and Social Work Services
3140	Health Services
3150	Speech Pathology and Audiology Services
3160	Pupil Testing Services
3600	Pupil Transportation
3700	Food Services
3900	Other Pupil Services

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<b>Code</b>	<b>Title</b>
<b>4000–4999</b>	<b>ANCILLARY SERVICES</b>
4000	Ancillary Services
4100	<i>School-Sponsored Co-curricular</i>
4200	<i>School-Sponsored Athletics</i>
4900	<i>Other Ancillary Services</i>
<b>5000–5999</b>	<b>COMMUNITY SERVICES</b>
5000	Community Services
5100	<i>Community Recreation</i>
5400	<i>Civic Services</i>
5900	<i>Other Community Services</i>
<b>6000–6999</b>	<b>ENTERPRISE</b>
6000	Enterprise
<b>7000–7999</b>	<b>GENERAL ADMINISTRATION</b>
7100	Board and Superintendent
7110	<i>Board</i>
7120	<i>Staff Relations and Negotiations</i>
7150	<i>Superintendent</i>
7180	<i>Public Information</i>
7190	External Financial Audit—Single Audit
7191	External Financial Audit—Other
7200	Other General Administration
7210	Indirect Cost Transfers
7300	<i>Fiscal Services</i>
7310	<i>Budgeting</i>
7320	<i>Accounts Receivable</i>
7330	<i>Accounts Payable</i>
7340	<i>Payroll</i>
7350	<i>Financial Accounting</i>
7360	<i>Project-Specific Accounting</i>
7370	<i>Internal Auditing</i>
7380	<i>Property Accounting</i>
7390	<i>Other Fiscal Services</i>
7400	<i>Personnel/Human Resources Services</i>
7410	<i>Staff Development</i>
7430	<i>Credentials</i>
7490	<i>Other Personnel/Human Resources Services</i>
7500	<i>Central Support</i>
7510	<i>Planning, Research, Development, and Evaluation</i>

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<b>Code</b>	<b>Title</b>
7530	<i>Purchasing</i>
7540	<i>Warehousing and Distribution</i>
7550	<i>Printing, Publishing, and Duplicating</i>
7600	<i>All Other General Administration</i>
7700	Centralized Data Processing
<b>8000–8999</b>	<b>PLANT SERVICES</b>
8100	Plant Maintenance and Operations
8110	<i>Maintenance</i>
8200	<i>Operations</i>
8300	<i>Security</i>
8400	<i>Other Plant Maintenance and Operations</i>
8500	Facilities Acquisition and Construction
8700	Facilities Rents and Leases
<b>9000–9999</b>	<b>OTHER OUTGO</b>
9100	Debt Service
9200	Transfers Between Agencies
9300	Interfund Transfers



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**Procedure 325    Function (Activity) Classification**

**Function Code Definitions**

*(Italicized codes are optional; if used, they must be reported to CDE.)*

*Note:* Also see Appendix D, “Function Codes for Common Activities,” for common activities and the function codes(s) typically associated with each.

<b>Code</b>	<b>Definition</b>
<b>0000</b>	<b>NOT APPLICABLE.</b> This code is used for revenues and balance sheet transactions for which a function is not required. All expenditures must be coded to one of the functions below.
<b>1000–1999</b>	<b>INSTRUCTION</b> Generally used with goals 1000–7000; may be used with Goal 8500, Child Care and Development Services, and Goal 4900, Other Supplemental Education.
1000	<p><b>Instruction.</b> Instruction includes the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom or in another location, such as a home or hospital. It may also be provided through some other approved medium, such as computers, television, radio, telephone, and correspondence. Included here are the activities of aides or classroom assistance of any type (e.g., readers, teaching machines) that assist in the instructional process. Also included are noon-duty personnel.</p> <p>Expenditures for instructional technology, which include costs for computers, routers and servers, software licenses, communication lines, and computer maintenance, may be coded to Function 1000, Instruction, where they can be identified directly with the classroom.</p> <p>If a stipend is paid to a teacher for any noninstructional function, the stipend should be coded to the appropriate function.</p> <p>Expenditures for department chairpersons who teach part time should be prorated using the full-time-equivalent (FTE) ratio. Full-time department chairpersons’ expenditures should be included in Function 2700, School Administration.</p>

Instructional functions may not be used in capital projects funds.

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**Procedure 325    Function (Activity) Classification**

<b>Code</b>	<b>Definition</b>
1001–1099	<b>Instruction for Other Than Special Education—Locally defined.</b> LEAs may use these codes to locally track instruction expenditures other than for special education. When reporting data to CDE, LEAs must roll up these functions to Function 1000, Instruction.
1100–1199	<b>Special Education Instruction.</b> Specialized instruction provided to special education students with individualized education programs (IEPs). These functions measure the salaries and associated costs of those personnel who work directly with the students to teach them. The following instructional functions must be used with the special education goals; they may not be used with Goal 5001, Special Education—Unspecified.
1110	<b>Special Education: Separate Classes.</b> Salaries, supplies, and other costs to provide separate instruction requiring placement in a separate setting because of the nature or severity of the students’ special needs. Instruction may be provided in special classrooms on a part-time or a full-time basis ( <i>Education Code</i> Section 56364.2). Students may receive a full continuum of services ( <i>Education Code</i> Section 56361); however, this function records the cost of only one of those services, that of the separate class.
1120	<b>Special Education: Resource Specialist Instruction.</b> Salaries, supplies, and other costs to provide instruction and services for those students whose needs have been identified in an IEP, who receive services under the direction of a resource specialist, and who are assigned to another classroom or a special education separate class for a majority of a school day ( <i>Education Code</i> Section 56362). Students may receive a full continuum of services ( <i>Education Code</i> Section 56361); however, this function records the cost of only one of those services, that of the resource specialist.
1130	<b>Special Education: Supplemental Aids and Services in Regular Classrooms.</b> Salaries, supplies, and other costs needed to allow a student to receive instruction provided in a regular education classroom or in an instructional setting other than those provided for in Function 1110, Special Education: Separate Classes; Function 1120, Resource Specialist Instruction; or Function 1180, Nonpublic Agencies/Schools. Supplemental aids and services make possible program modifications and blended programs with more flexibility for the special education student.

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**Procedure 325    Function (Activity) Classification**

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<b>Code</b>	<b>Definition</b>
	<p>Function 1130 services include, but are not limited to, the following:</p> <p><b>Special Education Instructional Aides.</b> Teaching assistants necessary to allow a special education student to participate in a regular classroom.</p> <p><b>Interpreter Services.</b> Sign language interpretation of spoken language through the sign system of the student and tutoring of students regarding class content through the sign system of the student.</p> <p><b>Braille Services.</b> Transcription services to convert materials from print to braille. Transcription is for textbooks, tests, worksheets, or other instructional necessities.</p> <p><b>Assistive Technology.</b> Devices that allow a student to participate in a regular classroom environment.</p> <p><b>Special Education Home and Hospital Instruction.</b> Instructional services provided to students with special needs who are either homebound or in a hospital.</p>
1180	<p><b>Special Education: Nonpublic Agencies/Schools (NPA/S).</b> Instruction in accord with an IEP provided by a certified NPA/S under contract with a district, special education local plan area (SELPA), or county office when no appropriate public education program is available (<i>Education Code</i> Section 56365).</p>
1190	<p><b>Special Education: Other Specialized Instructional Services.</b> Specialized instruction provided in accordance with an IEP on a pullout and/or blended basis to any special education student to supplement the instruction provided in a separate special education class, a nonpublic school, or a regular education setting. These services are instructional in nature and are provided by or under the supervision of certificated special education teachers. Other health, counseling, or psychological services provided to a special education student to help him or her benefit educationally from the regular instruction program are coded under the Pupil Services functions. The difference between types of services in an instructional function and a pupil services function sometimes may be difficult to distinguish. The main question to bear in mind is whether the student is receiving direct instruction or is being given a supplemental health or other professional service that facilitates instruction. For example, an adaptive physical education teacher provides an instructional service in</p>

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**Procedure 325    Function (Activity) Classification**

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**Code**

**Definition**

which the main purpose of the class is to provide physical education. A nurse or dentist provides health care that enhances the physical condition of a student so that she or he is better able to participate in an instructional setting. As another example, a speech teacher may teach students using special techniques to help them speak and understand verbal signals, which would be coded to Function 1190; but a speech specialist, who diagnoses specific speech disorders and refers problems for medical or other professional attention to treat speech disorders, is more properly coded to Function 3150, Speech Pathology and Audiology Services.

Function 1190 services include, but are not limited to, the following:

**Language and Speech.** Instruction provided by a certificated teacher in language and speech skills to provide remedial intervention for students with difficulty understanding or using spoken language. The difficulty may result from problems with articulation, abnormal voice quality, fluency, or hearing loss.

**Adaptive Physical Education.** Direct physical education services provided by an adaptive physical education teacher to pupils who have needs that cannot be adequately satisfied in other physical education programs.

**Orientation and Mobility Instruction.** Instruction for students with identified visual impairments to develop skills in body awareness and movement around school and in the community.

**Career Technical Education Training.** Instruction directly related to the preparation of individuals for paid or unpaid employment. This instruction may include provision for work experience, job coaching, job placement, and situational assessment.

**Vision Services.** This is a broad category of services provided to students with visual impairments. Assessment of an individual's visual ability should be coded to Function 3140, Health Services. The cost of classroom visual aids, such as curriculum modification and braille textbooks, used in a general classroom setting should be coded to Function 1130. Other specialized vision services coded to Function 1190 include the student's concept development; instruction in communication skills, such as reading braille; and career, vocational, and independent living skills.

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<b>Code</b>	<b>Definition</b>
	<p><b>Education Technological Services.</b> Any specialized training or technical support for the incorporation of assistive devices, adaptive computer technology, or specialized media for the educational programs of the student.</p> <p><b>Assistive Services.</b> Training or technical assistance for students. See Pupil Services functions for the functional analysis of the student's need, including selecting, designing, fitting, customizing, or repairing appropriate devices.</p> <p><b>Sign Language Service.</b> Instruction in the use of sign language. This training is provided separately for the student. The provision of interpreters in the classroom is coded to Function 1130, Supplemental Aids and Services in Regular Classrooms.</p>
<b>2000–2999</b>	<p><b>INSTRUCTION-RELATED SERVICES.</b> Instruction-related services provide administrative, technical, 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.</p>
<b>2100</b>	<p><b>Instructional Supervision and Administration.</b> Activities primarily for assisting instructional staff in planning, developing, and evaluating the process of providing learning experiences for students. These activities include curriculum development and staff training on techniques of instruction and awareness of how children develop and learn. This function includes staff members who are directors or supervisors of programs, such as special education, bilingual education, or similar programs, as well as staff members who are singularly involved with projects to improve curriculum and guidance of teachers in the use of instructional materials.</p> <p>This function also includes the instructional administration of special projects. Special projects are those that may have their own project directors; are approved and funded from a specific resource, including federal, state, local, or private agencies; require special project budgets and audits; and may require financial reports. Special projects usually are conducted entirely in support of an instructional program or another support program. Examples of federal special projects include ESSA: Title I, Part A, Basic Grants Low-Income and Neglected, and Special Education: IDEA Preschool Staff Development Grant. An example of a state special project is the Quality Education Investment Act.</p>

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<b>Code</b>	<b>Definition</b>
	<p>Salaries and associated costs of staff members who provide supplemental administrative services for a program above the general level provided by the business office, or services normally required of program managers, should be charged here. Include costs of program monitoring and preparing program plans. Because these costs are generally associated with a specific program, they may be charged to a specific resource.</p> <p>Include legal costs directly identifiable with administration of an instructional program; use in combination with a specific resource, where allowed.</p> <p>Pursuant to guidance in Procedure 905, the costs of assistant superintendents for instruction or equivalent positions having first-line responsibility for instructional administration and for participation in district/county policy may be charged as follows:</p> <ul style="list-style-type: none"> <li>• 50 percent to Instructional Supervision and Administration (Function 2100)</li> <li>• 50 percent to Other General Administration (Function 7200)</li> </ul> <p>Function 2100 is generally used with Goal 0000, Undistributed. If directly identifiable with a specific instructional goal, it may be used with that goal. It may also be used with Goal 8500, Child Care and Development Services, and Goal 8600, County Services to Districts. Support costs charged directly to a specific goal require supporting documentation indicating how the costs relate to the goal.</p>
2110	<p><b><i>Instructional Supervision (Optional).</i></b> Activities associated with directing, managing, and supervising instructional services.</p>
2120	<p><b><i>Instructional Research (Optional).</i></b> Activities associated with assessing programs and instruction based on research.</p>
2130	<p><b><i>Curriculum Development (Optional).</i></b> Activities that aid teachers in developing the curriculum, preparing and utilizing special curriculum materials, and understanding and appreciating the various techniques to stimulate and motivate students.</p>
2140	<p><b><i>In-house Instructional Staff Development (Optional).</i></b> Expenditures for staff or consultants to develop curriculum for the professional or occupational growth and competence of instructional staff members during the time of their service to the school system or school. These</p>



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**Procedure 325 Function (Activity) Classification**

<b>Code</b>	<b>Definition</b>
	<p><i>activities include guiding teachers in the use of instructional materials, administering sabbaticals, providing the environment for in-service training, and so forth. The corresponding function for activities associated with developing training programs for noninstructional personnel is Function 7410, Staff Development.</i></p> <p><i>The cost of a consultant who works with teachers outside the classroom should be charged to Function 2140, Staff Development, and Object 5800, Professional and Consulting Services and Operating Expenditures.</i></p> <p><i>A fee paid for an employee to attend a conference, or a salary stipend for attending a staff development conference, should follow the function of the employee. For example, the cost of a classroom teacher improving his or her ability to teach is an instructional cost, an “activity dealing directly with the interaction between teachers and students,” and should be charged to Function 1000. Likewise, the cost of a school nurse attending a staff development conference should be coded to Function 3140, Health Services. The cost of a maintenance employee attending staff development should be coded to Function 8100, Plant Maintenance and Operations. (Please refer to the examples in Procedure 625.)</i></p>
2150	<p><b>Instructional Administration of Special Projects (Optional).</b> Activities associated with the administration of special projects, such as Title I or migrant education. Special projects usually are conducted entirely in support of an instructional program or another support program. Include salaries of directors or supervisors of instruction-related special projects and associated clerical or program support staff. Also include costs of preparing program plans, program monitoring, and performance (program-specific) audits. Costs will generally be associated with a specific resource and may have a specific goal.</p>
2200	<p><b>Administrative Unit (AU) of a Multidistrict SELPA.</b> Activities concerned with the receipt and distribution of regionalized services funds, provision of administrative support, and coordination of the implementation of the local plan (<i>Education Code</i> Section 56195). Activities of the AU of a single-district SELPA are reported under Function 2100.</p>
2420	<p><b>Instructional Library, Media, and Technology.</b> Activities concerned with the use of all teaching and learning resources, including hardware and content materials, methods, or experiences used for teaching and learning</p>

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purposes. These activities consist of selecting, preparing, caring for, and making available to members of the instructional staff audiovisual equipment and material, education programs presented through television services, and computer-assisted instruction services. This category also includes guiding individuals in the use of library books and materials. All educational media include printed and nonprinted sensory materials. Instructional technology costs identified with computer labs and other instructional support centers may be charged to the instructional library, media, and technology function, where they can be directly identified with it.

Direct charges to the instructional library, media, and technology function include salaries of librarians, library clerks, audiovisual personnel, and personnel who are involved in writing, programming, and directing ongoing educational television and computer-based instructional programs; benefits for employees in this program; library books, regardless of where they are placed in the district; audiovisual materials; repair and maintenance of equipment used in this program; and acquisition and replacement of audiovisual and library equipment.

Examples of activities or items excluded as direct charges to the instructional library, media, and technology function are as follows:

1. Textbooks (to be charged to the appropriate instructional function)
2. Specific or special materials that are used exclusively in an instructional program or project and that are not part of the central library (to be charged to the appropriate instructional function as instructional supplies)
3. Computer-assisted instructional activities of an experimental nature (to be charged to instructional supervision and administration)

Function 2420 is generally used with Goal 0000, Undistributed. If directly identifiable with a specific instructional goal, it may be used with that goal. Support costs charged directly to a specific goal require supporting documentation indicating how the costs relate to the goal.

2490

**Other Instructional Resources.** Other activities and materials that provide students the resources to achieve appropriate student learning outcomes.

2495

***Parent Participation (Optional).*** Activities designed to include the parents in the student's education.



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2700	<p><b>School Administration.</b> Activities concerned with directing and managing the operation of a particular school. The activities include those performed by the principal, assistant principals, and other assistants while they supervise all operations of the school, evaluate the staff members, assign duties to staff members, supervise and maintain the school records, 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, including school-level attendance recording and reporting. Other school administration services include graduation expenditures and department chairpersons.</p>

Pursuant to guidance in Procedure 905:

Small school districts and charter schools that have one person performing the functions of both the principal and the superintendent may charge the costs as follows:

- 70 percent to School Administration (Function 2700)
- 30 percent to Board and Superintendent (Function 7100)

Small school districts and charter schools with staff members performing support duties for both school administration and business office administration may charge the costs as follows:

- 70 percent to School Administration (Function 2700)
- 30 percent to Other General Administration (Function 7200)

Function 2700 is generally used with Goal 0000, Undistributed. It may be used with goals 1000–6999 if only one goal is served at the school (e.g., if the school provides only special education services). It may also be used with goals 7110–7150, Nonagency, Goal 8500, Child Care and Development Services, and Goal 8600, County Services to Districts. Support costs charged directly to a specific goal require supporting documentation indicating how the costs relate to the goal.

**3000–3999    PUPIL SERVICES**

3110	<p><b>Guidance and Counseling Services.</b> 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</p>
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working with other staff members in planning and conducting guidance programs for students.

Function 3110 includes information services, appraisal services, placement services, counseling services, and record maintenance services, as follows:

**Information Services.** Activities for disseminating educational, occupational, personal, and social information to help acquaint students with the curriculum and with educational and vocational opportunities and requirements. Such information may be provided directly to students through activities such as group or individual guidance, or it may be provided indirectly to students through staff members or parents.

**Appraisal Services.** Activities that assess student characteristics. They are used in administration, instruction, and guidance to assist the student in assessing his or her purposes and progress in career and personality development.

**Placement Services.** 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.

**Counseling Services.** Activities concerned with the relationship between one or more counselors and one or more students or between counselors and other staff members. These activities are intended to help students understand their educational, personal, and occupational strengths and limitations; relate their abilities, emotions, and aptitudes to educational and career opportunities; utilize their abilities in formulating realistic plans; and achieve satisfying personal and social development.

**Record Maintenance Services.** 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

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- Standardized test results
- Personal and social development
- School performance

Function 3110 is generally used with Goal 0000, Undistributed. If directly identifiable with a specific instructional goal, it may be used with that goal. It may also be used with Goal 8500, Child Care and Development Services, and Goal 8600, County Services to Districts. Support costs charged directly to a specific goal require supporting documentation indicating how the costs relate to the goal.

The following counseling services in this function should be coded to goals 5000–5999, Special Education:

**Behavior Management Services.** Services provided pursuant to an IEP to teachers, parents, or students by a professional counselor to promote lasting, positive changes in the student’s behavior. These services result in the student gaining greater access to a variety of community settings, social contacts, public events, and placement in the least restrictive environment.

**Individual Counseling.** One-on-one counseling pursuant to an IEP. Counseling may focus on educational, career, or personal aspects. It may include parents or staff members. Used with the special education goal, this service is expected to supplement the regular guidance and counseling program.

**Group Counseling.** Counseling in a group setting pursuant to an IEP. Typically, group counseling centers on social skills development, but it may also focus on educational, career, or personal aspects. It may be conducted with parents or staff. Used with the special education goal, this service is expected to supplement the regular guidance and counseling program.

**Guidance Services.** Interpersonal, intrapersonal, or family interventions pursuant to an IEP. Specific programs include social skills development, self-esteem building, parent training, and assistance to special education students. These services are expected to supplement the regular guidance and counseling program.

**Parent Counseling.** Individual or group counseling pursuant to an IEP to assist parents of special education students in better understanding and meeting their children’s needs. Many counseling sessions include

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	parenting skills or other pertinent issues. IEP-required parent counseling is expected to supplement the regular guidance and counseling program.

3120	<b>Psychological Services.</b> 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 evaluations; and planning and managing a program of psychological services, including psychological counseling for students, staff, and parents.
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Function 3120 services include the following:

**Psychological Testing Services.** 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.

**Psychological Counseling Services.** Activities that take place between a school psychologist or other qualified person, a counselor, and one or more students in which the students are helped to perceive, clarify, and solve problems of adjustment and interpersonal relationships.

**Psychotherapy Services.** 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.

Function 3120 is generally used with Goal 0000, Undistributed. If directly identifiable with a specific instructional goal, it may be used with that goal. It may also be used with Goal 8500, Child Care and Development Services, and Goal 8600, County Services to Districts. Support costs charged directly to a specific goal require supporting documentation indicating how the costs relate to the goal.

Psychologist services for assessment testing for students with an individualized education program (IEP) are coded to goals 5000–5999.

3130	<b>Attendance and Social Work Services.</b> Activities designed to improve student attendance at school and prevent or solve student problems involving the home, the school, and the community. Attendance services
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	<p>consist of activities such as early identification of patterns of absence, promotion of pupils' and parents' positive attitudes toward attendance, analysis of causes of absences, and enforcement of compulsory attendance laws. The time spent on attendance recording and reporting on a school-level or districtwide basis is charged to the school or general administration function.</p> <p>Social work services consist of professional services such as diagnosing the problems of pupils arising out of the home, school, or community; undertaking casework services for the child or parent or both; interpreting the pupils' problems for other staff members; and promoting modification of the circumstances surrounding the individual pupil that is related to his or her problem insofar as the resources of family, school, and community can be brought to bear on the problem.</p> <p>Function 3130 is generally used with Goal 0000, Undistributed. If directly identifiable with a specific instructional goal, it may be used with that goal. It may also be used with Goal 8500, Child Care and Development Services, and Goal 8600, County Services to Districts. Support costs charged directly to a specific goal require supporting documentation indicating how the costs relate to the goal.</p>
3140	<p><b>Health Services.</b> Physical and mental health services that are not direct instruction. These services include activities that provide students with appropriate medical, dental, and nursing services, as follows:</p> <p><b>Medical Services.</b> 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 personnel.</p> <p><b>Dental Services.</b> Activities associated with dental screening, dental care, and orthodontics.</p> <hr/> <p><b>Nursing Services.</b> Activities associated with nursing, such as health inspection, treatment of minor injuries, and referrals for other health services.</p>

Function 3140 is generally used with Goal 0000, Undistributed. If directly identifiable with a specific instructional goal, it may be used with that goal.

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It may also be used with Goal 8500, Child Care and Development Services, and Goal 8600, County Services to Districts. Support costs charged directly to a specific goal require supporting documentation indicating how the costs relate to the goal.

Goals 5000–5999, Special Education, may include the following services in this function:

**Assessment Testing.** Individual health assessment done by a credentialed school nurse or physician for students who have or may be determined to need IEPs (*Education Code* Section 56324).

**Physical Therapy.** Services provided pursuant to an IEP by a registered physical therapist or physical therapist assistant when assessment shows a discrepancy between gross motor performance and other educational skills.

**Occupational Therapy.** Services provided to improve a student’s postural stability, sensory processing and organization, environmental adaptation, motor planning and coordination, visual perception, and integration and fine motor abilities.

**Vision Services.** The assessment of functional vision and therapy to correct visual impairments.

**Health and Nursing.** Specialized physical health care services provided pursuant to an IEP, such as catheterization, nebulizer treatments, blood glucose monitoring, administration of oxygen, and any other specialized services that may be provided by a trained staff member and do not require the supervision of a physician. Other services provided pursuant to an IEP when a student has health problems that require nursing intervention beyond basic school health services include managing the health problem, consulting with staff, providing group and individual counseling, making appropriate referrals, and maintaining communication with agencies and health care providers.

3150

**Speech Pathology and Audiology Services.** Activities that identify, assess, and treat children with speech, hearing, and language impairments. Speech pathology services consist of activities that identify children with speech and language disorders; diagnose and assess specific speech and language disorders; refer problems for medical or other professional attention necessary to treat speech and language disorders; provide required speech



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treatment services; and counsel and guide children, parents, and teachers, as appropriate.

Audiology services consist of 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 (lipreading), and speech conversation; create and administer programs of hearing conversation; and counsel and guide children, parents, and teachers, as appropriate.

Audiological services for special education students include measurements of acuity or consultation with speech pathologists. Classroom instruction by a certificated teacher in how to speak, read, or interpret verbal signals is more properly coded to Function 1190, Special Education: Other Specialized Instructional Services.

Function 3150 is generally used with Goal 0000, Undistributed. If directly identifiable with a specific instructional goal, it may be used with that goal. It may also be used with Goal 8500, Child Care and Development Services, and Goal 8600, County Services to Districts. Support costs charged directly to a specific goal require supporting documentation indicating how the costs relate to the goal.

Goals 5000–5999, Special Education, may include language and speech services to provide remedial intervention for individuals with difficulty understanding or using spoken language. Services include referral and assessment, monitoring, reviewing, and consultation.

3160

**Pupil Testing Services.** Cost of staff or consultants assigned to coordinate the standardized testing of students in academic contents. The cost of classroom teachers administering tests to their students during the instructional day remains a part of the instructional function.

Function 3160 is generally used with Goal 0000, Undistributed. If directly identifiable with a specific instructional goal, it may be used with that goal. It may also be used with Goal 8500, Child Care and Development Services, and Goal 8600, County Services to Districts. Support costs charged directly to a specific goal require supporting documentation indicating how the costs relate to the goal.

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<b>Code</b>	<b>Definition</b>
3600	<b>Pupil Transportation.</b> Activities concerned with conveying students to and from school. Transportation other than from home to school is referred to as “Other Miles,” which includes field trips and transportation between school sites. Costs of “Other Miles” are instructional costs to the user program or project.

Costs in the Pupil Transportation function include:

- Transportation supervisors, directors, bus drivers, clerks, and bus maintenance personnel
- Fuel, oil, tires, and parts for buses
- Contracted repair of buses
- Bus driver training and certification
- Contracts with individuals, other districts, and firms for transporting pupils
- Rental of buses
- Acquisition and replacement of equipment used for transporting pupils, including buses

Costs in this function exclude:

- Field trips
- Student organization trips
- Summer school miles
- Financing costs (e.g., principal and interest for acquisition of buses)
- Principal and interest on school bus loans/capital leases
- Vehicles other than those used for student transportation

Costs for transportation other than home to school (“Other Miles”) that are first accumulated in Function 3600 are to be transferred to other functions and/or resources using Object 5710, Transfers of Direct Costs. (See various examples in Procedure 640.) The documented method shall be used to distribute these costs. Documentation methods could include actual costs from the bus contractor or a fixed rate per mile plus the paid driver’s layover time. All charges for pupil transportation services to organizations outside the district (parent teacher associations, recreation districts, and so on) shall be made to the appropriate ancillary or community service function.

Costs for home-to-school transportation accumulated in Function 3600 may be charged to goals 1000–7000 as documented direct support costs. All other home-to-school transportation costs are charged to Goal 0000,



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	<p>Undistributed, and distributed to user programs (goals) using the Pupils Transported allocation factors. (Refer to Procedure 910 for additional information regarding documenting and allocating costs.)</p> <p>Costs of providing specialized transportation services (e.g., buses with wheelchair lifts, aides who accompany children on the bus) specified in IEPs of special education pupils who are severely disabled or orthopedically impaired are reported in Goal 5750, Special Education, Ages 5–22 Severely Disabled.</p> <p>Costs of providing transportation services specified in IEPs of special education students who are not severely disabled or orthopedically impaired are reported in special education goals other than 5750.</p>
3700	<p><b>Food Services.</b> 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.</p> <p>Costs in this function include those for:</p> <ul style="list-style-type: none"><li>• Food service supervisors, managers, directors, and related staff, such as bookkeepers and clerks</li><li>• Cooks and helpers</li><li>• Food purchases</li><li>• Nonfood purchases (e.g., plates, silverware, napkins) essential to providing food services to students</li><li>• Commodities</li><li>• Food services laundry</li><li>• Purchase of vehicles and other transportation costs, including insurance for those vehicles, for the purpose of transporting food from central locations to satellite locations</li><li>• Acquisition and replacement of related equipment</li><li>• Repair and maintenance of equipment used in this function</li><li>• Snacks for kindergarten classes</li><li>• Food purchased for lunches not reimbursed through the School Lunch Program</li></ul>

Costs in this function exclude food purchases for meetings or workshops or to instruct students on food preparation. Function 6000, Enterprise, is used for a catering service. (See the examples in Procedure 635.)

Function 3700 is generally used with Goal 0000, Undistributed.

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<b>Code</b>	<b>Definition</b>
3900	<p><b>Other Pupil Services.</b> Other support services to students not classified elsewhere in the 3000 functions.</p> <p>Function 3900 is generally used with Goal 0000, Undistributed. If directly identifiable with a specific instructional goal, it may be used with that goal. Support costs charged directly to a specific goal require supporting documentation indicating how the costs relate to the goal.</p>
<b>4000–4999</b>	<b>ANCILLARY SERVICES</b>
4000	<p><b>Ancillary Services.</b> School-sponsored activities during or after the school day that are not essential to the delivery of services in the functions 1000, 2000, and 3000 series. These activities are generally designed to provide students with experiences such as motivation, enjoyment, and improvement of skills in either a competitive or noncompetitive setting.</p> <p>Generally used with goals 0001–6999.</p>
4100	<p><b><i>School-Sponsored Co-curricular (Optional).</i></b> School-sponsored activities, under the guidance and supervision of LEA staff, designed to provide students with experiences such as motivation, enjoyment, and improvement of skills. Co-curricular activities normally supplement the regular instructional program and include activities such as band, chorus, choir, speech, and debate. Also included are student-financed and student-managed activities, such as Class of 20XX, Chess Club, Senior Prom, and Future Farmers of America. Athletics is coded to Function 4200.</p>
4200	<p><b><i>School-Sponsored Athletics (Optional).</i></b> School-sponsored activities, under the guidance and supervision of LEA staff members who provide opportunities for students to pursue various aspects of physical education. Athletics normally involves competition between schools and frequently involves offsetting gate receipts or fees.</p>
4900	<p><b><i>Other Ancillary Services (Optional).</i></b> Activities that provide students with learning experiences not included in the other Function 4000, Ancillary Services, accounts.</p>
<b>5000–5999</b>	<b>COMMUNITY SERVICES</b>

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<b>Code</b>	<b>Definition</b>
5000	<p><b>Community Services.</b> Activities concerned with providing community services to community participants other than students. These include activities authorized by the Community Recreation Act (<i>Education Code</i> Section 10900 et seq.) and by the Civic Center Act (<i>Education Code</i> Section 38130 et seq.). Examples of this function would be the operation of a community swimming pool, a recreation program for the elderly, or a community child care center for working parents. This function is also used for scholarship payments.</p> <p>Costs in this function include paid overtime or extra time for custodial services performed entirely as a result of community services activities.</p> <p>Used with Goal 8100, Community Service, and Goal 8500, Child Care and Development Services.</p>
5100	<p><b>Community Recreation (Optional).</b> Activities concerned with providing recreation for the community as a whole or for some segment of the community. Included are staff activities such as organizing recreation programs for all citizens of the community at city parks, swimming pools, or school playgrounds.</p>
5400	<p><b>Civic Services (Optional).</b> Activities concerned with providing services to civic affairs or organizations. This function includes services to parent teacher association meetings, public forums, lectures, and civil defense planning.</p>
5900	<p><b>Other Community Services (Optional).</b> Community services activities that cannot be classified under the preceding areas of responsibility. "Other" may include public library services and welfare activities.</p>
6000–6999	<b>ENTERPRISE</b>
6000	<p><b>Enterprise.</b> 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 that are part of child nutrition programs should not be charged here, even if the food service program is reported in an enterprise fund, but rather to Function 3700 because costs are financed in large part through federal and state revenues. This function is used when an LEA is selling goods or services to outside organizations.</p>

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<b>Code</b>	<b>Definition</b>
	<p>Function 6000 should be used with activities of Fund 67, Self-Insurance Fund, and Fund 71, Retiree Benefit Fund.</p> <p>It is generally used with Goal 0000, Undistributed</p>
<b>7000–7999</b>	<p><b>GENERAL ADMINISTRATION</b></p> <p>General administration refers to agency-wide administrative activities that are accounted for in the general fund. General administration functions are normally used with Resource 0000, Unrestricted, and Goal 0000, Undistributed. For information on resource-specific administrative costs, see Function 2100, Instructional Supervision and Administration.</p>
7100	<p><b>Board and Superintendent.</b> Activities concerned with establishing and administering policy for operating the LEA.</p> <p>Generally, this function is used with Goal 0000, Undistributed.</p> <p>Pursuant to guidance in Procedure 905, small school districts and charter schools that have one person performing the functions of both the principal and the superintendent may charge the costs as follows:</p> <ul style="list-style-type: none"> <li>• 70 percent to School Administration (Function 2700)</li> <li>• 30 percent to Board and Superintendent (Function 7100)</li> </ul>
7110	<p><b>Board (Optional).</b> <i>Activities of the elected body that has been created according to state law and vested with responsibilities for educational activities in a given administrative unit.</i></p> <p><i>Costs in this function include:</i></p> <ul style="list-style-type: none"> <li>• <i>Activities of the members of the Board of Education</i></li> <li>• <i>Activities of the district performed in support of school district meetings</i></li> <li>• <i>Legal activities in interpretation of the laws and statutes and general liability situations. Note: Legal costs identifiable with a specific activity generally may be charged to that activity (e.g., Function 2100, Instructional Supervision and Administration; Function 7300, Fiscal Services; Function 7400, Personnel/Human Resources Services; Function 8500, Facilities Acquisitions and Construction).</i></li> </ul>

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Code	Definition
	<ul style="list-style-type: none"> <li>• <i>Services rendered in connection with any school system election, including elections of officers and bond elections</i></li> </ul>
7120	<p><b>Staff Relations and Negotiations (Optional).</b> <i>Incremental costs of activities, not including those of the board or superintendent or their immediate staff, concerned with staff relations systemwide and the responsibilities for contractual negotiations with both instructional and noninstructional personnel. Costs in this function are included in the LEA's indirect cost pool (see "Indirect Cost Rate Worksheet," page 915-9).</i></p>
7150	<p><b>Superintendent (Optional).</b> <i>Activities associated with the overall general administration of or executive responsibility for the entire LEA.</i></p> <p><i>Costs in this function include:</i></p> <ul style="list-style-type: none"> <li>• <i>Activities performed by the superintendent and assistants such as deputy, associate, and assistant superintendents in generally directing and managing all affairs of the LEA, unless the activities of such assistants can be placed properly into an instructional or pupil service area, in which case they would be charged to that service area</i></li> <li>• <i>Personnel and materials in the office of the chief executive officer</i></li> <li>• <i>Activities associated with community/public relations</i></li> <li>• <i>Activities associated with developing and maintaining good relationships with state and federal officials</i></li> <li>• <i>Activities associated with grant procurement</i></li> </ul>
7180	<p><b>Public Information (Optional).</b> <i>Writing, editing, and other activities necessary for the preparation and dissemination of educational and administrative information to the public through various news media or personal contact.</i></p>
7190	<p><b>External Financial Audit—Single Audit.</b> <i>Annual independent financial audits conducted pursuant to both Education Code Section 14503 and the Single Audit Act as required for LEAs that expend more than \$750,000 in federal funds. Costs in this function are included in the LEA's indirect cost pool (refer to "Indirect Cost Rate Worksheet," page 915-9).</i></p>

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<b>Code</b>	<b>Definition</b>
7191	<b>External Financial Audit—Other.</b> Annual independent financial audits conducted pursuant to <i>Education Code</i> Section 14503, where the LEA expends less than \$750,000 in federal funds and a single audit is not required.
7200	<b>Other General Administration.</b> Activities other than Board and Superintendent (functions 71xx) that manage the LEA as an overall entity. Other General Administration activities include fiscal services, personnel services, and central support services. Include attendance recording and reporting activities performed at the LEA level. Attendance activities performed at the school level should be charged to Function 2700, School Administration.

Certain insurance should be charged to a specific function, such as Function 1000, Instruction, for pupil insurance and driver training vehicle insurance; Function 3600, Pupil Transportation, for insurance on buses; and Function 3700, Food Services, for insurance on food service vehicles. All other costs of property or general liability insurance not charged to a specific function should be charged to Function 7200, Other General Administration; or optionally to Function 7600, All Other General Administration.

Pursuant to guidance in Procedure 905:

The costs of assistant superintendents for instruction or equivalent positions having first-line responsibility for instructional administration and for participation in district/county policy may be charged as follows:

- 50 percent to Instructional Supervision and Administration (Function 2100)
- 50 percent to Other General Administration (Function 7200)

Small school districts and charter schools with staff performing support duties for both school administration and business office administration may charge the costs as follows:

- 70 percent to School Administration (Function 2700)
- 30 percent to Other General Administration (Function 7200)

Agency-wide administrative costs are not directly expended in any fund other than the general fund. Because of the agency-wide nature of the costs, with few exceptions, Function 7200 and its optional subfunctions

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	7300–7600 are used with unrestricted resources (0000–1999). They are normally used with Goal 0000, Undistributed; Goals 7100–7199, Nonagency; or Goal 8600, County Services to Districts.
7210	<p><b>Indirect Cost Transfers.</b> Use in combination with Object 7310, Transfers of Indirect Costs, and Object 7350, Transfers of Indirect Costs—Interfund, to record indirect cost transfers.</p> <p>Use this function to record both the debit and credit for these transfers. For transfers within a fund, this function must balance to zero at the fund level. For interfund transfers, the function will have a balance at the fund level but must balance to zero across all funds.</p>
7300	<i><b>Fiscal Services (Optional).</b> 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. Include legal costs directly identifiable with fiscal services activities.</i>
7310	<i><b>Budgeting (Optional).</b> Activities concerned with supervising budget planning, formulation, control, and analysis.</i>
7320	<i><b>Accounts Receivable (Optional).</b> Activities concerned with receiving money. They include the current audit of receipts.</i>
7330	<i><b>Accounts Payable (Optional).</b> Activities concerned with paying out money. They include the preaudit of requisitions or purchase orders to determine whether the amounts are within the budgetary allowances and to determine whether such disbursements are lawful expenditures of the LEA.</i>
7340	<i><b>Payroll (Optional).</b> Activities concerned with periodically paying individuals entitled to remuneration for services rendered.</i>
7350	<i><b>Financial Accounting (Optional).</b> 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.</i>
7360	<i><b>Project-Specific Accounting (Optional).</b> Activities concerned with maintaining the records of financial operations and transactions of</i>



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**Procedure 325    Function (Activity) Classification**

Code	Definition
	<i>specific projects. Examples might include business office staff assigned to construction cost accounting or preparation of analyses or reports for specific project areas or activities. For resource-specific project activities, see Function 2100, Instructional Supervision and Administration, and optional Function 2150, Instructional Administration of Special Projects.</i>
7370	<b>Internal Auditing (Optional).</b> <i>Activities concerned with verifying the account records, which include 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.</i>
7380	<b>Property Accounting (Optional).</b> <i>Activities concerned with preparing and maintaining current inventory records of land, buildings, and equipment. These records are used in equipment control and facilities planning.</i>
7390	<b>Other Fiscal Services (Optional).</b> <i>Fiscal services that cannot be classified under the preceding functions.</i>
7400	<b>Personnel/Human Resources Services (Optional).</b> <i>Activities concerned with maintaining an efficient staff for the school system. It includes activities such as recruitment and placement, staff transfers, health services, and staff accounting. Include legal costs directly identifiable with personnel/human resources activities.</i>
7410	<b>Staff Development (Optional).</b> <i>Activities concerned with developing districtwide training programs for noninstructional personnel in all classifications. The corresponding function for activities associated with developing training programs for instructional personnel is Function 2140, In-house Instructional Staff Development.</i>
7430	<b>Credentials (Optional).</b> <i>Activities related to credential services.</i>
7490	<b>Other Personnel/Human Resources Services (Optional).</b> <i>Personnel services that cannot be classified under the preceding functions.</i>
7500	<b>Central Support (Optional).</b> <i>Activities other than general administration that support the instructional and supporting services</i>



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**Procedure 325 Function (Activity) Classification**

Code	Definition
7510	<p><i>programs. These activities include planning, research, development, evaluations, purchasing, distribution, and warehousing services for the LEA.</i></p> <p><b>Planning, Research, Development, and Evaluation (Optional).</b> <i>Activities associated with conducting and managing programs of planning, research, development, and evaluation for a school system on a systemwide basis, including costs of facility planning and administration not directly identifiable with a capital project.</i></p> <p><i>Planning Services include activities concerned with selecting or identifying the overall, long-range goals and priorities of the organization. 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.</i></p> <p><i>Research Services include activities concerned with the systematic study and investigation of the various aspects of education and undertaken to establish facts and principles.</i></p> <p><i>Development Services include activities in the deliberate, evolving process of improving educational programs, such as activities using the products of research.</i></p> <p><i>Evaluation Services include activities concerned with ascertaining or judging the value or amount of an action or an outcome. Evaluation is done through a careful appraisal of previously specified data in light of the particular situation and goals previously established.</i></p>
7530	<p><b>Purchasing (Optional).</b> <i>Activities concerned with purchasing supplies, furniture, equipment, and materials used in schools or school system operations.</i></p>
7540	<p><b>Warehousing and Distribution (Optional).</b> <i>Activities of receiving, storing, and distributing supplies, furniture, equipment, materials, and mail.</i></p>
7550	<p><b>Printing, Publishing, and Duplicating (Optional).</b> <i>Activities of printing and publishing administrative materials, such as annual reports, school directories, and manuals. Activities here also include centralized services for duplicating school materials and</i></p>

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**Procedure 325 Function (Activity) Classification**

<b>Code</b>	<b>Definition</b>
	<p><i>instruments, such as school bulletins, newsletters, and notices. Those costs of centralized duplicating and reproduction services that benefit specific programs may be accumulated here but should be transferred to those programs as direct costs using Object 5710, Transfers of Direct Costs, or Object 5750, Transfers of Direct Costs—Interfund.</i></p>
7600	<p><b>All Other General Administration (Optional).</b> All other general administrative services not classified elsewhere in functions 7300–7500.</p>
7700	<p><b>Centralized Data Processing.</b> Agency-wide data processing services of an administrative nature, whether in-house or contracted. Examples of this function are costs for computer facility management, computer processing, systems development, analysis and design, and interfacing associated with general types of technical assistance to data users. Specific types of applications include attendance accounting, grade reporting, financial accounting, and human resources/personnel. Costs associated with mainframe computers, minicomputers, and networked or stand-alone microcomputers that provide services to multiple functions are recorded here.</p> <p>Costs in this function include:</p> <ul style="list-style-type: none"> <li>• Salaries and other expenditures (including hardware/software maintenance) for PC networks that include student and general administrative software and serve multiple functions. If these costs can be directly identified as instructional or support, they should be charged to the appropriate function. See “Categories of Costs,” page 910-21, for information on instructional and support costs.</li> <li>• Network managers for noninstructional computer networks.</li> <li>• Salaries and other expenditures (including hardware/software maintenance) for minicomputers that include student and general administrative software and serve multiple functions.</li> <li>• Salaries and other expenditures (including hardware/software maintenance) for mainframe computers that include student and general administrative software and serve multiple functions.</li> <li>• Management Information Systems (MIS) directors.</li> </ul> <p>Data processing costs that support instructional programs (e.g., computers in the classroom, instructional computer labs, instructional networks, library computers) should be charged to Function 2420, Instructional Library, Media, and Technology, or Function 1000, Instruction. If data</p>

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**Procedure 325    Function (Activity) Classification**

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<b>Code</b>	<b>Definition</b>
	<p>processing costs are accumulated in Function 7700 (for example, because one data processing person provides technology services for all functions), any instruction-related costs must be reclassified using Object 5710, Transfers of Direct Costs, to Function 2420 or 1000, as appropriate. Methods of determining the amount of instruction-related costs to transfer include work orders or a count of workstations.</p> <p>Costs in this function exclude:</p> <ul style="list-style-type: none"><li>• Stand-alone or networked computers used by a specific functional area</li><li>• Peripherals, including terminals and printers, used by a specific functional area</li><li>• Instructional computer networks</li><li>• Instructional technology coordinators</li></ul> <p>Function 7700 is generally used with Goal 0000, Undistributed.</p>
<b>8000–8999</b>	<p><b>PLANT SERVICES.</b> Activities concerned with keeping the physical plant open, comfortable, and safe for use and keeping the grounds, buildings, and equipment in working condition and a satisfactory state of repair. These include the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools.</p>
8100	<p><b>Plant Maintenance and Operations.</b> This function is used for expenditures related to activities to keep the physical plant and grounds open, clean, comfortable, and in working condition and a satisfactory state of repair. This function is used to record expenditures for the maintenance and operation of the physical plant and grounds.</p> <p>Do not use Function 8100 for a capital project that extends the life and the value of a capital asset. (See Function 8500, Facilities Acquisition and Construction.)</p> <p>Function 8100 is generally used with Goal 0000, Undistributed. If directly identifiable with a specific goal, it may be used with that goal. Support costs charged directly to a specific goal require supporting documentation indicating how the costs relate to the goal.</p>
8110	<p><b>Maintenance (Optional).</b> <i>Activities involved with repairing, restoring, or renovating school property, including grounds, buildings, site improvements, building fixtures, and service systems.</i></p>

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**Procedure 325    Function (Activity) Classification**

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<b>Code</b>	<b>Definition</b>
	<p><i>Direct charges to the maintenance function may include contracts for repairing, restoring, or renovating the grounds, buildings, or equipment, including regrading sites and repairing retaining walls, walks, driveways, sprinkler systems, and playground apparatus or equipment; reseeding of lawns; repainting; repairs to or replacement of roofs, walls, heating and air-conditioning units, and electrical and plumbing installations; repairs to built-in fixtures; resurfacing and refinishing of floors; movement of movable walls or partitions; and acquisition and replacement of related equipment.</i></p> <p><i>Use for building repairs and renovations that do not meet the LEA's capitalization threshold.</i></p>
8200	<p><b>Operations (Optional).</b> <i>Activities concerned with keeping the physical plant clean and ready for daily use. Included activities are cleaning and disinfecting; heating, lighting, and ventilation; maintenance of power; moving of furniture; caring for grounds; garbage and trash disposal; laundry and dry cleaning service, including the rental of towels; rental of equipment, such as floor polishers; soft-water service; and other such housekeeping activities that are repeated on a daily, weekly, monthly, or seasonal basis.</i></p>
	<p><i>Direct charges to the operations function may include salaries of directors and supervisors of operations, custodians, guards, gardeners, telephone switchboard operators, truck drivers, operational clerks, and similar employee(s); employee benefits for all employees in this program; supplies, including brooms, brushes, disinfectants, fuses, garbage cans, light bulbs and fluorescent tubes, mops, wax, soap, toilet paper, towels, outdoor flags, weed killers, and fertilizers; office supplies; repair and maintenance of equipment used in this program; acquisition and replacement of related equipment; and nonuse fees assessed by the state for unused school sites (Education Code Section 17219).</i></p>
8300	<p><b>Security (Optional).</b> <i>Activities concerned with maintaining order and safety in school buildings, on the school 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.</i></p>

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**Procedure 325 Function (Activity) Classification**

Code	Definition
8400	<p><b>Other Plant Maintenance and Operations (Optional).</b> Operations and maintenance of plant services that cannot be classified elsewhere in functions 8100–8399.</p>
8500	<p><b>Facilities Acquisition and Construction.</b> Activities concerned with capital projects, such as acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, initially installing or extending service systems and other built-in equipment, and improving sites. Capitalize projects that extend the life and value of a site, building, or major equipment and that exceed the LEA’s capitalization threshold. Documented time of a project manager to a capital project may be capitalized. Include legal costs directly identifiable with a capital project. Include the costs of annual, independent performance and financial bond audits required as a condition of issuing the bonds.</p> <p>Facility costs that are not clearly identifiable to a capital project should not be charged to Function 8500. Facility planning or administration should be charged to Function 7200, Other General Administration, or to optional Function 7510, Planning, Research, Development, and Evaluation. Facility improvements that do not significantly extend the life or increase the value of a site or building or that do not meet the LEA’s threshold for capitalization should be charged to Function 8100, Plant Maintenance and Operations.</p> <p>Most commonly used with objects 6100–6300 but may also be used with Object 6400 and with most objects in the 1000–5999 range.</p> <p>Refer to Procedure 770, “Distinguishing Between Supplies and Equipment,” for additional information on capitalization concepts.</p>
8700	<p><b>Facilities Rents and Leases.</b> Activities concerned with acquiring facilities through operating leases or rentals without the option to purchase. This function does not include capital lease payments. Capital lease payments are considered debt service and are charged to all other outgo.</p> <p>Generally, costs of leased or rented facilities are considered agency-wide costs of doing business and are shared equitably by all programs. Costs may be charged to a specific program only if renting or leasing a facility is required by state or federal agencies for programmatic purposes, such as on a site where no agency-owned facilities are located. Supporting documentation of the requirement is necessary.</p>

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**Procedure 325    Function (Activity) Classification**

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<b>Code</b>	<b>Definition</b>
	<p>As an example, a county office leases a classroom from a school district to house a special education class. The action is necessary for programmatic purposes because the special education class is required by the state to be conducted at a regular school site for mainstreaming purposes. The county office owns no regular education schools where the class could be located. The lease payments would be charged as documented direct support costs to a special education goal.</p> <p>Alternatively, a school district leases Regional Occupational Centers and Programs (ROCP) classroom space in a facility that is near the shopping center where most ROCP students are being trained. However, because housing the ROCP classes rather than other program classes in the rented facility was a district administrative decision and not a state or federal requirement, the cost of the lease payments would be charged to the Goal 0000, Undistributed, and subsequently distributed to all district programs as allocated support costs.</p> <p>The temporary rental of a facility incidental to a particular activity, such as hourly or daily rental of a hall for a staff development workshop or rental of an auditorium for a school graduation, should be charged to the same function as the benefiting activity.</p>
<b>9000–9999</b>	<b>OTHER OUTGO</b>  Used with Goal 0000, Undistributed.
9100	<b>Debt Service.</b> Servicing the debt of the LEA, including issuance costs and payments of both principal and interest. Normally, only long-term debt service (obligations exceeding one year) is recorded here. It should also be used to record that portion of direct costs for issuing tax and revenue anticipation notes (TRANS), bonds, or certificates of participation (COPs), including interest expense, which is equal to or less than investment earnings on the proceeds. If costs exceed investment earnings, the excess costs are to be charged to Function 7200, Other General Administration. If long-term debt is issued at a discount, the discount should be recorded in this function with Object 7699, All Other Financing Uses.
9200	<b>Transfers Between Agencies.</b> These include outgoing tuitions and transfers of apportionments and resources. Transfers may be to other LEAs and to all other agencies.

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**Procedure 325    Function (Activity) Classification**

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<b>Code</b>	<b>Definition</b>
9300	<b>Interfund Transfers.</b> Financial outflows to other funds of the LEA that are not classified as quasi-external transactions, reimbursements, interfund loans or borrowing, or advances.



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**Appendix D      Function Codes for Common Activities**

The following table lists many common activities and the function code(s) typically associated with each. Optional codes are *italicized*. The activities shown are intended as a guide rather than as a definitive list. It is important to be familiar with the function descriptions in Procedure 325 to ensure proper use of function codes.

<b>Description</b>	<b>Typical Function(s)</b>
Accounting—Agency-wide	7200
Accounting—Administration of Instructional Special Projects	2100/2150
Adaptive Physical Education—Special Education	1190
Administration of Instruction	2100
Administration of Instructional Special Projects	2100/2150
Administrative Activities—Agency-wide	7100 or 7200
Administrative Unit (AU) of a Multidistrict SELPA	2200
Alarm Systems	8100/8300
Ancillary Services	4000
Appraisal Services—Students	3110
Assistant Principal	2700
Assistant Superintendent—Agency-wide	7100/7150
Assistant Superintendent—Business	7200
Assistant Superintendent—Instruction	2100
Assistive Services—Special Education	1190
Assistive Technology—Special Education	1130
Athletics—School-Sponsored (e.g., competition between schools)	4000/4200
Attendance Reporting—Agency-wide	7200
Attendance Reporting—School Level	2700
Attendance Services—Improve Student Attendance	3130
Attendance Truancy Officer	3130
Audiology Services	3150
Audit—Annual Independent (subject to Single Audit Act)	7190
Audit—Annual Independent (not subject to Single Audit Act)	7191
Audit—Bond (Required as a Condition of Issuing Bonds)	8500
Audit—Program Performance or Monitoring	2100/2150
Auditing—Internal	7200/7370
Auditors—External	7190 or 7191
Board of Education	7100/7110
Books—Materially expand library or stock new library	8500
Books and Other Reference Materials	Function of area requesting the purchase
Braille Services—Special Education	1130
Budget Monitoring—Program Specific (instruction-related)	2100/2150
Budgeting—Agency-wide	7200



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**Appendix D      Function Codes for Common Activities**

<b>Description</b>	<b>Typical Function(s)</b>
Buildings and Improvements of Buildings	8500
Bus Driver Training and Certification	3600
Bus Driver	3600
Bus Maintenance Personnel	3600
Career Counseling	3110
Career Technical Education Training—Special Education	1190
Chief Business or Financial Officer	7200
Chief Executive Officer	7100/7150
Child Care—Community Services (e.g., day care center to assist working parents)	5000
Child Care—Short- Term (e.g., during parents’ participation in school activities or meetings)	2490/2495
Child Development—Preschool	1000
Co-curricular Activities—School-Sponsored (e.g., band, chorus, choir, speech)	4000/4100
Communications—Telephone lines, fax lines, cell phones	2700 or 7200 (refer to Object 5900)
Communications—Agency-wide data processing (e.g., connectivity to county data processing systems)	7700
Communications—Instruction related (e.g., Internet access, cable television)	1000, 2420, or 2700 (refer to Object 5900)
Community Relations	7100/7150
Community Services	5000
Community Services—Custodian (paid overtime or extra time for services performed entirely as a result of community services)	5000
Computer-assisted Instruction—Classroom, school networks, computer labs	1000 or 2420
Conference Fees—Staff Development	Normally employee’s function
Counseling Services	3110
Credential Services	7200/7430
Curriculum Development	2100/2130
Curriculum Improvement	2100
Custodian	8100/8200
Custodian—Community Services (paid overtime or extra time for services performed entirely as a result of community services)	5000
Data Processing—Centralized (e.g., computer facility management, systems development, agency-wide attendance applications, fiscal systems)	7700
Data Processing—Classroom- or Instruction-Related (if accumulated in Function 7700, must be transferred using Objects 5710/5750)	1000 or 2420
Dental Services to Students	3140
Department Chairperson	2700

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**Appendix D      Function Codes for Common Activities**

<b>Description</b>	<b>Typical Function(s)</b>
Depreciation of capital assets (accrual-basis financial statements only)	Function that utilizes the asset
Deputy Superintendent—Agency-wide	7100/7150
Director of Instructional Program (e.g., special education, bilingual education, or similar programs)	2100
Duplicating—Instructional Materials	1000–1999
Duplicating—Program Specific (may be accumulated in Function 7200, then transferred using Objects 5710/5750)	User program function.
Duplicating, Printing, Publishing—Administrative Publications (e.g., annual reports and agency-wide directories or bulletins)	7200/7550
Education Technological Services—Special Education	1190
Educational Television Instructional Programs	2420
Election Costs	7100/7110
Evaluate School Staff Members	2700
Field Trip Transportation (may be accumulated in Function 3600, then transferred using Objects 5710/5750)	1000–1999
Fiscal Services—Agency-wide	7200
Food—Instruction Related (e.g., cooking class supplies, instructional rewards)	1000–1999
Food Services to Students	3700
Graduation Expenses	2700
Grant Procurement	7100/7150
Guidance Services	3110
Hall Monitoring	8100/8300
Health Services	3140
Hearing Screening	3140
Hearing Services (e.g., loss, function, impaired hearing)	3150
Home and Hospital Instruction—Regular Education	1000
Home and Hospital Instruction—Special Education	1130
Human Resources (e.g., recruitment, credential services, agency-wide training for noninstructional staff)	7200/7400
Information Dissemination to Students (e.g., educational, occupational, personal, and social)	3110
In-house Instructional Staff Development	2100/2140
Instruction—Home and Hospital	1000 or 1130
Instruction—Special Education	1100–1199
Instruction—Teachers in the classroom and via alternative media (e.g., computer, television, correspondence, radio)	1000
Instructional Administration	2100
Instructional Administration—Special Projects (typically funded from a specific resource and requires project budget and audit)	2100/2150
Instructional Aide—Regular Education	1000

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**Appendix D      Function Codes for Common Activities**

<b>Description</b>	<b>Typical Function(s)</b>
Instructional Aide—Special Education	1110–1130
Instructional Staff Development—In-house	2100/2140
Instructional Library	2420
Instructional Materials—Guidance of Teachers	2100
Instructional Media	2420
Instructional Programs—Selecting, preparing, and making available to instructional staff television or computer-assisted services	2420
Instructional Research	2100/2120
Instructional Supervision	2100/2110
Instructional Technology	2420
Insurance—Buses	3600
Insurance—Driver Training Vehicle Insurance	1000
Insurance—Food Service Vehicles	3700
Insurance—General property and liability not covered elsewhere	7200
Insurance—Pupil	1000
Interpreter Services—Special Education	1130
Language and Speech—Special Education	1190
Language Disorders—Assess	3150
Language Services	3150
Legal – General Legal Counsel (e.g., interpret laws and statutes, general liability)	7100/7110
Legal – Directly Identifiable with administration of an Instructional Program or with a Capital Project	2100, 8500
Medical Services to Students	3140
Negotiations (Contractual) and Staff Relations	7100/7120
Network Manager—Noninstructional Networks	7700
News Media—Dissemination of Educational Public Information	7100/7180
Nonpublic Agencies/Schools (NPA/S)—Special Education	1180
Noon-duty Personnel	1000
Nursing Services	3140
Orientation and Mobility Instruction—Special Education	1190
Other Specialized Instructional Services—Special Education	1190
Parent Counseling—Special Education	3110
Parent Participation—School Activities	2490/2495
Parent-Teacher Association (PTA) Meetings	5000
Payroll Services	7200/7340
Personnel Services	7200/7400
Photocopying—Administrative Publications (e.g., annual reports and agency-wide directories or bulletins)	7200/7550
Photocopying—Instructional Materials	1000–1999

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**Appendix D      Function Codes for Common Activities**

<b>Description</b>	<b>Typical Function(s)</b>
Photocopying—Program Specific (may be accumulated in Function 7200, then transferred using Objects 5710/5750)	User program function.
Placement Services—Students	3110
Plant Maintenance (e.g., repairing, restoring, renovating school property)	8100/8110
Plant Operations (e.g., heating, lighting, power, grounds keeping, housekeeping)	8100/8200
Police Activities for School Functions	8100/8300
Policy Administration—Agency-wide	7100 or 7200
Principal	2700
Printing, Publishing, and Duplicating—Administrative Publications (e.g., annual reports and agency-wide directories or bulletins)	7200/7550
Printing, Publishing, and Duplicating—Instructional Materials	1000–1999
Program Manager—Instruction Related	2100
Psychological Services	3120
Public Information	7100/7180
Public Relations	7100/7150
Purchasing—Activities to purchase supplies, furniture, equipment	7200/7530
Recreation Program—Community	5000
Renovating School Property	8100/8110
Repairing and Restoring School Property	8100/8110
Retiree Benefits (Allocate in proportion to total salaries or total full-time-equivalent positions in all activities as described in Objects 3701/3702, or direct-charge as described in Objects 3751/3752)	Various functions
Salary Stipend—Staff Development	Normally, employee's function
Scholarship Payments	5000
School Activities—Coordination	2700
School Administration	2700
School Records—Supervise and Maintain	2700
School-Sponsored Athletics (e.g., competition between schools)	4000/4200
School-Sponsored Co-curricular Activities	4000/4100
Secretary—School	2700
Secretary—Superintendent or Governing Board	7100
Security	8100/8300
Sign Language Service—Special Education	1190
Social Work Services	3130
Special Education—Adaptive Physical Education	1190
Special Education—Assistive Services	1190
Special Education—Assistive Technology	1130
Special Education—Braille Services	1130
Special Education—Career Technical Education Training	1190

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**Appendix D      Function Codes for Common Activities**

<b>Description</b>	<b>Typical Function(s)</b>
Special Education—Education Technological Services	1190
Special Education—Home and Hospital Instruction	1130
Special Education—Instructional Aides	1130
Special Education—Interpreter Services	1130
Special Education—Language and Speech	1190
Special Education—Nonpublic Agencies/Schools (NPA/S)	1180
Special Education—Orientation and Mobility Instruction	1190
Special Education—Other Specialized Instructional Services	1190
Special Education—Resource Specialist Instruction	1120
Special Education—Separate Classes	1110
Special Education—Sign Language Service	1190
Special Education—Supplemental aids and services in regular classrooms	1130
Special Education—Transportation (specialized services specified in IEP)	3600
Special Education—Vision Services	1190
Special Education Instruction	1100–1199
Special Project—Instructional Administration (typically funded from a specific resource and requires project budget and audit)	2100/2150
Special Project—Support Staff for Instructional Administration (includes administrative services beyond general level provided by the business office)	2100/2150
Speech Disorders—Assess	3150
Speech Pathology	3150
Staff Development and Training—Conference Fees	Normally, employee’s function
Staff Development and Training—Instructional (e.g., techniques of instruction, how children learn)	2100
Staff Development and Training—Noninstructional Staff (developing agency-wide programs not related to instructional staff or programs)	7200/7400
Staff Development and Training—Salary Stipend	Normally, employee’s function
Staff Development Consultant—Work with teachers outside the classroom	2100/2140
Staff Evaluations—School	2700
Staff Relations and Contractual Negotiations	7100/7120
Superintendent	7100/7150
Supervisor of Instructional Program (e.g., special education, bilingual education, or similar programs)	2100
Technology—Instructional	2420
Telephone Lines—Communications	2700 or 7200 (refer to Object 5900)
Telephone Lines—Centralized Data Processing	7700
Telephone Lines—Instructional Internet Access	1000 or 2420

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**Appendix D      Function Codes for Common Activities**

<b>Description</b>	<b>Typical Function(s)</b>
Testing—Classroom teachers administering tests to students	1000–1999
Testing—Coordinate standardized student testing	3160
Testing—Psychological Services	3120
Transportation—Home to School	3600
Transportation—Other Miles (e.g., field trips, between school sites, summer school hours) (may be accumulated in Function 3600, then transferred using Objects 5710/5750)	1000–1999
Transportation—Special Education (specialized services specified in IEP)	3600
Truancy Officer—Attendance	3130
Tuition—Outgoing to another agency	9200
Utilities (e.g., heat, light, power, garbage) (See Communications for telephones.)	8100/8200
Vision Screening	3140
Vision Services—Special Education	1190
Warehousing and Distribution	7200/7540
Xeroxing—Administrative Publications (e.g., annual reports and agency-wide directories or bulletins)	7200/7550
Xeroxing—Instructional Materials	1000–1999
Xeroxing—Program Specific (may be accumulated in Function 7200, then transferred using Objects 5710/5750)	User program function.



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**Procedure 330 Object Classification**

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The object field classifies expenditures according to the types of items purchased or services obtained. It classifies revenues by the general source and type of revenue. It also classifies balance sheet accounts as assets, liabilities, or fund balance.

**How the Object Field Is Used**

The object field applies to expenditures, revenues, and balance sheet accounts.

**Flexibility of the Object Field**

LEAs are required to code their transactions to at least the minimum object level required by CDE. However, LEAs may also use more detailed CDE-defined optional object codes (indicated by italics in the object code listing) or create their own locally defined object codes. Required and optional codes are reported to CDE; locally defined codes must be rolled up by the LEA when reporting data to CDE. For further information, see “Optional and Locally Defined Codes” and “Reporting Data to the State,” beginning on page 301-4.

The fourth digit of objects 3000–3999 has been restricted by CDE to a specific definition. The third digit is available for LEA use if it is rolled up to zero when submitted to CDE. For example:

<b>Object Code</b>	<b>Description</b>
3401	Health and Welfare Benefits, certificated positions
3411	Health and Welfare Benefits, certificated positions, instructional
3421	Health and Welfare Benefits, certificated positions, administrative

In this example, the LEA has used locally defined objects using the third digit. These must be rolled up to Object 3401, Health and Welfare Benefits, certificated positions, when data are reported to CDE.

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**Procedure 330 Object Classification**

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**List of Object Codes**

*(Italicized codes are optional; if used, they must be reported to CDE.)*

<b>Code</b>	<b>Title</b>
<b>1000–7999</b>	<b>EXPENDITURES AND OTHER FINANCING USES</b>
<b>1000–7499</b>	<b>Expenditures</b>
1000–1999	Certificated Personnel Salaries
1100	Certificated Teachers’ Salaries
1200	Certificated Pupil Support Salaries
1300	Certificated Supervisors’ and Administrators’ Salaries
1900	Other Certificated Salaries
2000–2999	Classified Personnel Salaries
2100	Classified Instructional Salaries
2200	Classified Support Salaries
2300	Classified Supervisors’ and Administrators’ Salaries
2400	Clerical, Technical, and Office Staff Salaries
2900	Other Classified Salaries
3000–3999	Employee Benefits
3101	State Teachers’ Retirement System, certificated positions
3102	State Teachers’ Retirement System, classified positions
3201	Public Employees’ Retirement System, certificated positions
3202	Public Employees’ Retirement System, classified positions
3301	OASDI/Medicare/Alternative, certificated positions
3302	OASDI/Medicare/Alternative, classified positions
3401	Health and Welfare Benefits, certificated positions
3402	Health and Welfare Benefits, classified positions
3501	State Unemployment Insurance, certificated positions
3502	State Unemployment Insurance, classified positions
3601	Workers’ Compensation Insurance, certificated positions
3602	Workers’ Compensation Insurance, classified positions
<del>3701</del>	<del>OPEB, Allocated, certificated positions</del>
3702	OPEB, Allocated, classified positions
3751	OPEB, Active Employees, certificated positions
3752	OPEB, Active Employees, classified positions
3801	PERS Reduction, certificated positions (Valid through 2012–13)
3802	PERS Reduction, classified positions (Valid through 2012–13)



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**Procedure 330    Object Classification**

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<b>Code</b>	<b>Title</b>
3901	Other Benefits, certificated positions
3902	Other Benefits, classified positions
4000–4999	Books and Supplies
4100	Approved Textbooks and Core Curricula Materials
4200	Books and Other Reference Materials
4300	Materials and Supplies
4400	Noncapitalized Equipment
4700	Food
5000–5999	Services and Other Operating Expenditures
5100	Subagreements for Services
5200	Travel and Conferences
5300	Dues and Memberships
5400	Insurance
5440	<i>Pupil Insurance</i>
5450	<i>Other Insurance</i>
5500	Operations and Housekeeping Services
5600	Rentals, Leases, Repairs, and Noncapitalized Improvements
5700–5799	Transfers of Direct Costs
5710	Transfers of Direct Costs
5750	Transfers of Direct Costs—Interfund
5800	Professional/Consulting Services and Operating Expenditures
5900	Communications
6000–6999	Capital Outlay
6100	Land
6170	Land Improvements
6200	Buildings and Improvements of Buildings
6300	Books and Media for New School Libraries or Major Expansion of School Libraries
6400	Equipment
6500	Equipment Replacement
6900	Depreciation Expense (for proprietary and fiduciary funds only)
7000–7499	Other Outgo
7100–7199	Tuition
7110	Tuition for Instruction Under Interdistrict Attendance Agreements
7130	State Special Schools

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<b>Code</b>	<b>Title</b>
7141	Other Tuition, Excess Costs, and/or Deficit Payments to Districts or Charter Schools
7142	Other Tuition, Excess Costs, and/or Deficit Payments to County Offices
7143	Other Tuition, Excess Costs, and/or Deficit Payments to JPAs
7200–7299	Interagency Transfers Out
7211	Transfers of Pass-Through Revenues to Districts or Charter Schools
7212	Transfers of Pass-Through Revenues to County Offices
7213	Transfers of Pass-Through Revenues to JPAs
7221	Transfers of Apportionments to Districts or Charter Schools
7222	Transfers of Apportionments to County Offices
7223	Transfers of Apportionments to JPAs
7280	Transfers to Charter Schools in Lieu of Property Taxes (Valid through 2006–07)
7281	All Other Transfers to Districts or Charter Schools
7282	All Other Transfers to County Offices
7283	All Other Transfers to JPAs
7299	All Other Transfers Out to All Others
7300–7399	Transfers of Indirect Costs
7310	Transfers of Indirect Costs
7350	Transfers of Indirect Costs—Interfund
7370	Transfers of Direct Support Costs (Valid through 2007–08)
7380	Transfers of Direct Support Costs—Interfund (Valid through 2007–08)
7430–7439	Debt Service
7432	State School Building Repayments
7433	Bond Redemptions
7434	Bond Interest and Other Service Charges
7435	Repayment of State School Building Fund Aid—Proceeds from Bonds
7436	Payments to Original District for Acquisition of Property
7438	Debt Service—Interest
7439	Other Debt Service—Principal
<b>7600–7699</b>	<b>Other Financing Uses</b>
7600–7629	Interfund Transfers Out
7611	From General Fund to Child Development Fund
7612	Between General Fund and Special Reserve Fund
7613	To State School Building Fund/County School Facilities Fund from All Other Funds of the District

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**Procedure 330    Object Classification**

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<b>Code</b>	<b>Title</b>
7614	From Bond Interest and Redemption Fund to General Fund
7615	From General, Special Reserve, and Building Funds to Deferred Maintenance Fund (Valid through 2012–13)
7616	From General Fund to Cafeteria Fund
7619	Other Authorized Interfund Transfers Out
7630–7699	All Other Financing Uses
7651	Transfers of Funds from Lapsed/Reorganized LEAs
7699	All Other Financing Uses
<b>8000–8999</b>	<b>REVENUES AND OTHER FINANCING SOURCES</b>
<b>8000–8799</b>	<b>Revenues</b>
8010–8099	LCFF Sources
8010–8019	Principal Apportionment
8011	LCFF State Aid—Current Year
8012	Education Protection Account State Aid—Current Year
8015	Charter Schools General Purpose Entitlement—State Aid (Valid through 2012–13)
8019	LCFF/Revenue Limit State Aid—Prior Years
8020–8039	Tax Relief Subventions
8021	Homeowners’ Exemptions
8022	Timber Yield Tax
8029	Other Subventions/In-Lieu Taxes
8040–8079	County and District Taxes
8041	Secured Roll Taxes
8042	Unsecured Roll Taxes
8043	Prior Years’ Taxes
8044	Supplemental Taxes
8045	Education Revenue Augmentation Fund (ERAF)
8046	Supplemental Educational Revenue Augmentation Fund (SERAF) (Valid 2009–10 and 2010–11 only)
8047	Community Redevelopment Funds
8048	Penalties and Interest from Delinquent Taxes
8070	Receipts from County Board of Supervisors
8080–8089	Miscellaneous Funds
8081	Royalties and Bonuses

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<b>Code</b>	<b>Title</b>
8082	Other In-Lieu Taxes
8089	Less: Non-LCFF (50 Percent) Adjustment
8090–8099	LCFF Transfers
8091	LCFF Transfers—Current Year
8092	PERS Reduction Transfer (Valid through 2012–13)
8096	Transfers to Charter Schools in Lieu of Property Taxes (Effective 2007–08)
8097	Property Taxes Transfers
8099	LCFF/Revenue Limit Transfers—Prior Years
8100–8299	Federal Revenue
8110	Maintenance and Operations (Public Law 81-874)
8181	Special Education—Entitlement
8182	Special Education—Discretionary Grants
8220	Child Nutrition Programs
8221	Donated Food Commodities
8260	Forest Reserve Funds
8270	Flood Control Funds
8280	U.S. Wildlife Reserve Funds
8281	FEMA
8285	Interagency Contracts Between LEAs
8287	Pass-Through Revenues from Federal Sources
8290	All Other Federal Revenue
8300–8599	Other State Revenue
8311	Other State Apportionments—Current Year
8319	Other State Apportionments—Prior Years
8425	Year-Round School Incentive (Valid through 2012–13)
8434	Class Size Reduction, Grades K–3 (Valid through 2013–14)
8435	Class Size Reduction, Grade Nine (Valid through 2008–09)
8480	Charter Schools Categorical Block Grant (Valid through 2008–09)
8520	Child Nutrition
8530	Child Development Apportionments
8540	Deferred Maintenance Allowance (Valid through 2008–09)
8545	School Facilities Apportionments
8550	Mandated Cost Reimbursements
8560	State Lottery Revenue
8571–8579	Tax Relief Subventions
8571	Voted Indebtedness Levies, Homeowners’ Exemptions
8572	Voted Indebtedness Levies, Other Subventions/In-Lieu Taxes

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<b>Code</b>	<b>Title</b>
8575	Other Restricted Levies, Homeowners' Exemptions
8576	Other Restricted Levies, Other Subventions/In-Lieu Taxes
8587	Pass-Through Revenues from State Sources
8590	All Other State Revenue
8600–8799	Other Local Revenue
8610–8629	County and District Taxes
8611	Voted Indebtedness Levies, Secured Roll
8612	Voted Indebtedness Levies, Unsecured Roll
8613	Voted Indebtedness Levies, Prior Years' Taxes
8614	Voted Indebtedness Levies, Supplemental Taxes
8615	Other Restricted Levies, Secured Roll
8616	Other Restricted Levies, Unsecured Roll
8617	Other Restricted Levies, Prior Years' Taxes
8618	Other Restricted Levies, Supplemental Taxes
8621	Parcel Taxes
8622	Other Non-Ad Valorem Taxes
8625	Community Redevelopment Funds Not Subject to LCFF Deduction
8629	Penalties and Interest from Delinquent Non-LCFF Taxes
8631–8639	Sales
8631	Sale of Equipment and Supplies
8632	Sale of Publications
8634	Food Service Sales
8639	All Other Sales
8650	Leases and Rentals
8660	Interest
8662	Net Increase (Decrease) in the Fair Value of Investments
8670–8689	Fees and Contracts
8671	Adult Education Fees
8672	Nonresident Student Fees
8673	Child Development Parent Fees
8674	In-District Premiums/Contributions
8675	Transportation Fees from Individuals
8677	Interagency Services Between LEAs
8681	Mitigation/Developer Fees
8689	All Other Fees and Contracts
8690–8719	Other Local Revenue

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<b>Code</b>	<b>Title</b>
8691	Plus: Miscellaneous Funds Non-LCFF (50 Percent) Adjustment
8697	Pass-Through Revenue from Local Sources
8699	All Other Local Revenue
8710	Tuition
<b>8780–8799</b>	<b>Interagency Transfers In</b>
8780	Transfers from Sponsoring LEAs to Charter Schools in Lieu of Property Taxes (Valid through 2006–07)
8781	All Other Transfers from Districts or Charter Schools
8782	All Other Transfers from County Offices
8783	All Other Transfers from JPAs
8791	Transfers of Apportionments from Districts or Charter Schools
8792	Transfers of Apportionments from County Offices
8793	Transfers of Apportionments from JPAs
8799	Other Transfers In from All Others
<b>8900–8999</b>	<b>Other Financing Sources</b>
<b>8900–8929</b>	<b>Interfund Transfers In</b>
8911	To Child Development Fund from General Fund
8912	Between General Fund and Special Reserve Fund
8913	To State School Building Fund/County School Facilities Fund from All Other Funds
8914	To General Fund from Bond Interest and Redemption Fund
8915	To Deferred Maintenance Fund from General, Special Reserve, and Building Funds (Valid through 2012–13)
8916	To Cafeteria Fund from General Fund
8919	Other Authorized Interfund Transfers In
<b>8930–8979</b>	<b>All Other Financing Sources</b>
8931	Emergency Apportionments
8951	Proceeds from Sale of Bonds
8953	Proceeds from Disposal of Capital Assets
8961	County School Building Aid
8965	Transfers from Funds of Lapsed/Reorganized LEAs
8971	Proceeds from Certificates of Participation
8972	Proceeds from Capital Leases
8973	Proceeds from Lease Revenue Bonds
8979	All Other Financing Sources

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<b>Code</b>	<b>Title</b>
8980	Contributions from Unrestricted Revenues
8990	Contributions from Restricted Revenues
8995	Categorical Education Block Grant Transfers (Valid through 2008–09)
8997	Transfers of Restricted Balances (Valid for 2003–04, 2008–09, and 2009–10 only)
8998	Categorical Flexibility Transfers (Valid through 2008–09)
<b>9000–9999</b>	<b>BALANCE SHEET</b>
<b>9100–9489</b>	<b>Assets</b>
9110	Cash in County Treasury
9111	Fair Value Adjustment to Cash in County Treasury
9120	Cash in Bank(s)
9130	Revolving Cash Account
9135	Cash with a Fiscal Agent/Trustee
9140	Cash Collections Awaiting Deposit
9150	Investments
9200	Accounts Receivable
9290	Due from Grantor Governments
9310	Due from Other Funds
9320	Stores
9330	Prepaid Expenditures (Expenses)
9340	Other Current Assets
9400–9489	Capital Assets (Not used in governmental funds)
9410	Land
9420	Land Improvements
9425	Accumulated Depreciation—Land Improvements
9430	Buildings
9435	Accumulated Depreciation—Buildings
9440	Equipment
9445	Accumulated Depreciation—Equipment
9450	Work in Progress
<b>9490–9499</b>	<b>Deferred Outflows of Resources</b>
9490	Deferred Outflows of Resources
<b>9500–9689</b>	<b>Liabilities</b>
9500	Accounts Payable (Current Liabilities)

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**Procedure 330    Object Classification**

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<b>Code</b>	<b>Title</b>
9501–9589	Accounts Payable—Locally Defined (When reporting to CDE, LEAs must roll up these objects to Object 9500.)
9590	Due to Grantor Governments
9610	Due to Other Funds
9620	Due to Student Groups/Other Agencies
9640	Current Loans
9650	Unearned Revenue
9660–9669	Long-Term Liabilities (Not used in governmental funds)
9661	General Obligation Bonds Payable
9662	State School Building Loans Payable
9663	Net Pension Liability
9664	Total/Net OPEB Liability
9665	Compensated Absences Payable
9666	Certificates of Participation (COPs) Payable
9667	Capital Leases Payable
9668	Lease Revenue Bonds Payable
9669	Other General Long-Term Debt
<b>9690–9699</b>	<b>Deferred Inflows of Resources</b>
9690	Deferred Inflows of Resources
<b>9700–9799</b>	<b>Fund Balance/Net Position</b> <b>(The following codes and titles for 9700–9790 were valid through 2010–11.)</b>
9700–9759	Fund Balance, Reserved (Valid through 2010–11)
9710–9720	Reserve for Nonexpendable Assets (Valid through 2010–11)
9711	Reserve for Revolving Cash (Valid through 2010–11)
9712	Reserve for Stores (Valid through 2010–11)
9713	Reserve for Prepaid Expenditures (Expenses) (Valid through 2010–11)
9719	Reserve for All Others (Valid through 2010–11)
9720	Reserve for Encumbrances (Budgetary account) (This account is not reported to CDE.)
9730	General Reserve (Valid through 2010–11)
9740	Legally Restricted Balance (Valid through 2010–11)
9760–9799	Fund Balance, Unreserved (Valid through 2010–11)
9770	Designated for Economic Uncertainties (Valid through 2010–11)



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<b>Code</b>	<b>Title</b>
9775	Designated for the Unrealized Gains of Investments and Cash in County Treasury
9780	Other Designations (Valid through 2010–11)
9790	Undesignated/Unappropriated (Valid through 2010–11)
 <b>(The following codes and titles for 9700–9790 are valid effective 2011–12.)</b>	
9710–9719	Fund Balance, Nonspendable
9711	Nonspendable Revolving Cash
9712	Nonspendable Stores
9713	Nonspendable Prepaid Items
9719	All Other Nonspendable Assets
9720	Reserve for Encumbrances (Budgetary account) (This account is not reported to CDE.)
9730–9749	Fund Balance, Restricted
9740	Restricted Balance
9750–9769	Fund Balance, Committed
9750	Stabilization Arrangements
9760	Other Commitments
9770–9788	Fund Balance, Assigned
9780	Other Assignments
9789–9790	Fund Balance, Unassigned
9789	Reserve for Economic Uncertainties
9790	Unassigned/Unappropriated/Unrestricted Net Position
9791	Beginning Fund Balance
9793	Audit Adjustments
9795	Other Restatements
9796	Net Investment in Capital Assets
9797	Restricted Net Position
9800–9839	Budgetary Accounts (These accounts are not reported to CDE.)
9810	Estimated Revenue
9815	Estimated Other Financing Sources
9820	Appropriations
9825	Estimated Other Financing Uses
9830	Encumbrances

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<b>Code</b>	<b>Title</b>
9840–9899	Control Accounts (These accounts are not reported to CDE.)
9840	Revenue
9845	Other Financing Sources
9850	Expenditures
9855	Other Financing Uses
9910–9979	Nonoperating Accounts (These accounts are not reported to CDE.)
9910	Suspense Clearing

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**Object Code Definitions**

*(Italicized codes are optional; if used, they must be reported to CDE.)*

<b>Code</b>	<b>Definition</b>
<b>1000–7999</b>	<p><b>EXPENDITURES AND OTHER FINANCING USES</b></p> <p><i>Note:</i> Also see Appendix A, “Analysis of Salaries,” for common function/object relationships found in salary expenditures.</p>
1000–1999	<p><b>Certificated Personnel Salaries.</b> Certificated salaries are salaries for positions that require a credential or permit issued by the Commission on Teacher Credentialing. Salaries paid to an employee on leave of absence continue to be charged in the same manner and to the same account classification that was applicable while the employee was in active service of the LEA.</p> <p>For compensated time off, a substitute for a position recorded in objects 1000–1999 should be charged to the same goal and function as the absent employee. For other than compensated time off, such as release time for negotiations, the substitute should be charged to the applicable goal and function.</p>
1100	<p><b>Certificated Teachers’ Salaries.</b> Record the full-time, part-time, and prorated portions of salaries for all certificated personnel employed to teach the pupils of the district or pupils in schools maintained by a county superintendent of schools. Include salaries for teachers of children in homes or hospitals, all special education resource specialists and teachers, substitute teachers, and instructional television teachers. Include salaries of teachers who provide instruction to students on a pullout basis.</p> <p>The separate recording of teachers’ salaries is required by <i>Education Code</i> Section 41011 and is limited to salaries of certificated employees paid to teach the pupils of the district or pupils in schools maintained by a county superintendent.</p> <p>The following comments, interpretations, and definitions are included to guide school officials in determining whether the total salary or a portion of the salary would be charged to Object 1100.</p> <p>The total salary is recorded in Object 1100 under the following conditions:                  The teacher is an employee of the district or office of the county</p>

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**Procedure 330 Object Classification**

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**Code**

**Definition**

superintendent in a position requiring certification qualifications. The teacher's duties require him or her to teach pupils of the district for at least one full instructional period on each school day for which he or she is employed, and he or she is assigned no duties other than those that are connected with, or extensions of, classroom teaching. Such activities are limited to the following:

- Preparation for and evaluation of classroom work
- Extracurricular activities that arise from classroom work and are extensions of it (e.g., class or club sponsorship or supervision at school functions)
- Management of and instruction in a study hall
- Duties that are ordinarily assigned to certificated personnel in connection with the custody and control of pupils at recess or lunchtime, after school, or at other times

If a certificated employee teaches at least one instructional period each day that he or she is employed to teach and is also assigned other duties neither in connection with nor as an extension of classroom teaching, his or her salary must be prorated and recorded in Object 1100 and in the other objects that provide for recording of expenditures for the other assignment(s). The amount recorded in Object 1100 is the product of the employee's complete salary and the fraction of the full-time school day that the employee spent as a classroom teacher performing duties that are in connection with, or an extension of, classroom teaching as limited herein. The remaining portion is then charged to the object(s) in which expenditures for the other assignments are recorded. Some of the other assignments may pertain to work outside the field of teaching. If a teacher performs such assignments, it will be necessary to prorate a portion of the teacher's salary to classifications other than Object 1100.

The term *other assignments* that must be recorded or prorated to other object codes includes, but is not limited to, assignments usually and specifically assigned to persons employed in the following types of positions:

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Certificated:

- General supervisors, coordinators, directors, specialists, consultants, supervisors of special subjects or grades, and certificated assistants (use Function 2100, Instructional Supervision and Administration,

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**Procedure 330 Object Classification**

Code	Definition
	<p>with Object 1300, Certificated Supervisors' and Administrators' Salaries)</p> <ul style="list-style-type: none"> <li>• Chairperson of academic department (use Function 2700, School Administration, with Object 1300, Certificated Supervisors' and Administrators' Salaries)</li> <li>• Principals, vice principals, assistant principals, deans, and assistant deans in individual schools (use Function 2700, School Administration, with Object 1300, Certificated Supervisors' and Administrators' Salaries)</li> <li>• Librarians, assistant librarians, and audiovisual personnel (use Function 2420, Instructional Library, Media, and Technology, with Object 1200, Certificated Pupil Support Salaries)</li> <li>• Counselors, nurses, psychologists, psychometrists, audiometrists, and guidance and attendance personnel (use Pupil Service functions 3110–3150 with Object 1200, Certificated Pupil Support Salaries)</li> </ul>

Classified:

- School bus driver, custodian, secretary to the governing board, and supervisor of transportation

**1200**      **Certificated Pupil Support Salaries.** Record the full-time, part-time, and prorated portions of salaries of all certificated personnel performing services of librarian, social worker, or certificated personnel doing pupil personnel work; psychologists and psychometrists; counselors; as well as health services rendered by physicians, oculists, dentists, dental hygienists, nurses, optometrists, school audiometrists, psychiatrists, otologists, and other personnel as authorized in the field of physical and mental health and who are on the payroll of the LEA. Health services personnel must possess a services credential (*Education Code* sections 44872–44879 and 49422–49427).

**1300**      **Certificated Supervisors' and Administrators' Salaries.** Record the full-time, part-time, and prorated portions of salaries of principals, vice principals, administrative deans in individual schools, and other personnel performing similar duties; certificated personnel engaged in instructional supervision, including general supervisors, coordinators, directors, consultants, and supervisors of special subjects or grades and their certificated assistants (whether or not they supervise staff); superintendents and/or deputy, associate, area, and assistant superintendents in districts and

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Code	Definition
	<p>offices of county superintendents of schools (<i>Education Code</i> sections 35028, 35029, 35030, 44065, 44066, and 44069).</p> <p><i>Note:</i> The term <i>supervision</i> is used to designate those activities having as their purpose the actual improvement of instruction under the direction of supervisors and assistants. Such activities include (1) personal conferences with teachers on instructional problems; (2) classroom visitation; (3) group conferences with teachers; and (4) demonstration teaching.</p>
1900	<p><b>Other Certificated Salaries.</b> Record the full-time, part-time, and prorated portions of salaries for all certificated personnel who do not fall within one of the categories previously specified. Examples of such personnel are special education and/or other program specialists, certificated civic center employees, teachers serving as mentors to other teachers (record only the incremental amount paid for mentoring), or resource teachers not performing duties as a classroom teacher. Object 1900 is not open to instructional functions.</p>
2000–2999	<p><b>Classified Personnel Salaries.</b> Classified salaries are salaries for positions that do not require a credential or permit issued by the Commission on Teacher Credentialing. Salaries paid to an employee on leave of absence will continue to be charged in the same manner and to the same account classification as was applicable while the employee was in active service for the LEA.</p> <p>For compensated time off, a substitute for a position recorded in objects 2000–2999 should be charged to the same goal and function as the absent employee. For other than compensated time off, such as release time for negotiations, the substitute should be charged to the applicable goal and function.</p> <p>Student employees are to be coded to the goal, function, and object that represent the position they are filling. However, if the student is being paid as part of an educational program such as work experience, use Function 1000, Instruction, and Object 2900, Other Classified Salaries.</p>
2100	<p><b>Classified Instructional Salaries.</b> Record total salaries paid to instructional aides who are required to perform any portion of their duty under the supervision of a classroom teacher or that of a special education resource specialist teacher (<i>Education Code</i> Section 41011). This code also includes salaries of noncertificated charter school teachers and other</p>

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**Procedure 330    Object Classification**

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<b>Code</b>	<b>Definition</b>
	noncertificated instructional personnel, such as classified coaches, tutors, and drug/alcohol program mentors.
2200	<p><b>Classified Support Salaries.</b> This code is used to record the full-time, part-time, and prorated portions of salaries of classified employees not defined elsewhere who are working in the instructional media and library, student support, pupil transportation, food services, and maintenance and operations functions.</p> <p>Salaries for the instructional media and library function include the salaries of library and media aides.</p> <p>Salaries for the student support function include the salaries of counselor aides and health aides.</p> <p>Salaries for the pupil transportation function include the salaries of bus drivers, mechanics, field coordinators, gasoline-pump attendants, and all other personnel whose assignments are related to the transportation of students.</p> <p>Salaries for the food service function include the salaries of nutritionists, cooks, helpers, and all other food service personnel except those engaged in the management of the food service program on a districtwide basis. The salary of a classified director of food services, if districtwide, is recorded in Object 2300, Classified Supervisors' and Administrators' Salaries. The salary of a certificated director of food services, if districtwide, is recorded in Object 1300, Certificated Supervisors' and Administrators' Salaries.</p> <p>Salaries for the maintenance function include the salaries of carpenters, painters, plumbers, electricians, and other similar positions.</p> <p>The salaries for the operations function include the salaries of custodians, matrons, general utility workers, firefighters, dairy workers, guards, gardeners, elevator operators, warehouse workers, delivery personnel, truck drivers, and other similar positions.</p>
2300	<p><b>Classified Supervisors' and Administrators' Salaries.</b> Record the full-time, part-time, and prorated portions of salaries of supervisory personnel who are business managers, controllers, directors, chief accountants, accounting supervisors, purchasing agents, site administrators, assistant superintendents, and superintendents. Include stipends for governing board members and personnel commission members. (For</p>



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<b>Code</b>	<b>Definition</b>
	assistant superintendents and superintendents, see <i>Education Code</i> sections 35028, 35029, 35030, 44065, 44066, and 44069.)
2400	<b>Clerical, Technical, and Office Staff Salaries.</b> Record the full-time, part-time, and prorated portions of salaries paid to clerks, secretaries, accountants, bookkeepers, programmers and computer technical support, machine and computer operators, and others in similar positions.
2900	<b>Other Classified Salaries.</b> Record the full-time, part-time, and prorated portions of salaries not identifiable with objects 2100 through 2400 (e.g., noon supervision personnel, students employed for work experience, civic center aides, and building inspectors). Students employed as part of a work-study curriculum or job-training grant are coded to Function 1000, Instruction.
3000–3999	<p><b>Employee Benefits.</b> Record employers’ contributions to retirement plans and health and welfare benefits, including cash in lieu of benefits, for employees, their dependents, retired employees, and board members. Benefits are separated into two categories. A code that ends in 1 indicates benefits paid for personnel in certificated positions, and a code that ends in 2 indicates those paid for personnel in classified positions.</p> <p>Except for allocated costs of OPEB (objects 3701–3702) and retirement incentives (objects 3901–3902), employee benefits are charged to the program(s) to which the benefit-eligible employee’s salary is charged.</p>
3101–3102	<b>State Teachers’ Retirement System.</b> Record expenditures to provide personnel with retirement benefits under the State Teachers’ Retirement System (STRS). This excludes employee contributions. Object 3101 is certificated personnel in STRS; Object 3102 includes those individuals who hold classified positions but are enrolled in STRS.
3201–3202	<p><b>Public Employees’ Retirement System.</b> Record expenditures to provide personnel with retirement benefits under the Public Employees’ Retirement System (PERS). This excludes employee contributions, although it does include the employer’s payment of an employee’s contribution.</p> <p>Object 3201 indicates those employees in certificated positions and enrolled in PERS; Object 3202 indicates employees in classified positions and enrolled in PERS.</p>



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**Procedure 330 Object Classification**

Code	Definition
3301–3302	<b>OASDI/Medicare/Alternative.</b> Record expenditures to provide employee benefits under the federal Social Security system. Include expenditures to qualifying alternative retirement plans for employees not covered under the Social Security system, STRS, or PERS. This excludes employee contributions. Object 3301 indicates that the Social Security benefits cover certificated positions; Object 3302 indicates that these benefits cover classified positions.
3401–3402	<b>Health and Welfare Benefits.</b> Record expenditures made to provide personnel with health and welfare insurance benefits. This excludes employee contributions but includes health and welfare benefit premiums paid to a self-insurance fund. Object 3401 indicates that the benefits cover certificated positions; Object 3402 indicates that the benefits cover classified positions.
3501–3502	<b>State Unemployment Insurance.</b> Record expenditures made to provide personnel with unemployment compensation. Object 3501 indicates that the state unemployment insurance covers certificated positions; Object 3502 indicates that the state unemployment insurance covers classified positions.
3601–3602	<b>Workers' Compensation Insurance.</b> Record expenditures made to provide personnel with workers' compensation benefits. This includes workers' compensation insurance premiums paid to a self-insurance fund. Object 3601 covers certificated positions; Object 3602 covers classified positions.
3701–3702	<b>OPEB, Allocated.</b> Record expenditures (1) for retirees and other former employees for current-year postemployment benefits other than pensions (OPEB) financed on a pay-as-you-go basis; or (2) for the amounts paid to an OPEB plan (administered through a qualifying trust) in excess of the current-year actuarially determined service cost. A qualifying trust is a trust or an equivalent arrangement that meets the criteria in paragraph 4 of GASB Statement 75.

Do not include expenditures for service costs for active employees; these must be direct-charged using objects 3751–3752.

Expenditures in objects 3701–3702 must be allocated to all activities in proportion to total salaries or total full-time equivalents (FTEs) in those

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<b>Code</b>	<b>Definition</b>
	activities. Object 3701 relates to certificated positions; Object 3702 relates to classified positions.
3751–3752	<p><b>OPEB, Active Employees.</b> Record expenditures for the amounts paid to a OPEB plan ( administered through a qualifying trust) up to the current-year actuarially determined service costs for OPEB-eligible active employees. A qualifying trust is a trust or an equivalent arrangement that meets the criteria in paragraph 4 of GASB Statement 75.</p> <p>Do not include expenditures for retirees and other former employees; these must be allocated using objects 3701–3702.</p> <p>Expenditures in objects 3751–3752 must be direct-charged on a per-eligible-FTE basis to the same resource, goal, and function as the OPEB-eligible active employee’s salary. Object 3751 relates to certificated positions; Object 3752 relates to classified positions.</p>
3801–3802	<p><b>PERS Reduction (Valid through 2012–13).</b> Report the transfers of funds from the LEA to the state. Object 3801 covers certificated positions; Object 3802 covers classified positions. The charge for PERS Reduction should follow the function of the related salary. Function 9200, Transfers Between Agencies, may be used instead of identifying specific functions, but either method must be used exclusively, not together. Amounts reported in objects 3801–3802 must equal the amount reported in Object 8092, PERS Reduction Transfer.</p>
3901–3902	<p><b>Other Benefits.</b> Record the payment for tax-sheltered annuities, deferred compensation, cash-in-lieu, retirement incentives such as Golden Handshake, and other employee benefits not specified above. With the exception of retirement incentives, expenditures reported in objects 3901–3902 are charged to the program(s) to which the benefit-eligible employee’s salary is charged. For direction on charging retirement incentives, see Procedure 655. Object 3901 is used for certificated positions; Object 3902 is used for classified positions.</p>
4000–4999	<p><b>Books and Supplies.</b> Record expenditures for books and supplies, including any associated sales tax or use tax and freight and handling charges.</p>
4100	<p><b>Approved Textbooks and Core Curricula Materials.</b> Record expenditures for classroom instructional materials designed for use by</p>

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Code	Definition
4200	<p>pupils and their teachers as the basic curriculum adopted by the State Board of Education or the district board for required subject matter. Instructional materials may be printed or appear in some other form (for instance, Internet-based) and may consist of textbooks, technology-based materials, and other educational materials, such as manipulatives (<i>Education Code</i> Section 60010[h]). The cost includes all consumable materials available in the approved series, such as kits, audiovisual materials, or workbooks.</p> <p>Teachers' manuals and editions relate to specific, basic, or supplementary textbooks and are intended for teachers' use rather than for pupils' use. They are part of the approved curriculum used in the classroom and so are part of Object 4100.</p> <p>Single issues of state-approved textbooks for review by research committees or curriculum directors would be coded to this object with an instruction-related service function, such as Function 2130, Curriculum Development.</p> <p><b>Books and Other Reference Materials.</b> Record expenditures for books and other reference materials used by district personnel. Books used for reference are further identified by the appropriate function. For example, reference books for use in the nurse's office, in the district business office, or in the cafeteria would be coded to Function 3140, Health Services; Function 7200, Other General Administration; or Function 3700, Food Services, respectively. Function 1000, Instruction, would include (1) books that have not been adopted by the proper authority for use as basic curricula; (2) books, such as reference books, that are available for general use by students even though such books may be used solely in the classroom; and (3) all other materials used for reference purposes.</p> <p>Generally, the purchase of library books or other reference materials is coded to Object 4200. However, expenditures for library books to stock a new school library or for material expansion are recorded in Object 6300, Books and Media for New School Libraries or Major Expansion of School Libraries.</p> <p>Consumable materials other than those directly related to adopted curricula (Object 4100) have a limited shelf life of less than one year. Materials such as periodicals, magazines, workbooks, drill books, exercise pads, and the like are recorded in Object 4300, Materials and Supplies.</p>

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**Procedure 330 Object Classification**

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<b>Code</b>	<b>Definition</b>
4300	<p><b>Materials and Supplies.</b> Record expenditures for consumable materials and supplies and nonconsumable items that do not meet the LEA's inventory threshold to be used by students, teachers, and other LEA personnel. Instructional materials and supplies are those used in the classroom by students and teachers. Other materials and supplies included in Object 4300 are those used in services and auxiliary programs, such as food service supplies; custodial supplies; gardening and maintenance supplies; supplies for operations; transportation supplies, including gasoline; supplies for repair and upkeep of equipment or buildings and grounds; and medical and office supplies.</p> <p>Expenditures for rentals of materials are coded to Object 5600, Rentals, Leases, Repairs, and Noncapitalized Improvements.</p> <p>Incidental materials and supplies included in payments to outside vendors for repair and maintenance services are coded to Object 5600, Rentals, Leases, Repairs, and Noncapitalized Improvements.</p> <p>Payments to outside vendors for duplication services should be coded to Object 5800, Professional/Consulting Services and Operating Expenditures.</p>
4400	<p><b>Noncapitalized Equipment.</b> Record expenditures for movable personal property of a relatively permanent nature that has an estimated useful life greater than one year and an acquisition cost less than the LEA's capitalization threshold but greater than the LEA's inventory threshold pursuant to <i>Education Code</i> Section 35168 or local policy. For information on the capitalization threshold, refer to Procedure 770.</p>
4700	<p><b>Food.</b> Record expenditures for food used in food-service activities for which the purpose is nourishment or nutrition (i.e., breakfast, snacks, lunch, and other similar items). Include food purchased by the food service program for student meals on field trips even if not reimbursed through the school lunch program.</p>

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~~Object 4700, Food, is used only with Function 3700, Food Services.~~

Expenditures for food used for instruction in a regular classroom (e.g., in a cooking class or as an instructional reward) are recorded in Object 4300, Materials and Supplies, with an instructional function. Expenditures for food for staff meetings and similar situations are recorded in Object 4300 with the appropriate function.

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<b>Code</b>	<b>Definition</b>
5000–5999	<b>Services and Other Operating Expenditures.</b> Record expenditures for services, rentals, leases, maintenance contracts, dues, travel, insurance, utilities, and legal and other operating expenditures. Expenditures may be authorized by contracts, agreements, purchase orders, and so forth.
5100	<b>Subagreements for Services.</b> Record expenditures for subagreements and subawards pursuant to certain contracts, subcontracts, and subgrants. Subagreements for Services may be formal or informal, written or verbal, and are indicated when a part or all of an instructional or support activity for which the LEA is responsible is conducted by a third party rather than by the LEA (see page 910-1, Categories of Costs, for definitions of instructional and support activities). The LEA’s responsibility for the activity may originate from any grant, award, or entitlement, including general purpose entitlements.

Following are general indicators of subagreements for services:

- Subagreements are, by definition, subordinate to something—typically to a grant, award, or entitlement, but at least to some expectation that an LEA has a responsibility for some activity.
- Subagreements are typically in functions 1000–3999 (and possibly 4000), but this is not the determining factor. Not every contract or agreement in these functions is necessarily a subagreement.
- Contracts for services between LEAs are subagreements if they have the characteristics of the “Subagreements for Services” model described in Procedure 750.
- Subcontracted expenditures generally do not generate or benefit from an LEA’s administrative services (indirect costs) to the same extent that other expenditures do because the services provided under the subagreement are carried out by the other entity.

Some examples of subagreements for services include:

- Contracts with a third party to provide services required by a grant, such as the emergency services required by an Emergency Response Safety Grant
- Contracts with other entities to provide home-to-school transportation for the LEA’s students
- Contracts with nonpublic schools for services to the LEA’s special education students

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Code	Definition
	<ul style="list-style-type: none"> <li>• Contracts between charter schools and management companies to provide instruction to the charter school’s students</li> <li>• Cooperative projects and pass-through grants in which LEAs have both administrative and direct financial involvement (refer to Procedure 750)</li> </ul>

Subagreements for services generally exclude:

- Pass-through grants in which LEAs have only administrative involvement (refer to Procedure 750)
- Contracts for central administrative or “other” services (see page 910-1, Categories of Costs, for definitions of these services)
- Routine purchases of standard commercial goods or services from a vendor (refer to Object 5800, Professional/Consulting Services and Operating Expenditures)

When a distinction must be made between a subagreement and a routine purchase from a vendor, the substance of the transaction is more important than the form. For example, a contract with a vendor to provide home-to-school transportation to the LEA’s students would be a subagreement, but a contract with the same vendor to rent buses for the LEA to transport its own students would be a routine purchase from a vendor. The form of the written agreements might be identical in that both might be contracts with a transportation vendor, yet the substance of the transactions is different.

Unlike other costs in objects 5000–5999, Object 5100 costs are excluded from the calculation of the indirect cost rate and from eligible program expenditures on which indirect costs are charged (see Procedure 915). However, in recognition that some general administration is necessary to process a subagreement, indirect cost guidelines allow that up to \$25,000 of each individual subagreement may be coded to Object 5800, Professional/Consulting Services and Operating Expenditures, with the remainder charged to Object 5100. The amount charged to Object 5800 is included in the calculation of the indirect cost rate and in eligible program expenditures on which indirect costs are charged. The \$25,000 limit per subagreement applies each year throughout the duration of the subagreement.

5200	<b>Travel and Conferences.</b> Record actual and necessary expenditures incurred by and/or for employees and other representatives of the LEA for
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Code	Definition
	<p>travel and conferences (<i>Education Code</i> sections 35044 and 44032). Included in this object are fees paid for those individuals to attend conferences or training classes. Expenditures for employee conferences charged to this object should follow the goal and function of the employee.</p> <p>Expenditures for conferences sponsored by the LEA are not coded to this object but are coded to the appropriate object for specific services purchased, such as Object 4300 for food, Object 5800 for caterers, Object 5600 for room rentals, and Object 2400 for staff time to prepare for the conference, in combination with Function 2140, In-house Instructional Staff Development, or Function 7410, Staff Development. (The use of Object 4700, Food, is restricted to Function 3700, Food Services.)</p> <p>Expenditures for college tuition paid on behalf of employees are recorded to Object 5800, Professional/Consulting Services and Operating Expenditures.</p>
5300	<p><b>Dues and Memberships.</b> Record the fee for LEA membership in any society, association, or organization as authorized by <i>Education Code</i> Section 35172. Object 5300 may be used for the dues of an employee, such as a chief business official or a superintendent, if it is deemed that the LEA is represented and benefits from the membership. Use objects 3901–3902 for employee dues if it is deemed that the dues are a benefit for only the employee.</p>
5400	<p><b>Insurance.</b> Record expenditures for all forms of insurance other than employee benefits. Use Function 9100, Debt Service, for bond insurance costs when issuing new bonds.</p>
5440	<p><i>Pupil Insurance (Optional).</i> Record expenditures for accidental death insurance and medical and hospital insurance for pupils. Use Function 1000, Instruction.</p>
5450	<p><i>Other Insurance (Optional).</i> Record expenditures for all forms of insurance other than employee health insurance and pupil insurance. For fire and theft liability and fidelity bond premiums, use Function 7200, Other General Administration; for school buses, use Function 3600, Pupil Transportation; for food service vehicles, use Function 3700, Food Services.</p>
5500	<p><b>Operations and Housekeeping Services.</b> Record expenditures for water, heating fuel, light, power, waste disposal, pest control, laundry and dry</p>

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<b>Code</b>	<b>Definition</b>
	<p>cleaning (such as laundering of curtains and cleaning of drapes), and so forth. Include contracts for these services. Object 5500 is used only with the maintenance and operation functions 8100–8500 and Function 6000, Enterprise.</p> <p>Cleaning of uniforms, such as band or custodial uniforms, is charged to the appropriate function and Object 5800, Professional/Consulting Services and Operating Expenditures. Fuel for pupil transportation is coded to Object 4300, Materials and Supplies.</p>
5600	<p><b>Rentals, Leases, Repairs, and Noncapitalized Improvements.</b> Record expenditures for rentals, leases without option to purchase, and repairs or maintenance (including maintenance agreements) of sites, buildings, and equipment by outside vendors. Include incidental materials and supplies included in the cost of repairs. Include expenditures for site or building improvements that do not meet the LEA’s threshold for capitalization.</p> <p>Capital leases should be recorded according to the accounting procedures for lease/purchase agreements in Procedure 710.</p> <p>Rental of facilities is normally charged to Function 8700, Facilities Rents and Leases. The temporary rental of facilities incidental to a particular activity, such as the hourly or daily rental of a hall for a staff development workshop or the rental of an auditorium for a school graduation, is charged to the function of the benefiting activity.</p>
5700–5799	<p><b>Transfers of Direct Costs.</b> Record the transfer of costs for services, other than indirect costs, between resources, goals, functions, and/or funds.</p> <p>Typical transfers of direct costs between functions include services provided or products developed by the LEA, such as maintenance and repair of duplicating, audiovisual, or other equipment; photocopying expenses; field trips; district vehicle use; and information technology expenses. These types of costs may be accumulated in a particular function for ease of accounting and then transferred to the benefiting function(s) based on supporting documentation. For example, costs of field trips initially recorded in Function 3600, Pupil Transportation, are instructional costs and therefore are transferred to Function 1000, Instruction (see Example 1 in Procedure 640).</p>



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Code	Definition
	<p>Typical transfers of direct costs between goals include the distribution of support costs to benefiting goals. For example, expenditures initially recorded to Function 8100, Plant Maintenance and Operations, with Goal 0000, Undistributed, may be transferred to the benefiting goal(s) on the basis of documentation or standardized allocation factors.</p> <p>This account is also used to record transfers of administrative costs on any basis other than the indirect cost rate, such as administrative costs incurred in the general fund to calculate and collect developer fees.</p>
5710	<p><b>Transfers of Direct Costs.</b> Record transfers within a fund for direct costs of services provided, as described above. This account must net to zero at the fund level.</p>
5750	<p><b>Transfers of Direct Costs—Interfund.</b> Record transfers between funds for direct costs of services provided, as described above. This account will reflect a balance at the fund level for the amount of between-funds costs. The total between-funds debit and credit transactions must net to zero.</p>
5800	<p><b>Professional/Consulting Services and Operating Expenditures.</b> Record expenditures for personal services rendered by personnel who are not on the payroll of the LEA. Professional/consulting services are delivered by an independent contractor (individual, entity, or firm) that offers its services to the public. Such services are paid on a fee basis for specialized services that are usually considered to be temporary or short term in nature, normally in areas that supplement the expertise of the LEA. This includes all related expenditures covered by the personal services contract.</p> <p>Record expenditures for services such as printing, engraving, and so forth performed by an outside agency. This includes but is not limited to copies made from masters provided by the LEA.</p> <p>Record expenditures for catering services provided by an outside vendor.</p> <p>Record expenditures for college tuition paid on behalf of employees.</p> <p>Record expenditures for lodging and admission tickets for students and staff on field trips.</p> <p>Record expenditures for all advertising, including advertising for items such as bond sales, contract bidding, and personnel vacancies. Record</p>

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**Code**

**Definition**

expenditures for judgments, penalties, legal advice, attorneys, hearing officers, elections, audits, and other similar costs. Record expenditures for services provided, such as administration, bus transportation, audiovisual, and library.

Record assessments for other than capital improvements, including state assessment for nonuse of school sites. Record expenditures for surveys and appraisals of sites that are not purchased. Expenditures for surveys, appraisals, and assessments in connection with site purchases and/or improvements are recorded in Object 6100, Land, and/or Object 6170, Land Improvements.

Record expenditures for fees charged to LEAs by other local governmental agencies, such as counties, cities, and special districts, for required services. Such fees include those charged for health, building, and operating inspections and permits, plan reviews, and utility connection fees. These charges typically relate to emissions, fuel-tank operations, hazardous waste generation, chemical storage, food safety, water safety, and fire safety. Examples of departments and special districts that assess these fees include Air Pollution Control, Environmental or Public Health Services, Fire Department, and Public Water Control.

Record expenditures for internet-based publications and materials, excluding approved textbooks and core curricula materials (Object 4100). Record periodic costs of licensing, support, or maintenance agreements for nonequipment items, such as software. Initial licensing and other costs incurred as part of a major system acquisition should be recorded in Object 6400, Equipment.

Record expenditures not otherwise designated, such as payments of interest on loans repaid within the fiscal year, payments for damages to personal property, expenditures for fingerprints, physical and X-ray examinations required for employment, scholarship payments, and similar items.

Record arbitrage rebate resulting from a positive spread between interest earned on the invested proceeds of tax-exempt debt and the lower interest paid on those proceeds. Use Function 9100, Debt Service, in the fund where the debt proceeds were deposited and where the interest revenue was earned. For bonds, this is typically the Building Fund. For certificates of participation, it is typically another other capital projects fund. Recognize

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<b>Code</b>	<b>Definition</b>
	the arbitrage rebate in the period incurred, even if it will be not be paid immediately.
	Record penalties for issuing tax and revenue anticipation notes without a demonstrable cash flow need. Use Function 7100, Board and Superintendent (or the optional Function 7110, Board).
	Debt issuance costs such as underwriter discounts and fees should be recorded here. Debt issuance costs for debt insurance should be recorded in Object 5450. If long-term debt is issued at a discount, the discount should be recorded in Object 7699, All Other Financing Uses.
	May record up to \$25,000 for each individual subagreement as defined in Object 5100, Subagreements for Services. This is optional. The \$25,000 limit applies each year throughout the duration of the subagreement. The remainder of the subagreement must be recorded in Object 5100. Examples of subagreements are shown under Object 5100.
	<i>Note:</i> Expenditures to nonpublic, nonsectarian schools for the education of children with exceptional needs should be charged to Object 5100, Subagreements for Services. Expenditures for excess costs and/or deficits in special education programs paid to provider school districts or county offices should be charged to objects 7141–7143, Other Tuition.
5900	<b>Communications.</b> Record expenditures for periodic servicing of all methods of communication, including pagers, cell phones, and telephone service systems. This object also includes the monthly charges for fax lines, TV cable lines, and internet service and lines. The cost of postage stamps and “refill” of postage meters should be coded to Communications, as should the cost of parcel service or other means used to deliver letters or other outgoing communications. Incoming shipping of purchased goods by parcel service or other means is considered to be part of the cost of goods purchased and should not be charged to Object 5900.
	Generally, communication costs should be charged to either Function 2700, School Administration, or Function 7200, Other General Administration. Communication service fees may be charged to other functions by direct documentation, such as monthly statements. The monthly bills for pagers, cell phones, cable, and internet services may follow the user if the charges can be documented. For example, internet fees that are part of classroom instruction may be charged to Function 1000, Instruction.

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<b>Code</b>	<b>Definition</b>
	<p>The cost of communication equipment is normally coded to Object 4400, Noncapitalized Equipment. If the cost of a unit of equipment exceeds the capitalization threshold of the LEA, use Object 6400, Equipment, or Object 6500, Equipment Replacement, as appropriate. However, if the cost is minor and the expected life short, the cost of the equipment should be coded to Object 4300, Materials and Supplies.</p> <p>The cost of wiring and installing cables for communication equipment that become an integral part of the building or building service system is coded to Object 6200, Buildings and Improvements of Buildings, with Function 8500, Facilities Acquisition and Construction. Repairs to these lines would be coded to Function 8100, Plant Maintenance and Operations, with either Object 5600, Rentals, Leases, Repairs, and Noncapitalized Improvements, or with the salary or supply object codes of the maintenance budget.</p>
6000–6999	<p><b>Capital Outlay.</b> Record expenditures for land, buildings, equipment, capitalized complements of books for new libraries, and other intangible capital assets, such as computer software, including items acquired through leases with option to purchase.</p> <p>These object codes are not used in proprietary funds, in which capital assets are recorded in objects 9400–9499 and subsequently depreciated.</p>
6100	<p><b>Land.</b> Record the costs of acquisition of land and additions to old sites and adjacent ways. Include incidental expenditures in connection with the acquisition of sites, such as appraisal fees, search and title insurance, surveys, and condemnation proceedings, and fees. If a site is not purchased after the appraisal or survey, record the expenditure in Object 5800, Professional/Consulting Services and Operating Expenditures. Include costs to remove buildings on newly acquired sites. Use with Function 8500, Facilities Acquisition and Construction.</p>
6170	<p><b>Land Improvements.</b> Record expenditures for each of the following with Function 8500, Facilities Acquisition and Construction:</p> <hr/> <ul style="list-style-type: none"> <li>• Improvements of sites (new and old) and adjacent ways that meet the LEA’s threshold for capitalization. Include work such as grading, landscaping, seeding, and planting shrubs and trees; constructing new sidewalks, roadways, retaining walls, sewers, and storm drains; installing hydrants; treating soil and surfacing athletic fields and</li> </ul>

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Code	Definition
6200	<p>tennis courts; furnishing and installing fixed playground apparatus, flagpoles, gateways, fences, and underground storage tanks that are not parts of building service systems; and doing demolition work in connection with improvement of sites.</p> <ul style="list-style-type: none"> <li>• Leasehold improvements to sites. Include costs of site improvements to leased property.</li> <li>• Payment of special assessments. Include assessments against the school district for capital improvements such as streets, curbs, sewers, drains, and pedestrian tunnels, whether on or off school property.</li> </ul> <p><b>Buildings and Improvements of Buildings.</b> Record costs of construction or purchase of new buildings (including relocatable buildings, such as portable classrooms) and additions and replacements of obsolete buildings, including advertising; architectural and engineering fees; blueprinting; inspection service (departmental or contract); tests and examinations; demolition work in connection with construction of electrical, sprinkling, or warning devices; installation of heating and ventilating fixtures, attachments, and built-in fixtures; and other expenditures directly related to the construction or acquisition of buildings.</p> <p>Record costs of improvements of buildings, including alterations, remodeling, renovations, and replacement of buildings in whole or in part, that meet the LEA's threshold for capitalization. Include leasehold improvements.</p> <p>Use with Function 8500, Facilities Acquisition and Construction.</p>
6300	<p><b>Books and Media for New School Libraries or Major Expansion of School Libraries.</b> Record expenditures for books and materials for new and materially expanded libraries.</p>
6400	<p><b>Equipment.</b> Record expenditures for movable personal property, including equipment such as vehicles, machinery, computer systems, and playground equipment, that have both an estimated useful life over one year and an acquisition cost equal to or greater than the capitalization threshold established by the LEA. Acquisition cost includes tax, freight or other types of delivery charges, and installation costs including labor. (For more detail, refer to Procedure 770.)</p>

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Code	Definition
	<p>Record the initial acquisition of computer software, both downloaded and off-the-shelf, that exceeds the LEA's capitalization threshold, including research and development costs, licensing, and installation.</p> <p>Piece-for-piece replacements of equipment are recorded in Object 6500, Equipment Replacement, if the unit cost exceeds the LEA's capitalization threshold.</p> <p>Initial built-in fixtures that are integral parts of the building or building service system are recorded in Object 6200, Buildings and Improvements of Buildings.</p>
6500	<p><b>Equipment Replacement.</b> Record expenditures for equipment replaced on a piece-for-piece basis. These expenditures must be identified for purposes of the calculation of the current expense of education (<i>Education Code</i> Section 41372).</p>
6900	<p><b>Depreciation Expense (for proprietary and fiduciary funds only).</b> Record the portion of the cost of a capital asset charged as an expense during the fiscal year. In accounting for depreciation, the cost of a capital asset less any anticipated salvage value is prorated over the estimated service life of the asset, and each period is charged with a portion of that cost. Through this process, the cost of the asset less salvage value is ultimately charged as an expense.</p> <p><i>Note:</i> This object is applicable only for funds 61, 62, 63, 66, 67, and 73.</p>
7000–7499	<p><b>Other Outgo</b></p>
7100–7199	<p><b>Tuition</b></p>
7110	<p><b>Tuition for Instruction Under Interdistrict Attendance Agreements.</b> Record expenditures for tuition under interdistrict attendance agreements incurred as a result of a district's realizing a reduction of 25 percent or more in PL 81–874 funds if the average daily attendance of pupils residing within the district is credited to the district of attendance (<i>Education Code</i> Section 46607[b]).</p>
7130	<p><b>State Special Schools.</b> Record payments of tuition for students placed in state special schools.</p>



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<b>Code</b>	<b>Definition</b>
7141	<b>Other Tuition, Excess Costs, and/or Deficit Payments to Districts or Charter Schools.</b> Record payments for tuition, excess costs, and/or deficits paid to programs operated by other school districts or charter schools. Use Function 9200, Transfers Between Agencies.
7142	<b>Other Tuition, Excess Costs, and/or Deficit Payments to County Offices.</b> Record payments for tuition, excess costs, and/or deficits paid to programs operated by county superintendents of schools. Use Function 9200, Transfers Between Agencies.
7143	<b>Other Tuition, Excess Costs, and/or Deficit Payments to JPAs.</b> Record payments for tuition, excess costs, and/or deficits paid to programs operated by a joint powers agency (JPA). Use Function 9200, Transfers Between Agencies.
7200–7299	<b>Interagency Transfers Out</b>
7211	<b>Transfers of Pass-Through Revenues to Districts or Charter Schools.</b> Report disbursements of pass-through grants to school districts or charter schools in which the recipient LEA has administrative involvement only for the grants. The recipient LEA does not also have a responsibility to operate the project.
7212	<b>Transfers of Pass-Through Revenues to County Offices.</b> Report disbursements of pass-through grants to county offices in which the recipient LEA has administrative involvement only for the grants. The recipient LEA does not also have a responsibility to operate the project.
7213	<b>Transfers of Pass-Through Revenues to JPAs.</b> Report disbursements of pass-through grants to JPAs in which the recipient LEA has administrative involvement only for the grant. The recipient LEA does not also have a responsibility to operate the project.
7221	<b>Transfers of Apportionments to Districts or Charter Schools.</b> Record transfers to school districts or charter schools of apportionments, such as special education.
7222	<b>Transfers of Apportionments to County Offices.</b> Record transfers to county offices of apportionments, such as special education.

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**Procedure 330 Object Classification**

<b>Code</b>	<b>Definition</b>
7223	<b>Transfers of Apportionments to JPAs.</b> Record transfers to JPAs of apportionments, such as special education.
7280	<b>Transfers to Charter Schools in Lieu of Property Taxes (Valid through 2006–07).</b> Formerly used to record funds in lieu of property taxes transferred by the sponsoring LEA to a charter school according to <i>Education Code</i> Section 47635. Use Object 8096, Transfers to Charter Schools in Lieu of Property Taxes, beginning 2007–08.
7281	<b>All Other Transfers to Districts or Charter Schools.</b> Record transfers to school districts or charter schools of resources other than apportionments or pass-through revenues. An example is the transfer of funding from a county office of education to one of its small districts for health services.
7282	<b>All Other Transfers to County Offices.</b> Record transfers to county offices of resources other than apportionments or pass-through revenues.
7283	<b>All Other Transfers to JPAs.</b> Record transfers to JPAs of resources other than apportionments or pass-through revenues.
7299	<b>All Other Transfers Out to All Others.</b> Record transfers of resources to non-LEAs.
7300–7399	<b>Transfers of Indirect Costs.</b> Record transfers of indirect costs between resources, goals, and funds. Use with Function 7210, Indirect Cost Transfers, for both the debit and the credit.  <i>Note:</i> Objects 7370 and 7380 are valid through 2007–08. Beginning in 2008–09, use objects 5710 and 5750, Transfers of Direct Costs, to transfer direct costs and administrative costs other than indirect costs.
7310	<b>Transfers of Indirect Costs.</b> Record transfers within a fund of indirect costs, as described above. This account must net to zero by function at the fund level.
7350	<b>Transfers of Indirect Costs—Interfund.</b> Record transfers between funds of indirect costs, as described above. This account will reflect a balance at the fund level for the amount of between-funds costs; the total between-funds debit and credit transactions must net to zero by object.



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<b>Code</b>	<b>Definition</b>
7370	<b>Transfers of Direct Support Costs (Valid through 2007–08).</b> Record transfers of direct support costs between programs within a fund. This account must net to zero by function at the fund level. The function used may be one of many support functions, such as Function 3110, Guidance and Counseling Services, or Function 8100, Plant Maintenance and Operations. This account may also be used to record transfers of administrative costs other than indirect costs using Function 7210. Use Object 5710, Transfers of Direct Costs, beginning in 2008–09.
7380	<b>Transfers of Direct Support Costs—Interfund (Valid through 2007–08).</b> Record transfers of direct support costs between funds. This account will reflect a balance at the fund level but only for the amount of between-funds costs. The total between-funds debit and credit transactions must net to zero by object as well as by function. This account may also be used to record transfers of administrative costs other than indirect costs using Function 7210. Use Object 5750, Transfers of Direct Costs—Interfund, beginning in 2008–09.
7430–7439	<b>Debt Service.</b> Debt service consists of expenditures for the retirement of debt and for interest on debt, except principal and interest on current or short-term loans (money borrowed and repaid during the same fiscal year). Use with Function 9100, Debt Service.
7432	<b>State School Building Repayments.</b> Record expenditures for state school building loan repayments ( <i>Education Code</i> Section 16090).
7433	<b>Bond Redemptions.</b> Record expenditures to retire the principal of bonds.
7434	<b>Bond Interest and Other Service Charges.</b> Record expenditures to pay interest and other service charges on bonds.
7435	<b>Repayment of State School Building Fund Aid—Proceeds from Bonds.</b> Record expenditures for the repayment of the State School Building Aid Fund using the proceeds from the sale of bonds ( <i>Education Code</i> Section 16058).
7436	<b>Payments to Original District for Acquisition of Property.</b> Record expenditures to cover the liability of a newly organized district to the

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Code	Definition
7438	original district for the new district's proportionate share of the bonded indebtedness of the original district.
7439	<b>Debt Service—Interest.</b> Record that portion of a debt service payment that represents the current interest expense due on the long-term debt.
7600–7699	<b>Other Debt Service—Principal.</b> Record that portion of the other debt service payment that represents the repayment of principal of long-term debt. Examples of other long-term debt include capital leases and certificates of participation.
7600–7629	<b>Other Financing Uses.</b> The following objects are used for the transfer of funds or expenditures for other than general operations. They are used with the Other Outgo functions: Function 9100, Debt Service; Function 9200, Transfers Between Agencies; or Function 9300, Interfund Transfers.
7611	<b>Interfund Transfers Out.</b> Interfund transfers are flows of assets between funds without equivalent flows of assets in return and without a requirement for repayment.
7612	<b>From General Fund to Child Development Fund.</b> Record transfers of moneys from the general fund to support the activities in the child development fund ( <i>Education Code</i> Section 41013). Use Object 8911 in the fund receiving the transfer.
7613	<b>Between General Fund and Special Reserve Fund.</b> Record transfers of moneys between the general fund and the special reserve fund ( <i>Education Code</i> sections 42840–42843). Use Object 8912 in the fund receiving the transfer.
7614	<b>To State School Building Fund/County School Facilities Fund from All Other Funds of the District.</b> Record transfers of any moneys of the district that are required to be expended for the project for which such apportionment was made. Use Object 8913 in the fund receiving the transfer.
7614	<b>From Bond Interest and Redemption Fund to General Fund.</b> Record transfers of moneys from the bond interest and redemption fund to the general fund or to the special reserve fund after all principal and interest

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Code	Definition
	payments have been made ( <i>Education Code</i> sections 15234 and 15235). Use Object 8914 in the fund receiving the transfer.
7615	<b>From General, Special Reserve, and Building Funds to Deferred Maintenance Fund (Valid through 2012–13).</b> Record transfers of moneys from the general, special reserve, and/or building funds to the deferred maintenance fund to support state match requirements ( <i>Education Code</i> sections 17582–17587). Use Object 8915 in the fund receiving the transfer.
7616	<b>From General Fund to Cafeteria Fund.</b> Record transfers of moneys from the general fund to the cafeteria fund. Use Object 8916 in the fund receiving the transfer.
7619	<b>Other Authorized Interfund Transfers Out.</b> Record all other authorized transfers of moneys to another fund. Use Object 8919 in the fund receiving the transfer.
7630–7699	<b>All Other Financing Uses</b>
7651	<b>Transfers of Funds from Lapsed/Reorganized LEAs.</b> Record the disbursement of funds identified under <i>Education Code</i> sections 35560 and 35561. Also record the disbursement of funds by a defunct charter school or by a charter school whose authorizing agency changes.
7699	<b>All Other Financing Uses.</b> Record expenditures for other financing uses not specified above. If long-term debt is issued at a discount, record the discount here. Record debt issuance costs such as underwriter discounts and fees in Object 5800. Record debt issuance costs for debt insurance in Object 5450. Use Object 7699 for repayment of debt only when using the proceeds from refunding debt to extinguish existing debt. For all other debt service expenditures, use objects 7430–7439. Do not use Object 7699 for the return of unexpended resources to a grantor agency.
8000–8999	<b>REVENUES AND OTHER FINANCING SOURCES</b>
8000–8799	<b>Revenues</b>
8010–8099	<b>LCFF Sources.</b> By law, most State School Fund apportionments or allowances to an LEA must be deposited in the general fund of the LEA. All such amounts must be accounted for in terms of the gross amount

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**Procedure 330 Object Classification**

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<b>Code</b>	<b>Definition</b>
	<p>apportioned. Deductions and withholdings made by the State Controller, as required by law, must be accounted for as expenditures just as they would if the full apportionment had been received and an LEA warrant had been drawn for such purposes.</p> <p>Revenue that was not previously accrued but is the result of the correction of a prior apportionment, or is included in the final state apportionment, should be recorded in the revenue class or classes that define the original apportionment.</p>
8010–8019	<b>Principal Apportionment</b>
8011	<p><b>LCFF State Aid—Current Year.</b> Record amounts allowed for the current year, including amounts accrued at the end of the fiscal year.</p> <p>For school districts and charter schools, this primarily includes general purpose funds allocated per regular kindergarten through grade twelve average daily attendance (<i>Education Code</i> sections 42238.01–42238.07).</p> <p>For county offices of education, this primarily includes funds allocated under an operations grant for COE oversight activities and an alternative education grant per average daily attendance for instructional programs operated by the COE (<i>Education Code</i> sections 2574–2579).</p>
8012	<p><b>Education Protection Account State Aid—Current Year.</b> Record amounts received for the current year from the state Education Protection Account established pursuant to Proposition 30, the Schools and Local Public Safety Protection Act of 2012. Include amounts accrued at the end of the fiscal year.</p>
8015	<p><b>Charter Schools General Purpose Entitlement—State Aid (Valid through 2012–13).</b> Record the state-aid portion of the general purpose entitlement funding for charter schools. Include prior year adjustments. (Direct-funded charter schools use Object 8311 for supplemental instruction revenue.)</p>
8019	<p><b>LCFF/Revenue Limit State Aid—Prior Years.</b> Record amounts received but not previously accrued for prior years’ state aid. Include prior year amounts for the Education Protection Account State Aid entitlement.</p>

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**Procedure 330    Object Classification**

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<b>Code</b>	<b>Definition</b>
8020–8039	<b>Tax Relief Subventions</b>
8021	<b>Homeowners’ Exemptions.</b> Record amounts received for loss of revenue because of homeowners’ exemptions ( <i>Revenue and Taxation Code</i> Section 218).
8022	<b>Timber Yield Tax.</b> Record the yield tax collected by the State Board of Equalization on timber harvested from private or public land ( <i>Government Code</i> Section 27423; <i>Revenue and Taxation Code</i> Section 38905.1).
8029	<b>Other Subventions/In-Lieu Taxes.</b> Record amounts received for loss of local revenue. Examples include exemptions for motion picture films ( <i>Revenue and Taxation Code</i> Section 988) and severance-aid allowances for real property acquired for state highway purposes ( <i>Education Code</i> Section 41960).
8040–8079	<b>County and District Taxes.</b> Record revenue from local sources in the appropriate subordinate classifications in this major classification. All revenue received from tax sources is to be accounted for when received (cash basis). Credits to the various LEA tax accounts are made on receipt of an apportionment notice from the county superintendent of schools indicating that taxes have been deposited in the county treasury.
8041	<b>Secured Roll Taxes.</b> Record revenue from taxes levied on the secured roll ( <i>Revenue and Taxation Code</i> sections 2601–2636).
8042	<b>Unsecured Roll Taxes.</b> Record revenue from taxes levied on the unsecured roll ( <i>Revenue and Taxation Code</i> sections 2901–2928.1).
8043	<b>Prior Years’ Taxes.</b> Record revenue from tax levies of prior years. Include secured and unsecured receipts from redemptions and tax sales.
8044	<b>Supplemental Taxes.</b> Record taxes resulting from changes in assessed value due to changes in ownership and completion of new construction at the time they occur ( <i>Revenue and Taxation Code</i> sections 75–75.9).
8045	<b>Education Revenue Augmentation Fund (ERAF).</b> Report the shift of property taxes from local agencies to schools according to SB 617

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Code	Definition
8046	<p>(Chapter 699, 1992), SB 844 (Chapter 700, 1992) and SB 1559 (Chapter 697, 1992).</p> <p><b>Supplemental Educational Revenue Augmentation Fund (SERAF) (Valid for 2009–10 and 2010–11 only).</b> Record SERAF revenue received by a school district located in a redevelopment area, pursuant to ABX4 26 (Chapter 21, 2009).</p>
8047	<p><b>Community Redevelopment Funds.</b> Report the amount, if any, received pursuant to the Community Redevelopment Law (Part 1 [commencing with Section 33000] of Division 24 of the <i>Health and Safety Code</i>), except for any amount received pursuant to <i>Health and Safety Code</i> Section 33401 or Section 33676 that is used for land acquisition, facility construction, reconstruction or remodeling, or deferred maintenance, and except for any amount received pursuant to <i>Health and Safety Code</i> sections 33492.15, 33607.5, and 33607.7 that is allocated exclusively for educational facilities (<i>Education Code</i> sections 2558[c] and 42238[h][6]). These exceptions are recorded in Object 8625, Community Redevelopment Funds Not Subject to LCFF Deduction. Report the amount, if any, received from the Redevelopment Property Tax Trust Fund Residual Distributions and other revenues from Redevelopment Agency Asset Liquidation pursuant to <i>Health and Safety Code</i> sections 34177, 34179.5, 34179.6, 34183, and 34188.</p>
8048	<p><b>Penalties and Interest from Delinquent Taxes.</b> Record penalties and interest assessed on objects 8041–8044.</p>
8070	<p><b>Receipts from County Board of Supervisors (County School Service Fund [CSSF] only).</b> Record receipts of taxes levied by county governments for the operations of fiscally dependent county offices of education.</p>
8080–8089	<p><b>Miscellaneous Funds.</b> Include miscellaneous funds received from federal, state, and local sources (<i>Education Code</i> Section 41604).</p>
8081	<p><b>Royalties and Bonuses.</b> Record the total amount of payments of all or a portion of the royalties and bonuses received from the operation of any law under the terms of any agreement. Subsequently, 50 percent of the amounts recorded here should be transferred to Other Local Revenue by debiting Object 8089 and crediting Object 8691.</p>



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**Procedure 330 Object Classification**

Code	Definition
8082	<p><b>Other In-Lieu Taxes.</b> Record payments received by the school district or county office in lieu of taxes on property or other tax base not subject to taxation on the same basis as privately owned property. Subsequently, 50 percent of the amounts recorded here should be transferred to Other Local Revenue by debiting Object 8089 and crediting Object 8691.</p> <p>Amounts received by a charter school in lieu of property taxes from its sponsoring LEA should be recorded in Object 8096, Transfers to Charter Schools in Lieu of Property Taxes.</p>
8089	<p><b>Less: Non-LCFF (50 Percent) Adjustment.</b> Record the transfer of 50 percent of the amounts in objects 8081 and 8082 from unrestricted LCFF Sources to Other Local Revenue by debiting Object 8089 and crediting Object 8691. Objects 8089 and 8691 must net to zero.</p>
8090–8099	<p><b>LCFF Transfers</b></p>
8091	<p><b>LCFF Transfers—Current Year.</b> Record the transfer of LCFF revenues, in limited circumstances, such as amounts committed by the LEA to the purposes of the special revenue fund for adult education or to the purposes of the special revenue fund for deferred maintenance. This account should net to zero LEA-wide.</p>
8092	<p><b>PERS Reduction Transfer (Valid through 2012–13).</b> Record the reduction to the revenue limit as a result of the PERS transfer. The amount reported in Object 8092 must equal the amounts reported in objects 3801–3802, PERS Reduction.</p>
8096	<p><b>Transfers to Charter Schools in Lieu of Property Taxes (Effective 2007–08).</b> Record funds transferred in lieu of property taxes by the sponsoring LEA to a charter school pursuant to <i>Education Code</i> Section 47635. This account is debited by the sponsoring LEA making the payment and credited by the charter school receiving the payment. This account should net to zero statewide.</p>
8097	<p><b>Property Taxes Transfers.</b> For county offices, report any transfer of taxes within the County School Service Fund, such as the special education portion of LCFF taxes; or transfers between LEAs, such as excess special</p>

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Code	Definition
	<p>education taxes transferred to districts or transfers of special education taxes between counties.</p> <p>For school districts, report any excess special education taxes collected by the county offices of education and subsequently transferred to the school districts. This account should net to zero statewide.</p>
8099	<p><b>LCFF/Revenue Limit Transfers—Prior Years.</b> Record the transfer of prior year adjustments of LCFF revenues, in limited circumstances, such as amounts committed by the LEA to the purposes of the special revenue fund for adult education or to the purposes of the special revenue fund for deferred maintenance. This account should net to zero LEA-wide.</p>
8100–8299	<p><b>Federal Revenue.</b> Record in the appropriate subordinate classifications revenue received from the federal government. Record federal revenue for which the state or any other agency serves as the distributing agency.</p>
8110	<p><b>Maintenance and Operations (Public Law 81-874).</b> Record the amounts allowed for maintenance and operations of the district resulting from the identification of students or parents in federally impacted areas in accordance with Impact Aid programs. These funds are in lieu of property taxes and, except for the additional funds provided for federally connected children with disabilities, are unrestricted.</p>
8181	<p><b>Special Education—Entitlement.</b> Record the federal Individuals with Disabilities Education Act of 2004 (IDEA) entitlement.</p>
8182	<p><b>Special Education—Discretionary Grants.</b> Record all other federal revenues for special education pursuant to the IDEA.</p>
8220	<p><b>Child Nutrition Programs.</b> Record federal revenues for child nutrition programs.</p>
8221	<p><b>Donated Food Commodities.</b> Record the fair market value of commodities received from the federal government for use in school meal programs.</p>
8260	<p><b>Forest Reserve Funds.</b> Record all revenue from forest reserve funds apportioned by the federal government. Refer to Procedure 620 for coding examples.</p>



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<b>Code</b>	<b>Definition</b>
8270	<b>Flood Control Funds.</b> Record all revenue from flood-control funds apportioned by the federal government and distributed to the district by the county superintendent of schools with the approval of the county board of education ( <i>Education Code</i> Section 1606).
8280	<b>U.S. Wildlife Reserve Funds.</b> Record amounts received from U.S. Wildlife Reserve funds.
8281	<b>FEMA.</b> Record revenues received from the Federal Emergency Management Agency.
8285	<b>Interagency Contracts Between LEAs.</b> Record federal revenues received from another LEA for providing services on a contractual basis for the other LEA.
8287	<b>Pass-Through Revenues from Federal Sources.</b> Record the receipt of those federal pass-through grants in which the recipient LEA has only administrative involvement. Refer to Procedure 750 for information regarding pass-through activities.  The disbursements of these pass-through grants should be recorded using objects 7211, 7212, and 7213, as appropriate.
8290	<b>All Other Federal Revenue.</b> Record all other federal funds received.
8300–8599	<b>Other State Revenue</b>
8311	<b>Other State Apportionments—Current Year.</b> Report revenues received under the Principal Apportionment other than the state-aid portion of the LCFF. For instance, include apportionments for special education programs.  This account is intended to record amounts allowed for the current year, including amounts accrued at the end of the fiscal year.
8319	<b>Other State Apportionments—Prior Years.</b> Record the amounts received but not previously accrued for prior years' revenues received under the Principal Apportionment other than the state portion of the LCFF.

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<b>Code</b>	<b>Definition</b>
8425	<b>Year-Round School Incentive (Valid through 2012–13).</b> Record revenues for year-round school pursuant to <i>Education Code</i> Section 42260 et seq.
8434	<b>Class Size Reduction, Grades K–3 (Valid through 2013–14).</b> Record revenues realized for reducing class size in kindergarten and grades one through three, inclusive, pursuant to <i>Education Code</i> sections 52120–52128.
8435	<b>Class Size Reduction, Grade Nine. (Valid through 2008–09).</b> Record unrestricted revenues for reducing class size in grade nine pursuant to <i>Education Code</i> sections 52080–52090.
8480	<b>Charter Schools Categorical Block Grant (Valid through 2008–09).</b> Record the charter schools block grant amount in lieu of categorical funding.
8520	<b>Child Nutrition.</b> Record state revenues for child nutrition programs.
8530	<b>Child Development Apportionments.</b> Record revenues for child development programs.
8540	<b>Deferred Maintenance Allowance. (Valid through 2008–09).</b> Record the allocation of State School Deferred Maintenance funds received by the LEA from the State Allocation Board ( <i>Education Code</i> sections 17582–17587).
8545	<b>School Facilities Apportionments.</b> Record state apportionments received for school facilities projects funded pursuant to the Leroy F. Greene School Facilities Act of 1998 ( <i>Education Code</i> sections 17070.10–17079.30).
8550	<b>Mandated Cost Reimbursements.</b> Record in the year received amounts for reimbursements of costs of legislatively mandated programs ( <i>Government Code</i> sections 17500–17617).
8560	<b>State Lottery Revenue.</b> Record the revenue received under the California State Lottery Act of 1984 ( <i>Government Code</i> Section 8880.4).
8571–8579	<b>Tax Relief Subventions</b>

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**Procedure 330 Object Classification**

<b>Code</b>	<b>Definition</b>
8571	<b>Voted Indebtedness Levies, Homeowners' Exemptions.</b> Record amounts received for loss of revenue because of homeowners' exemptions. These amounts are restricted levies for debt service repayment proceeds.
8572	<b>Voted Indebtedness Levies, Other Subventions/In-Lieu Taxes.</b> Record amounts received for loss of revenue because of certain exemptions. These amounts are restricted levies for debt service repayment proceeds.
8575	<b>Other Restricted Levies, Homeowners' Exemptions.</b> Record amounts received for loss of revenue because of homeowners' exemptions. These amounts are restricted levies for other than debt service repayment proceeds, such as the County Free Library Tax.
8576	<b>Other Restricted Levies, Other Subventions/In-Lieu Taxes.</b> Record amounts received for loss of revenue because of certain exemptions. These amounts are restricted levies for other than debt service repayment proceeds, such as the County Free Library Tax.
8587	<b>Pass-Through Revenues from State Sources.</b> Record the receipt of those state pass-through grants in which the recipient LEA has only administrative involvement. Refer to Procedure 750 for information regarding pass-through activities.  The disbursements of these pass-through grants should be recorded using objects 7211, 7212, and 7213, as appropriate.
8590	<b>All Other State Revenue.</b> Record all other state funds received.
8600–8799	<b>Other Local Revenue.</b> Record in the appropriate subordinate classifications in this major classification revenue from local sources. All revenue received from tax sources is to be accounted for when it is received (cash basis). Credits to an LEA's various tax accounts are made on receipt of an apportionment notice from the county superintendent of schools indicating that taxes have been deposited in the county treasury.
8610–8629	<b>County and District Taxes</b>
8611	<b>Voted Indebtedness Levies, Secured Roll.</b> Record revenue from taxes levied on the secured tax roll for debt service repayment.

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<b>Code</b>	<b>Definition</b>
8612	<b>Voted Indebtedness Levies, Unsecured Roll.</b> Record revenue from taxes levied on the unsecured tax roll for debt service repayment.
8613	<b>Voted Indebtedness Levies, Prior Years' Taxes.</b> Record revenue from tax levies of prior years for debt service repayment. Include secured and unsecured receipts from redemptions and tax sales.
8614	<b>Voted Indebtedness Levies, Supplemental Taxes.</b> Record taxes resulting from changes in assessed value because of changes in ownership and completion of new construction at the time they occur. Record in this account those taxes for debt service repayment.
8615	<b>Other Restricted Levies, Secured Roll.</b> Record revenue from taxes levied on the secured tax roll in excess of the statutory rates authorized in the <i>Education Code</i> for purposes other than debt service repayment, such as the County Free Library Tax.
8616	<b>Other Restricted Levies, Unsecured Roll.</b> Record revenue from taxes levied on the unsecured tax roll in excess of the statutory rates authorized in the <i>Education Code</i> for purposes other than debt service repayment, such as the County Free Library Tax. Include secured and unsecured receipts from redemptions and tax sales.
8617	<b>Other Restricted Levies, Prior Years' Taxes.</b> Record revenue from tax levies of prior years in excess of the statutory rates authorized in the <i>Education Code</i> for purposes other than debt service repayment, such as the County Free Library Tax. Include secured and unsecured receipts from redemptions and tax sales.
8618	<b>Other Restricted Levies, Supplemental Taxes.</b> Record taxes resulting from changes in assessed value because of changes in ownership and completion of new construction at the time they occur. Record in this account those restricted levies for purposes other than debt service repayment, such as the County Free Library Tax.
8621	<b>Parcel Taxes.</b> Record the special taxes based on other than the value of properties (not ad valorem) levied by the LEA.

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**Procedure 330 Object Classification**

<b>Code</b>	<b>Definition</b>
8622	<b>Other Non-Ad Valorem Taxes.</b> Record all other non-ad valorem taxes, such as sales taxes or maintenance assessment district funds or Mello-Roos special tax receipts.
8625	<b>Community Redevelopment Funds Not Subject to LCFF Deduction.</b> Record community redevelopment funds not subject to the LCFF deduction pursuant to <i>Education Code</i> Section 2575(c), 42238.02(j)(6), or 42238.03(c)(6). Include amounts received pursuant to <i>Health and Safety Code</i> Section 33401 or Section 33676 that are used for land acquisition, facility construction, reconstruction or remodeling, or deferred maintenance. Include amounts received pursuant to <i>Health and Safety Code</i> sections 33492.15, 33607.5, and 33607.7 that are allocated exclusively for educational facilities.
8629	<b>Penalties and Interest from Delinquent Non-LCFF Taxes.</b> Record penalties and interest collected on delinquent non-LCFF taxes.
8631–8639	<b>Sales</b>
8631	<b>Sale of Equipment and Supplies.</b> Record revenue from the sale of supplies and equipment no longer needed by the LEA. The money received is to be placed to the credit of the fund from which the original expenditure for the purchase of the personal property was made ( <i>Education Code</i> Section 17547).
8632	<b>Sale of Publications.</b> Record revenue from the sale of publications.
8634	<b>Food Service Sales.</b> Record sales of meals and other food items.
8639	<b>All Other Sales.</b> Record revenue received from all other sales, such as farm products and printed forms. In the Warehouse Revolving Fund, record revenue received for items requisitioned by site, program, or department staff.
8650	<b>Leases and Rentals.</b> Record revenue for the use of school buildings or portions thereof, houses and other real or personal property of the LEA, and fees collected for civic center use, including reimbursements for custodial salaries and other costs.

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**Procedure 330 Object Classification**

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<b>Code</b>	<b>Definition</b>
8660	<b>Interest.</b> Record revenue credited or prorated by the county auditor for interest on deposits of the LEA’s funds with the county treasurer and interest earnings. Record any premium on issuance of short-term debt such as Tax and Revenue Anticipation Notes (TRANS).
8662	<b>Net Increase (Decrease) in the Fair Value of Investments.</b> Report gains and losses on investments, including changes in the fair value of investments that include the realized and unrealized gains and losses.  Refer to Procedure 425 for information regarding accounting for and reporting the fair value of investments.
8670–8689	<b>Fees and Contracts</b>
8671	<b>Adult Education Fees.</b> Record revenue received from students enrolled in classes for adults.
8672	<b>Nonresident Student Fees.</b> Record the revenue received from parents or guardians for the total cost of educating foreign residents in the schools of the LEA ( <i>Education Code</i> Section 48052).
8673	<b>Child Development Parent Fees.</b> Record revenue received from parents or guardians as fees for the instruction and care of children in child development programs.
8674	<b>In-District Premiums/Contributions.</b> Record revenue received by a self-insurance fund from other funds of the district for insurance protection, necessary reserves, or deductible amounts or revenue received by the Retiree Benefit Fund for restricted money from salary-reduction agreements, other contributions for employee retirement benefit payments, or both.
8675	<b>Transportation Fees from Individuals.</b> Report fees paid by students to be transported to school.
8677	<b>Interagency Services Between LEAs.</b> Record revenue received from another LEA for contract services provided for the other LEA, except for federal moneys. Include amounts received for supervisorial oversight or for

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Code	Definition
	<p>administrative or other services provided to a charter school by an authorizing LEA pursuant to <i>Education Code</i> Section 47613.</p> <p>To ensure that federal interagency revenues retain their federal identity, they should be reported in Object 8285, Interagency Contracts Between LEAs.</p> <p>Expenditures made by an LEA to fulfill contracts on behalf of another LEA should be coded to Goal 7110, Nonagency—Educational.</p>
8681	<p><b>Mitigation/Developer Fees.</b> Report, in the general fund, only those fees collected by agreement between the school district and the developer that are not imposed as a condition for approving a residential development. Any fees that are collected as a condition to approving a development must be deposited in the Capital Facilities Fund (Fund 25).</p>
8689	<p><b>All Other Fees and Contracts.</b> Record revenue received for all other fees and contract services from entities other than LEAs.</p>
8690–8719	<p><b>Other Local Revenue</b></p>
8691	<p><b>Plus: Miscellaneous Funds Non-LCFF (50 Percent) Adjustment.</b> Record the transfer of 50 percent of the amounts in objects 8081 and 8082 from LCFF Sources to Other Local Revenue by debiting Object 8089 and crediting Object 8691. Objects 8089 and 8691 must net to zero.</p>
8697	<p><b>Pass-Through Revenue from Local Sources.</b> Record the receipts of those local pass-through grants in which the recipient LEA has administrative involvement. Refer to Procedure 750 for information regarding pass-through activities.</p> <p>The disbursements of these pass-through grants should be recorded using objects 7211, 7212, and 7213, as appropriate.</p>
8699	<p><b>All Other Local Revenue.</b> Record all other local revenue, except funds defined as “miscellaneous funds” in <i>Education Code</i> Section 41604, received from entities other than LEAs. Examples of revenue recorded in this account are library fines, contributions, gifts, insurance recoveries not reported in Object 8953, and reimbursement for practice teaching.</p>



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**Procedure 330 Object Classification**

Code	Definition
8710	<p><b>Tuition.</b> Record tuition payments received from the following sources:</p> <p>Tuition contracts for general or specific instructional services, including transportation for interdistrict attendance agreement (IDAA) pupils (<i>Education Code</i> sections 46600–46610). See Object 8677, Interagency Services Between LEAs, for revenue from contracts for services provided for another LEA’s pupils.</p> <p>Payments from governing boards or authorities in other states for the total cost of educating elementary or high school students whose places of residence are in the other states (<i>Education Code</i> Section 48050). No California state aid is apportioned for such students.</p> <p>Revenues received for excess costs and/or deficits for providing services to other LEAs’ pupils.</p> <p>All other tuition payments not identified above.</p>
8780–8799	<b>Interagency Transfers In</b>
8780	<p><b>Transfers from Sponsoring LEAs to Charter Schools in Lieu of Property Taxes (Valid through 2006–07).</b> Formerly used to record the transfer of local revenues from sponsoring LEAs to charter schools. Use Object 8096, Transfers to Charter Schools in Lieu of Property Taxes, beginning 2007–08.</p>
8781	<p><b>All Other Transfers from Districts or Charter Schools.</b> Record transfers of resources other than apportionments or pass-through revenues from school districts or charter schools.</p>
8782	<p><b>All Other Transfers from County Offices.</b> Record transfers of resources other than apportionments or pass-through revenues from county offices. An example is the transfer of funding from a county office of education to one of its small districts for health services.</p>
8783	<p><b>All Other Transfers from JPAs.</b> Record transfers of resources other than apportionments or pass-through revenues from JPAs.</p>



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<b>Code</b>	<b>Definition</b>
8791	<b>Transfers of Apportionments from Districts or Charter Schools.</b> Record transfers of apportionments of special education from school districts or charter schools.
8792	<b>Transfers of Apportionments from County Offices.</b> Record transfers of apportionments of special education from county offices.
8793	<b>Transfers of Apportionments from JPAs.</b> Record transfers of apportionments of special education from JPAs.
8799	<b>Other Transfers In from All Others.</b> Record transfers of resources from non-LEAs.
8900–8999	<b>Other Financing Sources</b>
8910–8929	<b>Interfund Transfers In.</b> Interfund transfers are flows of assets between funds without equivalent flows of assets in return and without a requirement for repayment.
8911	<b>To Child Development Fund from General Fund.</b> Record transfers of moneys from the general fund to support the activities in the child development fund ( <i>Education Code</i> Section 41013). Use Object 7611 in the fund making the transfer.
8912	<b>Between General Fund and Special Reserve Fund.</b> Record transfers of moneys between the general fund and the special reserve fund ( <i>Education Code</i> sections 42840–42843). Use Object 7612 in the fund making the transfer.
8913	<b>To State School Building Fund/County School Facilities Fund from All Other Funds.</b> Record transfers of any moneys of the district that are required to be expended for the project for which such apportionment was made. Use Object 7613 in the fund making the transfer.
8914	<b>To General Fund from Bond Interest and Redemption Fund.</b> Record transfers of moneys from the bond interest and redemption fund, after all principal and interest payments have been made, to the general fund or to the special reserve fund ( <i>Education Code</i> sections 15234 and 15235). Use Object 7614 in the fund making the transfer.

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Code	Definition
8915	<b>To Deferred Maintenance Fund from General, Special Reserve, and Building Funds (Valid through 2012–13).</b> Record transfers of moneys from the general, special reserve, and/or building funds to the deferred maintenance fund to support state match requirements ( <i>Education Code</i> sections 17582–17587). Use Object 7615 in the fund making the transfer.
8916	<b>To Cafeteria Fund from General Fund.</b> Record transfers of moneys from the general fund to the cafeteria fund. Use Object 7616 in the fund making the transfer.
8919	<b>Other Authorized Interfund Transfers In.</b> Record all other authorized transfers of moneys from another fund. Use Object 7619 in the fund making the transfer.
8930–8979	<b>All Other Financing Sources</b>
8931	<b>Emergency Apportionments.</b> Record the amount of emergency apportionments authorized under <i>Education Code</i> sections 41320–41322.
8951	<b>Proceeds from Sale of Bonds.</b> Record proceeds from the sale of bonds at par value. The amounts received from the sale of bonds must be deposited in the building fund of the LEA ( <i>Education Code</i> Section 15146).
8953	<b>Proceeds from Disposal of Capital Assets.</b> Record proceeds from the sale or lease-purchase of land and buildings. The proceeds must be used under the provisions of <i>Education Code</i> sections 17455–17484.  Record insurance recoveries, if significant, relating to impairment of capital assets.
8961	<b>County School Building Aid.</b> Record revenue received for payments required pursuant to School Building Aid laws ( <i>Education Code</i> sections 16196, 16202, and 16204).
8965	<b>Transfers from Funds of Lapsed/Reorganized LEAs.</b> Record revenue received under <i>Education Code</i> sections 35560 and 35561. Also record revenue received from a defunct charter school or from a charter school whose authorizing LEA changes.

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Code	Definition
	<p>other programs for which the school district or county office of education is eligible for state funding, including programs not in the block grants. The total amount of funding for a program to which funds are transferred may not exceed 120 percent of the amount of state funding originally allocated to the school district or county office for that program in a fiscal year. A transfer is recorded by debiting Object 8995 in the resource making the transfer and by crediting Object 8995 in the resource receiving the transfer. This account must net to zero at the fund level.</p> <p>Transfers involving these apportionments other than those transfers specified in <i>Education Code</i> Section 41500, such as the transfer of School and Library Improvement Block Grant (Resource 7395) revenue into School Based Coordinated Programs (Resource 7250), should be recorded using Object 8990.</p> <p>Transfers among categorical programs pursuant to Section 12.40 of the annual Budget Act should be recorded using Object 8998.</p>
8997	<p><b>Transfers of Restricted Balances (Valid 2003–04, 2008–09, and 2009–10 only).</b> Record the transfer of restricted account balances pursuant to enacted legislation authorizing such transfers. For example, this account was used in 2003–04 to record transfers of restricted account balances pursuant to AB 1754 and in 2008–09 and 2009–10 to record transfers of June 30, 2008 restricted account balances pursuant to SBX3 4. This legislation authorized LEAs to use certain restricted account balances for general operating purposes to mitigate the effects of state budget reductions. Other transfers between or from restricted programs should be recorded in Object 8990. This account may reflect a balance at the fund level but must net to zero across all funds.</p>
8998	<p><b>Categorical Flexibility Transfers (Valid through 2008–09).</b> For 2008–09, record the transfer of unspent restricted account balances for which the funding was made flexible pursuant to SBX3 4. Prior to 2008–09, this object was used to record the reallocation of categorical revenue among categorical programs defined in Section 12.40 of the annual Budget Act (formerly referred to as Mega-Item Transfers and Flexibility Transfers). A transfer is recorded by debiting Object 8998 in the resource making the transfer and by crediting Object 8998 in the resource receiving the transfer. This account may reflect a balance at the fund level but must net to zero across all funds.</p>

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<b>Code</b>	<b>Definition</b>
9000–9999	<b>BALANCE SHEET</b>
9100–9489	<b>Assets</b>
9110	<b>Cash in County Treasury.</b> Beginning cash balance, plus all moneys deposited in the county treasury less disbursements. Included are all amounts added or deducted at the county level.
9111	<b>Fair Value Adjustment to Cash in County Treasury.</b> The difference between the fair value and the reported amount of cash in county treasury.
9120	<b>Cash in Bank(s).</b> Indicated balances in separate bank accounts for adult education incidentals, scholarships and loans, school farm accounts, and cafeteria accounts ( <i>Education Code</i> sections 35314, 52704, and 38093). This account also includes any money in a bank clearing account awaiting deposit in the county treasury ( <i>Education Code</i> Section 41017).
9130	<b>Revolving Cash Account.</b> (1) A recording of the establishment and maintenance of a cash account for use of the chief accounting officer or other designated official of the LEA in accordance with <i>Education Code</i> sections 42800–42806, 42810, 42820, and 42821. This account is similar in use and control to accounts known as petty cash funds and includes petty cash funds. Once this account is established, it should be carried indefinitely in the general ledger and shown in all balance sheets and budgets until it is abolished. The amount recorded will vary only through increase or decrease in the total amount approved for the account. The revolving cash account is a reserve of cash in an already established fund and is not to be considered or accounted for as a separate fund or entity. (2) A sum of money, either in the form of currency or a special bank account, set aside for the purpose of making change or immediate payments of small amounts. The invoices for these payments are accumulated, and the account is reimbursed from the LEA’s funds, thus maintaining the account at the predetermined amount. Checks drawn on a prepayment account may not be for more than \$1,000, including tax and freight ( <i>Education Code</i> Section 42821).
9135	<b>Cash with a Fiscal Agent/Trustee.</b> Deposits with a fiscal agent, such as a third-party administrator for self-insurance. This account also includes the

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<b>Code</b>	<b>Definition</b>
	proceeds of certificates of participation deposited with a trustee and amounts in an escrow account.
9140	<b>Cash Collections Awaiting Deposit.</b> Money received by an LEA and not yet deposited in a bank account or the county treasury ( <i>Education Code</i> Section 41001). This account is usually posted on June 30 for those material revenues in the LEA safe/vault.
9150	<b>Investments.</b> Investments authorized by the governing board of the LEA recorded at fair value ( <i>Education Code</i> Section 41015).
9200	<b>Accounts Receivable.</b> Amounts due from private persons, firms, or corporations. Accounts receivable will be limited to auditable amounts (usually based on contractual agreements); to amounts billed but not received; and, within provision of law, to amounts that were earned by the close of the fiscal year and that might have been received and deposited in the county treasury by that date except for the lack of time for settlement.
9290	<b>Due from Grantor Governments.</b> This account is used to record amounts receivable from state and federal agencies. It represents amounts earned by or allocated to a school district from state sources or earned under a federal financial assistance program in excess of cash receipts during the fiscal year.  This account is also used if the grantors are other governmental entities, including counties, cities, and other school districts.
9310	<b>Due from Other Funds.</b> Amounts due from other funds of the LEA.
9320	<b>Stores.</b> Amounts of materials, supplies, and possibly certain equipment kept in a central warehouse and subject to requisition and use.
9330	<b>Prepaid Expenditures (Expenses).</b> Payments made in advance of the receipt and use of services. Prepaid insurance premiums are illustrative. That portion of the premium paid in advance for coverage beyond the current fiscal year may be charged to Prepaid Expenditures. Adjustments to this account in the succeeding fiscal years apportion the premium over the period covered.

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<b>Code</b>	<b>Definition</b>
	In governmental fund accounting, expenditures for insurance and similar services extending over more than one accounting period need not be allocated between or among accounting periods but may be accounted for as expenditures in periods of acquisition.
9340	<b>Other Current Assets.</b> Assets that are available or that can be made readily available to meet operating costs or to pay current liabilities.
9400–9489	<b>Capital Assets.</b> Accounts used in the proprietary or trust funds to present the assets of the LEA. These assets are of a permanent character and are intended to continue to be held or used.
9410	<b>Land.</b> A capital asset account reflecting the cost of land owned by the LEA.
9420	<b>Land Improvements.</b> A capital asset account reflecting the cost of permanent improvements, other than buildings, which add value to land, such as sidewalks, gutters, pavement, and fences.
9425	<b>Accumulated Depreciation—Land Improvements.</b> A contra-asset account used to report the accumulation of systematic and rational allocations of the estimated cost of using land improvements on a historical cost basis over the useful life of the improvement. The depreciation expense is reported in Object 6900, Depreciation Expense, in proprietary and fiduciary funds only.
9430	<b>Buildings.</b> A capital asset account reflecting the cost of permanent structures owned or held by the LEA.
9435	<b>Accumulated Depreciation—Buildings.</b> A contra-asset account used to report the accumulation of systematic and rational allocations of the estimated cost of using buildings on a historical cost basis over the useful life of the building. The depreciation expense is reported in Object 6900, Depreciation Expense, in proprietary and fiduciary funds only.
9440	<b>Equipment.</b> A capital asset account reflecting the cost of properties that do not lose their identity when removed from their location and are not changed materially or consumed immediately (e.g., within one year) by use. Equipment has relatively permanent value, and its purchase increases the total value of an LEA’s physical properties. Examples include furniture, vehicles, machinery, motion-picture films, computer systems, furnishings



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<b>Code</b>	<b>Definition</b>
	that are not an integral part of the building or building system, and certain intangible assets, such as major software programs.
9445	<b>Accumulated Depreciation—Equipment.</b> A contra-asset account used to report the accumulation of systematic and rational allocations of the estimated cost of using equipment on a historical cost basis over the useful life of the equipment. The depreciation expense is reported in Object 6900, Depreciation Expense, in the proprietary and fiduciary funds only.
9450	<b>Work in Progress.</b> An asset account representing the value of partially completed work.
9490–9499	<b>Deferred Outflows of Resources</b>
9490	<b>Deferred Outflows of Resources.</b> A consumption of net assets that is applicable to a future reporting period.
9491–9499	<b>Deferred Outflows of Resources—Locally Defined.</b> These accounts are used at the option of LEAs to track specific types of deferred outflows of resources. When data are reported to CDE, these objects must be rolled up by the LEA to Object 9490.
9500–9689	<b>Liabilities</b>
9500	<b>Accounts Payable (Current Liabilities).</b> Amounts due to private persons, firms, or corporations for services rendered and goods received on or before the close of the fiscal year. Do not include encumbrances represented by purchase orders or contracts, or portions thereof, for services or goods to be furnished after the close of the fiscal year. Include salaries earned but not paid until after June 30, amounts owed to other LEAs for tuition payments, that portion of construction contracts represented by work done by the close of the fiscal period, invoices for materials or equipment received prior to June 30, and so forth. Use Object 9620, Due to Student Groups/Other Agencies, for the liabilities of a trust or agency fund.

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*Note:* Range 9501–9589 is reserved for local use, such as for payroll tax accruals.

9501–9589 **Accounts Payable—Locally Defined.** These accounts are used at the option of LEAs to track current liabilities, such as payroll withholdings and

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<b>Code</b>	<b>Definition</b>
	deductions. When data are reported to CDE, these objects must be rolled up by the LEA to Object 9500.
9590	<b>Due to Grantor Governments.</b> This account is used to record amounts owed to state entities and federal agencies. The account represents cash received from state sources or under a federal financial assistance program that exceeds the amounts earned and which must be returned to the grantors. This account would also be used if the grantors are other governmental entities, including counties, cities, and other school districts.
9610	<b>Due to Other Funds.</b> Amounts due to other funds within the LEA.
9620	<b>Due to Student Groups/Other Agencies.</b> This account is used to record amounts owed to student groups or other agencies within agency funds. Amounts recorded as Due to Student Groups/Other Agencies equal the difference between amounts recorded as assets and any recorded liabilities of student groups/other agencies, such as accounts payable. The assets held should equal the net assets and liabilities of the agencies, and there is no ending fund balance. Do not use Object 9500, Accounts Payable, in a trust or agency fund. Other general receivables from students in the general fund should be coded to Object 9200, Accounts Receivable.  There is no fund balance in an agency fund. Assets held equal the liability to the other agency.
9640	<b>Current Loans.</b> Short-term obligations representing amounts borrowed for short periods of time and usually evidenced by notes payable. Such loans may be unsecured or secured by specific revenues to be collected, such as tax-anticipation notes.
9650	<b>Unearned Revenue.</b> Resources received prior to revenue recognition.
9660–9669	<b>Long-Term Liabilities.</b> An account set up to reflect long-term liabilities in the proprietary or trust funds (not used in governmental funds).
9661	<b>General Obligation Bonds Payable.</b> The liability account reflecting the outstanding balance of general obligation bonds.
9662	<b>State School Building Loans Payable.</b> A liability account reflecting the outstanding principal balance of State School Building Loans. State School



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<b>Code</b>	<b>Definition</b>
	Building Loans were granted in the past to facilitate school construction. These loans are no longer being offered under this program; however, some LEAs still have outstanding balances that are being repaid.
9663	<b>Net Pension Liability.</b> The liability of LEAs to employees for benefits provided through a defined benefit pension plan.
9664	<b>Total/Net OPEB Liability.</b> The total OPEB liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, measured in conformity with the requirements of GASB Statement 75. For a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 (specified criteria), the total OPEB liability is reported. For a defined benefit OPEB plan that is administered through a trust that meets the specified criteria, a net OPEB liability (that is, the total OPEB liability minus the OPEB plan's fiduciary net position) is reported. The total or net OPEB liability is reported only in the LEA's accrual-basis financial statements.
9665	<b>Compensated Absences Payable.</b> A liability account reflecting accumulated unpaid benefits that are provided to employees. These benefits include vacation and sick leave and sabbatical leaves that are paid to employees upon termination or retirement. However, this liability account does not include sick-leave balances for which employees receive only additional service time for pension benefit purposes.
9666	<b>Certificates of Participation (COPs) Payable.</b> The liability account reflecting the outstanding principal balance of COPs.
9667	<b>Capital Leases Payable.</b> A liability account reflecting the noncurrent portion of the discounted present value of total future stipulated payments on lease agreements that are capitalized.
9668	<b>Lease Revenue Bonds Payable.</b> A liability account reflecting the outstanding balance of lease revenue bonds.
9669	<b>Other General Long-Term Debt.</b> A liability account reflecting other long-term liabilities such as the noncurrent portions of liabilities for termination benefits paid over time, unfunded pension obligations, and other similar items.

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**Procedure 330    Object Classification**

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<b>Code</b>	<b>Definition</b>
9690–9699	<b>Deferred Inflows of Resources</b>
9690	<b>Deferred Inflows of Resources.</b> An acquisition of net assets that is applicable to a future reporting period.
9691–9699	<b>Deferred Inflows of Resources—Locally Defined.</b> These accounts are used at the option of LEAs to track specific types of deferred inflows of resources. When data are reported to CDE, these objects must be rolled up by the LEA to Object 9690.
9700–9799	<b>Fund Balance/Net Position.</b> Fund balance represents the difference between the assets and liabilities of a governmental fund. Net position represents the difference between the assets and liabilities of a proprietary or fiduciary fund.  <b>(The following codes and definitions for 9700–9790 were valid through 2010–11.)</b>
9700–9759	<b>Fund Balance, Reserved (Valid through 2010–11)</b>
9710–9720	<b>Reserve for Nonexpendable Assets (Valid through 2010–11).</b> An account set up to reflect the value of nonexpendable asset accounts. At the beginning of the fiscal year, this account is credited with the same amounts that are set up as debits to the previously described asset accounts.
9711	<b>Reserve for Revolving Cash (Valid through 2010–11).</b> The portion of fund balance reflecting the value of the revolving cash account.
9712	<b>Reserve for Stores (Valid through 2010–11).</b> The portion of fund balance reflecting the value of stores.
9713	<b>Reserve for Prepaid Expenditures (Expenses) (Valid through 2010–11).</b> The portion of fund balance reflecting the value of prepaid expenditures/expenses.
9719	<b>Reserve for All Others (Valid through 2010–11).</b> The portion of fund balance reflecting the value not specified above. For example, this object is used for the legal reserve required for Certificates of Participation.

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**Procedure 330    Object Classification**

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<b>Code</b>	<b>Definition</b>
9720	<b>Reserve for Encumbrances (Budgetary account) (Valid through 2010–11).</b> (This account is not reported to CDE.) An amount set aside to provide for encumbrances. Generally, encumbrances are closed at the end of the fiscal year, and new purchase orders or contracts are opened for the subsequent year. However, an LEA may disclose outstanding purchase orders or contracts that will be included in the budget either as a footnote to the financial statements or in the Reserve for Encumbrances.
9730	<b>General Reserve (Valid through 2010–11).</b> The amount set aside by the governing board to meet cash requirements in the succeeding fiscal year until adequate proceeds from the taxes levied or from the apportionment of state funds are available ( <i>Education Code</i> Section 42124).
9740	<b>Legally Restricted Balance (Valid through 2010–11).</b> Segregation of a portion of a fund balance for legally restricted funds, such as unspent instructional material funds or unspent proceeds from Certificates of Participation.
9760–9799	<b>Fund Balance, Unreserved (Valid through 2010–11)</b>
9770	<b>Designated for Economic Uncertainties (Valid through 2010–11).</b> The portion of the fund balance that has been designated (set aside) by the governing board to provide for emergencies or economic events, such as revenue shortfalls, that could not be anticipated.
9775	<b>Designated for the Unrealized Gains of Investments and Cash in County Treasury (Valid through 2010–11).</b> The portion of the fund balance attributable to an increase in the fair value of investments or cash in the county treasury, an unrealized gain that is not available for spending.
9780	<b>Other Designations (Valid through 2010–11).</b> The portion of the fund balance that has been set aside by the governing board for specific purposes.
9790	<b>Undesignated/Unappropriated (Valid through 2010–11).</b> This account represents the excess of the fund’s assets over its liabilities and may include a budgetary element: the excess of estimated revenue (and estimated other financing sources) over appropriations (and estimated other financing uses).

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**Procedure 330 Object Classification**

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<b>Code</b>	<b>Definition</b>
	<b>(The following codes and definitions for 9700–9790 are valid effective 2011–12.)</b>
9710–9719	<b>Fund Balance, Nonspendable.</b> The portion of fund balance reflecting assets not in spendable form, either because they will never convert to cash (such as prepaid items) or must remain intact pursuant to legal or contractual requirements (such as the principal of a permanent endowment). At the beginning of the fiscal year, these accounts are credited with the same amounts that are set up as debits to the previously described asset accounts.
9711	<b>Nonspendable Revolving Cash.</b> The portion of fund balance reflecting the value of the revolving cash account.
9712	<b>Nonspendable Stores.</b> The portion of fund balance reflecting the value of stores.
9713	<b>Nonspendable Prepaid Items.</b> The portion of fund balance reflecting the value of prepaid items.
9719	<b>All Other Nonspendable Assets.</b> The portion of fund balance reflecting the value of nonspendable assets not specified above. For example, this object is used for the legal reserve required for Certificates of Participation, the long-term portion of notes receivable, or the principal of a permanent endowment.
9720	<b>Reserve for Encumbrances (Budgetary account).</b> (This account is not reported to CDE.) An amount set aside to provide for encumbrances. Generally, encumbrances are closed at the end of the fiscal year, and new purchase orders or contracts are opened for the subsequent year. However, an LEA should disclose in a footnote to the financial statements significant encumbrances that are included in the subsequent year’s budget.
9730–9749	<b>Fund Balance, Restricted</b>
9740	<b>Restricted Balance.</b> The portion of fund balance representing resources subject to legally enforceable constraints externally imposed either by resource providers (e.g., grantors or creditors) or by law through constitutional provisions or enabling legislation. Examples include unspent

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Code	Definition
	balances of restricted state and federal grants and unspent proceeds of general obligation bonds. All positive balances of SACS restricted resources 2000 through 9999 are reported using Object 9740.
9750–9769	<b>Fund Balance, Committed.</b> The portion of fund balance representing resources whose use is constrained by limitations self-imposed by the LEA through formal action of its highest level of decision-making authority. The constraints can be modified or removed only through the same process by which they were imposed. The action imposing the constraint must be made by the end of the reporting period. The actual amounts may be determined at a later date, prior to the issuance of the financial statements.
9750	<b>Stabilization Arrangements.</b> The portion of fund balance set aside pursuant to a stabilization arrangement more formal than the reserve for economic uncertainties recommended by the Criteria and Standards for Fiscal Solvency or other minimum fund balance policy. The level of constraint must meet the criteria to be reported as committed, and the circumstances in which the resources are used must be specific and nonroutine. The formal action imposing the constraint should identify and describe in sufficient detail the circumstances in which the amounts may be used. Minimum fund balance policies and other stabilization arrangements that do not meet the criteria to be reported as committed are reported as unassigned. Also see Object 9789, Reserve for Economic Uncertainties.
9760	<b>Other Commitments.</b> The portion of fund balance representing commitments other than stabilization arrangements.
9770–9788	<b>Fund Balance, Assigned.</b> The portion of fund balance representing resources that are intended to be used for specific purposes but for which the constraints do not meet the criteria to be reported as restricted or committed. Intent may be established either by the LEA’s highest level of decision-making authority or by a designated body or official. Constraints giving rise to assigned fund balance may be imposed at any time before the financial statements are issued. The constraints may be modified or removed by a process less formal than is required to remove constraints that give rise to committed fund balance. In governmental fund types other than the general fund, this is the residual fund balance classification.
9780	<b>Other Assignments.</b> The portion of fund balance representing assignments.

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<b>Code</b>	<b>Definition</b>
9789–9790	<b>Fund Balance, Unassigned.</b> The portion of fund balance not classified as nonspendable, restricted, committed, or assigned.
9789	<b>Reserve for Economic Uncertainties.</b> The portion of unassigned fund balance set aside pursuant to a minimum fund balance policy. This amount includes the reserve recommended by the Criteria and Standards for Fiscal Solvency, as well as additional reserve amounts established pursuant to local policy. Object 9789 is available in Fund 01 and Fund 17.
9790	<p><b>Unassigned/Unappropriated/Unrestricted Net Position.</b> In the general fund, residual fund balance in excess of amounts reported in the nonspendable, restricted, committed, or assigned fund balance classifications and net of Object 9789, Reserve for Economic Uncertainties.</p> <p>In all governmental funds including the general fund, the excess of nonspendable, restricted, and committed fund balance over total fund balance (deficits). Assigned amounts must be reduced or eliminated if a deficit exists.</p> <p>In the proprietary and fiduciary funds, the amount of net position not included in the determination of net investment in capital assets or restricted net position.</p>
9791	<b>Beginning Fund Balance.</b> This account represents the difference between the assets and liabilities of a fund at the beginning of the fiscal year. Audit adjustments and other restatements that correct the beginning fund balance are recorded using objects 9793 and 9795, as appropriate.
9793	<b>Audit Adjustments.</b> This account is used to record audit adjustments that correct the beginning fund balance.
9795	<b>Other Restatements.</b> This account is used to record material corrections of prior-year errors that restate the beginning fund balance.
9796	<b>Net Investment in Capital Assets.</b> The portion of net position that represents capital assets, net of accumulated depreciation and less outstanding debt directly related to the capital assets. It includes deferred outflows of resources and deferred inflows of resources associated with the capital assets. This account is used only in funds 61 through 73.



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**Procedure 330 Object Classification**

<b>Code</b>	<b>Definition</b>
9797	<b>Restricted Net Position.</b> The portion of net position representing resources subject to legally enforceable constraints externally imposed either by external resource providers (e.g., grantors or creditors) or by law through constitutional provisions or enabling legislation. Restricted assets are reduced by liabilities and deferred inflows of resources associated with those assets. Also includes permanent fund principal. This account is used only in funds 61 through 73.
9800–9839	<b>Budgetary Accounts.</b> (These accounts are not reported to CDE.) The following budgetary accounts are used by LEAs to record the budget. These accounts are not reported to CDE.
9810	<b>Estimated Revenue.</b> The budgetary account that shows all revenue estimated to be received or accrued during the fiscal year. This account is a control account in a fund’s general ledger, and it must agree with the subsidiary ledger.
9815	<b>Estimated Other Financing Sources.</b> The budgetary account that shows all the other financial resources that are estimated to be received or accrued during the fiscal year. This account is optional; LEAs may use Object 9810 to record both budgeted revenue and other sources.
9820	<b>Appropriations.</b> Authorization granted by the governing board to make expenditures and to incur obligations for specific purposes and amounts within the fiscal year. This account is a control account in the general ledger, and it must agree with the subsidiary ledger.
9825	<b>Estimated Other Financing Uses.</b> The budgetary account that shows all of the other financial obligations that will be paid or will accrue during the fiscal year. This account is optional; LEAs may use Object 9820 to record both appropriations and estimated other uses.
9830	<b>Encumbrances.</b> Obligations in the form of purchase orders, contracts, salaries, or other commitments that are chargeable to an appropriation and for which part of the appropriation is reserved. Encumbrances are cancelled when the obligation is paid or when the actual liability is set up. This control account represents the total amount of the appropriations that has been designated for expenditures for specified purposes. Details of encumbrances by

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**Procedure 330 Object Classification**

Code	Definition
	classification or account are recorded in the same subsidiary appropriations ledger in which expenditures are recorded.
9840–9899	<b>Control Accounts.</b> (These accounts are not reported to CDE.)
9840	<b>Revenue.</b> The control account for all revenue that is received or accrued during the fiscal year.
9845	<b>Other Financing Sources.</b> The control account for other financing sources. This account is optional; LEAs may use Object 9840 as the control account for revenue and other financing sources.
9850	<b>Expenditures.</b> The control account for all expenditures that are paid or accrued during the fiscal year.
9855	<b>Other Financing Uses.</b> The control account for other financing uses. This account is optional; LEAs may use Object 9850 as the control account for expenditures and other financing uses.
9900–9979	<b>Nonoperating Accounts.</b> (These accounts are not reported to CDE.)
9910	<b>Suspense Clearing.</b> An account that carries charges or credits temporarily pending determination of the proper account or accounts to which they are to be posted and that may be used for posting amounts not yet analyzed to decide whether they should be classified as revenue, expenditure, or abatement. Charges that must be allocated or prorated may be posted in this account until such allocation or proration can be calculated. This account must balance to zero at the close of the fiscal year and should be reviewed monthly.



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**A**

*Abatement.* A complete or partial cancellation of an expenditure or revenue.

*Abatement of expenditures.* Cancellation of part or all of a charge previously made, usually because of refunds, rebates, resale of materials originally purchased by the local educational agency (LEA), or collections for loss or damage to the LEA's property. An abatement of expenditure applies to current expenditures and capital outlay expenditures from all funds.

*Abatement of revenue.* The cancellation of all or some part of any specific revenue previously recorded.

*Accounting period.* A period of time for which records are maintained and at the end of which financial statements are prepared covering the period.

*Account numbers or letters.* Numbers and/or letters that are assigned to the ordinary titles of accounts for classification of accounts and ease of reference.

*Accounts payable.* Amounts due and owed to private persons, business firms, governmental units, or others for goods received and/or services rendered prior to the end of the fiscal year. Includes amounts billed but not paid. Does not include amounts due to other funds of the same LEA.

*Accounts receivable.* Amounts due and owed from private persons, business firms, governmental units, or others for goods received and/or services rendered prior to the end of the fiscal year. Includes amounts billed but not received. Does not include amounts due from other funds of the same LEA.

*Accrual basis.* Method of accounting in which revenue is recorded when earned, even though it has not yet been collected, and in which expenses are recorded when the liabilities are incurred, even if they have not been paid yet.

*Accrued expenditures.* Expenditures incurred during the current accounting period that are not paid until a subsequent accounting period.

*Accrued revenue.* Revenue earned during the current accounting period that is not collected until a subsequent accounting period.

*Accumulated depreciation.* A contra-asset account used to report the accumulation of depreciation. (See also *Depreciation.*)

*Actuarial basis.* A method used in computing the amount of contributions to be made periodically to a fund so that the total contributions plus the compounded earnings thereon will equal the required payments to be made out of the fund. The factors taken into account in arriving at the amount include the length of time over which each collection or payment is to be made and the rate of return compounded on such amounts over its life.

*Ad valorem tax.* A tax based on a percentage of the value of goods or services.

*Agency fund.* A fund consisting of resources received and held by an LEA as an agent for others.

*Allocation.* Division or distribution in accordance with a predetermined plan.

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*Allowable costs.* Costs that meet the specific criteria of a granting agency.

*Allowance.* A provision for valuing an asset at net, such as an allowance for bad debts. The allowance for bad debts would be deducted from accounts receivable to reflect the receivables that are likely to be collectable.

*Apportionment.* Allocation of state or federal aid, district taxes, or other moneys among LEAs or other governmental units.

*Apportionment notice.* A document notifying LEAs when moneys were deposited with the county treasurer.

*Appraisal.* An estimate of property value made by the use of systematic procedures based on physical inspection and inventory, engineering studies, and other economic factors.

*Appropriation.* An authorization, granted by the governing board, to make expenditures and to incur obligations for special purposes. An appropriation is usually limited in purpose, amount, and the time period during which it may be expended.

*Appropriation ledger.* A subsidiary ledger containing an account for each appropriation. Each account usually shows the amount originally appropriated in the budget, budget increases or decreases during the year, expenditures, encumbrances, unencumbered balances, and other related information.

*Arbitrage.* The profit earned (i.e., interest earnings in excess of interest costs) from the investments of the proceeds of lower-interest tax-exempt securities in higher yielding taxable securities.

*Assessed valuation.* Value placed on personal and real property by a governmental unit for purposes of taxation.

*Assets.* Resources that are held or owned by an LEA and that have monetary value.

*Audit.* An examination of documents, records, and accounts for the purpose of (1) determining the propriety of transactions; (2) ascertaining whether all transactions are recorded properly; and (3) determining whether statements that are drawn from accounts reflect an accurate picture of financial operations and financial status for a given period of time.

*Audit finding.* A weakness in internal controls or an instance of noncompliance with applicable laws and regulations that is presented in the audit report.

*Audit program.* A detailed outline of work to be done and the procedures to be followed during an audit.

*Available cash.* Cash that is on hand or on deposit in a given fund and that is unencumbered and can be used for meeting current obligations.

*Average daily attendance (ADA).* Total approved days of attendance in the LEA divided by the number of days the schools in the LEA are in session for at least the required minimum day. (Refer to *Education Code* sections 46000–46014 and 46300–46380.)

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**B**

*Balance sheet.* A statement that shows the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or fund deficit of an entity at a specific date and that is properly classified to exhibit the financial condition of the entity as of that specific date.

*Basis of accounting.* The time at which revenues, expenditures, transfers, and related assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recognized in the accounts and are reported in the financial statements.

*Bond.* A certificate containing a written promise to pay a specified sum of money, called the *face value*, at a fixed time in the future, called the *date of maturity*, and specifying interest at a fixed rate, usually payable periodically.

*Bond discount.* The excess of the face value of a bond over the price for which it is acquired or sold. (The price does not include accrued interest at the date of acquisition or sale.)

*Bonded debt.* That portion of indebtedness represented by outstanding bonds.

*Bonded debt service.* Expenditures for interest and redemption of bonds.

*Bond premium.* The excess of the price at which a bond is acquired or sold over its face value. (The price does not include accrued interest at the date of acquisition or sale.)

*Bonds authorized and unissued.* Legally authorized bonds that have not been sold and that may be sold without further authorization.

*Book value.* The cost or stated costs of assets less accumulated depreciation as shown by the books of accounts.

*Budget.* A plan of financial operation consisting of an estimate of proposed revenue and expenditures for a given period and purpose. The term usually indicates a financial plan for a single fiscal year.

*Budgetary accounts.* Those accounts that make it possible for a budgetary-type fund (governmental fund) to show how (1) estimated revenue and revenue realized to date compare; and (2) expenditures and encumbrances compare with appropriations during the fiscal period. The budgetary accounts are estimated revenues, appropriations, and encumbrances.

*Budgetary control.* The management of financial transactions in accord with an approved plan of estimated revenue and expenditures.

*Budgeting.* The process of allocating the available resources of an organization among potential activities to achieve the objectives of the organization; planning for the use of resources.

*Budget revision.* Net increases and decreases to the budget. They may include increases due to new grant funds and decreases due to the need to reduce appropriations to keep spending within available revenues.

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*Budget transfer.* Changes among budgeted items. They do not increase or decrease the total budget.

**C**

*Capital assets.* See *Fixed assets*.

*Capital lease.* A lease agreement that meets one or more of the following criteria is classified as a capital lease:

- Ownership is transferred to the lessee at the end of the lease term.
- The agreement contains a “bargain purchase” option.
- The lease agreement is 75 percent or more of the estimated useful life of the property.
- The present value of the minimum lease payment is 90 percent or more of the fair market value of the property.

*Capital outlay.* Amounts paid for fixed assets or additions to fixed assets, including land or existing buildings, the improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, or initial and additional equipment.

*Capital projects funds.* Funds established to account for financial resources that are to be used for the acquisition or construction of major capital facilities and other capital assets.

*Cash.* Currency, checks, postal and express money orders, and bankers’ drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits. Any restriction or limitation as to the availability of cash should be indicated.

*Cash advance.* Cash apportioned in advance of the usual apportionment period.

*Cash basis.* Method of accounting in which revenue and expenditures are recorded only when cash is actually received or disbursed. The cash basis is not acceptable for use in LEAs.

*Cash collections awaiting deposit.* Receipts on hand or moneys in a bank clearing account awaiting deposit in the county treasury.

*Cash discount.* An allowance made on a purchase if payment is made within a stated period. (This term is not to be confused with *trade discount*.)

*Cash in bank.* Balances in separate bank accounts, such as student body accounts, school farm accounts, and cafeteria accounts.

*Cash in county treasury.* Cash balances on deposit in the county treasury for the various funds of the LEA.

*Categorical aid.* Funds from state or federal sources that are in addition to the general-purpose funding to serve a specific pupil population or to provide specific services and activities. These funds have varying degrees of fiscal and program compliance requirements.

*Certificates of participation (COPs).* A financing technique that provides long-term financing through a lease (with an option to purchase or a conditional sale agreement).

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*Chart of accounts.* A systematically arranged list of accounts that are applicable to a specific LEA. All account names and numbers, if any, are listed in numerical order.

*Check.* A bill of exchange drawn on a bank and payable on demand; a written order on a bank to pay on demand a specific sum of money to a named person, to his or her order, or to a bearer out of money on deposit to the credit of the maker. A check differs from a warrant in that a warrant is not necessarily payable on demand and may not be negotiable; a check differs from a voucher in that a voucher is not an order to pay. A voucher-check combines the distinguishing characteristics of a voucher and a check; it shows the propriety of a payment and is an order to pay.

*Classification.* The naming or identification of an item or a category, such as the designation of the particular account into which a receipt or an expenditure is to be recorded or the separation of data into acceptable groupings so that financial facts can be stated more clearly.

*Classroom unit (CU).* The approximate area usually occupied by a classroom, varying from 800 to 1,100 square feet but generally about 960 square feet.

*Clearing accounts.* Accounts used to accumulate total receipts or expenditures for later distribution among the accounts to which such receipts or expenditures are properly allocable.

*Closing entries.* Entries recorded at the end of each fiscal period to transfer the balances in the revenue and expenditure (or expense) accounts to the permanent equity accounts (fund balance or retained earnings) of an accounting entity.

*Code.* (1) A distinguishing reference number or symbol; (2) a statement of the laws of a specific field (e.g., *Education Code*, *Penal Code*, *Civil Code*, and *Labor Code*).

*Compensated absences.* Absences for which compensation is paid (e.g., vacation and sick leave).

*Component unit.* An organization that is legally separate and for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

*Comprehensive Annual Financial Report (CAFR).* Financial reporting consisting of three sections: (1) introductory section (general information on the LEA's structure, services, and environment); (2) financial section (basic financial statements and required supplementary information, together with information on individual funds and discretely presented component units not reported separately in the financial statements); and (3) statistical section (trend and nonfinancial data useful in interpreting the basic financial statements).

*Contingent liabilities.* Items that may become liabilities as a result of conditions undetermined at a given date (e.g., guarantees, pending lawsuits, judgments and appeals, and unsettled disputed claims).

*Contra account.* An account to record offsetting transactions (e.g., abatements).



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*Contract.* An agreement between two or more people or entities to do something. Contracts are usually in writing and are enforceable by law.

*Contracted services.* Expenditures for services rendered under contract by personnel who are not on the payroll of the LEA, including all related expenditures covered by the contract.

*Control account.* A summary account, usually maintained in the general ledger, in which is entered the aggregate of the debit and the credit postings to a number of identical, similar, or related accounts called subsidiary accounts. Its balance equals the sum of the balances of the detail accounts.

*Cost.* The amount of money or its equivalent value paid or agreed to be paid for property or services. Cost may be incurred even before money is paid; that is, as soon as a liability is assumed. Ultimately, however, money or its equivalent must be given in exchange. The cost of some property or service may in turn become part of the cost of another property or service. For example, the cost of materials will be reflected in the cost of articles made from such materials.

*County School Service Fund (CSSF).* A fund established to control the financial operations of county offices of education.

*Credit.* The right side of a double-entry posting. Credits will reduce assets, deferred outflows of resources, and expenditures and increase liabilities, deferred inflows of resources, revenue, and fund balance.

*Current assets.* Assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities.

*Current expense of education.* The current general fund operating expenditures of an LEA for kindergarten and grades one through twelve, *excluding* expenditures for food services, community services, nonagency activities, fringe benefits for retired persons, acquisition and construction of facilities, and objects 6000 and 7000.

*Current liabilities.* Amounts due and payable for goods and services received prior to the end of the fiscal year. Current liabilities should be paid within a relatively short period of time, usually within a year.

*Current loans.* Loans payable in the same fiscal year in which the money was borrowed.

**D**

*Debit.* The left side of a double-entry posting. A debit will increase assets and expenditures and reduce liabilities, revenue, and fund balance.

*Debt limit.* The maximum amount of legally permitted debt.

*Debt service.* Expenditures for the retirement of debt and for interest on debt.

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

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*Deficit.* The amount by which a sum of money falls short of a required amount (e.g., apportionment deficits or budget deficits).

*Deficit financing.* The amount to be provided when estimated expenditures exceed the estimated revenues.

*Deficit fund balance.* The excess of liabilities and deferred inflows of resources of a fund over its assets and deferred outflows.

*Deficit spending.* The excess of actual expenditures over actual revenues (also referred to as an operating deficit).

*Delinquent taxes.* Taxes remaining unpaid after the close of the year in which levied. (See also *Prior years' taxes*, in most cases the preferred term.)

*Depreciation.* Estimated loss in value or service life of fixed assets because of wear and tear through use, elapse of time, inadequacy, or obsolescence.

*Direct expenses or costs.* Expenses that can be separately identified and charged as parts of the cost of a product, service, or department.

*Direct support charges.* Charges for a support program and services that directly benefit other programs.

*Disbursements.* Payments by currency, check, or warrant. (The term is not synonymous with *expenditures*.)

*Double entry.* A system of bookkeeping that requires an amount credited for every corresponding amount debited. Thus, the double-entry ledger maintains equality of debits and credits.

**E**

*Earned interest revenue.* A sum of money received or due to be received for the use of money loaned or invested.

*EDGAR (Education Department General Administrative Regulations).* The regulations of the U.S. Department of Education incorporating certain circulars from the Office of Management and Budget. *EDGAR* is found in the *Code of Federal Regulations, Title 34*, parts 75, 76, 77, 79, 81, 82, 84, 86, 97, 98, and 99. It is defined in the *Code of Federal Regulations, Title 34, Part 77.1*.

*Employee benefits.* Amounts paid by the LEA on behalf of employees. These amounts are not included in the gross salary but are over and above. They are fringe-benefit payments; although not paid directly to employees, they are nevertheless part of the cost of salaries and benefits. Examples are (1) group health or life insurance payments; (2) contributions to employee retirement; (3) OASDI (Social Security) taxes; (4) workers' compensation payments; and (5) payments made to personnel on sabbatical leave.

*Encroachment.* The use of unrestricted moneys to support restricted program expenditures.

*Encumbrances.* Obligations in the form of purchase orders, contracts, salaries, and other commitments chargeable to an appropriation for which a part of the appropriation is reserved.

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*Enterprise funds.* Funds used to account for those ongoing activities of the LEA that because of their income-producing character are similar to those found in the private sector.

*Entitlement.* An apportionment that is based on specific qualifications or formula defined in statute. (This term should not be used as a basis for determining how to account for unspent balances of categorical aid.)

*Equity accounts.* These accounts represent the difference between the assets and deferred outflows of resources and the liabilities and deferred inflows of resources of a fund.

*Estimated revenues.* For revenue accounts kept on the accrual basis, this term designates the amount of revenue estimated to accrue during a given period regardless of whether all of it is to be collected during the period.

*Expendable trust fund.* A trust fund in which principal and earnings may be expended.

*Expenditures.* The costs of goods delivered or services rendered, whether paid or unpaid, including expenses, provision for debt retirement not reported as a liability of the fund from which retired, and capital outlay.

*Expenses.* Charges incurred, whether paid or unpaid, for operations, maintenance, interest, and other charges that are presumed to benefit the current fiscal period. Expense accounts are used in certain trust funds and in proprietary-type funds.

**F**

*Face value.* As applied to securities, the amount stated in the security document.

*Fair value of investments.* The amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

*Fees.* Amounts collected from or paid to individuals or groups for services or for use of a school or other facility.

*Fidelity bond.* A form of insurance that provides for the indemnification of the LEA or other employer for losses arising from the theft or dishonesty of employees.

*Fiscal year.* A period of one year, the beginning and the ending dates of which are fixed by statute. For LEAs, it is the period beginning July 1 and ending on June 30.

*Fixed assets.* Assets of a permanent character having continuing value (e.g., land, buildings, machinery, furniture, and equipment), with a cost over the capitalization threshold set by the LEA.

*Full-time-equivalent (FTE).* The ratio of time expended in a part-time position to that of a full-time position. The ratio is derived by dividing the amount of time of employment required in the part-time position by the amount of employed time required in a corresponding full-time position.

*Function.* An act, service, or group of services proper to a person, thing, or institution and aimed at accomplishing a certain end. In SACS, *function* refers to those activities or services performed to accomplish a goal.



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*Fund.* 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, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accord with special regulations, restrictions, or limitations.

*Fund balance.* The difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The fund equity of governmental and trust funds.

**G**

*General fund.* The fund used to finance the ordinary operations of the LEA. It is available for any legally authorized purpose.

*General journal.* A book of original entry for all entries of financial transactions that are not recorded in a special journal, such as a cash receipts journal, a voucher register, or a cash disbursements journal.

*General ledger.* A book, file, or other device that contains the accounts needed to reflect, in summary and in detail, the financial position, the results of financial operations, and the changes in equities of a fund or an account group used by an LEA.

*General long-term debt.* Long-term debt that is legally payable from general revenue and backed by the full faith and credit of an LEA.

*Generally accepted accounting principles (GAAP).* Uniform minimum standards of, and guidelines to, financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. These principles encompass the conventions, rules, and procedures necessary to define accepted accounting practices and procedures. Generally accepted accounting principles provide a standard by which to measure financial presentations. The primary authoritative source on the application of these principles to state and local governments is the Governmental Accounting Standards Board (GASB).

*Generally accepted auditing standards (GAAS).* Measures of the quality of the performance of auditing procedures and the objectives to be attained through their use. The standards are concerned with the auditor's professional qualities and with the judgment exercised in the performance of an audit. Generally accepted auditing standards are established by the American Institute of Certified Public Accountants (AICPA).

*Generally accepted government auditing standards (GAGAS).* Generally accepted auditing standards for government are established by the U.S. Government Accountability Office and published in *Government Auditing Standards*, also known as the Yellow Book.

*Gift.* Anything of value received from any source for which no repayment or service to the contributor is expected.

*Goal.* In SACS, a *goal* defines an objective or a set of objectives for the LEA. It is used to account for the cost of instruction and other services by the instructional goals and objectives of an LEA.

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*Governmental Accounting Standards Board (GASB).* The organization established to issue standards of financial accounting and reporting with respect to activities and transactions of state and local governmental entities. It is the successor organization to the National Council on Governmental Accounting (NCGA).

*Grade level.* Assigned classification of students according to age and school progress (e.g., kindergarten or first grade).

*Grant.* A contribution, either in money or material goods, made by one governmental entity to another. Grants may be intended for specific or general purposes. (This term should not be used as a basis for determining how to account for unspent balances of categorical aid.)

*Grants-in-aid.* See *Grant*.

**H**

*Holding accounts.* Suspense accounts that are used temporarily to accumulate costs that will ultimately be charged to other user programs.

**I**

*Income.* A term used in accounting for a proprietary-type fund to represent the excess of revenues earned over the expenses incurred in carrying on the fund's operations. The term *income* should not be used in lieu of *revenue* in governmental-type funds.

*Indirect cost.* Elements of cost necessary in the operation of the LEA or in the performance of a service that are of such nature that the amount applicable to each accounting unit cannot be determined readily and accurately or for which the cost of such determination exceeds the benefit of the determination. It consists of those business and administrative costs that benefit the entire LEA (e.g., accounting, budgeting, personnel, purchasing).

*Indirect cost rate (ICR).* A method for claiming reimbursement of indirect costs from federal and state categorical funds. It is the ratio (expressed as a percentage) of the indirect costs to direct base costs.

*Indirect support charges.* Charges for routine services not performed as a special service for a particular program but allocated to user programs.

*In lieu of taxes.* Revenue to replace the loss of tax revenue resulting from property that is exempted from taxation.

*Interest.* A fee charged to a borrower for the use of money.

*Interfund accounts.* Accounts in which transactions between funds are reflected. These include interfund transfer accounts and interfund receivable and payable accounts.

*Interfund borrowing.* The movement of cash from one fund to another with the expectation that the borrowing is temporary and will be repaid. Interfund borrowing does not affect the fund balance of either the borrowing fund or the lending fund.

*Interfund transfers.* Money that is taken from one fund under the control of the governing board and added to another fund under the board's control, without the expectation for repayment.

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Interfund transactions other than interfund loans or borrowing, quasi-external transactions, and reimbursement. Interfund transfers are not revenues or expenditures. They do not increase the resources of the LEA as a whole but they do affect the fund balance of both funds. (See also *Operating transfers, Residual equity transfers, and Interfund borrowing.*)

*Interim borrowing.* (1) Short-term loans to be repaid from general revenues during the course of a fiscal year; (2) short-term loans in anticipation of tax collections or bond issuance.

*Interim reports.* Reports prepared as of a date or a period during the fiscal year. They include budgetary estimates, financial transactions during current year-to-date, and end-of-year projections.

*Internal audit.* An appraisal activity within an LEA that (1) determines the adequacy of the system of internal control; (2) verifies and safeguards assets; (3) determines the reliability of the accounting and reporting system; (4) ascertains compliance with existing policies and procedures; and (5) appraises the performance of activities and work programs.

*Internal control.* A plan of organization under which employees' duties are so arranged, and records and procedures so designated, as to provide a system of self-checking, thereby enhancing accounting control over assets, liabilities, revenue, and expenditures. Under such a system, the employees' work is subdivided so that no single employee performs a complete cycle of operation. Such procedures call for proper authorization by designated officials.

*Internal service funds.* Funds created to render services on a cost-reimbursement basis to other organizational units of the LEA. Such funds are generally intended to be self-supporting.

*Inventory.* A detailed list showing the quantities and a description of the property on hand at a given time. It may also include units of measure, unit prices, and values.

*Investments.* Usually, securities and real estate held for the purpose of generating revenues, such as interest, dividends, or rental payments.

*Invoice.* An itemized statement of charges for merchandise sold or services rendered to the purchaser.

**J**

*Job account.* An account established to record the accumulation of costs of a specific piece of work; work orders showing charges for material and labor used.

*Journal.* Any accounting record in which the financial transactions of an LEA are formally recorded for the first time (e.g., the cash receipts book, check register, and general journal).

*Journal voucher.* A form provided for the recording of certain transactions or information in place of, or supplementary to, the journal or registers.

*Judgments.* Amounts due to be paid or collected by the LEA as the result of court decisions.

**L**

*LEA.* See *Local educational agency.*

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*Lease-purchase agreements.* Contractual agreements that are termed “leases” but which, in substance, amount to purchase contracts.

*Levy.* The imposition of taxes or special assessments for the support of governmental activities; also, the total amount of taxes, special assessments, or service charges imposed by a governmental unit.

*Liabilities.* Legal obligations (with the exception of encumbrances) that are unpaid.

*Line-item budgeting.* A budget system emphasizing a “balanced budget” through comparison of estimated revenues with projected expenditures. Budgetary divisions are listed by organizational units, such as departments or activities, and expenditures are divided into major categories of personal services, contracted services and supplies, and capital outlay. For budgetary control, further breakdowns of expenditures are made through detailed object accounts based on the wide range of services, supplies, and equipment.

*Local educational agency (LEA).* Typically, a local school district, county office of education, or joint powers agency engaged in providing educational services.

*Long-term debt.* Debt that matures more than one year after the date of issuance.

## M

*Management’s discussion and analysis (MD & A).* The narrative introducing the financial statements and providing an analytical overview of the LEA’s financial performance for the year. It should contain sufficient information for users of the financial statements to evaluate whether the financial position of the LEA has improved or deteriorated as a result of the year’s activities.

*Modified accrual basis.* The accrual basis of accounting adapted to the governmental fund type. Under it, revenues are recognized when they become both “measurable” and “available” to finance expenditures of the current period. Most expenditures are recognized (recorded) when the related liability is incurred.

*Multiyear financial plan.* A plan that presents financial estimates of programs in tabular form for a period of years. These estimates reflect the future financial impact of current decisions. The data in the plan should be organized along the lines of the program structure.

## N

*Net income.* A proprietary fund’s excess of revenues and operating transfers in over expenses and operating transfers out.

*Not-for-profit organization (NPO).* An entity that meets the definition in the Financial Accounting Standards Board’s (FASB) *Statement of Financial Accounting Standards No. 116, Accounting for Contribution Received and Contribution Made*. An entity with the following characteristics that separates it from a business enterprise:

- It receives contributions of significant amounts of resources from providers who do not expect a commensurate or proportionate pecuniary return.

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- Its operating purposes are other than to provide goods or services at a profit.
- Unlike business enterprises, it does not have an interest in ownership.

**O**

*Object.* As used in an expenditure classification, *object* applies to the article purchased or to the service obtained.

*Obligations.* Amounts that the LEA may be legally required to meet from its resources. They include not only actual liabilities but also unliquidated encumbrances.

*Operating transfers.* All interfund transfers other than residual equity transfers.

*Order (for payment).* A written demand by the governing board of an LEA requiring the county superintendent of schools to draw his or her requisition on the county auditor for the payment of a claim against the LEA.

*Other financing sources.* Governmental fund general long-term debt proceeds, operating transfers in, and material proceeds of fixed asset dispositions. Such amounts are classified separately from revenues.

*Other financing uses.* Governmental funds' operating transfers out. Such amounts are classified separately from expenditures.

*Overdraft.* The amount by which checks, drafts, or other demands for payment on the treasury or on a bank account exceed the amount of the balance on which they are drawn; or the amount by which encumbrances and expenditures exceed the appropriation to which they are chargeable.

*Overhead.* See *Indirect cost*.

**P**

*Payroll register.* A document accompanying one or more orders on a fund of an LEA for the payment of salaries or wages to employees; contains the names of such employees and provides information substantiating such orders.

*Payroll warrant.* A document used as an order or a requisition on a fund of an LEA for the purpose of paying salaries or wages.

*Perpetual inventory.* A system whereby the inventory of units of property at any date may be obtained directly from the records without resorting to an actual physical count. A record is provided for each item or group of items to be inventoried and is divided to provide a running record of goods ordered, received, and withdrawn and the balance on hand in units and cost.

*PERS.* Public Employees' Retirement System. Unless exempted by state law, classified employees, their district, and the state contribute to this retirement fund.

*Personal property.* All property except real property. (See also *Real property*.)



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*Petty cash.* A sum of money set aside for the purpose of making change or immediate payments of small amounts. (See also *Revolving cash fund*.)

*Physical inventory.* The annual physical count of an LEA's inventory. This count is often taken at the end of the year and observed by the LEA's auditors. Periodically, physical inventories are conducted to test the accuracy of the *perpetual inventory* records.

*Posting.* The act of transferring to an account in a ledger the data, either detailed or summarized, contained in a book of original entry.

*Prepaid expenses.* Expenditures for which payment has been made but for which benefits have not been realized as of a certain date (e.g., prepaid rent, prepaid interest, and premiums on unexpired insurance).

*Prior years' taxes.* Taxes collected within the current fiscal year for levies in previous fiscal years.

*Program.* A group of related activities that operate together to accomplish specific purposes or objectives.

*Program cost accounting.* A method to identify program costs in a standard manner. In SACS, the goal field provides the framework for program cost accounting.

*Program structure.* The hierarchical arrangement of programs that represents the interrelationship of activities to goals and objectives. The program structure contains categories of activities with common outputs and objectives. Programs may cut across existing departments and agencies.

*Project year.* A field in SACS that is used to distinguish the activities of grants, sometimes known as special projects, whose "project year" or "reporting year" is different from the LEA fiscal year.

*Prorating.* The allocating of expenditures or revenue from a single source to two or more accounts to show the correct distribution of charges or revenue.

*Purchase order.* A document issued to a vendor that authorizes the delivery of specified merchandise or the performance of certain services and the making of a charge for them.

**R**

*Real property.* Property consisting of land, buildings, minerals, timber, landscaping, and all improvements thereto.

*Rebate.* See *Abatement* or *Refund*.

*Receipts.* Cash received.

*Reclassification.* Redesignation of the current year's revenue or expenditure items previously posted to one account and later determined to be more properly charged to a different account.

*Refund.* An amount paid back or credit allowed because of an overcollection.

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*Registered warrant.* A warrant that is registered by the county treasurer for future payment because of a present lack of funds and that is to be paid with interest in the order of its registration.

*Registers.* A listing of transactions of like kind that may be totaled and summarized for convenience in posting (e.g., payroll registers, warrant registers, and attendance registers).

*Reimbursement.* Cash or other assets received as a repayment of the cost of work or services performed; or repayment of expenditures made for or on behalf of another governmental unit, fund, or department.

*Requisition.* A document submitted initiating a purchase order to secure specified articles, services, or issuance of materials from stores or a warehouse.

*Reserve for economic uncertainties.* The portion of the fund balance that has been designated (set aside) by the governing board to provide for emergencies or economic events, such as revenue shortfalls, that could not be anticipated.

*Reserve for encumbrances.* An account used to segregate a portion of a fund balance for outstanding encumbrances.

*Residual equity transfers.* Nonrecurring or nonroutine transfers of equity between funds of the LEA (e.g., transfers of residual balances of discontinued funds to the general fund or contribution of internal service fund capital by the general fund).

*Resource.* A field in SACS that is used to classify revenues and resulting expenditures in accord with restrictions or special reporting requirements placed on either aspects of LEA financial activities by law or regulation. Further, because such revenues frequently are not fully expended within a fiscal year, and related liabilities are not completely liquidated, the resource code is also to reflect restrictions and special reporting obligations on balance sheet accounts.

*Restricted funds.* Money whose use is restricted by legal requirement or by the donor.

*Revenues.* The increases in a fund's financial resources other than from interfund transfers or debt issue proceeds. Revenues are the primary financial resource of a fund. Revenues are recognized when assets are increased without increasing liabilities or incurring an expenditure reimbursement.

*Revolving cash fund.* An account used primarily for emergency or small disbursements and reimbursed periodically through properly documented expenditures, which are summarized and charged to proper accounting classifications.

**S**

*SACS.* Acronym for standardized account code structure.

*Schedules.* Explanatory or supplementary statements that accompany the balance sheet or other financial statements.

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*Secured roll.* Assessed value of real property, such as land, buildings, secured personal property, or anything permanently attached to land, as determined by each county assessor.

*Securities.* Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments.

*Serial annuity bonds.* Serial bonds in which the annual installments of bond principal are so arranged that the combined payments for principal and interest are approximately the same each year.

*Serial bonds.* Bonds whose principal is repaid in periodic installments over the life of the issue.

*Shared revenue.* Revenue that is levied by one governmental unit but that is shared, usually in proportion to the amount collected, with another unit of government or class of governments.

*Short-term debt.* Debt with a maturity of one year or less after the date of issuance. Short-term debt usually includes bond anticipation notes payable and tax and revenue anticipation notes (TRANs) payable.

*Source document.* Any voucher, invoice, or other data that support an entry in the accounting records.

*Special revenue funds.* Funds established to account for the proceeds from specific revenue sources that are restricted or committed to finance particular activities other than capital projects or debt service and not held in trust for other individuals or entities.

*Standardized account code structure (SACS).* A uniform, comprehensive, and minimum chart of accounts for classifying the financial activities of California LEAs.

*Statements.* (1) In a general sense, all of those formal written presentations that set forth financial information; (2) in technical accounting, those presentations of financial data that show the financial position and the results of financial operations of a fund, a group of accounts, or an entire LEA for a particular accounting period.

*State School Fund.* A special revenue fund within the State Treasury used for apportionments to school districts and county offices of education on the basis of the Local Control Funding Formula and certain other special-purpose apportionments. Apportionments are made by the State Controller and are based on certifications from the California Department of Education.

*Stores.* Goods that are on hand in storerooms and that are subject to requisition.

*STRS.* State Teachers' Retirement System. State law requires certificated employees, school districts, and the state to contribute to this retirement fund.

*Student body fund.* An agency fund to control the receipts and the disbursements of student associations' activities; it consists only of assets and liabilities.

*Subsidiary ledger.* A supporting ledger consisting of a group of accounts, the total of which is in agreement with a control account (e.g., payroll ledger and appropriations ledger).

*Subvention.* Provision of assistance or financial support, usually from a superior governmental unit; a grant.



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

*Surety bond.* A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document, through nonperformance or through defalcation (e.g., a surety bond given by a contractor or by an official who handles cash or securities).

*Suspense account.* An account that temporarily carries charges or credits pending the determination of the proper account or accounts.

**T**

*Tax and revenue anticipation notes (TRANs).* Notes issued in anticipation of collection of taxes, usually retireable only from tax collections and frequently only from the proceeds of the tax levy whose collection they anticipate.

*Tax liens.* Claims by governmental units on properties for which taxes levied remain unpaid.

*Tax rate.* The amount of tax stated in terms of a unit of the tax base.

*Tax rate limit.* The maximum rate of tax that a governmental unit may levy.

*Tax redemption.* Proceeds from the sale of tax-delinquent property.

*Tax relief subventions.* Funds ordinarily paid to compensate for taxes lost because of tax relief measures.

*Tax roll.* The list showing the amount of taxes levied against each taxpayer or property.

*Taxes.* Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit.

*Taxes, protested.* Tax money paid under protest and held by the county auditor pending settlement of the protest.

*Taxes receivable.* An asset account representing the uncollected portion of taxes levied.

*Term bond.* A bond whose entire principal matures on a single date.

*Trade discount.* A reduction of the list price, usually expressed as a percentage and related to the volume of business transacted. (The term is not to be confused with *Cash discount*.)

*Transfer.* Interdistrict or interfund payments or receipts not chargeable to expenditures or credited to revenue. (See also *Budget transfer* and *Interfund transfers*.)

*Trial balance.* A list of the balances of the accounts in a ledger kept by double entry, with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or if their net balances agree with a control account, the ledgers from which the figures are taken are said to be "in balance."

*Trust fund.* A fund used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

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*Tuition.* An amount charged for educational services provided to a student.

**U**

*Unaudited actuals.* An annual statement reporting the financial activities of the LEA in which the data are not yet audited.

*Unearned revenue.* A liability for resources received prior to revenue recognition.

*Unencumbered balance.* That portion of an appropriation or allotment not yet expended or obligated.

*Unit cost.* The total expenditure for a product, program, or service divided by the total quantity obtained or some other quantitative measure (e.g., the total expenditure for desks divided by the number of desks equals the cost per desk).

*Unrealized revenue.* Estimated revenue less revenue received to date; also, the estimated revenue for the remainder of the fiscal year.

*Unsecured roll.* Assessed value of personal property other than secured property.

**V**

*Voucher.* A written document that evidences the propriety of transactions and usually indicates the amounts that are to be recorded.

**W**

*Warrant.* A written order, drawn by the LEA's governing board or its authorized officer(s) or employee(s), approved by the county superintendent of schools and allowed by the county auditor, directing the county treasurer to pay a specified amount to a designated payee.

*Warrants payable.* The amount of warrants issued, outstanding, and unpaid.

*Withholding.* The process of deducting from a salary or wage payment an amount, specified by law or regulation, representing the individual's estimated federal or state income tax that the employer must pay to the taxing authority.

*Work in process.* The value of partially completed products manufactured or processed, such as a partially completed printing job.

*Work order.* A written authorization for the performance of a particular job containing a description of the nature and location of the job and specifications for the work that is to be performed. Such authorizations are usually assigned job numbers, and provision is made for accumulating and reporting labor, material, and other costs.

*Workstation.* Computer, personal computers, or work areas assigned for data processing purposes.

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## **APPENDIX F**



Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
A	Giving away ASB product or inventory (shirts, shorts, sweats, folders, etc.) at a pep rally or other ASB sponsored and approved activity that promotes school spirit	x		
A	Awards, prizes, incentives or other recognition of students not exceeding a value of \$200	x		Even if more or less than \$200, there must be board policy.
A	ASB pays for all student assembly costs, e.g., honor roll assembly, sports assembly	x		ASB paying for assembly costs for all students
A	ASB club pays for student assembly costs, e.g., honor roll assembly, sports assembly		x	An individual club paying for assembly costs of all students
A	Awards for championship rings and other recognition items the students have fundraised	x		All students in the club should receive the same ring
A	Stoles to be worn at the graduation ceremony and retained by leadership class	x		All of the leadership class seniors should be allowed to wear a stole regardless of whether or not they fundraised
D	Receipt of donated gift cards	x		Keeping an inventory list of numbered gift cards is recommended
D	Return/refund of a donation from parents, students, others		x	
D	The governing board must recognize donations greater than \$50 before deposit in the ASB bank account	x		Board policy may already have a larger or smaller amount
D	Donations must be used only for their original purpose	x		
F	Online fundraising by specific teachers, parents or students that reference school, e.g., Go-Fund Me, etc.		x	
F	Fundraisers approved via Fundraiser Request Form and Revenue Potential Form by board designee - school site principal/administrator	x		
F	Fundraisers for and on behalf of nonprofit/charities - subject to designee approval (limited to two fundraisers per year unless an ASB club is approved to support other charities)		x	The number of fundraisers may be more or less depending on policy. A strict approach of no fundraisers for other charities is preferable
F	ASB event sales, concessions, student store sales, etc., received by credit card payment	x		The district business office should approve the credit card equipment and software, e.g., terminal and reader
F	ASB food sales of Danish, coffee and other items to district staff/adults	x		
F	Clubs established solely to fundraise for other charities		x	This can cause a lot of issues. If allowed, should be specifically board approved
F	Fundraising with variable pricing structures such as advance purchase price vs. at the door price	x		The fundraiser Request Form and Revenue Potential Form should clearly describe the pricing structure

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
F	Fundraising proceeds for activity "A" converted to an alternative use "B" (funds must be spent on what they were raised)		x	Use the money for the original purpose
F	Fundraising excess/leftover proceeds after activity "A" completed converted to an approved <u>similar</u> alternative use "B"	x		
F	Shared fundraisers between clubs	x		The shared fundraiser should be initially approved as a shared fundraiser
F	Sale of surplus equipment/items	x		Check your district policy on obsolete inventory and proper disposal
F	Commingling of non-ASB funds with ASB funds, i.e. PTA/PTO/Booster		x	
F	Joint ASB - PTA/PTO/Booster fundraising and other activities with student participation when approved by principal/board designee regardless of whether funds are donated to ASB (revenue/deposits and costs/purchases accounted for by PTA/PTO/Booster and agreed upon funds donated to ASB)	x		
F	Earning extra credit in a class for students who participate in fundraising		x	
F	Silent auctions	x		
F	ASB raffles, ticket drawings, random drawings, opportunity drawings, scratcher cards, 50/50 drawings, or other games of chance, even if tickets are given away free, part of a donation, combined with some other item or reason for the raffle.		x	
F	Selling sponsorships for advertisement as an approved fundraiser	x		
F	Non-ASB fundraiser monies held/deposited into ASB accounts (use other district assigned site or donation account)		x	
F	Fundraisers where supervised students work at an approved activity, and the club receives an agreed-upon donation for assisting	x		This should not be viewed as payment for time, which sounds more like payroll
F	Fundraising for out-of-state field trips/travel	x		
F	Fundraisers where objects are thrown at people (pie toss, egg toss), mechanical or animal rides, darts, arrows, sledge hammer destruction of cars or objects, water/dunk tanks, bounce houses/trampolines		x	
F	One club selling leftover inventory items to another club as part of either club's fundraising activities	x		
F	Fundraising based on retailer participation drives, scrip, or other forms of merchant rebate payments to the ASB	x		
F	Donations to the ASB/clubs are non-refundable	x		

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
F	Splitting gate receipts or sharing fundraising net proceeds between clubs or charities and the ASB	x		
F	Volunteers, advisors, administrators, and others directly related to the ASB earning commissions from ASB fundraising/activities or making profits by marking up items from their own business to sell to the ASB		x	
F	Fundraising to pay for other individual students' yearbooks or anything for an individual		x	
F	Tip or donation jar fundraisers	x		Strong internal control and checks and balances since cash in jars is easy to steal
F	Use of an individual staff/volunteer/club advisor, etc., personal Square Credit Card reader/terminal		x	
F	ASB Leadership/General's specific credit card terminal/reader to engage in sales and accept credit card payments	x		The district business office should approve the credit card equipment and software, i.e. terminal and reader
F	Individual ASB club's own credit card terminal/reader to engage in sales and accept credit card payments	x		The district business office should approve the credit card equipment and software, i.e. terminal and reader and should decide how many readers per site are allowed or if allowed
G	Students from another school site joining a different school site's club		x	
G	School principal or other principal designee approves contracts instead of district business office		x	
G	Club Advisor: Classified staff or other noncertificated individual as a club advisor (Ed Code 48933 requires certificated instructor as club advisor)		x	
G	Clubs donating funds to other clubs		x	
G	ASB general providing start-up/seed money for new clubs (Limit = \$200)	x		Decide if the start-up/seed money must be paid back
G	Deposits: Fundraising, sales, other deposits must be received and deposited in the bank any time the total accumulated funds for any individual club or all clubs' activities, including ASB general, exceed \$200. All funds, regardless of amount, must be deposited in the bank by the last business day of each week (no funds left in safe over the weekend, holidays, or summer/winter breaks)	x		The \$200 amount is a suggestion. You should determine an amount that is best for your district
G	Petty cash balance limit \$50	x		The \$50 amount is a suggestion. You should determine an amount that is best for your district



Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
G	Carryover funds of 20% for all clubs and 40% for yearbook clubs of total expenditures unless different in each clubs' bylaws	x		Other clubs such as athletics may need different amounts as well.
G	Senior class's remaining balance reverts to ASB general once seniors graduate unless senior class bylaws direct otherwise	x		
G	Students may help count money while supervised at fundraisers and may also count funds with ASB bookkeeper prior to deposit	x		
G	Approved ASB minutes posted to ASB website	x		
G	Club that has been inactive longer than 18 months is closed and, unless stated otherwise in bylaws, balance reverts to ASB general	x		
G	Activity clubs where students do not raise money, (e.g., chess, checkers, bible reading clubs), are approved via club application with constitution/bylaws	x		
G	Approved club minutes submitted to student council monthly (when club has meetings)	x		
G	Counting Funds: At least two people (must include at least one adult, which may include volunteers) must always count funds together and all those counting must sign and date the cash count form	x		
G	Temporary loans to ASB general or clubs from parents		x	
G	Temporary ASB loans to individuals		x	
G	Personal credit card used for preapproved ASB purchases where points/mileage/cash back of any kind are earned. (Credit card points/mileage/cash back earned are incidental benefits and not considered a gift of public funds)	x		
G	Release of ASB financial information to the public following a request for California Public Records Act, Government Code 6253.1	x		
G	Certificated club advisor of the club must attend all club/ASB activities, events, meetings, etc., even if another adult volunteers or other certificated/classified staff is available.	x		Consider approving an alternate club advisor in case the primary club advisor is sick or on vacation
G	Combining, splitting, or dissolving of clubs	x		Approval by the club(s), ASB leadership and advisor is necessary
G	Advocating for a cause when described and approved in the club bylaws	x		
G	Transporting money to the bank alone without a witness		x	

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
G	Required multicopy forms: cash count, ticket count, purchase order, deposits, revenue potential	x		
G	Contracts with minors (e.g. student DJs for paid or unpaid services)		x	Decide if work permits are an exception and don't forget to check with human resources
G	ASB and clubs comprised of students from other school sites		x	
G	Cash box start-up cash left in the cash box while the cash box is in the safe during the week	x		
G	Cash box start-up cash left in the cash box while the cash box is in the safe over the weekend		x	Cash should not be left in the safe over the weekend.
G	Lending or rental of ASB equipment to other organizations or individuals			Check your existing district policy about whether an ASB can own its own property. Some districts require ASB purchases classified as equipment or property to be donated to the district.
G	ASB advisor for leadership class is also the advisor for another club	x		
G	General ASB/student council override the voting of a club if the issue is otherwise addressed in ASB/student council and club bylaws	x		
P	Purchase of gift cards		x	
P	Purchases before approval by student representative, advisor and principal (Ed Code 48933 [b] requires preapproval)		x	
P	ASB as a pass-through for fees, library fines, food services, or other non-ASB/club activities		x	
P	Reimbursing of individuals for preapproved club purchases. (All purchases must be preapproved before any shopping/spending occurs)	x		
P	District equipment, classroom supplies, or other district costs paid by ASB		x	
P	Conference/training costs, including travel, for adults paid by ASB where students do not attend		x	
P	Purchase or receipt of donated prizes for fundraisers	x		
P	Entrance fees for club events	x		
P	ASB funds used to purchase classroom supplies		x	

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
P	Payment of dues, membership fees, other costs of non-ASB club activities		x	
P	Purchase of equipment (e.g., playground equipment, supplemental equipment, 3D Printer, monument signs, senior benches, paint for murals, etc.) to enhance the students' education and it is their will and idea, the funds were specifically raised for that purpose, facilities/maintenance/risk management departments approve, and the principal approves	x		
P	Off-season tournament costs: If athletics or sports club is a true ASB club and the event is a nondistrict sponsored activity, is related to the student's education and is recreational and not educational	x		
P	Purchase of club shirts, uniforms, hats, etc. when the ASB or club specifically fundraised for the item and all ASB/club members receive one	x		
P	Purchase of club shirts, uniforms, hats, etc. that the ASB or club did not fundraise for, is not for specifically for ASB or club students, or the item is imposed by district or others		x	
P	ASB support costs paid from ASB (paying for items used by or for adults): substitute teacher costs while teacher is not at an ASB activity; ASB bookkeeper's salary/benefits, furniture, equipment, software, forms, multi-copy forms, supplies, business cards, checks, training, receipt books, etc.; activities director and club advisor training costs including CADA; athletic coaching clinics, transportation, janitorial, other adult clothing-jackets, shirts for teachers, mugs, key chains, teacher training, etc.		x	
P	Reimbursement of non preapproved ASB purchases		x	
P	Principal's award, recognition, or discretionary money supported/provided by ASB		x	
P	District employees paid by ASB for preapproved services only through district payroll, not as independent contractor	x		
P	Student body/ASB/clubs purchase pizza or other similar snacks/food for meetings or social events	x		
P	Blanket or open purchase orders as long as there are sufficient funds available and district policy allows them	x		
P	Purchase orders prepared based on an estimate	x		

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
P	ASB responsible for retroactive payment of any kind if not approved in advance		x	
P	ASB pays for repair of district-owned furniture or equipment (ice machine, lawn mower, golf cart, etc.)		x	
P	Grad night, Washington trips, class trips (i.e. senior class, eight grade class, etc.) donations and fees: Donations and fees cannot be mandatory. No student can be prohibited from the trip unless there is an administrative or discipline issue.	x		
P	Entrance fees for chaperones because chaperones are with students	x		
P	Teachers/staff/administrators use of ASB funds for classroom activities, teacher professional development, etc.		x	
P	Club website subscriptions promoting club activities	x		
P	Missing Receipts: Reimbursement of preapproved ASB purchases but lost or missing receipt: for first offense only, when unintentional, and approved by the principal and students and accompanied by a written explanation and attempt to return to the vendor for a replacement receipt	x		If this seems too harsh, modify it for what your district allows
P	Purchase Advances: Advancing of funds for purchases when advisor or person shopping does not have sufficient personal funds to pay for the shopping and cannot wait for reimbursement. The principal must approve the advance	x		Check your existing board policy. Many district policies already prohibit cash advances
P	Vendor or district required prepaying for activities or paying for deposits for trips and other approved ASB activities when approved by the principal	x		Check your existing board policy. Many district policies already prohibit pre-paying
P	Purchase of breathalyzers for ASB activities, e.g., the prom		x	
P	Reimbursement for club purchases made with EBT food stamp cards		x	
P	Stipends, payments of any kind for adult or student volunteers		x	
P	Recognition or awarding of small prizes or treats to student volunteers	x		
P	Paying students for services as scholarships		x	
P	Use of a single purchase order to list and authorize multiple vendors or individuals to make purchases	x		
S	Return of a scholarship donation to the donor for any purpose, e.g., donor will choose the scholarship recipient, donor changed their mind		x	
S	Scholarship checks written directly to students		x	

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
S	Clubs want to use remaining club cash balance for their own scholarships or scholarships to others		x	
SP	<p>Sports/Athletics: For any sports revenues and expenditures to be accounted for and be part of ASB, the sport must meet the same ASB club requirements. Each sport may be a separate club with its own constitution, certificated advisor, budget and other required elements, or multiple sports may be organized as one athletic club, with each sport having representation in the club. Enrolled students must lead the athletic club. Each sport in the athletic club should elect at least one delegate or commissioner to be a member of the club's student leadership, ensuring that each sport receives representation. Each sport represented in the athletic club may then be accounted for in the ASB accounting record as a subaccount of the athletic club. If the athletic director of the school is a certificated district employee, he or she may serve as club advisor. Students must be the primary decision-makers, not coaches. The certificated advisor must be present at each and all club activities, sporting events, meetings, fundraisers, etc. If a coach is not the club advisor, the certificated club advisor must still be at all activities and events even if a coach or other volunteer is also at the activity or event.</p>	x		
<b>Legend:</b>				
F	Fundraising, Fees, Sales			
P	Purchasing, Pass-through			
A	Awards, Gifts, Appreciation			
D	Donations			
G	Governance, Contracts, Organization			
S	Scholarships			
SP	Sports Clubs/Athletics			
	<b>GOVERNING BOARD AUTHORITY AND BOARD POLICY:</b>			
	<p>The governing board of the school district, charter school or community college is ultimately responsible for everything that happens in the district, including the activities of student organizations. Under Ed Code 48930 for K-12, and section 76060 for community colleges, the governing board has the authority to approve the formation of a student body organization within the district. This means that governing boards are not required to allow student body organizations to exist. Many districts have chosen to stop student fundraising and organizations as a last resort because of continual and severe noncompliance issues, including fraud.</p>			

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
	<p>In assuming the authority the Education Code gives them, governing board establishes parameters for district operations through board policies and regulations. These policies and regulations must specify how the student body organization will be established, how its activities will be supervised, and how its finances will be operated and managed. The district's administration is responsible for establishing and monitoring the procedures to carry out the policies and regulations adopted by the governing board.</p>			
	<p>Students are raising funds for their own benefit and are able to make decisions about the funds (with co-approval from an administrator); however, when there is a conflict, governing board policies and regulations override ASB decisions because the funds are ultimately under the governing board's authority.</p>			
	<p><b>ATHLETICS/SPORTS CLUBS (ASB or Not Part of ASB):</b></p>			
	<p>Manual, Chapter 4, page 31 at Sports and Athletic Clubs states,</p>			
	<p>For any sports revenues and expenditures to be accounted for and part of the ASB account, the sport must meet the same ASB club requirements. Each sport may be a separate club with its own constitution, certificated advisor, budget and other required elements, or multiple sports can be organized as one athletic club, with each sport having representation in the club. The athletic club must be led by enrolled students. Each sport in the athletic club should elect at least one delegate or commissioner to be a member of the club's student leadership, ensuring that each sport receives representation. Each sport represented in the athletic club may then be accounted for in the ASB accounting record as a subaccount of the athletic club.</p>			
	<p>If the school's athletic director is a certificated district employee, her or she may serve as club advisor.</p>			
	<p>Manual, Chapter 8, pages 97-98 at Athletic Events states,</p>			
	<p><b>Athletic Events</b> (usually organized ASB): A school may use any school-sponsored athletic event as a source of revenue as long as the event complies with league agreements. Income can come from various sources such as ticket sales, sales of programs, and concessions. This does not mean the ASB will always be the recipient of revenues from all aspects of athletic events. The governing board decides which club, parent organization or district account will receive the different types of revenues.</p>			

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
	<p>One frequent issue with athletic events is that the funds are deposited into an ASB bank account, but a coach wants full control over the funds. ASB funds must benefit students, and although athletic events are an allowable ASB activity/expenditure, students must control how the funds are spent, with co-approval by authorized adults. If it is an ASB activity, an official student club (e.g. one that has a constitution, budget, certificated club advisor, and official meetings and minutes) must sponsor the events and control the funds. The coach can be the club advisor if he or she is certificated and if the principal/school administrator agrees. If the event is non-ASB and sponsored by the district, an athletic booster club or other parent group, the adults or coaches can make the decision(s), but the funds must be deposited into a separate account, (e.g. district booster club or parent club nondistrict account), not the ASB account.</p> <p><b>The FCMAT ASB workshop includes three slides about sports and athletics which summarize the information presented above as follows:</b></p> <p>For any sports revenues and expenditures to be accounted for and part of the ASB account, the sport must meet the same ASB club requirements as all other clubs.</p> <p>Each sport may be a separate club with its own constitution, certificated advisor, budget and other required elements,</p> <p>OR</p> <p>Multiple sports can be organized as one athletic club, with each sport having representation in the club, one constitution, one certificated advisor and other required elements.</p> <ul style="list-style-type: none"> <li>• If revenue is to be shared, governing board policy should state how revenue from ticket sales, etc., is distributed.</li> <li>• If one athletic club is formed, each sport should elect at least one delegate or commissioner to be a member of the club's student leadership team, ensuring that each sport receives representation.</li> <li>• Each sport represented in the athletic club may then be accounted for in the ASB accounting record as a subaccount of the athletic club.</li> <li>• If the athletic director of the school is a certificated employee of the district, her or she may serve as club advisor.</li> <li>• The club advisor – a certificated employee -- must be at all club activities. Even if a classified coach is at the event, the certificated advisor must also be there.</li> </ul> <p>If not operated as a true club, meaning the adults make the decisions (not student led), no club constitution/bylaws, no student fundraising, there is no certificated instructor acting as club advisor and attending all sport/athletic ASB fundraising/events, then:</p> <ul style="list-style-type: none"> <li>• Sports/athletics does not belong in ASB</li> <li>• Operations and bookkeeping should be in some other district business-office-approved account</li> <li>• Example: School site donation account</li> </ul>			

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
	<p>A good argument for separating athletics from ASB would be if athletics is not operated as a true club as described in the information above. Districts usually separate athletics from ASB because students, not coaches, make the decisions and a certificated advisor is at all sports events. As far as other districts and how they have separated athletics from ASB, those that have been successful, account for athletics in a district approved school site account and have board approved agreements between athletic and ASB as to how revenues and expenses may be shared. Districts have varying reasons, methodologies, and types of agreements outlining the arrangements between athletics and ASB.</p>			



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## **APPENDIX G**

<b>BID LIMITS</b>	
Components and Definitions	
<b>EQUIPMENT, MATERIALS, &amp; SUPPLIES</b> PCC 20111(a)(1); PCC 20651(a)(1)	<b>BID LIMIT</b> Effective 01/01/2022
<p><b>Exceptions:</b> Supplementary textbooks, library books, educational films, audiovisual materials, test materials, workbooks, or periodicals. (PCC 20118.3) Perishable foodstuffs and seasonal commodities. (PCC 20660; Ed. Code 38083) Surplus federal property. (Ed. Code 17602) Energy service and conservation contracts. (Gov. Code 4217.12, 15614.10 et seq.) Purchase through other public agency (Ed. Code 17595; PCC 20118, PCC 20652, PCC 20653) Emergency repair contracts. (PCC 20113, PCC 20654)</p>	\$99,100
<b>NON-CONSTRUCTION SERVICES</b> PCC 20111(a)(2); PCC 20651(a)(2)	<b>BID LIMIT</b> Effective 01/01/2022
<p><b>Exceptions:</b> Special services and advice under Government Code Section 53060. Includes financial, economic, accounting, engineering, legal, or administrative matters if such persons are specially trained and experienced and competent to perform the special services required.</p>	\$99,100
<b>MAINTENANCE</b> PCC 20111(3)(2); PCC 20651(a)(3); PCC 20656	<b>BID LIMIT</b> Effective 01/01/2022
Routine, recurring and usual work for the preservation or protection of any publicly owned, publicly operated facility for its intended purpose. Includes minor and routine repairs, landscape, and minor repainting. (Applicable to non-CUPCCAA LEAs)	\$99,100
<b>PUBLIC PROJECT WORK</b> PCC 22002(c); PCC 20651(b)	<b>BID LIMIT</b>
Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and any repair work involving publicly owned, leased, or operated facilities. (Applicable to non-CUPCCAA LEAs)	\$15,000 Labor & Materials
<b>FORCE ACCOUNT OR DAY LABOR</b> PCC 20114(a); PCC 20655(a)	<b>HOURS, ADA &amp; FTE</b> Limits
Work performed by the agency's day labor on any type of public project or maintenance work. Day labor includes the use of maintenance personnel employed on a permanent or temporary basis.	350 hours < \$35,000 ADA 750 hours or \$21,000 if > 35,000 ADA or > 15,000 FTE for Community Colleges
<b>CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT (CUPCCAA)</b> PCC 22032(a)(b)(c)	<b>BID LIMIT</b> Effective 01/01/2022
Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and any repair work involving publicly owned, leased, or operated facilities. (CUPCCAA Resolution must have opt-in clause to use these limits for maintenance contracts; otherwise, all maintenance contracts will follow PCC 20111(3); PCC 20651(a)(3); PCC 20656 applicable bid limit)	\$60,000 or less (No Bid) \$60,001 to \$200,000 (Informal Bid) > \$200,001 (Formal Bid)
<b>SB 854 PUBLIC WORKS CONTRACTOR REGISTRATION PROGRAM</b> Labor Code Section(s) 1773.3; 1771 <a href="http://www.dir.ca.gov/Public-Works/PublicWorksSB854.html">http://www.dir.ca.gov/Public-Works/PublicWorksSB854.html</a>	<b>DIR REGISTRATION</b> Effective 09/17/18
Contractors and subcontractors must register with DIR in order to bid on public works projects as of March 1, 2015, or be awarded a public works project as of April 1, 2015. The awarding body must register the project with DIR within five days of awarding the contract, by completing Form PWC-100. Labor Code Section 1773.3 This requirement applies to all public works projects that are subject to the prevailing wage requirements of the Labor Code regardless of size or funding source. Submission of certified payroll records. Prevailing wages must be paid in California, 1) for all public works projects in excess of \$1,000; and 2) prevailing wages must be paid to all subcontractors' employees as per Labor Code 1771.	> \$15,000 (for maintenance work) > \$25,000 (for construction, demolition, initial repair work)
<b>FEDERAL BID LIMITS</b> Code of Federal Regulation - 2 CFR 200	<b>BID LIMITS</b>
<p>Micro Purchase* (To increase the threshold from \$10,000 - \$50,000, the LEA should annually complete a self-certification that must include a justification, clear indication of the threshold, and supporting documentation).</p> <p>Small Purchase (Simplified Acquisition - (FAR at 48 CFR 2.101 et in accordance with 41 U.S.C. 1908)</p> <p>Formal Limit</p> <p>If State procedures establish a lower cost threshold, the lower threshold is required to be used in accordance with 2 CFR 200.301-300.317.</p>	\$10,000* \$10,001 - \$250,000 > \$250,000
<b>TRANSPORTATION AGREEMENTS</b> Education Code Section 39802	<b>BID LIMIT</b>
Transportation contracts must be bid when the total expenditure exceeds \$10,000 and the services are provided by a person or corporation other than a common carrier or a municipally owned transit system or a parent or guardian of the pupils to be transported. (municipally owned does not include school districts.)	\$10,000
<b>TIME LIMITS ON CONTINUING CONTRACTS</b> Education Code Section 17596	<b>Time Limit by Years</b>
Materials and Supplies	3 Years
Work, services, apparatus or equipment	5 Years
Equipment Lease	10 Years

FRESNO COUNTY SUPERINTENDENT OF SCHOOLS

### FRESNO COUNTY SUPERINTENDENT OF SCHOOLS

* PUBLIC WORKS PROJECT CHECKLIST PCC 20114(a) & PCC 20655(a)	
REQUIRED BID DOCUMENTS	Cost of Project
	\$15,001 +
PROOF OF PUBLICATION - NEWSPAPER	Once a week for two weeks with no less than five days in between
PROJECT INFORMATION	
CONTRACTOR AWARDED CONTRACT	
PROJECT #	
PROJECT DATE	
PROJECT DESCRIPTION	
PROJECT LOCATION	
REQUIRED DOCUMENTS TO FCSS FOR AUDIT	
APPOINTED BOARD DESIGNEE or BOARD APPROVAL (Board Designee Signature or copy of Board Approval or Agenda)	Board Designee <b>OR</b> Board Approval <small>If contract or P.O. is agreed upon by Board Designee, the contract must be ratified by the Board within 60 days or may be considered unenforceable</small>
SIGNED CONTRACT	X
CERTIFICATE OF INSURANCE (verify limits to contract)	Insurance Required Ensure that the contract has the proper Insurance Coverage
PAYMENT BOND (full amount of contract)	Required by Law for Payment \$25,000 or over with the bond amount not less than the full contract amount
PERFORMANCE BOND (full amount of contract)	**Recommended If stated in contract, required
APPLICATION FOR PAYMENT (with all approval signatures)	X
CHANGE ORDERS (with all approval signatures)	X
SPECIAL INSTRUCTIONS	
* If your District is a CUPCAA District, please refer to the CUPCAA tab.	
**A Performance Bond is not required, unless stated in the contract, it is recommended as a protection for the School District	

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**FRESNO COUNTY SUPERINTENDENT OF SCHOOLS**

MAINTENANCE PROJECT CHECKLIST PCC 20115 & PCC 20656		
REQUIRED DOCUMENTS FOR FCSS AUDIT		
	COST OF PROJECT	
	Informal Project under \$99,100*	Formal Project over \$99,100
PROOF OF PUBLICATION - NEWSPAPER (applicable to non-CUPCCAA LEAs)		Once a week for two weeks with no less than five days in between
BOARD APPROVAL (copy of Board Approval or Agenda)		Required
SIGNED CONTRACT	Required	Required
CERTIFICATE OF INSURANCE (verify limits to contract)		Insurance Required Ensure that the contract has the proper Insurance Coverage
PAYMENT BOND (full amount of contract)	Required by Law for Payment \$25,000 or over with the bond amount not less than the full contract amount.	Required by Law for Payment \$25,000 or over with the bond amount not less than the full contract amount
PERFORMANCE BOND (full amount of contract)		**Recommended If stated in contract, required
APPLICATION FOR PAYMENT (with all approval signatures)		Required
CHANGE ORDERS (with all approval signatures)	Cost may <u>not exceed</u> \$15,000	Cost <u>may not exceed</u> 10 percent of Original Contract Amount
SPECIAL INSTRUCTIONS		
Maintenance is routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility. Special Note: If CUPCCAA district did not opt in for maintenance under the CUPCCAA limits; they would fall under these maintenance limits. ** A Performance Bond is not required, unless stated in the contract, it is recommended as a protection for the LEA		
FCSS USE ONLY		
CONTRACTOR AWARDED CONTRACT		
PROJECT #		
PROJECT DATE		
PROJECT DESCRIPTION		
PROJECT LOCATION		



**FRESNO COUNTY SUPERINTENDENT OF SCHOOLS**

PIGGYBACK BID CONTRACT CHECKLIST	
The governing board of a school district may, without advertising for bids, if the board has determined it to be in the best interest of the district, authorize by contract, lease, requisition or purchase order, any public corporation or agency to lease data-processing equipment, purchase materials, supplies, equipment, automotive vehicles, tractors and other personal property for the district.	
REQUIRED DOCUMENTS TO BE SUBMITTED TO FCSS FOR USE OF PIGGYBACKABLE BIDS	Received from Vendor
<b>ORIGINAL PIGGYBACK DOCUMENTS</b>	
Proof of Publication (Need a copy of the actual proof from the newspaper)	
Original Bid (Need a copy of the actual bid documents circulated by the district)	
Piggyback Language- Recommended but not required for language to be in the original bid documents	
Vendor's Bid (Need a copy of the actual bid the vendor submitted to the district)	
Award Letter (Letter or board award shown in minutes. This verifies the contract was awarded to the vendor)	
Contract Term (Orders placed must fall within the time frame in the original contract term or extensions) <b>IMPORTANT NOTE: Per Education Code 17596, contracts may not exceed 3 years for goods and services and 5 years for equipment)</b>	
Extension Letter (Only allowed if original bid language allowed for it).	
Conditions of Extension (Watch for any special conditions).	
Base Prices (Prices quoted on original bid).	
<b>DISTRICT'S DOCUMENTS FOR CURRENT PURCHASE</b>	
Proof of Board Approval (Need a copy Board Minutes approving the use of the piggyback)	
Vendor's Bid (Need a copy of the bid/quote the vendor submitted to the district).	
Tie District Prices to Original Bid (Highlight items purchased on vendor's price matrix and send proof to FCSS for audit requirement).	
Purchase Order (Required to note on the purchase order which piggyback bid District is using)	
Itemized Invoices (Be sure the amount the district is paying ties back to the prices quoted on the piggyback)	
<b>SPECIAL INSTRUCTIONS</b>	
Attorney General Opinion 5-405 limits piggyback bids to personal property. Piggybacks are not allowed to provide services in California. Example, you are purchasing playground equipment that requires installation. You may purchase the equipment off a piggyback bid and informally or formally bid the installation depending on your public works bid limit.	

**FRESNO COUNTY OFFICE OF SUPERINTENDENT OF SCHOOLS**

CALIFORNIA MULTIPLE AWARD SCHEDULES (CMAS) CHECKLIST	
<p>The Procurement Division of the California Department of General Services (DGS) can provide purchasing assistance without the necessity for the districts to go to bid. Allows the DGS to consolidate the needs of multiple state agencies for goods, information technology, and services. It is generally accepted that a CMAS contract may include labor/installation services if those services are "incidental" to the project.</p>	
REQUIRED DOCUMENTS TO BE SUBMITTED TO FCSS FOR USE OF CMAS	Received from Vendor
ORIGINAL DOCUMENTS	
DGS CMAS Contract	
Contract Term (Orders placed must fall within the time frame in the original contract term or extensions) <b>IMPORTANT NOTE: Per Education Code 17596, contracts may not exceed 3 years for goods and services and 5 years for equipment)</b>	
Extension Letter (Only allowed if original bid language allowed for it).	
CMAS Price List	
DISTRICT'S DOCUMENTS FOR CURRENT PURCHASE	
Proof of Board Approval (Need a copy Board Minutes approving the use of the CMAS)	
Vendor's Bid (Need a copy of the bid/quote the vendor submitted to the district).	
Tie District Prices to CMAS Price List (Highlight items purchased on CMAS price matrix and send proof to FCSS for audit requirement).	
Payment Bonds (includes installation of permanent fixture or/and labor charges on the quote or invoice)	Required by Law for Payment \$25,000 or over
Performance Bonds	**Recommended If stated in contract, required
Certificate of Insurance	Insurance Required Ensure that the contract has the proper Insurance Coverage
Purchase Order (Required to note on the purchase order the CMAS number the District is using)	
Itemized Invoices (Be sure the amount the district is paying ties back to the prices quoted on the CMAS)	
SPECIAL INSTRUCTIONS	
The labor/installation portion of the contract may go up to 50% of the contract amount. Check with your legal counsel, many allow a maximum of 10% . School Districts must comply with applicable bidding requirements for installation/labor.	
** A Performance Bond is not required, unless stated in the contract, it is recommended as a protection for the School District	

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**FRESNO COUNTY SUPERINTENDENT OF SCHOOLS**

CONSTRUCTION PROJECTS FOR CUPCCAA PARTICIPATING AGENCIES CHECKLIST PCC 22032(a)(b)(c) - PCC 22037			
REQUIRED DOCUMENTS FOR FCSS AUDIT - Effective January 1, 2020			
	AMOUNT OF PUBLIC WORKS PROJECT		
	\$25,001 - \$60,000	Informal \$60,001 - \$200,000	Formal \$200,001+
PROOF OF PUBLICATION IN NEWSPAPER FOR BID*			14 days <u>BEFORE</u> bid opening
PROOF OF PUBLICATION IN TWO (2) TRADE JOURNALS FOR BID **		10 days <u>BEFORE</u> bid opening <i>Required if there is no contractor's list</i>	15 days <u>BEFORE</u> bid opening
PROOF OF NOTICE SENT BY MAIL, FAX, OR EMAIL INVITING BIDS TO DISTRICT'S LIST OF QUALIFIED CONTRACTORS <u>10 DAYS BEFORE</u> BIDS ARE DUE. **		Required	
APPOINTED BOARD DESIGNEE or BOARD APPROVAL	Board Designee <b>OR</b> Board Approval <i>If contract or P.O. is agreed upon by Board Designee, the contract must be ratified by the Board within 60 days or may be considered unenforceable</i>	Board Designee <b>OR</b> Board Approval <i>If contract or P.O. is agreed upon by Board Designee, the contract must be ratified by the Board within 60 days or may be considered unenforceable</i>	Board Approval
SIGNED CONTRACT	Signed Purchase Order <b>OR</b> Negotiated Contract	Contract Required	Contract Required
CERTIFICATE OF INSURANCE (verify limits to contract)	Insurance Required Ensure that the contract has the proper Insurance Coverage	Insurance Required Ensure that the contract has the proper Insurance Coverage	Insurance Required Ensure that the contract has the proper Insurance Coverage
PAYMENT BOND (full amount of contract)	Required by Law for Payment \$25,000 or over with the bond amount not less than the full contract amount	Required by Law for Payment \$25,000 or over with the bond amount not less than the full contract amount	Required by Law for Payment \$25,000 or over with the bond amount not less than the full contract amount
PERFORMANCE BOND*** (full amount of contract)	***Recommended If stated in contract, required	***Recommended If stated in contract, required	***Recommended If stated in contract, required
APPLICATION FOR PAYMENT (with all approval signatures)	Required	Required	Required
CHANGE ORDERS (with all approval signatures and does not exceed 10% of original contract amount or \$15,000, <i>whichever is greater</i> )	Costs cannot exceed \$60,000	Cost <u>may not</u> exceed 10 percent of Original Contract Amount	Cost <u>may not</u> exceed 10 percent of Original Contract Amount
<b>Special Instructions:</b>			
CUPCCAA only <u>precludes</u> the LEA from having to go out to bid. All other Public Contract compliance checks must be adhered to; see FCSS Accounts Payable Manual, checklist on page 25 and additional Public Contract codes and provisions are found on pages 26-32.			
Special Note: Includes maintenance contracts if the district opted into CUPCCAA.			
* Refer to the Appendix A, PPC 22037 and CUPCCAA FAQ, question 26, for additional information			
** Refer to the Appendix A, PCC 22034 and CUPCCAA FAQ, question 15 for additional information			
*** A Performance Bond is not required, unless stated in the contract, but it is recommended as a protection for the School District			
<b>FCSS USE ONLY</b>			
CONTRACTOR AWARDED CONTRACT			
PROJECT #			
PROJECT DATE			
PROJECT DESCRIPTION			
PROJECT LOCATION			



**FRESNO COUNTY SUPERINTENDENT OF SCHOOLS**

CONSTRUCTION PROJECTS FOR CUPCCAA PARTICIPATING AGENCIES CHECKLIST PCC 22032(a)(b)(c) - PCC 22037			
REQUIRED BID DOCUMENTS (Effective January 1, 2020)	AMOUNT OF PUBLIC WORKS PROJECT		
	\$25,001 - \$60,000	Informal \$60,001 - \$200,000	Formal \$200,001+
PROOF OF PUBLICATION IN NEWSPAPER*			14 days <b>BEFORE</b> bid opening
PROOF OF PUBLICATION IN <b>TWO (2)</b> TRADE JOURNALS **		10 days <b>BEFORE</b> bid opening <i>Required if there is no contractor's list</i>	15 days <b>BEFORE</b> bid opening
PROOF OF NOTICE SENT BY MAIL, FAX, OR EMAIL INVITING BIDS TO DISTRICT'S LIST OF QUALIFIED CONTRACTORS <u>10 DAYS BEFORE</u> BIDS ARE DUE. **		<b>X</b>	
PROJECT INFORMATION			
CONTRACTOR AWARDED CONTRACT			
PROJECT #			
PROJECT DATE			
PROJECT DESCRIPTION			
PROJECT LOCATION			
REQUIRED DOCUMENTS TO FCSS FOR AUDIT			
APPOINTED BOARD DESIGNEE or BOARD APPROVAL	Board Designee <b>OR Board Approval</b> <i>If contract or P.O. is agreed upon by Board Designee, the contract must be ratified by the Board within 60 days or may be considered unenforceable</i>	Board Designee <b>OR Board Approval</b> <i>If contract or P.O. is agreed upon by Board Designee, the contract must be ratified by the Board within 60 days or may be considered unenforceable</i>	Board Approval
SIGNED CONTRACT	Signed Purchase Order <b>OR Negotiated Contract</b>	<b>X</b>	<b>X</b>
CERTIFICATE OF INSURANCE (verify limits to contract)	Insurance Required Ensure that the contract has the proper Insurance Coverage	Insurance Required Ensure that the contract has the proper Insurance Coverage	Insurance Required Ensure that the contract has the proper Insurance Coverage
PAYMENT BOND (full amount of contract)	Required by Law for Payment \$25,000 or over with the bond amount not less than the full contract amount	Required by Law for Payment \$25,000 or over with the bond amount not less than the full contract amount	Required by Law for Payment \$25,000 or over with the bond amount not less than the full contract amount
PERFORMANCE BOND*** (full amount of contract)	***Recommended If stated in contract, required	***Recommended If stated in contract, required	***Recommended If stated in contract, required
APPLICATION FOR PAYMENT (with all approval signatures)	<b>X</b>	<b>X</b>	<b>X</b>
CHANGE ORDERS (with all approval signatures and does not exceed 10% of original contract amount or \$15,000, <i>whichever is greater</i> )	Costs <b>cannot</b> exceed \$60,000	Cost <b>may not</b> exceed <b>10 percent</b> of Original Contract Amount	Cost <b>may not</b> exceed <b>10 percent</b> of Original Contract Amount
Special Instructions			
<p>CUPCCAA only <i>precludes</i> the LEA from having to go out to bid. All other Public Contract compliance checks must be adhered to; see FCSS Accounts Payable Manual, checklist on page 25. Additional Public Contract Codes and Provisions are found on pages 26-32 of the FCSS Accounts Payable Manual.</p> <p>Special Note: Includes maintenance contracts if the district opted into CUPCCAA.</p> <p>* Refer to the Appendix A, PPC 22037 and CUPCCAA FAQ, question 26, for additional information</p> <p>** Refer to the Appendix A, PCC 22034 and CUPCCAA FAQ, question 15 for additional information</p> <p>*** A Performance Bond is not required, unless stated in the contract, but it is recommended as a protection for the School District</p>			

**FRESNO COUNTY SUPERINTENDENT OF SCHOOLS**

**CUPCAA Public Works Project Narrative**

*Board Minutes noting approval to proceed to bid*

**\$25,000 to \$60,000**

1. The employees of a public agency may perform the work by force account, by negotiated contract or by approved purchase order.
2. Payment Bond - Labor and materials bond at **100%** of contract.
3. Certificate of insurance - with district name and address as additional insured/certificate holder.
4. Invoice for work performed.

**\$60,001 to \$200,000 – Informal Bid Process**

1. Proof of notice to contractors shall be provided in accordance with either a or b, or both as specified in PCC 22034.
  - a. May choose to maintain a list of qualified contractors. All contractors on the list for the category of work shall be mailed, faxed or emailed a notice inviting **10** calendar days before bids are due.
  - b. May choose to publicize in trade journals. Notice inviting bids 10 days before bids are due to all construction trade journals specified in Section PCC 22036.
2. District's list of qualified contractors if 1a was method used to notify the contractors.
3. Negotiated and signed contract between district and contractor/vendor.
4. Certificate of insurance - with district name and address as additional insured/certificate holder.
5. Payment Bond – Labor and materials bond at **100%** of contract.
6. Performance Bond for the full amount of contract is not required, unless stated in the contract, but it is recommended as a protection for the School District.
7. Application for payment or invoice for work performed with all approved signatures.
8. See contract checklist in the "Bidding Requirements" section, page 29 in Manual, for additional documents as applicable.

**\$200,001 and above – Formal Bid Process**

1. Evidence of publication in a newspaper of general circulation of the notice, **14** days prior to the opening of bids specified in PCC 22037.
2. Evidence of notice publicized in Trade Journals, notice inviting bids **15** days before bids are due to all construction trade journals specified in PCC 22036 and 22037.
3. Negotiated and signed contract between district and contractor/vendor.
4. Certificate of insurance - with district name and address as additional insured/certificate holder.
5. Payment Bond – Labor and materials bond at **100%** of contract
6. Performance Bond for the full amount of contract is not required, unless stated in the contract, but it is recommended as a protection for the School District.
7. Application for payment or invoice for work performed with all approved signatures.
8. See contract checklist in the "Bidding Requirements" section, page 29 in Manual, for additional documents as applicable.

**CHANGE ORDERS**

If changes or alterations to the contract are deemed necessary they shall be specified in writing and the board and the contractor shall agree upon the price before changes or alterations on the project can begin. Cost of change order cannot exceed 10% of the original contract or \$15,000, whichever is greater.



## FRESNO COUNTY SUPERINTENDENT OF SCHOOLS

### REQUEST FOR PROPOSAL (RFP) - TECHNOLOGY

#### PCC 20118.1

The governing board of any school district may contract with an acceptable party who is one of the three lowest responsible bidders for the procurement or maintenance, or both, of electronic data-processing systems and supporting software in any manner the board deems appropriate.

#### PCC 20118.2 - Request for Proposal (RFP)

(a) Due to the highly specialized and unique nature of technology, telecommunications, related equipment, software, and services, because products and materials of that nature are undergoing rapid technological changes, and to allow for the introduction of new technological changes into the operations of the school district, it is in the public's best interest to allow a school district to consider, in addition to price, factors such as vendor financing, performance reliability, standardization, life-cycle costs, delivery timetables, support logistics, the broadest possible range of competing products and materials available, the fitness of purchase, manufacturer's warranties, and similar factors in the award of contracts for technology, telecommunications, related equipment, software, and services.

(b) This section applies only to a school district's procurement of computers, software, telecommunications equipment, microwave equipment, and other related electronic equipment and apparatus. This section does not apply to contracts for construction or for the procurement of any product that is available in substantial quantities to the general public.

(c) Notwithstanding Section 20118.1, a school district may, after a finding is made by the governing board that a particular procurement qualifies under subdivision (b), authorize the procurement of the product through competitive negotiation as described in subdivision (d).

(d) For purposes of this section, competitive negotiation includes, but is not limited to, all of the following requirements:

(1) A request for proposals shall be prepared and submitted to an adequate number of qualified sources, as determined by the school district, to permit reasonable competition consistent with the nature and requirement of the procurement.

(2) Notice of the request for proposals shall be published at least twice in a newspaper of general circulation, at least 10 days before the date for receipt of the proposals.

(3) The school district shall make every effort to generate the maximum feasible number of proposals from qualified sources and shall make a finding to that effect before proceeding to negotiate if only a single response to the request for proposals is received.

(4) The request for proposals shall identify all significant evaluation factors, including price, and their relative importance.

(5) The school district shall provide reasonable procedures for the technical evaluation of the proposals received, the identification of qualified sources, and the selection for the award of the contract.

(6) The award shall be made to the qualified bidder whose proposal meets the evaluation standards and will be most advantageous to the school district with the price and all other factors considered.

(7) If the award is not made to the bidder whose proposal contains the lowest price, the school district shall make a finding setting forth the basis for the award.

(e) The school district, at its discretion, may reject all proposals and request new proposals.

(f) Provisions in any contract concerning the utilization of small business enterprises, that are per the request for proposals, shall not be subject to negotiation with the successful proposer.

## FRESNO COUNTY OFFICE OF SUPERINTENDENT

### GENERAL DEFINITIONS

**RFQ (Request for Quote)** - Request for quotation is a form of invitation that is sent to vendors to submit their pricing and their terms and conditions for a service. The solicitation contains details about the services and due date for submission. Special services includes financial, economic, accounting, engineering, legal, or administrative matters if such persons are specially trained and experienced and competent to perform the special services required.

**Initiation for Bids (IFB)** - An invitation to bidders to submit a response for the supply of products or services under certain terms and conditions specified in the bid documents. Award is usually based on low price.

**RFP (Request for Proposal)** - An invitation to bidders to submit a response in situations where price is not the sole determination factor and the award will be based on combination of cost and technical factors (Best Value).

**SOW (Scope of Work)** - The scope of work is the area in a bid where the work to be performed is described. The scope of work should contain specific details regarding the project, goods, or services to be delivered.



Home / Finance & Grants / Accounting / Correspondence

**California Department of Education  
Official Letter**

December 9, 2021

Dear County and District Superintendents, County and District Chief Business Officials, and Charter School Administrators:

**Annual Adjustment to Bid Threshold for Contracts  
Awarded by School Districts**

*Public Contract Code (PCC)* Section 20111(a) requires school district governing boards to competitively bid and award any contracts involving an expenditure of more than \$50,000, adjusted for inflation, to the lowest responsible bidder. Contracts subject to competitive bidding include:

1. Purchase of equipment, materials, or supplies to be furnished, sold, or leased to the school district.
2. Services that are not construction services.
3. Repairs, including maintenance as defined in *PCC* Section 20115, that are not public projects as defined in *PCC* Section 22002(c).

The State Superintendent of Public Instruction (State Superintendent) is required to annually adjust the \$50,000 amount specified in *PCC* Section 20111(a) to reflect the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce, Bureau of Economic Analyst (BEA) for the 12-month period ending in the prior fiscal year. The inflation adjustment is rounded to the nearest one hundred dollars (\$100).

Pursuant to the above calculation, and effective January 1, 2022, the State Superintendent has determined that the inflation adjusted bid threshold will increase from \$96,700 to \$99,100. Shown below are the inflation adjusted bid thresholds for the current and two prior years.

6/14/22, 1:21 PM

Bid Threshold Adjustment Letter - Correspondence (CA Dept of Education)

<b>Calendar Year</b>	<b>Bid Threshold</b>	<b>Percentage Change in Implicit Price Deflator</b>
2020	\$95,200	2.76%
2021	\$96,700	1.57%
2022	\$99,100	2.48%

Also note that public projects as defined in *PCC* Section 22002(c), such as construction or reconstruction of publicly owned facilities, have a lower bid threshold of \$15,000 that is not adjusted for inflation. For more information on bidding requirements for all projects, refer to *PCC* sections 20110 to 20118.4.

This letter is posted on the Office of Financial Accountability and Information Services Correspondence web page at <https://www.cde.ca.gov/fg/ac/col/>.

If you have questions regarding this matter, please contact the Office of Financial Accountability and Information Services by phone at 916-322-1770 or by email at [sacsinfo@cde.ca.gov](mailto:sacsinfo@cde.ca.gov).

Sincerely,

John Miles, Administrator  
 School Fiscal Services Division

Last Reviewed: Monday, December 20, 2021





**BETTY T. YEE**  
California State Controller

November 1, 2018

To: ALL PUBLIC AGENCIES SUBJECT TO THE TERMS OF THE UNIFORM PUBLIC  
CONSTRUCTION COST ACCOUNTING ACT

**SUBJECT: Notification Letter-Assembly Bill 2249 (Chaptered 169, Statutes of 2018)**

The California Uniform Construction Cost Accounting Commission (CUCCAC) in agreement with the State Controller's Office (SCO) recommended an increase to the bid limit threshold prescribed in Public Contract Code (PCC) 22032, which was signed into law. Pursuant to PCC 22020, and on behalf of the State Controller Betty T. Yee, the SCO would like to inform on the following changes effective as of **January 1, 2019**:

- a) The change would allow projects costing \$60,000 or less to be performed by employees of a public agency by force account, by negotiated contract, or by purchase order;
- b) The change would allow projects costing up to \$200,000 to be contracted by informal bidding procedures; and projects costing over \$200,000 are subject to the formal bidding process.

The noted increases are pursuant to the provisions and benefits found in the Uniform Public Construction Cost Accounting Act (Act), which provides public agencies economic benefits and greater freedom to expedite public works projects. Agencies which elect to follow the cost accounting procedures set forth by the CUCCAC in its *Cost Accounting Policies and Procedures Manual*, will benefit from these increased limits by expediting delivery of public work projects and reduced bid processing costs. A new resolution adopting the change in legislation is not required if your agency is currently subject to the Act.

We encourage participating agencies to sign up on the SCO website for CUCCAC's email subscription service to receive important information concerning CUCCAC updates and legislative changes via e-mail. For more details or to sign up for the email subscription services, please contact the Local Government Programs Services Division at [LocalGovPolicy@sco.ca.gov](mailto:LocalGovPolicy@sco.ca.gov) or visit our website at [www.sco.ca.gov/ard\\_cuccac.html](http://www.sco.ca.gov/ard_cuccac.html).

Sincerely,

(Original signed)

Sandeep Singh  
Manager, Local Government Policy

Local Government Programs and Services Division  
MAILING ADDRESS P.O. Box 942850, Sacramento, CA 94250  
3301 C Street, Suite 700, Sacramento, CA 95816

## CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT FREQUENTLY ASKED QUESTIONS (FAQs)

These FAQs have been compiled to assist agencies that are participating in the California Uniform Public Construction Cost Accounting Act (the Act), as contained in Public Contract Code (PCC) Section 22000, et seq. All references are to PCC, unless otherwise stated.

1. What is the Uniform Public Construction Cost Accounting Act?

The Act is legislation that was enacted in 1983 to help promote “uniformity of the cost accounting standards and bidding procedures on construction work performed or contracted by public entities in the state” (Section 22001). The Act is a voluntary program available to all public entities in the State, but it applies only to those public agencies that have “opted in” to the provisions set forth by the Act using the processes outlined in the Act. The entirety of the Act is found at Sections 22000-22045.

2. What are some of the key provisions of the Act?

The Act allows for public project work in the amount of \$60,000 or less to be performed by a public agency’s force account using the public agency’s own resources, or by negotiated contract, or by purchase order (Section 22032(a)). Public projects in the amount of \$200,000 or less may use the informal or formal bidding procedures set forth in Section 22032(b) or (c) of the Act. Public projects at a cost of more than \$200,000 must use formal bidding procedures to let the contract pursuant PCC Section 22032(c).

3. What are the benefits of the program?

- Increased force account limit for public agencies;
- Simplified bidding for projects that are \$200,000 or less;
- Reduced number of formal bids based on project size; and
- Expedited contracting for projects under \$200,000.

Many participating agencies appreciate the program because it has given them more leeway in the execution of public works projects under a certain dollar amount; sped up the award process; expedited project delivery; reduced the time, effort, and expense associated with bidding projects under \$200,000; and simplified administration for those projects. Few agencies have experienced challenges with the accounting requirements and overhead provisions. Moreover, adjustments, when required, have been relatively simple; most required procedures were already in place, so there were few, if any, major changes to existing operations. The current Standard Accounting Codes Structure satisfies reporting requirements when used properly.



4. Is the Uniform Public Construction Cost Accounting Act mandatory for public agencies?

No. The Act is a voluntary program requiring a public agency to “opt in” using the process outlined in the Act.

5. How does a public agency become subject to the Act?

The governing body must elect by resolution to become subject to the Act and must file a copy of the approved resolution with the State Controller’s Office (Section 22030). Sample documents are available at:

[http://www.sco.ca.gov/ard\\_cuccac.html](http://www.sco.ca.gov/ard_cuccac.html). Once an agency has opted into the Act, it will remain a part of the program.

6. May a public agency withdraw from the Act?

Yes. An agency may withdraw from the Act by filing with the State Controller’s Office an approved resolution of the agency’s election to withdraw that was made during a public meeting of the agency’s governing body.

7. Must a participating agency “opt in” to the Act annually?

No. Once a participating agency “opts in” to the Act, the agency remains subject to the Act until it “opts out” of the Act.

8. What is the California Uniform Construction Cost Accounting Commission?

The Commission was created to administer the Act, per Section 22010. It consists of 14 members: 13 members appointed by the State Controller and the License “A” member of the Contractors’ State License Board. Seven members represent the public sector (counties, cities, school districts, and special districts). Six members represent the private sector (public works contractors and unions). The Commission members receive no salary, but are eligible for reimbursement of their direct expenses related to the Commission.

9. What are the Uniform Public Construction Cost Accounting Procedures?

These procedures are to be used for tracking costs for work performed by an Agency’s own forces on a “project” as defined by the Act (Section 22002(c)). The procedures do not apply to operations or maintenance work, or any work that meets the criteria listed in Section 22002(d).

These procedures are intended to capture and record all direct and indirect labor, materials, equipment, subcontractors, and supervision costs, as well as the appropriate overhead costs for the public agency associated with each “project” it performs with its own forces. The procedures follow industry-standard accounting methods, and in many cases are not much different from those already in place at most agencies. Sample forms are available in the CUCCAC Cost Accounting Policies and Procedures Manual at [http://www.sco.ca.gov/Files-ARD-Local/CUCCAC\\_Manual.pdf](http://www.sco.ca.gov/Files-ARD-Local/CUCCAC_Manual.pdf)

School districts may use the Standard Accounting Code Structure to comply with tracking requirements.

10. Are the cost accounting procedures applicable for agencies whose work forces perform only maintenance tasks as defined in the Act and that contract all of their public projects to third parties?

No. The cost accounting procedures are applicable only for agencies that perform public project work such as construction and alteration by force account or otherwise. As maintenance does not constitute a "project" under the Act, the cost accounting procedures do not apply.

11. When are participating agencies required to advertise if they choose to maintain a list of qualified contractors?

At least once per calendar year, each Public Agency that has elected to become subject to the Act and intends to use the notice provisions outlined in Section 22034(a) must establish a new list or update its existing list of qualified contractors by mailing, faxing, or emailing written notice to all construction trade journals designated for that Agency under Section 22036. The notice must invite all licensed contractors to submit the name of their firms to the Agency for inclusion on the Agency's list of qualified bidders for the following twelve (12) months. Effective January 1, 2016, a participating agency can choose a specific date of their choice in which to renew its list of qualified contractors.

12. May an agency that chooses to maintain a list add a contractor to the list at any time during the year?

Yes.

13. What is meant by the term "qualified contractors" as used in section 22034(a)(1) of the Act?

*Qualified contractors* are contractors licensed by the State to perform the subject work. The Commission has determined that nothing in the Act prohibits a participating agency from using additional objective pre-qualification standards in the formation and maintenance of their Qualified Contractors Lists if they so desire.

14. Can a public agency disqualify or exclude certain contractors from the Qualified Contractors List required in Section 22034(a)(1)?

Agencies may disqualify contractors from Qualified Contractors Lists when the contractors fail to furnish information to meet the minimum criteria as established by the Commission.

15. For agencies that do not maintain an informal bidders list, are they allowed to choose who would get notifications of projects?

No. Section 22034(a)(2) provides for notifications to construction trade journals and exchanges in lieu of sending notifications to contractors on an informal bidders list. An agency may send notices to selected contractors provided it has also met the advertisement requirements of Section 22034(a).

16. What is the difference between “qualifying contractors” under the Act and “prequalification of contractors” by school districts under Section 20101?

Qualifying contractors is a process that allows contractors to register with a public agency for notification of public works opportunities. The prequalification process under Section 20101 is a more complex process that requires a standardized questionnaire and evaluation of contractors using standard scoring criteria. The prequalification process is applicable under the Local Agency Public Construction Act, and does not apply to the Uniform Public Construction Cost Accounting Act.

17. Must a public agency a) notify contractors about public projects if the contractors are believed to not have the skills, credentials, or experience to perform the work required for the public project; and b) consider bids submitted by contractors that the public agency believes do not have the skills, credentials, or experience to perform the work?

a) Yes. If a contractor is on the Qualified Contractors List, the contractor must be notified by the agency of public projects for which he or she is licensed to perform (Section 22034(a)(1)).

b) All bids received must be considered, unless an agency makes appropriate legal findings that a contractor is not legally responsible or his or her bid is not responsive.

18. Does the Act allow flexibility in cases of emergency and when repair or replacements are necessary to permit the continued conduct of a public agency’s operations or services?

Yes. For the purposes of the Public Contract Code, an “emergency” is defined at Section 1102 as “a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.”

The Act sets forth in Section 22035(a) how a governing body should proceed in case of emergency repairs or replacements. This section states:

In cases of emergency when repair or replacements are necessary, the governing body may proceed at once to replace or repair any public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The work may be done by day labor under the direction of the governing body, by contractor, or by a combination of the two.

Section 22050 et seq., provides the emergency contract procedures to be followed in these cases.

19. Do the alternative bidding procedures apply only to public projects as defined in Section 22002(c)?

The alternative bidding procedures apply only to work that constitutes a “public project” as defined in Section 22002(c) and has a construction cost within the

limits described in Section 22032. The alternative bidding procedures are not required for the purchase of goods or materials that are not part of a "public project."

However, as outlined in Section 22003, a participating agency may also use the alternative bidding procedures when contracting for maintenance or other work that does not fall within the definition of a "public project" if it so chooses.

20. What will membership in the Act cost my agency?

Nothing. There are no membership fees or dues. However, the Commission does accept grants to assist it in carrying out its duties (Section 22015(c)).

21. What are the most common concerns addressed by the Act?

These are:

- Cost accounting policies and procedures;
- Informal bidding procedures; and
- Accounting procedures review.

Cost accounting requirements for the Act follow those common to the construction industry. The informal bidding on public projects up to \$200,000 is seen by agencies as an effective tool to expedite completion of small projects. While an accounting procedures review could potentially hold up a project for a minimum of 45 days pursuant to Section 22043(c)(1), these types of reviews have been rare in the Commission's history.

22. Must an agency calculate an overhead rate to apply the accounting procedures?

No. Cities with populations of less than 75,000 must assume an overhead rate equal to 20% of the total costs of the public project, including the costs of material, equipment, and labor (Section 22017(b)(1)). Cities with a population of more than 75,000 may either calculate an actual overhead rate or assume an overhead rate of 30% of the total costs of a public project including the costs of materials, equipment, and labor (Section 22017(b)(2)).

23. When a public entity opts into the Act, does the Act supersede other contracting legal requirements such as statutory requirements for performance bonds, prevailing wages, and certificates of insurance, etc.?

No. The Act supersedes only the bidding procedures used once a public agency has opted into the Act and has notified the Controller. All other contracting requirements of the PCC remain applicable.

24. Can a public agency claim to be to be exempt from following all of the requirements in Public Contract Code by claiming it only has to follow the language and procedures within the Act?

No. The Act is part of the Public Contract Code; therefore, if the Act is silent on a particular matter, then the Public Contract Code applies on that matter.

25. If public agencies are not following the advertising requirements in the Act, will the Commission address those agencies? Can a complaint be brought to the Commission?

Yes. Recent legislative changes have expanded the Commission's authority to enforce provisions of the Act. The Commission may review complaints filed by interested parties when evidence is provided that:

- The participating agency performed work after rejecting all bids, claiming it could do the work less expensively (Section 22042(a)).
- The work performed exceeded the force account limits (Section 22042(b)).
- The work was improperly classified as maintenance (Section 22042(c)).
- A public agency did not comply with the informal bidding procedures set forth at Section 22034 (Section 22042.5).

26. Section 20112 specifically requires school districts to advertise twice for a two-week period, while Section 22037 requires advertising once, 14 days in advance of the date of opening of bids. How do participating school districts reconcile this conflict?

When the Act is in conflict with any other section in the Public Contract Code, the Act shall supersede. The Act requires advertising once, 14 days in advance of the date of opening of bids. Districts participating in the Act may choose to maximize their outreach by advertising twice.

27. May a public agency contract separately for like work at the same site at the same time using the under \$60,000 Force Account method?

No. Section 22033 states:

It shall be unlawful to split or separate into smaller work orders or projects any project for the purpose of evading the provisions of this article requiring work to be done by contract after competitive bidding.

Separating "like work" would be permitted only if the total of all the "like work" is less than \$60,000. If the work is more than \$60,000, it must be advertised and bid according to the provisions of the Act (i.e. bid informally if the total amount is less than \$200,000; bid formally if the total amount exceeds \$200,000).

28. May a public agency bid out two separate projects that occur at the same time and site, but are different types of work?

Yes. There is no violation if the work is competitively bid. If an agency wishes to use the negotiated or informal bidding processes, it must apply the



appropriate limits to each of the projects. Each project must be separate in scope. Projects may not be separated by trade to avoid bidding. If the total of all jobs is greater than \$60,000 then the informal or formal bid limits apply.

29. Can an agency separately bid out for the materials and supplies on a project to avoid contractor markup and then bid out for the installation labor or perform installation with its own forces?

An agency may separately procure the materials and supplies for a project; however, all costs (materials, supplies, labor) of a project must be included in the project cost estimate to determine whether the project falls within the force account, informal bid, or formal bid thresholds.

In addition, if installation is performed by force account, an overhead rate must be applied to all direct costs of the project and included in the cost estimate. For example, if materials/supplies cost \$50,000 to procure separately and the estimated labor cost to install is \$25,000, the project could not be performed with force account, but would fall within the informal bid threshold because the total cost estimate is \$75,000.

30. Must a value be assigned to the volunteer labor when the California Conservation Corps or another volunteer organization provides labor on a public project?

No. Volunteer labor from volunteer organizations does not need to be included as a cost of a public project for bid limit purposes as long as no costs are associated with the volunteer labor.

31. By opting into the Act, does a public agency automatically bring all of its component divisions or departments into the Act?

Yes. When a public agency elects to become subject to the uniform construction cost accounting procedures, the entire legal entity is considered subject to the Act and no divisions or departments are exempt.

32. When a public agency opts into the Act, does it automatically bring all districts under control of its governing Board into the Act?

No. Special Districts, which are governed by a board of supervisors or city council, are subject only if a separate election is made for each special district.

33. PCC 22034 requires that participating agencies adopt an Informal Bidding Ordinance. What do schools and special districts that cannot adopt Ordinances do to comply?

Agencies that do not have the ability to adopt Ordinances should discuss Section 22034 compliance with their legal counsel.

Additional inquiries and questions may be directed by email to [LocalGovPolicy@sco.ca.gov](mailto:LocalGovPolicy@sco.ca.gov), or by regular mail to:

State Controller's Office  
Local Government Programs and Services Division  
Local Government Policy Section  
P.O. Box 942850  
Sacramento, CA 94250

**INSURANCE REQUIREMENTS**

**Insurance.** Comply with insurance requirements as provided in **Section 11.1 PRIME CONTRACTOR'S LIABILITY INSURANCE** of the General Conditions. Before the commencement of the Work, the Prime Contractor shall purchase from and maintain in a company or companies lawfully authorized to do business in California with a financial rating of at least **A-** status as rated in the most recent edition of Best's Insurance Reports such insurance as will protect the District from claims set forth below, which may arise out of or result from the Prime Contractor's operations under the Contract and for which the Prime Contractor may be legally liable, whether such operations are by the Prime Contractor, by a Subcontractor, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

**For Contracts up to \$500,000 the following limits apply:**

	<b>Contractor</b>	<b>Subcontractor</b>
<b>Comprehensive General Liability Insurance</b> with a combined single limit per occurrence of not less than:	\$ 1,000,000.00	\$ 1,000,000.00
<b>Project Specific Aggregate</b> (for this project only)	\$ 2,000,000.00	\$ 2,000,000.00
<b>OR</b>		
<b>Commercial General Liability and Property Damage Insurance</b> (including automobile insurance) which provides limits of not less than:		
(a) Per occurrence (combined single limit)	\$ 1,000,000.00	\$ 1,000,000.00
(b) <b>Project Specific Aggregate</b> (for this project only)	\$ 2,000,000.00	\$ 2,000,000.00
(c) Products/Completed Operations	\$ 1,000,000.00	\$ 1,000,000.00
(d) Personal & Advertising Injury limit	\$ 1,000,000.00	\$ 1,000,000.00

**For Contracts from \$500,000 - \$1 Million the following limits apply:**

	<b>Contractor</b>	<b>Subcontractor</b>
<b>Comprehensive General Liability Insurance</b> with a combined single limit per occurrence of not less than:	\$ 2,000,000.00	\$ 2,000,000.00
<b>Project Specific Aggregate</b> (for this project only)	\$ 3,000,000.00	\$ 3,000,000.00
<b>OR</b>		
<b>Commercial General Liability and Property Damage Insurance</b> (including automobile insurance) which provides limits of not less than:		
(a) Per occurrence (combined single limit)	\$ 2,000,000.00	\$ 2,000,000.00
(b) <b>Project Specific Aggregate</b> (for this project only)	\$ 3,000,000.00	\$ 3,000,000.00
(c) Products/Completed Operations	\$ 2,000,000.00	\$ 2,000,000.00



(d) Personal & Advertising Injury limit	\$ 2,000,000.00	\$ 2,000,000.00
<b>For Contracts greater than \$1 Million the following limits apply:</b>		
	<b>Contractor</b>	<b>Subcontractor</b>
<b>Comprehensive General Liability Insurance</b> with a combined single limit per occurrence of not less than:	\$ 3,000,000.00	\$ 3,000,000.00
Project Specific Aggregate (for this project only)	\$ 5,000,000.00	\$ 5,000,000.00
<b>OR</b>		
<b>Commercial General Liability and Property Damage Insurance</b> (including automobile insurance) which provides limits of not less than:		
(a) Per occurrence (combined single limit)	\$ 3,000,000.00	\$ 3,000,000.00
(b) Project Specific Aggregate (for this project only)	\$ 5,000,000.00	\$ 5,000,000.00
(c) Products/Completed Operations	\$ 3,000,000.00	\$ 3,000,000.00
(d) Personal & Advertising Injury limit	\$ 3,000,000.00	\$ 3,000,000.00

**Certificate Holder:** Certificate Holder shall be [INSERT NAME OF DISTRICT] School District and \_\_\_\_\_, Construction Manager.

**Insurance Covering Special Hazards:** Following special hazards shall be covered by riders or riders to above-mentioned commercial liability insurance or property damage insurance policy or policies of insurance, or by special policies of insurance, in amounts as follows:

- a. Automotive and truck where operated in amounts as above
- b. Material hoist where used in amounts as above

**Additional Insured Endorsement:** Any general liability policy provided by Contractor hereunder shall contain an endorsement which applies its coverage to District, members of District's Governing Board, and the officers, agents, employees and volunteers of District, the State Allocation Board, if applicable, \_\_\_\_\_ (Construction Manager), the Construction Manager's consultants, Architect, and the Architect's consultants, individually and collectively, as additional insureds. (see General Conditions).

3/22/2021

Public Works Frequently Asked Questions



## Department of Industrial Relations

# Frequently Asked Questions on Public Works

Public Works Contractors – Effective 7/1/17 PWCR registration increases to \$400. Learn more [here](#).

- [General Information](#)
- [Contractors and Contractor Registration](#)
- [Awarding Bodies](#)
- [Apprenticeship](#)
- [Labor Compliance Programs](#)
- [Certified Payroll Reporting](#)
- [Concrete Delivery Requirements \(AB 219\)](#)

## General Information

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### 1. What does public works mean?

Under the Labor Code, public works in general refers to:

- Construction, alteration, demolition, installation, maintenance, or repair work,
- Done under contract, and
- Paid for in whole or in part out of public funds

It can include preconstruction and post-construction activities related to a public works project.

### 2. What are prevailing wages, and who must receive them?

All workers employed on public works projects must be paid the prevailing wage determined by the Director of the DIR according to the type of work and location of the project. The prevailing wage rates are usually, but not always, based on rates specified in collective bargaining agreements.

## Contractors and Contractor Registration

[Back to top](#)

### 1. Who is a public works contractor?

A public works contractor is anyone who bids on or enters into a contract to perform work that requires the payment of prevailing wages. It includes subcontractors who have entered into a contract with

<https://www.dir.ca.gov/Public-Works/PublicWorksSB854FAQ.html>

1/12

3/22/2021

Public Works Frequently Asked Questions

another contractor to perform a portion of the work on a public works project. It includes sole proprietors and brokers who are responsible for performing work on a public works project, even if they do not have employees or will not use their own employees to perform the work.

**2. Who needs to register as a public works contractor?**

Anyone who fits within the definition of public works contractor (above) is required to register with the DIR.

**3. Is a contractor who only does Davis-Bacon work under federal contracts required to register?**

Registration is required only to bid or work on public works projects that are subject to the prevailing wage requirements of the State of California. Registration is not required for projects that are awarded by and under the complete control of the federal government. However, federally funded or assisted projects that are controlled or carried out by awarding bodies in California are subject to the state's prevailing wage laws and therefore require registration.

**4. Are there any exceptions to the registration requirement?**

The contractor registration requirement does not apply to contractors working solely on public works projects awarded prior to April 1, 2015. Some exceptions allow contractors to bid on federally funded projects or submit joint venture bids without first being registered, as long as the contractors that are parties to the joint venture and the joint venture are registered at the time the contract is awarded.

Contractors who work exclusively on small public works projects are not required to register as a public works contractor or file electronic certified payroll reports for those projects. Contractors are still required to maintain certified payroll records on a continuous basis, and provide them to the Labor Commissioner's Office upon request. Additionally, awarding agencies are not required to submit the notice of contract award through DIR's PWC-100 system on projects that fall within the small project exemption. The small project exemption applies for all public works projects that do not exceed:

- \$25,000 for new construction, alteration, installation, demolition or repair
- \$15,000 for maintenance

**5. Who is eligible to register?**

Contractors must meet the following requirements to register:

- Have workers' compensation coverage for any employees and only use subcontractors who are registered public works contractors.
- Have a Contractors State License Board license if applicable to trade.
- Have no delinquent unpaid wage or penalty assessments owed to any employee or enforcement agency.
- Not be under federal or state [debarment](#).
- Not be in prior violation of this registration requirement once it becomes effective. However, for the first violation in a 12-month period, a contractor may still qualify for registration by paying an additional penalty.

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**6. How much does registration cost, and how long does it last?**

Registration costs \$400 and covers one fiscal year (July 1–June 30), regardless of the date on which a contractor registers. Registration is renewable annually.

**7. What if I don't register (i.e., what are the consequences of noncompliance)?**

Contractors who are required to register but fail to do so are ineligible to bid or work on a public works contract and can be removed from any public works project on which they currently are working. For a single violation in a 12-month period, a contractor who is otherwise eligible may still register by paying a \$2,000 penalty in addition to the \$400 registration fee. Registered contractors who inadvertently fail to renew by June 30, but continue to work on public works after that date, have a 90-day grace period to renew retroactively by paying a \$400 penalty in addition to the registration renewal fee.

**8. How long does it take for DIR to process contractor registrations, verify submitted information, and post contractor information in the registration list that is accessible online?**

This process can take less than 24 hours if registration fees (including penalties, if applicable) are paid by credit card. Verification of payment by other means can take up to eight weeks.

**9. I forgot to print out the contractor coupon, can I still mail in the check or do I have to start over? If I can still mail in the check, where should I mail it to?**

You do not need to start over. You may mail the check to: State of California, Department of Industrial Relations, Public Works Contractor Registration Unit, P.O. Box 511215, Los Angeles, California 90051-3013. Please include the contractor registration number.

## Awarding Bodies

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**1. What is an awarding body?**

An awarding body is the entity that awards a contract for public works and is sometimes known as the project owner. The awarding body can be any kind of public agency (state, county, city, school board, water district, etc.) or a private entity using public funds (Labor Code, section 1722).

**2. Do all trades need to be identified on the PWC-100 at the time projects are registered?**

Awarding bodies should list information for all trades identified when they register projects (using the PWC-100 form). Awarding bodies are not required to provide information that is not available at the time of project registration.

**3. What happens if an awarding body does not register a project within 30 days of awarding the contract for a public works project?**

Failure to provide timely notice can jeopardize an awarding body's ability to obtain state funding for a project. It can also compromise important objectives of the public works laws. An official who intentionally ignores this requirement may be subject to criminal prosecution.

**4. If an awarding body has an annual open purchase order for over \$1,000 for a registered contractor, does it need to report that contract only once a year?**



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Yes, an awarding body can report the master agreement to comply with the PWC-100 notice requirements. Individual task orders do not need to be reported.

**5. What if an awarding body has a single small job for \$250 or a series of jobs with the same contractor/vendor that total over \$1,000?**

Prevailing wage requirements apply to public works projects over \$1,000. The law does not permit jobs to be parceled in order to avoid the \$1,000 threshold. If the awarding body knows that total yearly project costs or projects awarded to the same vendor will exceed \$1,000, that vendor must be registered with the DIR as a public works contractor, and the contract for those projects should be registered using the PWC-100 form.

**6. What is the process for projects funded through Proposition 84? Is the contracting agency required to register (i.e., fill out the PWC-100 form), and will the contractors and subcontractors be required to submit/upload certified payroll records to the Labor Commissioner?**

Awarding bodies must provide project information to DIR using the PWC-100 form on all public works projects regardless of the funding source, including projects funded by Proposition 84. Certified payroll records are required for Proposition 84 projects, and awarding bodies are still required to have a DIR-approved Labor Compliance Program (LCP) for those projects. Contractors on these Proposition 84 projects must submit certified payroll records to both the DIR and the LCP.

**7. If an awarding body is awarded a contract directly by a federal agency, must it comply with California public works law?**

The awarding body must pay careful attention to whether the project is administered and controlled by the federal agency or the federal agency is only providing financial support or assistance to a project under the direction and control of a state or local agency. California's prevailing wage requirements do not apply to projects awarded by and under the complete control of the federal government. However, federally funded or assisted projects that are controlled or carried out by awarding bodies in California, including most highway construction projects, are subject to the state's prevailing wage laws. Those projects must comply with state requirements, including contractor and project registration, reporting certified payroll records, and payment of California's prevailing wage rates, if they exceed corresponding Davis-Bacon rates.

**8. Are awarding bodies required to use registered contractors or submit a PWC-100 for any of the following?**

- o Professional service contracts
- o Mechanics who service vehicles at the local dealership or auto shop
- o Engineering firms or construction managers hired to manage public works projects
- o Design consultants, architects, and engineers performing professional design services
- o Material or product suppliers
- o BIM (Building Information Modeling) or CAD (Computer-Aided Design) consultants
- o Consultants providing Division of State Architect inspection services;

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- **Trucking companies and truck drivers**
- **Furniture dealers who deliver and install furniture**
- **Community Conservation Corps certified by the California Conservation Corps**

Awarding bodies are required to use registered contractors and register the project for any work subject to prevailing wage requirements. California's public works prevailing wage requirements extend broadly to workers employed "in the execution of the public works contract" (Labor Code, section 1774). Coverage is not necessarily limited to work performed at the construction site by those in traditional construction trades. Awarding bodies and other interested parties can ask DIR's Director to make a formal determination on whether a particular work or project is subject to public works requirements. [public works coverage determinations](#) issued by the Director since 2002 are available online.

## Apprenticeship

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### 1. Do I have to employ apprentices on all public works projects?

Contractors working on a public works project valued at \$30,000 or more have an obligation to hire apprentices. With few exceptions, this duty applies to all contractors and subcontractors on a project, even if their part of the project is valued at less than \$30,000. These exceptions include:

- General contractors whose contract is worth under \$30,000.
- When the craft or trade is not appropriate for apprentices.
- When the contractor holds a sole proprietor license and personally performs all the work from start to finish, unassisted.
- In the case of a federal project when funding does not include any city, county, or state monies and that is not administered, controlled, or carried out by awarding bodies in California.

[Division of Apprenticeship Standards Public Works Requirements](#)

## Labor Compliance Programs

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### 1. What is a Labor Compliance Program?

Labor Compliance Programs (LCPs) are entities that are approved by the DIR to monitor and enforce compliance with state prevailing wage laws on public works projects as described in Labor Code section 1771.5 (b). As of 2016, LCPs were only required for public works projects funded in whole or in part by Proposition 84 (Safe Drinking Water, etc., Bond Act of 2006) as well as for certain older projects under a handful of other statutes. The DIR also continues to oversee four "[legacy](#)" LCPs that were approved prior to 2000. For more information go to:

- [Labor Compliance Programs: Office of the Director home page](#)
- [FAQs about LCPs, including when and how to go about adopting a DIR-approved LCP for a project funded by Proposition 84](#)

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## Certified Payroll Reporting

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### 1. Who must submit certified payroll records?

All contractors and subcontractors working on public works projects (except for those listed below) must submit electronic certified payroll records to the Labor Commissioner. The Labor Commissioner has exempted the following projects from the requirement:

(a) Projects monitored by the following legacy Labor Compliance Programs:

- California Department of Transportation (Caltrans)
- City of Los Angeles
- Los Angeles Unified School District
- County of Sacramento

(b) Projects covered by a qualifying project labor agreement.

(c) Projects covered by the small project exemption. The small project exemption applies for all public works projects that do not exceed:

- \$25,000 for new construction, alteration, installation, demolition or repair
- \$15,000 for maintenance

### 2. Is the electronic certified payroll reporting system the only way to submit certified payroll records to the Labor Commissioner?

Yes. All contractors must submit their certified payroll records to the Labor Commissioner using the DIR's online system. It offers two options for submitting certified payroll records: entering the information directly using the online form or uploading xml files.

### 3. Is every company responsible for submitting its own payroll for each project on which it is working?

Yes. Each contractor and subcontractor must submit certified payroll records directly to the Labor Commissioner using DIR's online system

### 4. When/how frequently must the certified payroll records be submitted?

Certified payroll records must be submitted at least monthly (within a month after the end of the payroll period) or more frequently if more frequent submission is required by the contract with the awarding body. The best practice is to submit the records weekly or at the conclusion of each payroll period.

### 5. If the awarding body has not registered the project with the DIR, how can I submit my certified payroll records?

Projects must be registered with the DIR using the PWC-100 form in order for contractors and subcontractors to submit certified payroll records for those projects. You should contact the awarding body to confirm that the project was registered. If the awarding body has not registered the project,



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you should ask it to complete the registration as soon as possible. If you have made this request, but the awarding body still has not registered the project, please contact the DIR for further assistance at [publicworks@dir.ca.gov](mailto:publicworks@dir.ca.gov).

**6. If I am required to submit certified payroll records to a union, to the prime contractor, or to the awarding body or a Labor Compliance Program, do I still have to submit certified payroll records to the DIR?**

Yes. Submitting certified payroll records to other agencies does not fulfill the requirement to submit certified payroll records to the Labor Commissioner/DIR.

**7. How do I identify the public works project that I am working on (or will be working on) on the reports?**

Public works projects have a unique DIR Project ID, often referred to as the "PWC-100" number. Any registered project can be located in the DIR's searchable database of public works projects. Entering just a few pieces of information in the search tool should yield a list that includes your project.

**8. I am an owner/operator, sole proprietor, or business owner, and I do not receive payroll checks or pay myself an hourly salary. How do I handle certified payroll reporting for my own work, and how do I determine how much I am being paid for that work?**

Even if you are paid by salary, draw, or contract payments, you still should be able to provide the following information for any work you perform on public works projects: (a) your name, address, and SSN (or FEIN, if you have no SSN); (b) the work classification for your prevailing wage work; (c) the hourly rate for that classification; (d) the number of hours that you performed that work; and (e) the estimated amount paid to you for your labor for that work. To calculate how much you were paid for your own labor, subtract all your other expenses (including materials, pro rata share of business overhead, and payments to other workers or subcontractors) from the gross contract price. The net amount should be your labor cost, and it should be equal to or higher than the compensation required for your work classification (determined by multiplying your work hours by the applicable rates) in order to comply with prevailing wage requirements.

**9. Can I review the payroll record before I submit it?**

At any time before you sign the record, you can use the navigation tools to review and modify it. After the record is signed, you will no longer be able to access or change it.

**10. Can I view and print out all certified payroll records associated with a project?**

All electronic certified payroll records submitted to the DIR can be viewed and printed in fully redacted form after locating them with the certified payroll records search tool. If you would like to save or print an unredacted (complete) version of your own payroll record, you must click on the PDF icon that appears on the confirmation page. After you close that page, the unredacted version will no longer be available.

**11. Which information is redacted (omitted) from electronic certified payroll records that are available to the public?**

<https://www.dir.ca.gov/Public-Works/PublicWorksSB854FAQ.html>

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Full redaction removes all personal, identifiable employee information (name, address, phone number, and SSN) as well as the contractor's federal ID (FEIN) or SSN and email address.

**12. Can I change the date or make corrections to payroll records after I submit them? If not, can I delete the record?**

You cannot change or delete records that have already been submitted. However, you may correct errors by submitting a new record for the same pay period. The new or "amended" record for an employee will take precedence over the original record submitted. However, if you are only correcting the payroll of one or more employee/s, you do not need to re-submit the information for any employees whose information was entered correctly. And if you are adding payroll for one or more employee/s not in the original record, you do not need to resubmit payroll for all the other employees (unless there are errors in them that need correction). The original record will remain on file and will be visible along with all associated amendments when users viewing submitted payroll records select "Show Amendment." The payroll number will be modified to indicate the amendment (e.g.: original record # 15-0; amended record # 15-1).

**13. What happens if I mistakenly submitted payroll for a period in which no work was performed?**

If payroll was submitted for a period in which no work was performed, you may submit a Statement of Non-Performance for the same period. That Statement of Non-Performance will take precedence over the record submitted in error.

## Concrete Delivery Requirements (AB 219)

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**1. The bill says it does not apply to public works contracts that were advertised for bid or awarded prior to July 1, 2016. What about contracts that are still in process?**

If a public works contract was advertised for bid or awarded prior to July 1, 2016, the delivery of concrete to that public work is not subject to AB 219. If the contract was advertised for bid before July 1, 2016, but awarded after that date, AB 219 does not apply.

**2. How will ready-mix suppliers know if an order is for public works? Who will be held responsible if they are not informed?**

If the worksite owner is a public entity (e.g. school, library), it is likely a public work. The entities engaging the ready-mix services should know if the project is subject to the public works statutes, and it should be noted as part of the written agreement required by AB 219.

**3. What if it is discovered that an order is for public works after the fact? How will a ready-mix supplier know if a project is public works but under the minimum threshold for applying prevailing wages?**

The companies engaging the ready-mix services should also know if a project is exempt. There are potential legal consequences for misleading contractors and subcontractors about whether a project is exempt, including joint liability for back wage and penalty assessments.

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**4. Do apprenticeship requirements apply to this law?**

Yes, if the prevailing wage rate is based on a qualifying craft (i.e. a craft for which there is an approved apprenticeship program). Qualifying crafts are usually indicated with a pound or hashtag sign (#) by the applicable prevailing wage rate.

**5. Ready-mix companies often donate concrete to schools, parks, and charitable organizations. Are these donations subject to prevailing wages?**

It depends. If the project owner is a public entity, then it is probably a public works project. However, this is something the ready-mix company can and should clarify with whoever is receiving the donated concrete.

**6. How does this law apply to deliveries from out-of-state? For instance, material might be delivered from Reno for a highway project in California.**

AB 219's requirements apply to deliveries that originate out of state. If the Director has not specified a prevailing wage for the geographic area in which the factory or batching plant is located, the contractor should use a rate from the nearest geographic area.

**7. Which prevailing wage rate applies? Do different rates apply to different parts of the delivery work?**

The applicable prevailing wage rate is for the classification of "Driver - Mixer Trucks." This rate applies to all parts of the mixer - truck driver's work.

**8. What portion of the driver's work is covered? What if the driver is not on a round trip?**

For delivery to a public works project, prevailing wage rates apply from the time the driver receives concrete at the batch plant to the time the driver returns to the batch plant. If a truck hauling concrete to a prevailing wage job does not return to the same batch plant, the post-delivery drive to a different batch plant should be counted as the return. There will always be a return trip as the trucks will not be left indefinitely at the job site.

**9. What if the driver is delivering to some prevailing wage projects and some non-prevailing wage projects?**

The statute does not allow any exceptions from payment of prevailing wages for time spent making intermediate stops at other potentially non-public works locations. The entire delivery process and the return trip are covered and must be paid at the applicable prevailing wage rate.

**10. How would the round-trip wage be calculated if a driver goes from plant #1 (in DIR prevailing wage region X), unloads concrete at public works project A, then goes to plant #2 (in DIR prevailing wage region Y), then delivers a load of concrete to commercial project B, then goes to plant #3 (in DIR wage region Z), then delivers to public works project C, and then returns to plant #1?**

From the time the driver begins receiving the concrete at plant #1 until the time the driver reaches plant

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#2, the rate will be the prevailing wage rate for region X. From that time until the driver begins receiving the concrete at plant #3, the driver may be paid a non-prevailing wage rate. From the time the driver begins receiving the concrete at plant #3 until he or she returns to plant #1, the driver is entitled to the prevailing wage rate for region Z.

- 11. If a mixer driver spends two hours at a plant, four hours delivering to public works projects, and four hours delivering to commercial projects, which wage order applies? Will it be Wage Order #1 for manufacturing, Wage Order #16 for construction, or both, depending on where the driver is at any one time?**

The Labor Commissioner made the following determination in a 2001 opinion letter:

Ready-mix drivers engaged in the delivery of cement from a cement plant to a construction job-site, if employed by the business that manufactures the cement, are covered by IWC Order 1-2001 [Wage Order #1].

- 12. How frequently will wage rates be updated?**

Existing rates in every county covered by AB 219 are under the classification of *Driver - Mixer Trucks*. Some rates are based on survey data and others are based on local collective bargaining agreements. Those based on survey data begin with C-MT-830; those based on collective bargaining agreements begin with C-MT-261.

Rates based on survey data cannot be updated without a new wage survey, usually done in response to a specific request and supporting petition under Labor Code section [1773](#) and Title 8, California Code of Regulations, sections [16200](#) and [16302](#). However, wage rates that are based on collective bargaining agreements are regularly adjusted as the agreements are revised.

- 13. Which rate applies if a company has a union rate of \$60 an hour, but the prevailing wage is \$18 an hour?**

State law would require that the driver be paid at least \$18 an hour. However, the employer may be bound to pay the higher rate because of its contractual obligation to the workers under the collective bargaining agreement.

- 14. Do ready-mix hauling and delivery companies need to submit electronic payrolls to DIR in addition to submitting payrolls to the general contractor and subcontractor who engaged them?**

Yes, effective September 1, 2020, electronic certified payroll records have to be submitted online to DIR using its electronic certified payroll report system in addition to being submitted to the party who engaged the ready-mixed concrete delivery. Payroll records must be submitted to DIR on a monthly basis or as otherwise specified by the awarding body. Drivers' certified written time records do not need to be uploaded into the electronic certified payroll report system and are required to be submitted to the Labor Commissioner's Office only upon request. Non-performance reports are not required by the DIR.



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**15. What is the penalty for failure to submit payroll records within five days?**

There is no penalty in the statute for not submitting payroll records to the general contractor and party who engaged the ready-mixed concrete services within five days. However, the consequences of not meeting this deadline may be covered in their contract or agreement.

**16. How will submission of payroll records under this law differ from how they are submitted by other subcontractors?**

The new law requires ready-mix companies to submit copies of their certified payroll records (CPRs) to the party that engaged them and to the general contractor (which may be the same entity). Because public works contractors are jointly and separately liable for prevailing wage violations with the subcontractors working under them, many will include this requirement to provide CPRs as part of the purchase agreement or subcontract. However, AB 219 also makes this a legal requirement and further specifies when the CPRs must be furnished, as well as the need for the CPRs to be accompanied by time records certified by the drivers.

The law does not specify whether the CPRs and other records must be on paper or electronic format. It is up to the parties to determine that in their agreement. Once DIR's electronic Certified Payroll Reporting system is fully deployed with identity management features, contractors will have access to their subcontractors' CPRs through DIR's system at the same time that DIR does. However, that will not necessarily meet the deadline specified in AB 219 nor will it include the certified driver time records.

The law does not specify what happens if the five-day submission deadline or driver certification requirements are not met. These are not requirements that would fall within the Labor Commissioner's enforcement responsibilities, but they would affect the rights and responsibilities of contractors and subcontractor suppliers in relationship to each other.

**17. The law says payroll records should be accompanied by a written time record that shall be certified by each driver for the performance of job duties. Can the time records be certified electronically by the driver?**

Electronic certifications are allowed, as there is no particular format that is required as long as there is a way to tie the certification to the person who provides it. It depends on how the driver's time is recorded for purposes of determining the hours worked and compensation due for prevailing wage jobs.

**18. How should certified payrolls be organized? Are they per driver, per plant, or per project?**

They should be organized by project, which is how prevailing wages are traditionally reported and how they will need to be reported on DIR's electronic Certified Payroll Reporting (CPR) system.

**19. What constitutes a "written subcontract agreement"? What does it mean to be a subcontractor "only for the purpose of this [prevailing wage] chapter"? For example, will mechanics lien laws still apply?**

"Written subcontract agreement" refers to the contract or other agreement between the public agency, company, or person who wants to obtain ready-mixed concrete and the ready-mixed concrete supplier.

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There must be some type of agreement, in writing, between the two.

"Only for purposes of this chapter" means that a ready-mixed concrete supplier will have the status of a subcontractor under the public works chapter of the Labor Code (sections 1720 – 1861) and will have all the responsibilities of a subcontractor under that chapter when providing ready-mixed concrete to a public works project, including but not necessarily limited to being registered with the Department of Industrial Relations and paying prevailing wages to workers who deliver the ready-mixed concrete to the project. However, this does not make the company a subcontractor under the mechanics lien laws found in the Civil Code or under any other set of laws outside of the public works chapter of the Labor Code. The rights and responsibilities of a ready-mixed concrete supplier under any other set of laws depend on their status under those laws.

**20. Will DIR specify minimum requirements for what must be included in a contract? Can DIR provide a template?**

DIR suggests that an invoice or purchase order that includes the required statutory language may be sufficient. However, the party who engages the ready-mix company may require more. DIR does not provide templates for contracts between private parties or between a private party and any public entity as these contracts may involve additional requirements and considerations with which DIR is not familiar.

**21. Will a different section of the Uniform Commercial Code now apply to ready-mix suppliers for public works?**

No, the requirements of AB 219 are limited to the public works chapter of the Labor Code and not intended to change the status of ready-mix suppliers under any other set of laws outside of the public works chapter of the Labor Code.

**22. Will ready-mix suppliers now be listed under the Subletting and Subcontracting Fair Practices Act, like other subcontractors?**

AB 219 does not define ready-mix suppliers as subcontractors for purposes of the Subletting and Subcontracting Fair Practices Act or any other laws outside of the public works chapter of the Labor Code.

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For more information and to find exact legal definitions and language please see the [Public Works Chapter](#) of the California Labor Code.

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February 2021

## **APPENDIX H**

## HELPFUL WEBSITES

### Board of Equalization

- ❖ California Sales Tax  
<http://www.boe.ca.gov>

### California Department of Education

- ❖ Bid Threshold  
[https://sco.ca.gov/ard\\_cuccac.html](https://sco.ca.gov/ard_cuccac.html)

### California Department of Tax and Fee Administration

- ❖ Sales and Use Tax Rate  
<https://www.cdtfa.ca.gov/taxes-and-fees/rates.aspx>

### California State Controllers Office

- ❖ Cost Accounting Policies & Procedures Manual  
[https://www.sco.ca.gov/Files-ARD-Local/CUCCAC\\_Manual.pdf](https://www.sco.ca.gov/Files-ARD-Local/CUCCAC_Manual.pdf)

### California Uniform Cost Accounting Commission

- ❖ [https://www.sco.ca.gov/ard\\_cuccac.html](https://www.sco.ca.gov/ard_cuccac.html)

### Contractor's State License Board

- ❖ Verify the status of a Contractor's License  
<https://www2.cslb.ca.gov/OnlineServices/CheckLicenseII/CheckLicense.aspx>

### Internal Revenue Service

- ❖ IRS Mileage Rate  
<https://www.irs.gov/newsroom/irs-issues-standard-mileage-rates-for-2022>

### Sourcewell Contracts

- ❖ Formerly National Joint Powers Alliance (NJPA)  
<http://www.njpacoop.org/>  
<https://www.sourcewell-mn.gov/become-member/application>

### U.S. General Services Administration

- ❖ Government Per Diem Rate – Lookup  
<https://www.gsa.gov/travel/plan-book/per-diem-rates/per-diem-rates-lookup>