

AN ANALYSIS OF THE FINANCIAL ACCOUNTING  
AND REPORTING PRACTICES OF SELECTED  
INDEPENDENT PUBLIC SCHOOL  
DISTRICTS IN OKLAHOMA

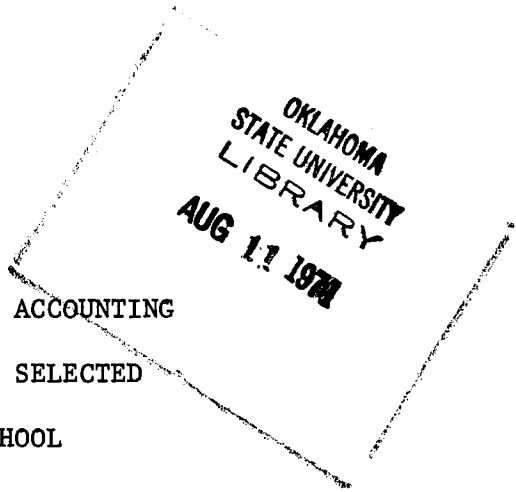
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## PREFACE

This dissertation is concerned with an analysis of the financial accounting and reporting practices of independent public school districts in Oklahoma to determine if these practices are adequate. To accomplish this goal, suitable criteria were established around which a questionnaire was developed. The questionnaire was mailed to 125 independent public school districts in Oklahoma, stratified according to the size of pupil enrollment. The responses to the questionnaires were compared with the established criteria and the adequacy of the practices was determined.

The study revealed that the financial accounting practices were generally adequate with regard to the following: the maintaining of a system of double-entry accounting based on the accrual method; the maintaining of a self-balancing group of accounts for the general fund in which the recommended terminology and classification were employed; the maintaining of a system for budgetary control; and the maintaining of a system of encumbrances. Generally, the financial reporting practices were adequate except for the frequency with which the reports were prepared. The following were among the notable deficiencies in financial accounting: the employment of expert personnel for the financial management of the affairs of the district; the signing of checks and warrants on the general fund; the bonding of certain key individuals; and the controlling of cash receipts and expenditures. Probably the most

serious inadequacy of the school districts surveyed was the lack of a cost accounting system for specific educational programs.

I would like to take this opportunity to express my appreciation for the assistance and guidance given to me by the following members of my committee: Dr. Wilton T. Anderson, who gave so generously of his time and whose suggestions and directions were of great value; Dr. Lanny G. Chasteen, for his comments which were helpful in clarifying the conclusions of this study; Dr. Lloyd L. Garrison and Dr. Helmer E. Sorenson, for their personal interest and encouragement.

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To my parents, Mr. and Mrs. Eldon Hutchinson, and to my wife's parents, Mr. and Mrs. R. L. Baugh, I owe a sincere debt of gratitude. Without their interest, understanding and, most importantly, their financial aid, this study would have been much more difficult to complete.

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## CHAPTER I

### DEVELOPMENT OF THE PROBLEM

In recent years the public schools of Oklahoma and of the United States have experienced significant changes in the scope of their activities and purposes. These changes may be characterized as educational and administrative. Many of the educational changes fall into one of the following categories:

1. Encouraging students toward higher standards of academic excellence, mainly through honors programs.
2. Restructuring the curriculum to include a greater number of courses in the fields of science and mathematics.
3. Increasing the kinds of vocationally-oriented programs of study, an example of which is the cooperative office education program.

The most obvious evidence of administrative change is the increase in the number of specialized personnel to serve in the capacities of supervisors, planners, managers and counselors. Administrative changes have come about as the result of a great many factors, some of which are enumerated below:

1. Increase in population.
2. Population shifts, rural to urban and urban to suburban.
3. Public school consolidation policies.
4. Racial integration problems.

5. The problem of transporting pupils.
6. The expansion of public school physical facilities.
7. The impact of Federal Government programs.
8. The increase in the number of student organizations and extracurricular activities.

In Oklahoma the effect of population increases and shifts has led to a far reaching policy of consolidation of school districts. The number of school districts in Oklahoma has decreased in number from approximately 1,400 in 1960 to less than 1,000 in 1968.<sup>1</sup> This policy of consolidation has, of course, caused increases in the area of the school district and the population of the student body. These increases have required the school district to provide expanded services and facilities such as transportation vehicles, additional buildings and equipment, and additional personnel for operation and management of the system.

It is not difficult to conclude that an expanding public school system requires considerably more money for its operation than one not growing or not providing an extensive number of services. An increase in the expenditure of money is evident from statistics released by the United States Department of Health, Education and Welfare: during the school year 1959-1960, the total expenditure for elementary and secondary public school education in the United States was \$16 billion; for the school year 1966-1967, the total expenditure amounted to \$38.2 billion, an increase of approximately 129 percent.<sup>2</sup> In Oklahoma the expenditure for elementary and secondary public school education for the school year 1959-1960 was \$185.7 million; for the school year 1966-1967, the expenditure was \$305.7 million, an increase of approximately sixty-four percent.<sup>3</sup> While Oklahoma failed to keep pace with the national

average of expenditure for elementary and secondary public school education, the amount is nevertheless substantial and points to the need for efficient management of financial resources.

The adequacy of the financial management of public school affairs generally was subject to question when, during the fall of 1965, administrators of one of the public school districts in the State of Oklahoma were accused of mismanaging the financial affairs of the school district. The administrators accused included four members of the board of education, the clerk of the board of education, the school district treasurer, the school auditor and the superintendent of the district. The accusation was made by the Oklahoma State Auditor after an audit of the school district's financial records. A grand jury subsequently brought indictments for the ouster of these individuals from their respective positions, citing as the fundamental reason their neglect of duty by overspending district funds in the amount of \$531,000.<sup>4</sup> Briefly, the charge of neglect of duty was based on the spending of money budgeted by the school district rather than that amount appropriated by the County Excise Board. The failure of the responsible persons to expend money within the limits of the appropriations is contrary to Oklahoma School Law.<sup>5</sup>

The charge of mismanagement and the attendant investigation received considerable media coverage, particularly in the newspapers of the state. This caused a great number of citizens to seriously question the adequacy of the financial management not only of this school district, but of the public schools across Oklahoma.<sup>6</sup> Public opinion and indignation, aroused by these events, played a substantial part in the

enactment of a statute which requires an annual audit of public school funds.<sup>7</sup> The statute became effective in July of 1967.

Administrative and educational changes previously discussed suggest the expanding responsibility of school administrative personnel, particularly in the financial management of school funds. Also identified is the question regarding the adequacy of school financial management practices. This study was undertaken to accumulate data concerning the financial management practices of selected public school districts, specifically their financial accounting and reporting practices.

#### Statement of the Problem

The objective of this study was to determine whether the financial accounting and reporting practices of selected independent public school districts in Oklahoma were adequate. To make such a determination, the study was divided into two inquiries, the findings for which are categorized as follows:

1. The securing of information concerning the financial accounting and reporting practices of selected independent public school districts in Oklahoma.
2. The comparing of these practices with appropriate criteria to the end that conclusions and recommendations based on the comparison may be made.

#### Previous Work in the Field

A thorough review of the literature in the field of public school financial management was made for the years 1960 through 1968. While a number of sources, particularly doctoral dissertations, concentrated on an in-depth analysis of one or two specific financial accounting or reporting practices, none was concerned with the comparison of current

public school financial accounting and reporting practices with an acceptable criteria. Those sources that were important to this study are discussed in Chapter II.

### Hypothesis

In connection with the collection of data from independent public school districts in Oklahoma, one hypothesis was posed:

There are no important differences between the financial accounting and reporting practices suggested by the set of criteria used in this study and those reported by selected independent public school districts in Oklahoma.

### Test of the Hypothesis

The data received were first divided into stratifications according to the pupil enrollment of each district. To test the hypothesis, the answers to each question for each stratification were reduced to a percent. If the percentage figure was relatively high (ninety percent or above), the practices of the selected school districts were considered adequate. If the percentage figure was relatively low (less than fifty percent), the practices were considered to be inadequate. Percentage figures falling between these two extremes (fifty to ninety percent) were considered adequate, but with improvement recommended. This procedure was selected for determining the adequacy of the financial accounting and reporting practices of the school districts because it allowed for variations in adherence to the practices suggested by the criteria.

### Definitions

For purposes of this study, the following operational definitions were observed:

1. Financial accounting practices refer to those guidelines, principles and procedures which are appropriate to effective financial administration. "The instruments essential for effective financial administration are the budget, the accounts, the audit and the financial reports."<sup>8</sup>
2. Financial Reports refer specifically to the Balance Sheet, Statement of Revenue, Statement of Expenditures, Statement of Fund Balances and Summary of Cash Receipts and Expenditures.
3. General Fund is defined as a fund from which current operational expenditures are made, such as salaries, school supplies, utilities, etc. The term is more precisely defined in the Oklahoma School Law:

The General Fund of any school district shall consist of all monies which may legally be used for current expense purposes within a fiscal year, and an appropriation may be made therefrom for capital outlay, but shall not be considered as including any money derived from a special building fund levy made in accordance with the provisions of Article 10, Section 10, of the Oklahoma State Constitution.<sup>9</sup>

4. Independent school districts in Oklahoma

.....shall be those so designated by the State Board of Education and meeting the following requirements: (a) Shall have maintained during the previous year a four (4) year high school fully accredited by the State Board of Education; (b) Shall have a school plant, equipment and faculty which meet the minimum standards prescribed by the State Board of Education. Such standard shall be in keeping with those usually required by a first class high school and comparable to those required by recognized accrediting agencies; and (c) Shall be in good financial condition and shall give to the State Board of Education sufficient evidence of being able to administer the fiscal affairs of the district in a proper manner.<sup>10</sup>



## Research Methodology

To achieve the purposes of the study, the following procedures were followed:

1. Criteria to be used as a basis for comparing were determined.
2. A data-collection instrument was designed.
3. Data were collected.
4. The data collected were compared with the practices suggested by the criteria.
5. Conclusions were drawn and recommendations were made.

### Scope of the Study

The study was designed to provide information about independent public school districts in Oklahoma with pupil enrollments of at least 100 but less than 50,000. From a total of 475 districts included within these limits, a sample of 125 districts was randomly selected. The sample included school districts with varying sizes of pupil enrollment and with wide geographical dispersion throughout the State of Oklahoma.

### Limitation of the Study

The study was restricted to an analysis of financial accounting and reporting practices as they apply to the general fund only. This was necessary to keep the study within manageable limits.

### Organization of the Study

Chapter II, Review of the Literature and Determination of the Criteria.

1. Standard textbooks and materials in the fields of municipal and governmental accounting and public school business administration were reviewed.
2. Manuals for public school accounting prepared by the Federal Government and selected states were reviewed.
3. Selected doctoral dissertations for the years 1960 through 1968 were reviewed.
4. A set of criteria was developed.

### Chapter III, Design and Development of the Data Collection

#### Instrument and Design of the Sample.

1. A questionnaire was designed and tested.
2. A sample was designed which included districts of varying sizes and locations throughout Oklahoma.

#### Chapter IV, Analysis of the Results of the Investigation.

1. Questionnaires received were compared with the sample model.
2. The responses were compared with the criteria.

### Chapter V, Conclusions and Recommendations.

1. The conclusions were presented.
2. Recommendations for improvement of financial accounting and reporting practices were made.
3. Recommendations for further study were made.

#### FOOTNOTES

<sup>1</sup>Oklahoma State Department of Education, Annual Bulletin for Elementary and Secondary Schools, 1959-1960 and 1967-1968.

<sup>2</sup>Kenneth A. Simon, "Expenditures for Elementary and Secondary Education," School Life, Vol. 42, No. 8 (March, 1960), p. 24, and W. Vance Grant, "State and Local Government Expenditures," American Education, Vol. 5, No. 3 (March, 1969), p. 29.

<sup>3</sup>Finance Division, State Board of Education, Sources of Revenue and the Amount Collected from each Source by the Common Schools of Oklahoma for the Fiscal Years 1959-1960 and 1966-1967.

<sup>4</sup>The Daily Oklahoman, March 18, 1966, p. 1.

<sup>5</sup>State Superintendent of Public Instruction, School Laws of Oklahoma, State Board of Education (Oklahoma City, 1967), Art. VII, Sec. 342, pp. 165-166.

<sup>6</sup>Many of the newspapers in the State of Oklahoma carried articles during the period October 5, 1965, to June 30, 1966, concerning this situation. See specifically The Daily Oklahoman, February 19, 1966, p. 2; March 26, 1966, p. 6; June 22, 1966, p. 4; and June 23, 1966, p. 29.

<sup>7</sup>School Laws of Oklahoma (1967), Art. X, pp. 183-185.

<sup>8</sup>Stephen J. Knezevich and John Guy Fowlkes, Business Management of Local School Systems (New York, 1960), p. 31.

<sup>9</sup>School Laws of Oklahoma (1967), Art. I, Sec. 19, p. 22.

<sup>10</sup>School Laws of Oklahoma (1967), Art. IV, Sec. 39, pp. 33-34.

## CHAPTER II

### REVIEW OF THE LITERATURE AND DETERMINATION OF THE CRITERIA

The purpose of this study was to compare the financial accounting and reporting practices of selected independent public school districts in Oklahoma with appropriate criteria. In order to determine an acceptable set of criteria, literature from the following general areas was reviewed:

1. Standard textbooks and materials in the field of municipal and governmental accounting.
2. Standard textbooks and current periodicals in the field of public school business administration.
3. Manuals for public school accounting prepared by the Federal Government and by selected states in the United States.
4. Selected doctoral dissertations in the field of public school business administration for the years 1960 through 1968.

A review of the literature in these areas revealed two widely accepted and authoritative statements of accounting principles and procedures. One statement was issued by the National Committee on Governmental Accounting<sup>1</sup> and is applicable to governmental units and agencies in general, although it more specifically applies to municipal, state and federal governments, hospitals, universities, etc. The second statement was released by the Association of School Business Officials

of the United States and Canada.<sup>2</sup> This statement relates explicitly to public school districts. A close inspection disclosed a high degree of similarity between the two statements.

#### Municipal and Governmental Accounting Sources

The Municipal Finance Officers Association of the United States and Canada has taken active leadership in the advancement of governmental accounting. An important agency of the Association in the improvement of governmental accounting is its standing committee designated as the National Committee on Governmental Accounting. The Committee is composed of a large number of nationally recognized organizations which, in part, accounts for the wide acceptance of its pronouncements. The membership of the committee consists of representatives of the following organizations:

American Accounting Association; American Institute of Certified Public Accountants; American Municipal Association; Canadian Institute of Chartered Accountants; International City Managers' Association; Municipal Finance Officers Association of the United States and Canada; National Association of Accountants; National Association of State Auditors, Comptrollers and Treasurers; National Association of State Budget Officers; National Municipal League, Dominion of Canada; The Association of School Business Officials; and the United States Government.<sup>3</sup>

The Committee has issued a number of publications, the most important to this paper being its recommended principles and standard procedures on governmental accounting.<sup>4</sup>

Textbooks in the field of governmental accounting published since 1951 rely extensively on the pronouncements of the Committee. Mikesell and Hay, for example, underscore the importance of the Committee's work: "The Committee has performed invaluable service through publications

covering such subjects as standard account classifications, uniform terminology, forms for financial statements, procedure manuals, and the like."<sup>5</sup> The authors reproduce the Committee's statement of recommended principles and standard procedures and make numerous references to it throughout the textual material.<sup>6</sup> Morey and Hackett also recognize the importance of the Committee's work: "The most important work toward the accomplishment of (the establishment of basic principles of governmental accounting) is that of the National Committee on Governmental Accounting."<sup>7</sup> These authors devote an entire chapter to the exposition and discussion of the Committee's recommended principles and standard procedures.<sup>8</sup> Tenner and Lynn make this statement concerning the acceptance of the Committee's work:

It (the Committee) has since its inception been composed of representatives of the principal organizations that are interested in municipal financial administration; this composition has provided wise and effective leadership and has helped to insure acceptance of the Committee's pronouncements.<sup>9</sup>

Tenner and Lynn also reproduce the recommended principles and standard procedures in their text<sup>10</sup> and devote considerable space to a discussion of these principles and procedures.<sup>11</sup>

It may be concluded from reviewing the literature in this area that the recommended principles and standard procedures of the National Committee on Governmental Accounting are authoritative and widely accepted. The pronouncement of the Committee is included in Appendix A of this study.

#### Public School Business Administration Sources

The Association of School Business Officials of the United States and Canada is a professional organization composed of public school

business administrators. During the early 1960's the organization made a concerted effort to establish specific financial accounting and reporting practices for public schools. In February of 1963, a summary of recommended public school district accounting principles and procedures appeared in the organization's official publication.<sup>12</sup> At the Association's annual meeting in November, 1963, clarification was afforded to the principles and standard procedures.<sup>13</sup> However, a full year passed before the organization officially adopted the principles and standard procedures, and then only after considerable opposition.<sup>14</sup> The statement, in the form of a resolution, represented the efforts and cooperation of many recognized authorities in the field of accounting, including the National Committee on Governmental Accounting, as is evidenced by the following quotation:

These recommended principles were based on the recommendations of the National Committee on Governmental Accounting and the Municipal Finance Officers Association, modified where necessary in the opinion of Professor Sam Tidwell and the American Institute of Certified Public Accountant's Committee on School Relations, and the Association of School Business Officials' Accounting and Finance Research Committee, in order to specifically apply to public school districts.<sup>15</sup>

A comparison of the recommended accounting principles and procedures of the Association of School Business Officials with those recommended by the National Committee on Governmental Accounting revealed a high degree of similarity, as was expected. Two differences were noted, both minor:

1. The word "municipal" used by the Committee was changed to "district" or "school district" by the Association.

2. The phrases and sentences used by the Committee that apply exclusively to municipal governmental units are omitted by the Association.

The recommended accounting principles and procedures of the Association are included in Appendix B of this study. For convenience, the words, phrases and sentences that are changed or omitted are underscored.

Standard textbooks in the field of public school accounting and business administration frequently refer to the statement of accounting principles and standard procedures recommended by the National Committee on Governmental Accounting. Knezevich and Fowlkes, for example, make this statement:

The National Committee on Governmental Accounting has developed a number of basic principles and standard procedures for governmental accounting which, for the most part, are applicable to all governmental bodies. The authoritative and comprehensive accounting principles can and should be applied to school accounting design.<sup>16</sup>

The accounting principles and standard procedures recommended by the Committee are then presented and explained by the authors.<sup>17</sup>

Henry H. Linn, in his treatise on school business administration, recognized the applicability of the statement of the Committee to school systems:

Recommended accounting principles and procedures for municipalities are summarized by the National Committee on Governmental Accounting on which the Association of School Business Officials has representation. In the summaries of principles and procedures. . . , the words "school district" can in general be substituted for "municipality."<sup>18</sup>

Several authors present their own list of accounting principles and procedures. These closely approximate those recommended by the National Committee on Governmental Accounting and the Association of School Business Officials. A typical example is the list prepared by



Leo M. Casey in his text on school business administration. Casey's list of principles differs in terminology and in the order in which they are presented.<sup>19</sup> Sam B. Tidwell also discusses accounting principles and procedures, although his presentation is not as concise as Casey's.<sup>20</sup>

From a review of the literature in the area of public school business administration, it was evident that a well developed statement of accounting principles and procedures for public schools does exist. This is the statement adopted by the Association of School Business Officials. The literature reviewed, however, shows that authors in the field of public school business administration prefer to use the pronouncements of the National Committee on Governmental Accounting rather than those of the Association. This preference may be because the pronouncements of the Committee have been in existence since 1951 while those of the Association were not adopted and issued until 1964.

#### Federal and State Sources

The United States Office of Education has exerted substantial influence on the financial accounting and reporting practices in the public schools of this country. Its leadership in this area is exemplified mainly through the publication of its circulars, bulletins, and handbooks. The Office of Education maintains liaison with the departments of education in the various states and with professional organizations, particularly the Association of School Business Officials.

The U. S. Office of Education has issued a series of publications that deal specifically with the financial accounting and reporting

practices of state and local school systems. The publication that has received the greatest acceptance is Handbook II, released in 1957.<sup>21</sup>

The purposes of Handbook II are as follows:

1. To help insure appropriate initial recording of financial data.
2. To improve the accounting for school funds.
3. To improve budgeting.
4. To establish a sound basis for cost accounting.
5. To improve the accuracy of local, state, and national summaries.
6. To facilitate comparisons of financial information among communities and among states.
7. To enable local and state educational authorities to obtain more suitable information for policy determination.
8. To improve the accuracy of educational research.
9. To facilitate and improve reliable reporting to the public on the condition and progress of education.<sup>22</sup>

Close inspection of the purposes reveal that uniformity in school accounting and reporting is a major objective of this handbook.

Knezevich and Fowlkes reach a similar conclusion, as evidenced by the following quotation: "The major emphasis in this 1957 financial accounting handbook put out by the U. S. Office of Education is on the basic accounts used for schools, namely, Receipt Accounts, Expenditure Accounts, and Clearing Accounts."<sup>23</sup> Tidwell is in agreement with this view when he states that the major objective of the U. S. Office of Education in establishing these accounts is to ". . . obtain statistical data on a nationwide comparable basis."<sup>24</sup> Casey expresses the same attitude when he states that the purpose of Handbook II is to ". . . facilitate uniformity in local and state accounting standards and terminology."<sup>25</sup>

Handbook II of the U. S. Office of Education has been widely utilized by authors in the field of public school business administration, particularly those sections that deal with the receipt and

expenditure accounts. Knezevich and Fowlkes use the handbook as the basis of standard receipts and expenditure accounts described in their text.<sup>26</sup> Tidwell relies almost exclusively on these accounts in his treatment of receipt and expenditure accounting.<sup>27</sup> Casey reproduces the entire list of receipt and expenditure accounts from Handbook II with the recommendation that these be used by public schools.<sup>28</sup>

From the literature reviewed, it appears that there is general agreement that the major objective of Handbook II of the U. S. Office of Education is to encourage and promote uniformity in financial accounting and reporting practices in the public schools. It has also been shown that prominent authors in the field of public school business administration have included in their texts the standard receipt and expenditure accounts recommended in Handbook II. There arose the question of whether these recommendations had been accepted and were being utilized by state and local school authorities. In order to answer this question, requests for school accounting manuals and related materials were sent to twelve states. The twelve states were selected on the basis of geographical location, size of population and knowledge that accounting manuals were published by the respective departments of education. The states were California, Colorado, Florida, Illinois, Indiana, Michigan, Missouri, New Jersey, New York, Oregon, Pennsylvania and Oklahoma. The requests were mailed and replies were received during 1968. Two states, Oregon and Florida, were revising their accounting manuals and none was available. Two other states, Colorado and New Jersey, sent materials that could not be used in this study. School accounting manuals were received from California, Illinois, Indiana, Michigan, Missouri, New York, Pennsylvania and Oklahoma. Of these eight accounting manuals, six

included the standard receipt and expenditure accounts recommended in Handbook II of the U. S. Office of Education. These were the manuals from California,<sup>29</sup> Illinois,<sup>30</sup> Indiana,<sup>31</sup> Michigan,<sup>32</sup> Pennsylvania,<sup>33</sup> and Oklahoma.<sup>34</sup> The accounting manual from Missouri was published in 1954 which was before Handbook II was completed.<sup>35</sup> The accounting manual from New York listed receipt and expenditure accounts that closely resembled those in Handbook II, but made no mention of the U. S. Office of Education's publication.<sup>36</sup>

From the sample just described, there is evidence that state and local school systems have relied on Handbook II of the U. S. Office of Education and have incorporated the recommended receipt and expenditure accounts in their accounting manuals. It further exemplifies the importance of the U. S. Office of Education in the field of public school financial accounting and reporting.

Handbook II, while extensively used for standardization of receipt and expenditure accounts, was seriously deficient in certain important aspects of accounting. Morris F. Baughman identified seven limitations of Handbook II, which are summarized as follows:

1. The handbook is not a complete accounting system since it deals mainly with receipt and expenditure accounts.
2. The handbook recommends the accrual system of accounting, but it does not explain receivable and payable accounts.
3. The voucher system is not described.
4. Encumbrance accounts are omitted.
5. The accounting system described would work well for the single-entry accounting method, but not for the double-entry method.
6. Not one Net Worth, or Surplus, account is reported in the handbook.
7. The treatment of accounting for the retirement of term bonds is inadequate.<sup>37</sup>

These limitations were recognized by the Association of School Business Officials. In 1960 the Association began deliberations which

1. The U. S. Office of Education exerts a major influence on the financial accounting and reporting practices of public schools in this country.
2. The statement of accounting principles and procedures of the Association of School Business Officials was of substantial importance in the development of Handbook II-B of the U. S. Office of Education.

#### Selected Doctoral Dissertations

A search of the doctoral dissertations in the field of public school financial accounting for the years 1960 through 1968 was made. The main purpose of the search was to determine whether previous work to identify principles and procedures for public school accounting and reporting had been done. If dissertations of this nature were available, the accounting principles and procedures developed therein were to be considered for inclusion in the criteria used in this study.

The search revealed that most of the studies in the field of public school accounting were devoted to single specific problems rather than to a broad, overall investigation. Characteristic of the dissertation topics found in the field were analyses of tax structures of various states, the distribution of tax monies to school districts, suggested additional sources of revenue for schools, the need and feasibility of a program cost accounting system and the need for a full-time business manager. Two dissertations were found to have particular applicability to this study. These were by Bachelor and Woodfin.

Bachelor<sup>41</sup> surveyed public school districts in California to acquire information about accounting for equipment. Through his

research of the literature and other related sources, Bachelor developed eighteen significant statements regarding the practices and principles of accounting for equipment in the public schools. These eighteen statements were submitted to a jury for evaluation. The jury was composed of public school business officials, certified public accountants and leaders in the California State Department of Education. The jury accepted twelve of the statements. A questionnaire was developed around these twelve statements and was sent to selected school districts in California having an average daily pupil attendance of 1,500 and over.

The results of Bachelor's survey revealed that approximately ninety percent of the respondents indicated they conducted an inventory of equipment annually or more frequently. The study revealed that the cost per pupil to maintain equipment records exceeds the cost per pupil loss because of theft and similar causes in those school districts where equipment records are maintained. There is a strong implication in Bachelor's study to the effect that equipment losses are less when adequate records are maintained, but evidence to support this implication was not presented.

The specific conclusions in Bachelor's study that are important to this study are as follows:

1. Records should be maintained for all items of equipment.
2. Records should be maintained as long as an item of equipment is in service.
3. Records should reflect the original cost of the equipment.
4. A physical inventory of the equipment should be taken no less frequently than once a year.<sup>42</sup>

The study by Woodfin<sup>43</sup> was concerned with accounting procedures for California unified school districts. Through an extensive search of the literature, Woodfin initially compiled over 250 desirable financial

accounting procedures. The procedures were categorized under the following headings:

1. Budgeting
2. Purchasing
3. Cash Payments
4. Cash Receipts and Vouchers
5. Warehousing
6. Food Services
7. Financial Reporting
8. Internal Control
9. Student Body Activities
10. Accounting in General<sup>44</sup>

The list was then submitted to two panels for evaluation. One panel was composed of experts in the field of public school administration. This panel was asked to select those procedures that were considered sound and that would provide adequate information for the proper administration of a school. The second panel was composed of three independent certified public accountants and three public school accountants. This second panel selected those procedures considered to be generally accepted financial accounting practices. Woodfin rejected a procedure if more than twenty-five percent of both panels indicated that it was not a desirable or necessary practice. The instrument used by Woodfin in his survey contained 176 desirable procedures.

The survey instrument was sent to fifteen selected unified school districts in California. Each of the districts had an average daily pupil attendance of between 5,000 and 30,000. These districts indicated which of the procedures they utilized. After the responses were analyzed, the majority of Woodfin's conclusions were suggestions for the improvement of internal control procedures. Many of these suggestions were a result of the specific requirements in the school laws of

California and did not generally apply to other states. Those conclusions of Woodfin's that are useful to this study are summarized below:

1. All personnel handling school district funds should be bonded.<sup>45</sup>
2. General Fund financial statements should include:
  - a. A statement of receipts and expenditures compared with budget amounts.
  - b. A balance sheet including assets, liabilities, reserves and surplus.<sup>46</sup>

The review of selected doctoral dissertations identified specific accounting practices and procedures which were used to enhance the criteria used in this study. They included procedures and practices regarding equipment, inventories, bonding of individuals and the kinds of financial reports considered essential.

#### Financial Reports Recommended

The pronouncements by the National Committee on Governmental Accounting and the Association of School Business Officials do not specifically identify the kinds of financial reports a municipality or a school district should prepare. General guidelines are presented, however, in both of the organization's statements on accounting principles and standard procedures. The National Committee on Governmental Accounting recommended a budget report, as presented in Principle 10, which follows: "The accounting system should provide for budgetary control for both revenues and expenditures, and the financial statements should reflect, among other things, budgetary information."<sup>47</sup> In Standard Procedure 6, the Committee had the following recommendation concerning financial reporting:



Financial reports should be prepared monthly or oftener, to show the current condition of the budgetary accounts and other information necessary to control operations. At least once each year a general financial report should be prepared and published.<sup>48</sup>

The exact statements were repeated by the Association of School Business Officials in their statement of accounting principles and standard procedures.<sup>49</sup>

It seemed desirable to identify more specifically the accounting statements that would lead to better financial reporting. In order to accomplish this, literature from the fields of governmental accounting, public school business administration and federal sources were researched.

In the field of governmental accounting, Mikesell and Hay suggest that the following reports be prepared: a balance sheet; a statement of revenue; a statement of cash receipts and disbursements; and a budget report showing the amounts appropriated, spent, encumbered and the unencumbered balance.<sup>50</sup> Morey and Hackett recommend the following reports: a balance sheet; a statement of revenue; and a statement of expenditures.<sup>51</sup> Tenner and Lynn outline the following financial reports: a balance sheet; a statement of revenues, estimated and actual; and a statement of expenditures and encumbrances compared with appropriations.<sup>52</sup>

In the field of public school business administration, Knezevich and Fowlkes recommend the preparation of a balance sheet, a statement of revenue, a statement of expenditures, a summary of cash receipts and disbursements and a budget report showing amounts appropriated, spent, encumbered and unencumbered.<sup>53</sup> Tidwell suggests the preparation of a

balance sheet, a statement comparing actual revenue with estimated revenue by source and fund, and a statement comparing expenditures and encumbrances with appropriations.<sup>54</sup>

Handbook II-B of the U. S. Office of Education recommends that the following financial reports be prepared: a balance sheet; a statement of revenue; a summary of cash receipts and disbursements; and a statement of expenditures showing amounts appropriated, spent, encumbered and unencumbered.<sup>55</sup>

The accounting manuals from eight states other than Oklahoma were searched. The kinds of financial reports required varied considerably, depending on the respective state laws. The balance sheet was the one report consistently required by all eight states.

From the above sources, the following financial statements appear to be the most commonly recommended:

1. A balance sheet.
2. A statement of revenue.
3. A statement of expenditures.
4. A statement of cash receipts and disbursements. (Cash position.)
5. A budget report showing amounts appropriated, spent, encumbered and unencumbered.

These reports were included in the set of criteria used in this study.

#### Requirements of the Oklahoma School Laws

The School Laws of Oklahoma have certain specific requirements that are important to this study. Many of the legal requirements relate to

all the funds of a school district. Only those laws that are applicable to the general fund are disclosed in this section.

The Oklahoma School Laws have special requirements for the disbursement of school funds. School district obligations are paid by the school business administrator with warrants. The warrants are eventually presented to the local treasurer who redeems them by issuing checks on the appropriate school funds. The School Laws specifically provide that the president and clerk of the local board of education shall be the officers legally designated to sign and countersign warrants, respectively.<sup>56</sup> The treasurer is legally designated to sign checks on school funds.<sup>57</sup> In order to protect the money of the district, the law requires the district treasurer to be bonded.<sup>58</sup>

Recommended by the Finance Division of the Oklahoma State Board of Education, but not required by law, is the use of a specially designed ledger for the recording of school district receipts and expenditures. The form is alternately called the "Clerk's Appropriation and Allotment Ledger for Schools" or the "School District Appropriation and Allotment Ledger."<sup>59</sup> The ledger resembles a multiple-column combined cash journal. Designed for the general fund, the ledger provides for the following: a column for the initial appropriation; a column for receipts of cash, allowing for identification by source; a series of columns showing expenditures by classification and function; a column for encumbrances of obligations against the fund; and a column for the unencumbered balance of the fund. A district using this ledger is, of course, following the double-entry system of accounting. The columns, when totaled, take on the essence of a general ledger. The ledger may be of benefit to all school accounting systems, but it is of greatest value to the

smaller school districts where it is not economically feasible to employ competently educated accountants or purchase the necessary machines.

The Finance Division of the State Board of Education has adopted standardized terms for sources of funds and classification of expenditures. The required accounts are based on the recommendations contained in Handbook II of the U. S. Office of Education.<sup>60</sup> The Finance Division has also instituted a digital coding system for the receipt and expenditure accounts to facilitate the data processing of the required reports.<sup>61</sup>

Several kinds of financial reports are required by the Oklahoma School Laws. Every school district must file an annual report.<sup>62</sup> The printed form for the report is divided into sections, one for each fund, including the general fund. Each section requires various reports. The section for the general fund requires the completion of a balance sheet, summaries of cash receipts and expenditures, a budget or estimate of needs for the ensuing fiscal year and a statement of expected revenue from local, state and other sources. The reports required by the State of Oklahoma are similar to those recommended in the previous section.

### The Criteria

One of the major purposes of this chapter was to determine an acceptable set of criteria for public school financial accounting and reporting. Two authoritative statements of accounting principles and procedures were discovered:

1. A statement of accounting principles and procedures recommended by the National Committee on Governmental Accounting, and

2. A statement on accounting principles and procedures recommended by the Association of School Business Officials of the United States and Canada.

The statement by the Association of School Business Officials was based on the recommendations of the National Committee on Governmental Accounting, modified to apply specifically to public school accounting.

Literature in the fields of governmental accounting and public school business administration revealed a wide acceptance of these principles and procedures. Authors regularly included these pronouncements in their writings. The literature also revealed that the U. S. Office of Education exerts a great influence on the various state financial accounting practices, particularly in its efforts toward standardization of terminology in public school accounting. There is substantial evidence that the U. S. Office of Education relied upon the statement on accounting principles and procedures of the Association of School Business Officials in the development of Handbook II-B, underscoring the importance of the Association in this field.

Doctoral dissertations provided evidence concerning the recording and inventorying of items of equipment, the bonding of individuals who handle school district funds and the preparation of certain financial statements.

The statements on accounting principles and standard procedures by the National Committee on Governmental Accounting and the Association of School Business Officials did not identify or recommend specific financial reports. A list of recommended financial reports based on suggestions of authorities in the fields of governmental accounting and public school business administration was determined.

The School Laws of Oklahoma were reviewed and those regulations applicable to the general funds were identified.

From all of these sources, a set of criteria was developed. The criteria are as follows:

1. A school district's accounting system must make it possible to (a) show that legal provisions have been complied with, and (b) to reflect the financial condition and financial operations of the school district.
2. The general accounting system should be on a double-entry basis with a general ledger in which all financial transactions are recorded in detail or in summary.
3. Every school district should establish the funds called for either by law or by sound financial administration.
4. A complete self-balancing group of accounts should be established for each fund. This group should include all of the accounts necessary to set forth the financial condition and financial operations of the fund and to reflect compliance with legal provisions.
5. A clear segregation should be made between accounts relating to current assets and current liabilities and those relating to fixed assets and long-term liabilities.
6. The accounting system should provide for budgetary control for both revenues and expenditures, and the financial statements should reflect, among other things, budgetary information.
7. The use of the accrual basis in accounting for revenues and expenditures is recommended to the extent applicable.

8. Revenues should be classified by fund and source; and expenditures by fund, function, department, activity, character and by main classes of objects.
9. Cost accounting systems should be established wherever costs can be measured. Each cost accounting system should provide for the recording of all elements of cost incurred to accomplish a purpose, to carry on an activity or operation or to complete a unit of work or a specific job.
10. A common terminology and classification should be used consistently throughout the budget, the accounts, and the financial reports.
11. The accounts should be centralized under the direction of one officer. He should be responsible for keeping or supervising all accounts and for preparing and issuing all financial reports.
12. As soon as purchase orders or contracts are signed, the resulting obligations should be recorded at once as encumbrances of the funds and appropriations affected.
13. Where applicable, inventories of both consumable and permanent property should be recorded at cost and physical inventories of both should be taken at least annually.
14. At least once a year a general financial report should be prepared and published. The annual statement should include a balance sheet, summaries of cash receipts and expenditures, a budget or estimate of needs for the ensuing fiscal year and a statement of expected revenue from local, state and other sources. The following reports should be prepared monthly or

oftener: a balance sheet; a statement of revenue; a statement of expenditures; a statement of cash receipts and disbursements; and a budget report showing amounts appropriated, spent, encumbered and unencumbered.

15. All individuals who handle cash belonging to the school district should be bonded.
16. The president of the local board of education should sign all warrants on the general fund, countersigned by the clerk of the local board. The treasurer should sign all checks on the general fund.

#### Summary

In this chapter, an extensive review was made of the literature in the fields of public school business administration and governmental accounting. The School Laws of Oklahoma were reviewed and those regulations applicable to this study were identified. Doctoral dissertations in the field of public school business administration for the years 1960 through 1968 were reviewed. From all these sources, a set of criteria was developed. The criteria are based primarily on the statement of accounting principles and procedures recommended by the Association of School Business Officials. The practices suggested by the criteria formed the basis for comparing with the financial accounting and reporting practices of selected school districts in Oklahoma. The development of the data collection instrument and the design of the sample used in this study are discussed in Chapter III.



## FOOTNOTES

<sup>1</sup>National Committee on Governmental Accounting, Municipal Accounting and Auditing, No. 14 (Chicago, 1951), pp. 1-3.

<sup>2</sup>Charles W. Foster, ed., Proceedings of the Annual Convention, Association of School Business Officials of the United States and Canada (Chicago, 1964), pp. 280-282.

<sup>3</sup>R. M. Mikesell and Leon E. Hay, Governmental Accounting (Homewood, 1961), p. 9.

<sup>4</sup>National Committee on Governmental Accounting, pp. 1-3.

<sup>5</sup>Mikesell and Hay, pp. 9-10.

<sup>6</sup>Mikesell and Hay, pp. 707-709.

<sup>7</sup>Lloyd E. Morey and Robert P. Hackett, Fundamentals of Governmental Accounting (New York, 1951), p. 24.

<sup>8</sup>Morey and Hackett, pp. 20-36.

<sup>9</sup>Irving Tenner and Edward S. Lynn, Municipal and Governmental Accounting (Englewood Cliffs, 1960), p. 1.

<sup>10</sup>Tenner and Lynn, pp. 405-406.

<sup>11</sup>Tenner and Lynn, pp. 1-7.

<sup>12</sup>Charles W. Foster, ed., Proceedings of the Annual Convention, Association of School Business Officials of the United States and Canada (Chicago, 1963), p. 80.

<sup>13</sup>Charles W. Foster, ed., (1963), pp. 79-81 and 87-90.

<sup>14</sup>Charles W. Foster, ed., (1964), pp. 276-283.

<sup>15</sup>Charles W. Foster, ed., (1963), p. 80.

<sup>16</sup>Stephen J. Knezevich and John G. Fowlkes, Business Management of Local School Systems (New York, 1960), p. 34.

<sup>17</sup>Knezevich and Fowlkes, pp. 34-39.

<sup>18</sup>Henry H. Linn, School Business Administration (New York, 1956), p. 183.

<sup>19</sup>Leo M. Casey, School Business Administration (New York, 1964), pp. 30-31.

<sup>20</sup>Sam B. Tidwell, Public School Fund Accounting (New York, 1960), pp. 3-11.

<sup>21</sup>Paul L. Reason and Alpheus L. White, Financial Accounting for Local and State School Systems, Standard Receipt and Expenditure Accounts, Bulletin 1957, No. 4, U. S. Office of Education (Washington, 1957).

<sup>22</sup>Reason and White, p. xvi.

<sup>23</sup>Knezevich and Fowlkes, p. 44.

<sup>24</sup>Tidwell, p. 59.

<sup>25</sup>Casey, p. 41.

<sup>26</sup>Knezevich and Fowlkes, Chs. 4 and 7.

<sup>27</sup>Tidwell, Ch. vi.

<sup>28</sup>Casey, pp. 42-43.

<sup>29</sup>California State Department of Education, California School Accounting Manual (Sacramento, 1966), Chs. I and II.

<sup>30</sup>Superintendent of Public Instruction, Illinois Financial Accounting Manual for Local School Systems (Springfield, 1965), p. ix.

<sup>31</sup>State Board of Accounts, Uniform Accounting System for School Cities, School Towns, Consolidated Units and School Corporations Operating Under Laws of School Cities (Indianapolis, 1960), supplement.

<sup>32</sup>State Superintendent of Public Instruction, Finance Accounting for Michigan School Districts (Lansing, 1962), p. i.

<sup>33</sup>Department of Public Instruction, Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems (Harrisburg, 1961), p. i.

<sup>34</sup>Finance Division, State Board of Education, The School Finance, Transportation and Activity Fund Laws Including the State Board of Education Regulations for Administration and Handbook on Budgeting and Business Management (Oklahoma City, 1967), p. 62.

<sup>35</sup>Commissioner of Education, Missouri Uniform Financial Accounting System (Jefferson City, 1954).

<sup>36</sup>Department of Audit and Control, Division of Municipal Affairs, Uniform System of Accounts for School Districts, Double-entry Basis (Albany, 1965).

<sup>37</sup>Morris F. Baughman, "The Financial Accounting Handbook," American School Board Journal, February, 1959, pp. 49-52.

<sup>38</sup>Charles W. Foster, ed., (1964), pp. 276-283.

<sup>39</sup>Bert K. Adams et al., Principles of Public School Accounting, U. S. Office of Education (Washington, 1967), p. v.

<sup>40</sup>Commissioner of Education, Accounting Policies and Procedures for Federal Moneys, Missouri Uniform Financial Accounting System, Supplement No. 3 (Jefferson City, 1966), p. 1.

<sup>41</sup>Arthur Orrin Bachelor, "Practices and Principles of Accounting for Equipment in Public School Districts of more than 1,500 A. D. A. in California" (unpub. Ed. D. dissertation, University of California, Berkeley, 1965).

<sup>42</sup>Bachelor, pp. 130-140.

<sup>43</sup>Charles Albert Woodfin, "Accounting Procedures for California Unified School Districts" (unpub. Ed. D. dissertation, University of Southern California, 1963).

<sup>44</sup>Woodfin, pp. 2-3.

<sup>45</sup>Woodfin, p. 219.

<sup>46</sup>Woodfin, p. 223.

<sup>47</sup>National Committee on Governmental Accounting, p. 2.

<sup>48</sup>National Committee on Governmental Accounting, p. 3.

<sup>49</sup>Charles W. Foster (1964), pp. 281-282.

<sup>50</sup>Mikesell and Hay, p. 658.

<sup>51</sup>Morey and Hackett, pp. 298, 303 and 307.

<sup>52</sup>Tenner and Lynn, p. 349.

<sup>53</sup>Knezevich and Fowlkes, pp. 169, 173, 175, 179 and 183.

<sup>54</sup>Tidwell, pp. 206 and 211.

<sup>55</sup>Adams et al., pp. 118 and 121.

<sup>56</sup>School Laws of Oklahoma, Ch. 1, Art. IV, Secs. 61 and 63.

- <sup>57</sup> Finance Division (Oklahoma); p. 46.
- <sup>58</sup> School Laws of Oklahoma, Ch. 1, Art. IV, Sec. 56.
- <sup>59</sup> Finance Division (Oklahoma), p. 51.
- <sup>60</sup> Finance Division (Oklahoma), p. 62.
- <sup>61</sup> Finance Division (Oklahoma), pp. 62ff.
- <sup>62</sup> School Laws of Oklahoma, Ch. 1, Art. IV; Sec. 69.

## CHAPTER III

### THE DESIGN AND DEVELOPMENT OF THE DATA COLLECTION INSTRUMENT

In Chapter I, it was stated that the objective of this study was to determine whether the financial accounting and reporting practices of selected independent school districts in Oklahoma were adequate. To achieve the purpose of this study, it was necessary to identify appropriate criteria to determine the adequacy of these practices. The criteria were developed in Chapter II. The next procedure was to design a data collection instrument, which is the purpose of this Chapter.

#### Selection of the Method of Collecting Data

As stated in the scope of this study, information was desired from school districts with varying sizes of pupil enrollment and from school districts with a wide geographical dispersion. To accomplish this, the mail questionnaire was chosen as the method of collecting information.

#### Development of the Questions

When constructing the questionnaire, space was provided on the instrument for the identification of the responding school district by city and number. In the event a substantial number of the respondents did not reply, this information was needed to organize follow-up

procedures. The date the respondent completed the instrument was also requested.

The remaining portion of this section is devoted to an analysis of and the reasons for including the questions in the data collection instrument. The procedure entailed the statement of each question, followed by the necessary explanatory remarks.

Question Number 1. What is the enrollment of the school district according to the most recent tabulation? (Enrollment refers to the total number of pupils on the class rolls of all the schools in the district, not the average daily attendance.)

The purpose of this question was to obtain the most recent figures on school enrollment in each of the school districts selected. The responses were later stratified according to the size of pupil enrollment and the most recent figures were important.

Information was requested on pupil enrollment rather than on average daily attendance because many financial decisions are based on the total size of the pupil population. For example, when planning for future buildings and equipment, the total pupil enrollment of the districts becomes important. Average daily attendance does not reveal the number of pupils who were enrolled; consequently, space must be provided for a number of pupils somewhat larger than this figure. While either statistic would have been adequate for this study, it was decided that the enrollment figures would provide more useful information about the size of the district.

Question Number 2. What is the official title of the person who is directly responsible for the maintenance of the financial accounting

records of the district? (Examples: Business Manager, Clerk of the Board of Education, Superintendent, Secretary to the Superintendent, Teacher, etc. This question does not refer to the treasurer.)

One of the criteria developed in Chapter II was that the accounts of a school district should be centralized under the direction of a single officer. (Criteria number eleven, page 30.) The purpose of this question was to determine if such a person had been designated by the school district and, if so, the official title of this individual. Examples were given to prevent possible misunderstanding of the question.

Question Number 3. Does the school district employ a full-time business manager other than the superintendent of the district?

This question is a supplement to Question Number 2. Originally, Questions Number 2 and 3 were combined into one comprehensive inquiry. In order to avoid confusing the respondent, separate questions were devised. Question Number 3 was designed to determine if a full-time employee was responsible for the maintenance of the financial accounting records of the district. This individual is commonly called a business manager. Responses to this question provided additional information for comparison with criterion number eleven, which is concerned with the centralization of accounts under the direction of a single officer. (Page 30.)

Question Number 4. Is a bond required of the individual who maintains the financial accounting records of the district? (This question does not refer to the treasurer.)

Criterion number fifteen states that all individuals who handle cash belonging to the district should be bonded. It is assumed that the

individual who maintains the financial accounting records of the district will also handle cash. This question was included to provide information for comparing with criterion number fifteen. (Page 31.)

Question Number 5. Does the district maintain a Clerk's Appropriation and Allotment Ledger for Schools?

An explanation of the Clerk's Appropriation and Allotment Ledger for Schools was presented in Chapter II, pages 26-27. This question provided information concerning the following criteria: numbers one, two, three, four, six, seven, eight, ten and twelve. (Pages 29-30.) A positive answer to this question would indicate that a substantial number of good financial accounting practices were being utilized by the responding district.

Question Number 6. Is the money received into the general fund clearly identified in the financial accounting records according to source? (Examples of sources would be vocational funds, foundation aid, Elementary and Secondary Education Act funds, County Apportionment, etc.)

It was possible that not all school districts would maintain a Clerk's Appropriation and Allotment Ledger for Schools. This would be indicated by a negative response to the previous question. In this event, information was needed relative to the identification of revenue according to source, as found in criterion number eight. (Page 30.)

Question Number 7. (Refer to 6, above.) For each source of revenue, is an up-to-date balance maintained which shows the amount of money unobligated and remaining to be spent? (Example: budgeted amount less the sum of expenditures and obligations.)



In Chapter II it was determined that a good financial accounting system would provide for budgetary control and for the encumbrance of obligations. (Criteria numbers six and twelve, pages 29-30.) This question, which supplements Question Number 6, was designed to provide this information.

Question Number 8. How many bank accounts are maintained by the school district for the general fund?

According to the Oklahoma handbook on finance and business management, there are thirty-five separate sources of revenue within the general fund.<sup>1</sup> It is possible to have a separate bank account for each of these sources. One indication of good accounting practice would be to have one bank account for all sources of revenue. A breakdown showing each of these sources should then appear in the ledger accounts of the general fund. The implication is that if more than one bank account is maintained for the general fund, the district probably does not separate revenue according to source in the ledger accounts. In addition, criterion number four states, in part, that a fund should include all of the accounts necessary to set forth the financial condition and financial operations of the fund. (Page 29.)

Question Number 9. Give the official title of each individual who signs checks and warrants on the general fund.

Criterion number sixteen summarizes several of the requirements of the Oklahoma School Laws regarding the persons authorized to sign checks and warrants on the general fund. (Page 31.) This question was specifically designed to determine compliance with legal requirements.

Question Number 10. Does the district maintain financial accounting records which reflect the total cost of investment in (a) buildings,

(b) equipment within the buildings, (c) inventories (supplies, food, etc.) and (d) transportation equipment?

In Chapter II excerpts from authoritative statements indicated that school districts should maintain records of equipment, recording the investment at cost, and that periodic inventories of consumable and permanent property should be taken at least annually. (Criteria numbers five and thirteen, pages 29-30.) The purpose of this question was to acquire information concerning these practices.

Question Number 11. When the budget of the school district is approved, the total amount of money for general fund purposes becomes definite and warrants may be written against this appropriation. Does the school district enter the amount of this appropriation into its financial accounting records?

This question was asked to determine if the school district used the accrual basis in accounting for its revenue. (Criterion number seven, page 29.) Those school districts using the Clerk's Appropriation and Allotment Ledger for Schools should answer this question in the affirmative. For those districts that do not use the ledger, information described in criterion number seven is provided for this study. The purpose of this question is, therefore, two-fold: to provide information on the use of the accrual basis of accounting and to serve as a check on the answer to Question Number 5.

Question Number 12. The following is a list of accounting reports which are helpful in describing the financial activities and the financial position of a school district. With regard to the general fund only, please indicate which of the reports are prepared for the local board of education, and how often: (a) balance sheet; (b) statement of

revenue, showing source and amounts; (c) statement of expenditures, showing purpose and amounts; (d) statement of fund balances, showing increases and decreases in fund balances due to receipt and expenditure of money; (e) summary of cash receipts and expenditures, including beginning and ending balances; and (f) other (please specify).

Criterion number fourteen is a summary of the reports suggested as a result of the review of the literature in Chapter II. (Page 31.) Question Number 12 is a recital of these recommended reports to determine which are prepared in the selected school districts.

Question Number 13. Recently, efforts have been made by some school business officials to determine the total cost of a specific educational program. As an example, the total cost of an athletic program can be obtained by accumulating related costs and expenses such as salaries for the coaches, equipment for the participants, medical supplies, heat, light and transportation, among others. Does the school district determine the cost of any of its educational programs? If the answer is yes, please indicate the program(s).

Criterion number nine, page 30, states that a cost accounting system should be established wherever costs can be measured. The purpose of this question was to determine the extent to which selected school districts in Oklahoma utilize a cost system to account for the total cost of a specific educational program.

Question Number 14. Do the financial accounting records of the district reflect the terminology for account titles outlined by the Finance Division, Oklahoma State Board of Education, in its handbook on budgeting and business management?

As was discussed in Chapter II, the Finance Division of the State Board of Education has published an authorized list of terminology for account titles. Criterion number ten reflects this requirement. (Page 30.) This question also provided information concerning compliance with legal provisions of the state, which is outlined in criterion number one. (Page 29.) This question was necessary for those school districts not using the Clerk's Appropriation and Allotment Ledger for Schools.

Question Number 15. Do the financial accounting records of the district reflect the expenditure coding procedures outlined by the Finance Division, Oklahoma State Board of Education, in its handbook on budgeting and business management?

The reason for this question was substantially the same as for Question Number 14. As explained in Chapter II, many of the reports required by the State Board of Education are processed on automatic equipment which requires digital coding. This question provided information which could be compared with criterion numbers five and ten. (Pages 29-30.) It was also needed for those districts not using the Clerk's Appropriation and Allotment Ledger for Schools.

The questions presented and explained in this section were constructed from the criteria developed in Chapter II. At least one question was constructed from each of the sixteen criteria. The questions formed the basis for the collecting of information concerning the financial accounting and reporting practices of selected independent school districts in Oklahoma. The responses to these questions could be compared directly with one or more of the practices suggested by the criteria.

### The Test Questionnaire

One of the difficulties of securing data by use of the questionnaire method is the possibility that the questions will be misunderstood or misinterpreted. The questions presented in the previous section were formulated to be relatively free of technical language to be clear, yet concise. The possibility still remained that the questions would not be understood as intended. To determine the effectiveness of the questions, a test questionnaire was sent to individuals responsible for or engaged in the financial accounting practices in the public schools of Oklahoma. These individuals were asked to examine and evaluate the questions and to give their opinions regarding the following specific points:

1. Are the questions clear? If not, please indicate those that seem unclear.
2. Please indicate those questions that seem to have more than one meaning.
3. Would you suggest additions or deletions to any of the questions? If so, please indicate which one(s).

The test questionnaire contained the questions presented in the previous section. A copy of this instrument may be found in Appendix C to this study.

The test questionnaire was mailed to twenty school officials in twenty widely separated counties in the state of Oklahoma. The counties were selected on the basis of their geographical location to ensure that all general areas of the state would be included. The counties were Cimarron, Cleveland, Coal, Cotton, Delaware, Dewey, Greer, Harmon, Harper, Kay, Kiowa, Mayes, Noble, Nowata, Roger Mills, Sequoyah, Texas,

Tillman and Tulsa. The independent school districts selected comprised school systems whose pupil enrollment ranged from small to large. This procedure was used to obtain a broad sample of responses.

#### Results of the Test Questionnaire

Of the twenty test questionnaires mailed, fifteen were returned. Fourteen of these contained constructive suggestions which resulted in modifications and additions to the list of questions.

One complication arose when an unexpectedly large number of the respondents indicated their districts utilized the services of data processing centers for part or all of their financial accounting records. This caused them to be uncertain about how to answer Questions Number 2, 4 and 5 on the test questionnaire. Question Number 2 asked for the official title of the person responsible for the financial accounting records of the district. The respondents were undecided whether to put the name of a school official or the name of the data processing center. Question Number 4 on the test questionnaire asked if a bond was required of the individual responsible for the financial accounting records of the district. Again, the respondents were uncertain. If the individual responsible for the financial accounting records was a school official, this question could be easily answered. If a data processing center was listed as responsible for the financial accounting records, this question would be difficult to answer. Question Number 5 on the test questionnaire asked if a Clerk's Appropriation and Allotment Ledger for Schools was maintained by the district. The answers to this question were both "yes" and "no" for those who

indicated they used the services of a data processing center. One of the respondents stated that the district did not maintain the ledger, but that it was incorporated in the data processing system.

As a result of the complication described above, an additional question was considered essential to clarify the intention of the inquiry. The question added was:

Does the district utilize the services of a data processing center for any or all of its financial accounting records which pertain to the general fund?

A note was appended to the effect that Questions Number 2, 4 and 5, discussed previously, might be omitted.

Another difficulty was identified when several of the respondents stated they did not maintain any bank accounts since they used the services of a county treasurer. This statement introduced the need for an additional question to determine the school district treasurer. The question added was:

Does the district elect its own treasurer?

If the district has its own treasurer, it will maintain a bank account on the general fund. If the services of the county treasurer are used, the school district should not have a bank account on the general fund.

Modifications to several of the questions were necessary as a result of the responses to the test questionnaire. Question Number 7 on the test questionnaire was amended to specifically apply to the general fund. The original question did not make this clear. The question was modified to read as follows:

For each source of revenue within the general fund, is an up-to-date balance maintained which shows the amount of money

unobligated and remaining to be spent? (Examples of sources would be vocational funds, foundation aid, Elementary and Secondary Education Act funds, County Apportionment, etc.)

In Question Number 9 on the test questionnaire, the respondents were asked to give the title of the individual who signs checks and warrants on the general fund and to indicate which of the two he signed. The original question provided three blank lines for the responses. To simplify the answering and analysis of this question, three separate columns were furnished: one for the title of the individual, one for indicating he signs checks, and one for indicating he signs warrants.

Question Number 9 on the test questionnaire asked if the district maintained financial accounting records which reflected the total cost of investments in various items of equipment, buildings and inventories. One respondent pointed out that the total value of all of these items was available in one lump sum, but considerable effort would have to be expended to separate this figure into the categories requested. On the questionnaire, this same respondent had answered "yes" to Question Number 9 for all of the categories listed. In order to state the question more clearly, it was modified to read:

Does the district maintain financial accounting records which specifically show the cost of investment in (a) buildings, (b) equipment within the buildings, (c) inventories (supplies, food, etc.) and (d) transportation equipment?

Two respondents disclosed that Question Number 11 on the test questionnaire might be confusing. The question was an attempt to determine if the district used the accrual basis of accounting. It was pointed out by the respondents that the budget of a school district does



not become final until a protest period has expired. Question Number 11 was modified to include a statement about the protest period, as follows:

When the budget of the school district is approved, and the protest period has passed, the total amount of money for general fund purposes becomes definite and warrants may be written against the appropriation. Does the school district enter the amount of this appropriation into its financial accounting records?

The remaining questions on the test questionnaire did not require modification. The responses to these appeared acceptable and no remarks were made by the respondents to indicate clarification was necessary. After making the modifications and additions to the questions, a final questionnaire was prepared. The instrument as it was used for gathering data may be found in Appendix D to this study.

#### Design of the Sample

After preparation of the data collection instrument, it was necessary to determine the number of questionnaires to be mailed to independent public school districts in Oklahoma. Two conditions were important to this decision. They were:

1. Responses were desired from independent public school districts with varying sizes of pupil enrollment.
2. Responses were desired from independent public school districts in all seventy-seven counties in Oklahoma.

At the time this study was made, there were 475 independent public school districts in the State of Oklahoma.<sup>2</sup> The districts varied in pupil enrollment from less than 100 to over 50,000. Considerably more

than half of the districts had a pupil enrollment of less than 600. The wide dispersion in pupil enrollment by independent public school districts is shown in Table I.

TABLE I  
NUMBER OF INDEPENDENT SCHOOL DISTRICTS IN OKLAHOMA  
BY SIZE OF PUPIL ENROLLMENT, 1967-1968

Pupil Enrollment	Number of Independent School Districts
0 to 99	4
100 to 199	71
200 to 299	105
300 to 399	62
400 to 499	46
500 to 599	34
600 to 699	20
700 to 799	16
800 to 899	22
900 to 999	7
1,000 to 1,499	31
1,500 to 1,999	15
2,000 to 2,499	12
2,500 to 2,999	4
3,000 to 4,999	14
5,000 to 9,999	7
10,000 to 49,999	3
50,000 and over	<u>2</u>
Total	475

Source: Oklahoma Public Schools, Original Entries and Total Average Daily Attendance, 1967-1968, compiled by the Finance Division, State Department of Education (Oklahoma City, 1968).

Because of the wide dispersion in pupil enrollment among the independent school districts, it was decided to divide the districts into stratifications according to size. The stratifications selected are shown in Table II.

TABLE II  
STRATIFICATION OF INDEPENDENT PUBLIC SCHOOL DISTRICTS  
IN OKLAHOMA BY ENROLLMENT, 1967-1968

Pupil Enrollment	Number of Districts	Percent of All Districts
0 to 99	4	.7%
100 to 599	318	67.0%
600 to 2,999	127	27.0%
3,000 to 49,999	24	5.0%
50,000 and over	2	.3%
Totals	475	100.0%

Source: Oklahoma Public Schools, Original Entries and Total Average Daily Attendance, 1967-1968, compiled by the Finance Division, State Department of Education (Oklahoma, 1968).

It is apparent from Table II that ninety-nine percent of the independent school districts in Oklahoma fall between pupil enrollment sizes of at least 100 but less than 50,000. The extremely large and extremely small districts comprise only 1% of the total. The two large districts with a pupil enrollment in excess of 50,000 were located in Oklahoma's two largest cities, Oklahoma City and Tulsa. These two districts were omitted from this study because of their size. It was

concluded that the financial accounting and reporting practices of these districts would probably not be characteristic of the practices in smaller districts and therefore could constitute a study in themselves.

The four smallest districts were also omitted from this study primarily because of the strong possibility of their annexation to other districts in the near future. This would be consistent with the consolidation policy of the State of Oklahoma to discontinue very small schools. It is also probable that the financial accounting and reporting practices of these four small districts might not be characteristic of the practices of larger districts.

After the omission of the extremely large and extremely small independent school districts, three stratifications remained. Table III shows these stratifications, which were used in this study as the basis for sampling. These stratifications met the first condition in the design of the sample, which was to obtain responses from independent public school districts with varying sizes of pupil enrollment.

In order to obtain the broadest scope possible for the study, it was necessary to devise a system of sampling which would permit responses from independent public school districts in all of the seventy-seven counties in Oklahoma. To accomplish this end, each of the 469 independent school districts included in this study was assigned a number, ranging from the number one through the number 469. Using a table of random numbers,<sup>3</sup> seventy-seven districts were selected. It was found that not all of the seventy-seven counties were included in the initial sample. The random selection was continued until one independent school district had been obtained for each of the seventy-seven

counties. At this point the size of the sample was 125 districts or approximately twenty-seven percent of the school districts included in this study.

TABLE III  
STRATIFICATION OF INDEPENDENT PUBLIC SCHOOL DISTRICTS  
IN OKLAHOMA BY ENROLLMENT, 1967-1968

Pupil Enrollment	Number of Districts	Percent of All Districts
100 to 599	318	68%*
600 to 2,999	127	27%
3,000 to 49,999	24	5%
Totals	469	100%

\*Rounded.

Source: Oklahoma Public Schools, Original Entries and Total Average Daily Attendance, 1967-1968, compiled by the Finance Division, State Department of Education (Oklahoma City, 1968).

The sample of 125 independent public school districts was stratified according to pupil enrollment and the percentage of each stratification to the total sample was calculated. The percentages were found to be almost exactly the same as those desired. The stratifications of the sample with the attending percentages are shown in Table IV. It was concluded that the sample was sufficiently representative of the population for purposes of this study. Questionnaires were mailed

to the sample of 125 independent public school districts during March, 1969. A list of these school districts appears in Appendix E.

TABLE IV  
 SAMPLE OF 125 INDEPENDENT PUBLIC SCHOOL DISTRICTS  
 IN OKLAHOMA BY PUPIL ENROLLMENT, 1967-1968

Pupil Enrollment	Number of Districts	Percent of Total
100 to 599	87	70%
600 to 2,999	33	26%
3,000 to 49,999	<u>5</u>	<u>4%</u>
Totals	125	100%

#### Summary

The purpose of this chapter was to present the development of questions to be used in a questionnaire, the testing of the questions and the design of a sample of independent public school districts in Oklahoma. Each question was designed to obtain information about one or more of the criteria listed on pages 29-31. The questions were placed on a test questionnaire and sent to twenty widely dispersed independent school districts in Oklahoma. As a result of the test, several additions and modifications to the questions were required. The final questionnaire was mailed to 125 independent school districts in Oklahoma. At least one questionnaire was sent to each of the seventy-

seven counties in the state. The sample was properly stratified to include school districts with varying sizes of pupil enrollment in approximately the same ratio that existed in the population of all independent school districts in Oklahoma.

The results of the responses and an analysis of the results are presented in Chapter IV.

## FOOTNOTES

<sup>1</sup>Finance Division, State Board of Education, The School Transportation and Activity Fund Laws Including the State Board of Education Regulations for Administration and Handbook on Budgeting and Business Management (Oklahoma City, 1967), pp. 62-65.

<sup>2</sup>Oklahoma Public Schools, Original Entries and Total Average Daily Attendance, 1967-1968, compiled by the Finance Division, State Board of Education (Oklahoma City, 1968).

<sup>3</sup>John R. Stockton, Business and Economic Statistics (Cincinnati, 1966), Appendix K, pp. 60-65.



## CHAPTER IV

### ANALYSIS OF THE RESULTS OF THE INVESTIGATION

In Chapter III the questionnaire used in this study was discussed and a system of stratified sampling was devised. The questionnaire was mailed to the sample of 125 independent public school districts in Oklahoma. This chapter is devoted to an analysis of the responses to the questionnaire.

#### Responses to the Questionnaire Compared with the Sample Model

Of the 125 questionnaires mailed, ninety-two, or approximately seventy-four percent, were returned. An immediate concern was whether ninety-two responses would be adequate to provide for the scope and stratification desired in the study. Table V shows a comparison of the questionnaires mailed with those received and the percent of each stratification replying. This table also reveals that the smallest percentage of responses to the questionnaire came from those independent public school districts with the smallest pupil enrollment. As the size of the school district increases in pupil enrollment, the percentage of responses also increases.

Table VI shows a comparison of the desired percentages for each stratification with the actual percentages derived from the returned questionnaires. (Refer to Table III, page 52.)

TABLE V  
COMPARISON OF QUESTIONNAIRES MAILED TO 125 INDEPENDENT  
PUBLIC SCHOOL DISTRICTS WITH QUESTIONNAIRES  
RECEIVED, BY NUMBER AND PERCENT

Stratification	Questionnaires Sent	Questionnaires Returned	Percent* Returned
100 to 599	87	56	65%
600 to 2,999	33	31	94%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	125	92	74%

\*Rounded to nearest whole percent.

TABLE VI  
COMPARISON OF SAMPLE EXPECTATIONS WITH QUESTIONNAIRES  
RETURNED, BY PERCENTAGE WITHIN STRATIFICATIONS

Stratification	Sample Expectations*	Questionnaires Returned*
100 to 599	68%	61%
600 to 2,999	27%	34%
3,000 to 49,999	<u>5%</u>	<u>5%</u>
Totals	100%	100%

\*Rounded to nearest whole percent.

It may be observed from Table VI that there is a slight variation between sample expectations and questionnaires returned. It was

expected that sixty-eight percent of the responses would fall in the stratification of school districts with a pupil enrollment of at least 100 but less than 600. Of the ninety-two responses received, sixty-one percent fell in this stratification, seven percent less than was expected. It was also expected that twenty-seven percent of the responses would fall in the stratification of school districts with a pupil enrollment of at least 600 but less than 3,000. Of the ninety-two responses, thirty-four percent fell into this stratification, seven percent more than was expected. The stratification of school districts with at least 3,000 but less than 50,000 pupil enrollment shows the responses to be exactly as expected.

It was concluded that the responses were adequately stratified and sufficient in number for the following reasons:

1. The stratification with the smallest pupil enrollment had by far the greatest number of questionnaires returned. Since this stratification also comprises the largest segment of the population of all independent school districts in Oklahoma, the responses were considered adequate.
2. Although a greater percentage of questionnaires was returned by school districts with a pupil enrollment of at least 600 but less than 3,000, this was not considered critical since most of the analyses performed in this study were by stratifications. The greater number of responses in this stratification tended to improve the conclusions about this group while not seriously affecting the analyses of the others.

A further analysis of the responses revealed that school districts from seventy-one counties in Oklahoma returned the questionnaires. The

original expectation was to obtain responses from all seventy-seven counties in order to ensure the broadest possible scope of information from school districts. Since six counties not included in the responses were sufficiently scattered throughout Oklahoma, it was felt that their omission would not seriously affect the scope of the study. Those counties responding to the questionnaire may be found in Appendix E.

### Analyses of the Responses

The data were arranged according to the stratifications previously described in Chapter III. (Refer to Table III, page 52.) An analysis was then made of each question for each stratification. To present the analyses clearly, these procedures were followed:

1. Each question found on the final questionnaire was repeated for convenience. (The complete questionnaire may be found in Appendix D.)
2. A presentation of the responses to each question was given.
3. A brief conclusion was stated.

Question 1. What is the enrollment of the school district according to the most recent tabulation? (Enrollment refers to the total number of pupils on the class rolls of all the schools in the district, not the average daily attendance.)

As was previously stated in Chapter III, the purpose of this question was to obtain the most recent figures on school enrollment in each of the school districts selected. This was helpful in determining the proper stratification for each district. As a result of the information obtained from this question, two school districts in the smallest stratifications, 100 to 599, were moved to the middle stratification,

600 to 2,999. This accounted for part of the variation between sample expectations and the questionnaires returned, as presented in Table VI, page 57. All other school districts from which responses were received remained in their original stratifications.

Question 2. Does the district utilize the services of a data processing center for the maintenance of any or all of its financial accounting records which pertain to the general fund?

Table VII shows the number and percent of school districts by stratification that answered this question in the affirmative. Two observations may be made:

1. School districts with larger pupil enrollment apparently utilize the services of data processing centers to a greater extent than school districts with smaller pupil enrollment.
2. From the total of ninety-two responses, twenty-two school districts, or approximately twenty-four percent, utilize data processing centers.

Question 3. Does the school district employ a full-time business manager other than the superintendent of the district?

As may be seen in Table VIII, a large majority of the school districts included in this study did not employ a full-time business manager.

It may be observed from Table VIII that not one of the districts sampled in stratification 3,000 to 49,999 indicated a full-time business manager was employed. The group having the best rating was stratification 600 to 2,999, in which twenty percent of the respondents indicated the employment of a full-time business manager. Only one district in

stratification 100 to 599 indicated that a full-time business manager was employed.

TABLE VII

PERCENT AND NUMBER OF SCHOOL DISTRICTS UTILIZING DATA  
PROCESSING CENTERS FOR FINANCIAL ACCOUNTING  
RECORDS, BY STRATIFICATION

Stratification	Number	Responses	Percent of Total Responses*
100 to 599	7	56	12.5%
600 to 2,999	12	31	40.0%
3,000 to 49,999	<u>3</u>	<u>5</u>	<u>60.0%</u>
Totals	22	92	24.0%

\*Rounded to nearest tenth of one percent.

TABLE VIII

NUMBER AND PERCENT OF SCHOOL DISTRICTS THAT EMPLOY A  
FULL-TIME BUSINESS MANAGER, BY STRATIFICATION

Stratification	Number	Responses	Percent*
100 to 599	1	56	1.8%
600 to 2,999	6	31	20.0%
3,000 to 49,999	<u>0</u>	<u>5</u>	<u>0.0%</u>
Totals	7	92	7.6%

\*Rounded to nearest tenth of one percent.

Question 4. If the answer to Question Number 3 is "no," what is the official title of the person who is directly responsible for the financial accounting records of the district?

Table IX contains information concerning the titles of individuals responsible for the financial accounting records of the district. Of the ninety-two responses, seven indicated the employment of a full-time business manager. Table IX analyzes the remaining eight-five responses indicating a full-time business manager was not employed. It will be noted that a large majority of the smallest districts identified the superintendent as the person responsible for the financial accounting records of the district. In the stratification 600 to 2,999, the superintendent was also named most frequently as being responsible for the financial accounting records.

Of the eighty-five responses analyzed in Table IX, twelve did not indicate the title of the person responsible for the financial accounting records of the district. There remained seventy-three districts that answered the question. Sixty-one of these districts indicated that the superintendent was responsible for the district financial accounting records, either solely or in conjunction with another person. This represents approximately eight-four percent of the respondents answering the question. It may be concluded that the superintendent is indeed a rather important individual in the financial accounting aspects of the public school districts included in this study, at least in the two smallest stratifications. In the stratification 3,000 to 49,999, it appears that some person other than the superintendent of the district is responsible for the financial accounting records of the district.

TABLE IX

OFFICIAL TITLES OF PERSONS RESPONSIBLE FOR THE FINANCIAL  
ACCOUNTING RECORDS OF SCHOOL DISTRICTS NOT EMPLOYING  
A FULL-TIME BUSINESS MANAGER

Official Title	Number*	Percent**
Stratification 100 to 599:		
Superintendent	32	58%
Secretary to Superintendent	9	16%
Clerk, Board of Education	5	9%
Superintendent and Secretary	2	4%
No answer given	<u>7</u>	<u>13%</u>
Totals	<u>55</u>	<u>100%</u>
Stratification 600 to 2,999:		
Superintendent	9	33%
Secretary to Superintendent	3	11%
Clerk, Board of Education	2	7%
Financial Secretary	2	7%
Secretary and Superintendent	2	7%
Clerk and Secretary to Superintendent	1	4%
Superintendent and Clerk	1	4%
Clerk and Treasurer	1	4%
Treasurer	1	4%
Superintendent and Activity Fund Custodian	1	4%
No answer given	<u>4</u>	<u>15%</u>
Totals	<u>27</u>	<u>100%</u>
Stratification 3,000 to 49,999:		
Financial Secretary	2	40%
Superintendent and Clerk	1	20%
Clerk, Board of Education	1	20%
No answer given	<u>1</u>	<u>20%</u>
Totals	<u>5</u>	<u>100%</u>

\*This column omits those responses contained in Table VIII.

\*\*Rounded to nearest whole percent.



Question 5. Is a bond required of the individual who maintains the financial accounting records of the district? (This question does not refer to the treasurer nor to the custodians of activity or lunch funds.)

The information presented in Table X indicates that more than half of the school districts sampled required a bond of the person responsible for the maintenance of the financial accounting records of the district. The overall average of sixty-three percent of the sample seems less than desirable. The stratification 600 to 2,999 had the highest percentage of affirmative answers with seventy-one percent. Since the person responsible for the maintenance of the financial accounting records of the district might be expected to handle large sums of money, cash or checks, it would seem that a larger portion of the school districts should require a bond of this individual to protect themselves against possible losses.

Question 6. Does the district elect its own treasurer?

From Table XI it is evident that as the pupil enrollment of a district increases, the district is more apt to elect its own treasurer. As was mentioned in Chapter II, this information was needed to clarify responses concerning the number of bank accounts maintained by each district. (See page 46.)

Question 7. Does the district maintain a Clerk's Appropriation and Allotment Ledger for Schools?

Responses to this question reveal that as the size of the pupil enrollment of the district becomes larger, the less likely a school district is to maintain a Clerk's Appropriation and Allotment Ledger for Schools. Several of the respondents indicated the Ledger was not

TABLE X

NUMBER AND PERCENT OF DISTRICTS REQUIRING A BOND OF THE  
INDIVIDUAL RESPONSIBLE FOR THE MAINTENANCE OF THE  
FINANCIAL ACCOUNTING RECORDS OF THE DISTRICT,  
BY STRATIFICATION

Stratification	Number	Responses	Percent*
100 to 599	33	56	59%
600 to 2,999	22	31	71%
3,000 to 49,999	<u>3</u>	<u>5</u>	<u>60%</u>
Totals	58	92	63%

\*Rounded to nearest whole percent.

TABLE XI

NUMBER AND PERCENT OF DISTRICTS THAT EMPLOY  
THEIR OWN TREASURER, BY STRATIFICATION

Stratification	Number	Responses	Percent*
100 to 599	17	56	30%
600 to 2,999	14	31	46%
3,000 to 49,999	<u>4</u>	<u>5</u>	<u>80%</u>
Totals	35	92	38%

\*Rounded to nearest whole percent.

physically maintained by the district, but was incorporated into their data processing program. The questionnaire did not provide adequate information to determine if the Ledger was maintained locally or not, nor whether the Ledger was kept by hand, machine or data processing centers. The information obtained from the questionnaires is presented in Table XII.

TABLE XII  
NUMBER AND PERCENT OF DISTRICTS THAT MAINTAIN A CLERK'S  
APPROPRIATION AND ALLOTMENT LEDGER FOR SCHOOLS,  
BY STRATIFICATION

Stratification	Number	Responses	Percent*
100 to 599	51	56	91%
600 to 2,999	26	31	84%
3,000 to 49,999	<u>4</u>	<u>5</u>	<u>80%</u>
Totals	81	92	88%

\*Rounded to nearest whole percent.

Question 8. Is the money received into the general fund clearly identified in the financial accounting records according to source? (Examples of sources would be vocational funds, foundation aid, Elementary and Secondary Education Act funds, County Apportionment, etc.)

An inspection of Table XIII reveals that all but three of the ninety-two school districts included in this study indicated that they do identify revenue received into the general fund by source. However, responses of the three school districts indicated that they did maintain a Clerk's Appropriation and Allotment Ledger for Schools. As was pointed out in Chapter III, page 39, this Ledger does provide for identification of revenue by source. Apparently these three school districts should have answered the question with a "yes" instead of a "no." Their answers to question eight are, therefore, probably not valid. In spite of this, it may be concluded that substantially all of the school districts included in this study do identify money received into the general fund by source.

TABLE XIII  
NUMBER AND PERCENT OF DISTRICTS THAT IDENTIFY  
REVENUE ACCORDING TO SOURCE,  
BY STRATIFICATION

Stratification	Number	Responses	Percent*
100 to 599	54	56	96%
600 to 2,999	30	31	97%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	89	92	97%

\*Rounded to nearest whole percent.

Question 9. For each source of revenue within the general fund, is an up-to-date balance maintained which shows the amount of money unobligated and remaining to be spent? (Example: budgeted amount less the sum of expenditures and obligations.)

The responses indicated that school districts with the largest pupil enrollment do maintain up-to-date balances of unobligated money. Responses to the question in the stratification 100 to 599 revealed that this group maintained an up-to-date balance less frequently than did the larger districts. This may be seen in Table XIV. At this point it is well to note that if a district maintains a Clerk's Appropriation and Allotment Ledger for Schools, an up-to-date balance for each source of revenue may be obtained by a simple subtraction procedure. Most of the districts in this smallest stratification do maintain a Clerk's Ledger, in one form or another, as discussed in the analysis to question seven, page 64. While several of these small districts indicated that they did not maintain an up-to-date balance of money that is unobligated, this information could be obtained with a minimum of effort and calculation from the Clerk's Ledger. Therefore, it seemed appropriate to conclude that a large majority of school districts included in this study do maintain an up-to-date balance of unobligated money for each source of revenue within the general fund.

Question 10. How many bank accounts are maintained by the school district for the general fund?

A summary of the responses to this question are presented in Table XV. The answers on the questionnaires indicated that the respondents made different interpretations of the meaning of this question. Fifteen of the districts signified that they did not maintain a bank account for

the general fund. However, all of these districts without exception used the facilities of the county treasurer. The implication is that there is a bank account for the general fund of these fifteen districts, but it is in the name of the county treasurer. Thirty-six other districts use the facilities of the county treasurer, but responded that they maintained one bank account on the general fund. It was decided to combine the answers "none" and "one" when analyzing this question. When this was done, seventy-seven of the ninety-two respondents indicated that one bank account was maintained for the general fund, either in the name of the county treasurer or in the name of the local school district treasurer. The combined answers are shown in Table XV.

TABLE XIV  
NUMBER AND PERCENT OF DISTRICTS MAINTAINING AN  
UP-TO-DATE BALANCE OF UNOBLIGATED MONEY  
FOR EACH SOURCE OF REVENUE,  
BY STRATIFICATION

Stratification	Number	Responses	Percent*
100 to 599	49	56	88%
600 to 2,999	30	31	97%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	84	92	91%

\*Rounded to nearest whole percent.

TABLE XV  
 NUMBER AND PERCENT OF DISTRICTS FOR WHICH ONE  
 OR MORE BANK ACCOUNTS FOR THE GENERAL FUND  
 ARE MAINTAINED, BY STRATIFICATION

Number of Bank Accounts	Number of Districts	Percent*
Stratification 100 to 599:		
0 and 1	50	89%
2 and over	5	9%
Not answered	<u>1</u>	<u>2%</u>
Totals	<u>56</u>	<u>100%</u>
Stratification 600 to 2,999:		
0 and 1	23	75%
2 and over	7	22%
Not answered	<u>1</u>	<u>3%</u>
Totals	<u>31</u>	<u>100%</u>
Stratification 3,000 to 49,999:		
0 and 1	4	80%
2 and over	<u>1</u>	<u>20%</u>
Totals	<u>5</u>	<u>100%</u>

\*Rounded to nearest whole percent.

If all of the stratifications are combined, eighty-three percent of the districts included in this study maintained no more than one bank account for the general fund. This analysis is shown in Table XVI.

Question 11. Give the official title of each individual who signs checks and warrants on the general fund.

The responses to this question were difficult to analyze. After considerable study, it was concluded that either the question was badly

misunderstood by the respondents or a rather large portion of the districts sampled do not comply with the Oklahoma School Laws concerning the signing of warrants and checks on the general fund of the district. Each questionnaire was examined closely for possible remarks by the respondents that might indicate the question was not clear. No such remarks were found. There was evidence, however, that the term "general fund" was not always interpreted by the respondents as it is defined in the Oklahoma School Laws. (Refer to Chapter I, page 6.) One respondent, for example, indicated that the custodian of the activity fund signed checks on the general fund. The Oklahoma School Laws state that the activity fund is distinct and separate from the general fund.<sup>1</sup> Based on the responses to Question Number 11, it was concluded that a large portion of the school districts sampled do not comply fully with the Oklahoma School Laws regarding the signing of checks and warrants on the general fund.

TABLE XVI  
NUMBER AND PERCENT OF DISTRICTS FOR WHICH ONE  
OR MORE BANK ACCOUNTS FOR THE GENERAL FUND  
ARE MAINTAINED

Number of Bank Accounts	Number of Districts	Percent*
0 and 1	77	83%
2 and over	13	14%
No answer given	<u>2</u>	<u>3%</u>
Totals	92	100%

\*Rounded to nearest whole percent.



Table XVII presents an analysis of the individuals who sign warrants on the general fund. Both the president and the clerk of the district board of education are authorized by law to sign warrants. (Refer to Chapter II, page 26.) It was significant that approximately seventeen percent of the respondents listed individuals other than the president and clerk of the local board of education as authorized to sign warrants on the general fund.

Table XVIII shows the number and percent of respondents who listed the district treasurer as the individual who signs checks on the general fund. The Oklahoma School Laws require this official to sign such checks. (Refer to Chapter II, page 26.) It may be observed from Table XVIII that only a very small percent of the districts sampled indicated compliance with the law.

Table XIX lists the titles of other individuals who sign either checks or warrants, or both, on the general fund, and the frequency with which these occur. The individual most frequently indicated was the superintendent of the district.

From the information contained in the questionnaires, as presented in the preceeding three tables, it appears that the school districts sampled do not fully comply with the Oklahoma School Laws concerning the signing of warrants and checks on the general fund of the district.

Question 12(a). Does the district maintain financial accounting records which specifically show the cost of investment in buildings?

Table XX shows a summary of the responses to this question. At least fifty-five percent of the districts sampled responded that they did maintain accounting records that show the cost of investment in

buildings. It is also evident that as the size of the pupil enrollment of the school district increases, the more likely it is that the district will maintain these records.

TABLE XVII  
NUMBER AND PERCENT OF DISTRICTS AUTHORIZING CERTAIN  
INDIVIDUALS TO SIGN WARRANTS ON THE GENERAL FUND,  
BY STRATIFICATION

Official Title and Stratification	Number of Districts	Total Responses	Percent*
President of the Board:			
100 to 599	45	56	80%
600 to 2,999	23	31	74%
3,000 to 49,999	<u>4</u>	<u>5</u>	<u>80%</u>
Totals	<u>72</u>	<u>92</u>	<u>78%</u>
Clerk of the Board:			
100 to 599	44	56	79%
600 to 2,999	21	31	68%
3,000 to 49,999	<u>3</u>	<u>5</u>	<u>60%</u>
Totals	<u>68</u>	<u>92</u>	<u>74%</u>
All Others:			
100 to 599	8	56	14%
600 to 2,999	6	31	19%
3,000 to 49,999	<u>2</u>	<u>5</u>	<u>40%</u>
Totals	<u>16</u>	<u>92</u>	<u>17%</u>
Not Answered:			
All stratifications	<u>5</u>	<u>92</u>	<u>5%</u>

\*Rounded to nearest whole percent.

TABLE XVIII

NUMBER AND PERCENT OF DISTRICTS LISTING THE DISTRICT  
TREASURER AS THE OFFICIAL AUTHORIZED TO  
SIGN CHECKS ON THE GENERAL FUND,  
BY STRATIFICATION

Official Title and Stratification	Number of Districts	Total Responses	Percent*
District Treasurer:			
100 to 599	6	56	11%
600 to 2,999	8	31	26%
3,000 to 49,999	<u>2</u>	<u>5</u>	<u>40%</u>
Totals	16	92	17%

\*Rounded to nearest whole percent.

TABLE XIX

OFFICIAL TITLES OF INDIVIDUALS OTHER THAN THE TREASURER  
WHO SIGN CHECKS AND WARRANTS ON THE GENERAL FUND  
AND THE FREQUENCY OF OCCURRENCE

Official Titles	Number of Districts
Superintendent of the District	24
Clerk of the Board of Education	14
President of the Board of Education	13
Secretary to the Superintendent of the District	10
Any Member of the Board of Education	5
Principal of School	5
Custodian of Activity Fund	1
Business Manager	1
Financial Clerk	1

TABLE XX  
 NUMBER AND PERCENT OF DISTRICTS THAT MAINTAIN  
 ACCOUNTING RECORDS SHOWING COST OF  
 INVESTMENT IN BUILDINGS,  
 BY STRATIFICATION

Stratification	Number of Districts	Total Responses	Percent*
100 to 599	28	56	50%
600 to 2,999	19	31	61%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	52	92	55%

\*Rounded to nearest whole percent.

Question 12(b). Does the district maintain financial accounting records which specifically show the cost of investment in equipment within the buildings?

Table XXI reveals that at least sixty percent of the districts sampled indicated they did maintain accounting records showing the cost of equipment within the buildings. It may also be seen from Table XXI that as the size of the pupil enrollment of the district increases, the more likely it is that the district will maintain these accounting records.

Question 12(c). Does the district maintain financial accounting records which specifically show the cost of investment in inventories (supplies, food, etc.)?

Table XXII presents evidence that sixty-five percent of the districts sampled did maintain accounting records showing the cost of

inventories of supplies, food, etc. It is apparent from Table XXII that larger districts are more likely to maintain these accounting records than the smaller districts.

TABLE XXI  
NUMBER AND PERCENT OF DISTRICTS THAT MAINTAIN ACCOUNTING  
RECORDS SHOWING COST OF INVESTMENT IN EQUIPMENT  
WITHIN BUILDINGS, BY STRATIFICATION

Stratification	Number of Districts	Total Responses	Percent*
100 to 599	31	56	56%
600 to 2,999	19	31	61%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	55	92	60%

\*Rounded to nearest whole percent.

Question 12(d). Does the district maintain financial accounting records which specifically show the cost of investment in transportation equipment?

Table XXVIII shows that at least seventy percent of the districts sampled did maintain accounting records showing the cost of investment in transportation equipment. The table indicates that the larger districts are more likely to maintain accounting records showing the cost of transportation equipment than the smaller districts.

TABLE XXII

NUMBER AND PERCENT OF DISTRICTS THAT MAINTAIN ACCOUNTING  
RECORDS SHOWING COST OF INVESTMENT IN INVENTORIES,  
BY STRATIFICATION

Stratification	Number of Districts	Total Responses	Percent*
100 to 599	32	56	57%
600 to 2,999	23	31	70%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	60	92	65%

\*Rounded to nearest whole percent.

TABLE XXIII

NUMBER AND PERCENT OF DISTRICTS THAT MAINTAIN ACCOUNTING  
RECORDS SHOWING COST OF INVESTMENT IN TRANSPORTATION  
EQUIPMENT, BY STRATIFICATION

Stratification	Number of Districts	Total Responses	Percent*
100 to 599	36	56	64%
600 to 2,999	23	31	70%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	64	92	70%

\*Rounded to the nearest whole percent.

Question 13. When the budget of the school district is approved, and the protest period has passed, the total amount of money for the general fund purposes becomes definite and warrants may be written against this appropriation. Does the school district enter the amount of this appropriation into its financial accounting records?

Table XXIV shows that a large majority of the districts sampled do enter this appropriation into their accounting records.

TABLE XXIV  
NUMBER AND PERCENT OF DISTRICTS THAT ENTER APPROPRIATIONS  
FOR THE GENERAL FUND INTO THE ACCOUNTING RECORDS,  
BY STRATIFICATION

Stratification	Number of Districts	Total Responses	Percent*
100 to 599	54	56	96%
600 to 2,999	30	31	97%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	89	92	97%

\*Rounded to nearest whole percent.

Question 14. Does the school district determine the cost of any of its educational programs? (Example: total cost of an athletic program.)

It may be observed in Table XXV that approximately twenty-three percent of the districts sampled replied that they maintained cost

accounting records for at least one educational program. It is also evident from Table XXV that as the size of the pupil enrollment of the district increases, it becomes more likely that the district will maintain cost records for specific educational programs.

TABLE XV  
NUMBER AND PERCENT OF DISTRICTS THAT DETERMINE THE COST  
OF ANY OF ITS EDUCATIONAL PROGRAMS,  
BY STRATIFICATION

Stratification	Number of Districts	Total Responses	Percent*
100 to 599	11	56	20%
600 to 2,999	7	31	23%
3,000 to 49,999	<u>3</u>	<u>5</u>	<u>60%</u>
Totals	21	92	23%

\*Rounded to nearest whole percent.

A variety of specific programs were indicated by the respondents to this question. Table XXVI presents the names of these programs and the frequency with which they were listed by various school districts. The educational program most frequently mentioned was athletics.

Question 15. With regard to the general fund only, please indicate which of the following financial reports are prepared for the local board of education, and how often: Balance Sheet, Statement of Revenue,



Statement of Expenditures, Statement of Fund Balances and Summary of Cash Receipts. (Space was also provided for the listing of other reports not listed in the question.)

TABLE XXVI

FREQUENCY OF OCCURRENCE OF EDUCATIONAL PROGRAMS  
FOR WHICH DISTRICTS MAINTAIN COST RECORDS\*

Name of Educational Program	Number of Districts
Athletics	7
Special Education	3
Vocational Agriculture	3
Band	2
Federal Programs	2
Capital Outlay	1
Driver Education	1
Elementary School	1
Junior High School	1
Kindergarten	1
Library	1
Music	1
Senior High School	1
Special Reading	1
Transportation	1
Vocational Education	1
Vocational Home Economics	<u>1</u>
Total	29

\*Many districts listed more than one educational program for which cost data were accumulated.

Table XXVII details the number and percent of districts preparing the selected financial reports. The table shows the Statement of

TABLE XXVII  
NUMBER AND PERCENT OF DISTRICTS PREPARING SELECTED  
FINANCIAL REPORTS, BY STRATIFICATION

Financial Report and Stratification	Number of Districts	Total Responses	Percent*
<b>Balance Sheet:</b>			
100 to 599	44	56	80%
600 to 2,999	25	31	81%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	<u>74</u>	<u>92</u>	<u>80%</u>
<b>Statement of Revenue:</b>			
100 to 599	45	56	81%
600 to 2,999	26	31	84%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	<u>76</u>	<u>92</u>	<u>83%</u>
<b>Statement of Expenditures:</b>			
100 to 599	49	56	88%
600 to 2,999	28	31	90%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	<u>82</u>	<u>92</u>	<u>90%</u>
<b>Statement of Fund Balances:</b>			
100 to 599	46	56	82%
600 to 2,999	26	31	84%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	<u>77</u>	<u>92</u>	<u>84%</u>
<b>Summary of Cash Receipts:</b>			
100 to 599	38	56	68%
600 to 2,999	26	31	84%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	<u>69</u>	<u>92</u>	<u>76%</u>

\*Rounded to nearest whole percent.

Expenditures to be the financial report most frequently prepared by all the districts and the Summary of Cash Receipts to be the financial statement least frequently prepared. Also revealed in Table XXVII is that the largest school districts, stratification 3,000 to 49,999 prepared all of the reports all of the time. This was not true of districts in the smaller stratifications. Further inspection of Table XXVII indicates that as the pupil enrollment of the district increases, the more likely the district is to prepare all of the selected financial reports.

While the five selected financial reports were the principal ones prepared by the districts sampled, several of the respondents indicated that they prepared additional reports. The additional reports listed concerned the lunch fund, the activity fund and the building fund. None of these funds are included in the general fund and were consequently not included in the analysis.

The second part of Question Number 15 requested information concerning the frequency with which the selected reports were prepared. Table XXVIII presents these data. The table shows that a majority of the districts prepared the selected financial reports once a month. The second most frequently reported time period is once a year. The column entitled "no answer given" includes responses from those districts which did not prepare the specific report and those districts which indicated they did prepare the specific report but did not state how often.

It should be noted in Table XXVIII that the Statement of Expenditures is the report prepared most frequently and that the Statement of Revenue is the report prepared least frequently. The Summary of Cash

TABLE XXVIII

## FREQUENCY OF PREPARATION OF SELECTED FINANCIAL REPORTS OF DISTRICTS, BY STRATIFICATION

Financial Report and Stratification	Number of Districts Preparing Reports					Total
	One Every Month	One Every Six Months	One Every Year	Some Other Period	No Answer Given	
<b>Balance Sheet:</b>						
100 to 599	29	5	7	3	12	56
600 to 2,999	20	0	2	2	6	31
3,000 to 49,999	3	1	0	0	0	5
Totals	<u>52</u>	<u>6</u>	<u>11</u>	<u>5</u>	<u>18</u>	<u>92</u>
Percent*	<u>57%</u>	<u>7%</u>	<u>12%</u>	<u>5%</u>	<u>19%</u>	<u>100%</u>
<b>Statement of Revenue:</b>						
100 to 599	20	5	16	4	11	56
600 to 2,999	14	3	6	2	6	31
3,000 to 49,999	2	0	2	1	0	5
Totals	<u>36</u>	<u>8</u>	<u>24</u>	<u>7</u>	<u>17</u>	<u>92</u>
Percent*	<u>39%</u>	<u>9%</u>	<u>26%</u>	<u>8%</u>	<u>18%</u>	<u>100%</u>
<b>Statement of Expenditures:</b>						
100 to 599	35	3	9	3	6	56
600 to 2,999	25	0	2	1	3	31
3,000 to 49,999	4	1	0	0	0	5
Totals	<u>64</u>	<u>4</u>	<u>11</u>	<u>4</u>	<u>9</u>	<u>92</u>
Percent*	<u>71%</u>	<u>4%</u>	<u>12%</u>	<u>4%</u>	<u>9%</u>	<u>100%</u>

TABLE XVIII (Continued)

Financial Report and Stratification	One Every Month	One Every Six Months	One Every Year	Some Other Period	No Answer Given	Total
Statement of Fund Balances:						
100 to 599	31	3	9	4	9	56
600 to 2,999	20	1	1	4	5	31
3,000 to 49,999	4	1	0	0	0	5
Totals	<u>55</u>	<u>5</u>	<u>10</u>	<u>8</u>	<u>14</u>	<u>92</u>
Percent*	<u>60%</u>	<u>5%</u>	<u>11%</u>	<u>9%</u>	<u>15%</u>	<u>100%</u>
Summary of Cash Receipts:						
100 to 599	22	2	11	3	18	56
600 to 2,999	15	2	5	4	5	31
3,000 to 49,999	2	0	3	0	0	5
Totals	<u>39</u>	<u>4</u>	<u>19</u>	<u>7</u>	<u>23</u>	<u>92</u>
Percent*	<u>42%</u>	<u>4%</u>	<u>20%</u>	<u>8%</u>	<u>26%</u>	<u>100%</u>

\*Rounded to nearest whole percent.

Receipts was prepared only slightly more frequently than the Statement of Revenue.

From the responses to Question Number 15, it may be concluded that a majority of the school districts sampled do prepare the selected financial reports and that the most frequent time period indicated is once a month.

Question 16. Do the financial accounting records of the district reflect the terminology for account titles outlined by the Finance Division, Oklahoma State Board of Education, in its handbook on budgeting and business management?

Table XXIX shows that practically all of the school districts sampled do follow the guidelines for terminology outlined by the Oklahoma State Board of Education. It may also be noted that as the size of the pupil enrollment of the district increases, the more likely it will be that the guidelines will be followed.

TABLE XXIX

NUMBER AND PERCENT OF DISTRICTS USING REQUIRED TERMINOLOGY  
FOR ACCOUNT TITLES, BY STRATIFICATION

Stratification	Number of Districts	Total Responses	Percent*
100 to 599	51	56	91%
600 to 2,999	31	31	100%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	87	92	95%

\*Rounded to nearest whole percent.

Question 17. Do the financial accounting records of the district reflect the expenditure coding procedures outlined by the Finance Division, Oklahoma State Board of Education, in its handbook on budgeting and business management?

The responses to this question are presented in Table XXX. It may be seen that a large majority of the districts sampled do adhere to the coding procedures outlined by the Oklahoma State Board of Education. Again, the larger school districts seem to comply more completely with the coding procedures than do the smallest districts.

TABLE XXX  
NUMBER AND PERCENT OF DISTRICTS USING REQUIRED CODING  
FOR ACCOUNT TITLES, BY STRATIFICATION

Stratification	Number of Districts	Total Responses	Percent*
100 to 599	51	56	91%
600 to 2,999	31	31	100%
3,000 to 49,999	<u>5</u>	<u>5</u>	<u>100%</u>
Totals	87	92	95%

\*Rounded to nearest whole percent.

#### Comparison of Responses with the Criteria

After analyzing the responses to each question on the questionnaire, a summary was prepared to place the information in perspective. Table

XXXI shows such a summary. It is comprised of percentages derived from the previous section. If the questions lent themselves to percentage analysis, the percentages derived were consolidated into this table. It will be noted that questions about enrollment, using a data processing center and the title of the person responsible for financial records were omitted since the information contained in them could not be reduced to a meaningful percentage. The information about financial reports contained in Table XXVIII, pages 83-84, was converted to percentages for each stratification for each report. The percentages were computed only for the column entitled "One Every Month" since criterion number fourteen, pages 30-31, states that the selected financial reports should be prepared once a month or oftener.

The figures used in Table XXXI represent the ratio of those districts having good financial accounting and reporting practices to the total number of districts in that stratification. For example, two percent of the districts in stratification 100 to 599 responded that they employed the services of a full-time business manager. The remaining portion of the table may be read and interpreted, by stratification, in the same manner.

The next summarizing step was to identify the questions on the questionnaire with the appropriate criteria. This is shown in Table XXXII. For example, questions about the Clerk's Appropriation and Allotment Ledger, the terminology for account titles and expenditure coding procedures are related with criterion number one. In the stratification 100 to 599, the percentages shown in Table XXI, Table XXIX and Table XXX pertaining to this stratification were averaged. The



TABLE XXXI  
 PERCENT OF DISTRICTS INDICATING GOOD FINANCIAL ACCOUNTING  
 AND REPORTING PRACTICES FOR ALL QUESTIONS ON THE  
 QUESTIONNAIRE, BY STRATIFICATION

Number of Question	Stratification		
	Percent* 100-599	Percent* 600-2,999	Percent* 3,000-49,999
3	2%	20%	0%
5	59%	71%	60%
6	30%	46%	80%
7	91%	84%	80%
8	96%	97%	100%
9	88%	97%	100%
10	89%	75%	80%
11 (President)	80%	74%	80%
11 (Clerk)	79%	68%	60%
11 (Treasurer)	11%	26%	40%
12(a)	50%	61%	100%
12(b)	56%	61%	100%
12(c)	57%	70%	100%
12(d)	64%	70%	100%
13	96%	97%	100%
14	20%	23%	60%
15(a) (Prepared)	80%	81%	100%
15(b) (Prepared)	81%	84%	100%
15(c) (Prepared)	88%	90%	100%
15(d) (Prepared)	82%	84%	100%
15(e) (Prepared)	68%	84%	100%
15(a) (How Often)	52%	65%	60%
15(b) (How Often)	36%	45%	40%
15(c) (How Often)	63%	81%	80%
15(d) (How Often)	55%	65%	80%
15(e) (How Often)	40%	50%	40%
16	91%	100%	100%

\*Rounded to nearest whole percent.

TABLE XXXII  
 PERCENT OF DISTRICTS INDICATING GOOD FINANCIAL ACCOUNTING AND  
 REPORTING PRACTICES COMPARED WITH THE CRITERIA,  
 BY STRATIFICATION

Criteria	Questions	Percent* 100-599	Percent* 600-2,999	3,000-49,999
1	7,16,17	91%	95%	93%
2	7	91%	84%	80%
3	7	91%	84%	80%
4	7, 10	90%	80%	80%
5	12, 17	64%	72%	100%
6	7, 9	90%	91%	90%
7	7, 13	94%	91%	90%
8	7, 8	94%	91%	90%
9	14	20%	23%	60%
10	7, 14	91%	92%	90%
11	3	2%	20%	0%
12	7, 9	90%	91%	90%
13	12	57%	66%	100%
14	15	65%	73%	83%
15	5	59%	71%	60%
16	11	57%	56%	60%

\*Rounded to nearest whole percent.

resulting percentage was placed in Table XXXII under the column heading "Percent 100-599." The remaining portion of Table XXXII was derived using the same procedure.

After completing the summarizing process, it was necessary to establish a basis for determining the adequacy of the financial accounting and reporting practices of the responding school districts. The hypothesis of this study was that there are no important differences between the practices suggested by the set of criteria used in this study and the actual financial accounting and reporting practices reported by selected independent school districts in Oklahoma. One basis that might be used to determine the adequacy of the practices would be to compare the percentages contained in Table XXXII with a base of 100 percent. In this case, 100 percent would represent the "standard" for determining the adequacy of the school district practices. The decision rule would be that the hypothesis would be rejected as false when the percentage of school districts adhering to any criteria was less than 100 percent for each stratification. It may be observed in Table XXXII that there were only two criteria meeting the 100 percent "standard." These were in stratification 3,000 to 49,999 and for criteria numbers five and thirteen. The conclusion to be reached under these circumstances would be that the hypothesis should be rejected because there are important differences between the practices of the selected school districts and the set of criteria. This approach was rejected since it did not allow for varying degrees of adherence to the criteria.

The method selected for determining the adequacy of the financial accounting and reporting practices of the districts was one which

allowed for variations in adherence to the criteria. In order to clearly present the varying degrees of adherence to the criteria, the data contained in Table XXXII were rearranged. Those criteria with the highest percentage of adherence were listed first, followed in descending order by those criteria with lower percentages of adherence. Table XXXIII shows such an arrangement for stratification 100 to 599.

TABLE XXXIII  
 PERCENT OF DISTRICTS INDICATING GOOD FINANCIAL ACCOUNTING  
 AND REPORTING PRACTICES COMPARED WITH THE CRITERIA,  
 IN DESCENDING ORDER, FOR STRATIFICATION  
 100 to 599

Criteria	Percent*
7	94%
8	94%
1	91%
2	91%
3	91%
10	91%
4	90%
6	90%
12	90%
14	65%
5	64%
15	59%
13	57%
16	57%
9	20%
11	2%

\*Rounded to nearest whole percent.

A close inspection of Table XXXVIII reveals that nine of the criteria are adhered to by ninety percent or more of the districts in stratification 100 to 599. These criteria are concerned with the compliance with legal provisions, the financial condition of the district, a double-entry basis of accounting with a general ledger, the establishment of proper funds, a self-balancing group of accounts for each fund, a system of budgetary controls, the use of the accrual basis in accounting, the classification of revenue by source and expenditures by fund, function, etc., the use of a common terminology and the encumbering of funds. While it would be desirable for 100 percent of the districts in this stratification to adhere to the criteria, it was concluded that, for purposes of this study, adherence by ninety percent or more of the districts would be adequate. The hypothesis that there are no important differences between the practices suggested by these nine criteria and the financial accounting and reporting practices of districts in stratification 100 to 599 was accepted.

It may also be seen from Table XXXVIII that five of the criteria are adhered to by fifty-seven percent to sixty-five percent of the districts in stratification 100 to 599. These criteria are concerned with a clear segregation between current and fixed assets and liabilities, proper inventory procedures, the frequency of preparation of financial statements, the bonding of individuals who handle cash and the signing of checks and warrants on the general fund. While more than half of the districts in this stratification indicated adherence to these criteria, it is obvious that definite improvement is needed. The conclusion reached was that these practices are adequate, but just barely so. The hypothesis that there are no important differences between the practices

suggested by these five criteria and the financial accounting and reporting practices of districts in stratification 100 to 599 was accepted, but improvement is needed.

Practices of the districts in stratification 100 to 599 relating to two of the criteria are definitely unsatisfactory. These are criterion number nine, concerning the establishment of a cost accounting system and criterion number eleven, which recommends centralization of accounts under the direction of one officer. The hypothesis that there are no important differences between the practices suggested by these two criteria and the financial accounting and reporting practices of districts in stratification 100 to 599 was rejected.

Table XXXIV shows the percent of districts adhering to good accounting and reporting practices for stratification 600 to 2,999. The percentages are listed in descending order and the related criteria are identified.

It may be seen from Table XXXIV that six of the criteria are complied with by ninety-one percent or more of the districts in stratification 600 to 2,999. These criteria are concerned with the adherence with legal provisions, the proper reporting of the financial condition of the district, the use of a system of budgetary controls, the use of the accrual basis in accounting, the classification of revenue by source and expenditures by fund, function, etc., the use of common terminology and the encumbering of funds. The hypothesis that there are no important differences between the practices suggested by these six criteria and the financial accounting and reporting practices of districts in stratification 600 to 2,999 was accepted.

TABLE XXXIV  
 PERCENT OF DISTRICTS INDICATING GOOD FINANCIAL ACCOUNTING  
 AND REPORTING PRACTICES COMPARED WITH THE CRITERIA,  
 IN DESCENDING ORDER FOR STRATIFICATION  
 600 TO 2,999

Criteria	Percent*
1	95%
10	92%
6	91%
7	91%
8	91%
12	91%
2	84%
3	84%
4	80%
14	73%
5	72%
15	71%
13	66%
16	56%
9	23%
11	20%

\*Rounded to nearest whole percent.

Table XXXIV shows that there are eight criteria falling between fifty-six percent and eight-four percent. These criteria pertain to the use of a double-entry basis of accounting, the use of a general ledger, the establishment of proper funds, the establishment of a group of self-balancing accounts for each fund, a clear segregation of current and fixed assets and liabilities, proper inventory procedures, the frequency with which financial reports are prepared, the bonding of individuals who handle cash and the signing of checks and warrants on the general fund. While a majority of the districts indicated compliance with these

criteria, it was concluded that improvement was needed. The hypothesis that there are no important differences between the practices suggested by these eight criteria and the financial accounting and reporting practices of districts in stratification 600 to 2,999 was accepted, but with the reservation that improvement was needed.

Practices of districts in stratification 600 to 2,999 relating to two of the criteria are not adequate. They are criterion number nine, concerning the establishment of a cost accounting system and criterion number eleven, which states that the accounts should be centralized under the direction of one officer. The hypothesis that there are no important differences between the practices suggested by these two criteria and the financial accounting and reporting practices of districts in stratification 600 to 2,999 was rejected.

Table XXXV shows the percent of districts adhering to good financial accounting and reporting practices for stratification 3,000 to 49,999. The percentages are listed in descending order and the related criteria are identified. The table reveals eight of the criteria are adhered to by ninety percent or more of the districts in this stratification. These criteria are concerned with making a clear segregation between current and fixed assets and liabilities, the use of proper inventory procedures, the compliance with legal provisions, the reflecting of the district's financial condition, the use of budgetary controls, the use of the accrual basis in accounting, the classification of revenue by source and expenditures by fund, function, etc., the use of a common terminology and the encumbering of funds. The hypothesis that there are no important differences between the practices suggested by



these eight criteria and the financial accounting and reporting practices of districts in stratification 3,000 to 49,999 was accepted.

TABLE XXXV  
 PERCENT OF DISTRICTS INDICATING GOOD FINANCIAL ACCOUNTING  
 AND REPORTING PRACTICES COMPARED WITH THE CRITERIA,  
 IN DESCENDING ORDER, FOR STRATIFICATION  
 3,000 TO 49,999

Criteria	Percent*
5	100%
13	100%
1	93%
6	90%
7	90%
8	90%
10	90%
12	90%
14	83%
2	80%
3	80%
4	80%
9	60%
15	60%
16	60%
11	0%

\*Rounded to nearest whole percent.

The information in Table XXXV also shows that seven of the criteria are complied with by sixty percent to eighty-three percent of the districts in stratification 3,000 to 49,999. These criteria are concerned with the frequency with which the financial reports are

prepared, the use of the double-entry basis of accounting, the establishment of proper funds, a group of self-balancing accounts for the general fund, the establishment of a cost accounting system, the bonding of individuals who handle cash and the signing of checks and warrants on the general fund. While a majority of districts in this stratification indicated adherence to these seven criteria, improvement is needed. The hypothesis that there are no important differences between the practices suggested by these seven criteria and the financial accounting and reporting practices of districts in stratification 3,000 to 49,999 was accepted, with the reservation that improvement is needed.

Criterion number eleven was not adhered to by any of the districts in stratification 3,000 to 49,999. This criterion recommends that the accounts of the district be placed under the direction of one officer. The hypothesis that there is no important difference between the practice suggested by this criterion and the practices of the districts in stratification 3,000 to 49,999 was rejected.

#### Summary

The purposes of this chapter were to analyze the responses to the questionnaire, compare the responses with the criteria and to conclude whether or not important differences existed between the practices suggested by the criteria and the financial accounting and reporting practices of the districts sampled. To accomplish these purposes, these procedures were followed:

1. The questionnaires returned were stratified into three groups according to the pupil enrollment of the districts.

2. Each questionnaire was marked to identify a response that was considered a good financial accounting or reporting practice.
3. All of the responses were accumulated for each question within each stratification. A percentage figure was then obtained for each question by dividing the number of responses considered good financial accounting and reporting practices by the total responses.
4. The percentage figures were related to the appropriate criteria to determine if the differences that existed were important.
5. The conclusions reached as a result of the analyses were presented.

It was determined that the majority of the financial accounting and reporting practices of the districts sampled were adequate, although some of these practices needed improvement. One practice was considered inadequate in all three of the stratifications. This was criterion number eleven, which recommends that the accounts of the district be under the supervision of one officer. One criterion was considered inadequate for stratifications 100 to 599 and 600 to 2,999. This was criterion number nine, which states that a cost accounting system should be established whenever costs can be measured.

A further discussion of the specific practices is included in Chapter V which contains the conclusions and recommendations to this study.

FOOTNOTES

<sup>1</sup>State Superintendent of Public Instruction, School Laws of Oklahoma, State Board of Education (Oklahoma City, 1967), Art. IV, Sec. 70, p. 50.

## CHAPTER V

### CONCLUSIONS AND RECOMMENDATIONS

The purpose of this study was to determine whether the financial accounting and reporting practices of selected independent public school districts in Oklahoma were adequate. To make such a determination, it was necessary to secure data about school district financial accounting and reporting practices and to compare these practices with those suggested by an acceptable criteria.

By carefully searching the literature, sixteen criteria were identified which were acceptable to authorities in the fields of public school business administration and of accounting. Based on these criteria, a data collection instrument was developed. The instrument was tested for clarity and comprehensibility before being used to collect data.

A sample was designed that would elicit responses from school districts of varying sizes and from a widely dispersed geographical area in Oklahoma. A sample size of 125 resulted. Questionnaires were mailed to 125 randomly selected independent public school districts in Oklahoma, ninety-two of which were returned.

When the questionnaires were returned, they were stratified according to the size of the pupil enrollment of the districts. The responses within stratifications were then compared with the practices

suggested by the criteria by the use of a percentage analysis. The conclusions reached as a result of this analysis are presented in the pages that follow.

### Conclusions

The criteria used in this study were divided into four major categories. The conclusions of this study are presented within these categories. The categories and the criteria related to each are presented below:

1. Control of cash receipts and expenditures. Criteria numbers eleven, fifteen and sixteen are related to this category.
2. The accounting system. Criteria numbers two, three, four, five, six, seven, eight, nine, ten, eleven, twelve and thirteen are related to this category.
3. The reporting practices. Criteria numbers one, six and fourteen are related to this category.
4. Compliance with legal provisions. Criteria numbers one, three, four, ten and sixteen are related to this category.

It may be seen that some of the criteria relate to more than one category. A complete list of the criteria may be found on pages 29-31 of this study.

### Control of Cash Receipts and Expenditures

Table XXXVI is a presentation of the rating of the criteria related to the control of cash receipts and expenditures. The data for this table were obtained from the analyses performed in Chapter IV.

TABLE XXXVI  
 RATING OF CRITERIA RELATED TO CONTROL OF CASH RECEIPTS  
 AND EXPENDITURES, BY STRATIFICATION

Rating	Stratification		
	100-599 Criteria	600-2,999 Criteria	3,000-49,999 Criteria
Adequate	--	--	--
Adequate, with improvement recommended	15,16	15,16	15,16
Inadequate, improvement imperative	11	11	11

It may be seen from Table XXXVI that none of the districts in any of the stratifications was considered adequate in the control of cash receipts and expenditures. From the table it is also apparent that criterion number eleven was considered inadequate for all stratifications. From this information, it would appear that definite improvement in the control of cash receipts and expenditures is needed.

Criterion number eleven states that the accounts of the district should be centralized under the direction of one officer. This officer should be responsible for keeping or supervising all accounts and for preparing and issuing all financial statements. Information obtained from the data collection instrument indicated that only seven districts employed a full-time business manager. (The title of business manager is commonly employed in the field of public school business administration to identify the individual responsible for the maintenance of the

financial accounting and reporting practices of the district.) In the event a full-time business manager was not employed, a second question requested the official title of the individual who was responsible for the maintenance of the district's accounting records. A vast majority of the districts responded that the superintendent, either solely or in conjunction with another person, was responsible for these records. Since the superintendent is responsible for all of the activities of the district, not just the financial aspects, it was considered a good practice for the district to delegate the financial responsibilities to an individual other than the superintendent. Since only seven of the ninety-two districts indicated the employment of a full-time business manager, adherence to criterion number eleven was considered inadequate.

It may also be seen in Table XXXVI that criteria numbers fifteen and sixteen were considered adequate, but improvement is recommended. Criterion number fifteen states that all individuals who handle cash belonging to the district be bonded. The question used to obtain this information from the districts specifically excluded the treasurer. Since the Oklahoma School Laws require the treasurer to be bonded, it seemed unnecessary to secure this information concerning the treasurer. The purpose of the original question was to determine if individuals, other than the treasurer, who handled district funds were bonded. The evidence obtained from the questionnaires indicated that a majority of school districts did require a bond of such an individual. Because the majority was not a large one, the practice was considered adequate, but with the recommendation that all such persons be bonded.

Criterion number sixteen states that the president and the clerk of the board of education should sign all warrants on the general fund



and that the treasurer should sign all checks on the general fund. This is a legal requirement in Oklahoma as well as a control device. The responses revealed that a majority of the districts sampled did adhere to this requirement, although the majority was not a large one. As was discussed on pages 70-72, this question may have been misinterpreted by the respondents, although there was no indication on the questionnaire that this was true. This practice was considered adequate, but with the recommendation that strict adherence to the legal requirements of the State of Oklahoma be observed by all districts.

In summary, the responses from the districts sampled reveal that the control of cash receipts and expenditures is weak and considerable improvement is needed.

#### The Accounting System

Table XXXVII is a presentation of the rating of the criteria related to the accounting system. The data for this table were obtained from the analyses made in Chapter IV.

It may be seen from Table XXXVII that five of the criteria were considered adequate in all three stratifications. These were criteria numbers six, seven, eight, ten and twelve. These criteria are concerned with the provision for budgetary control, the use of the accrual basis in accounting, the classification of revenues by fund and source, the classification of expenditures by fund, function, etc., the use of a common terminology and the encumbering of obligations upon incurrence of a liability. As was pointed out in Chapter III, page 39, the use of the Clerk's Appropriation and Allotment Ledger for Schools would indicate

adherence to these criteria. A majority of the districts do use this ledger, as was indicated on the questionnaires.

TABLE XXXVII  
RATING OF CRITERIA RELATING TO THE ACCOUNTING  
SYSTEM, BY STRATIFICATION

Rating	Stratification		
	100-599 Criteria	600-2,999 Criteria	3,000-49,999 Criteria
Adequate	2 3 4 6 7 8 10 12	6 7 8 10 12	5 6 7 8 10 12 13
Adequate, with improvement recommended	5 13	2 3 4 5 13	2 3 4 9
Inadequate, improvement imperative	9 11	9 11	11

Criteria numbers two, three and four were considered adequate for stratification 100 to 599, but adequate with improvement needed for stratifications 600 to 2,999 and 3,000 to 49,999. These criteria are

concerned with the use of a double-entry basis of accounting, the establishment of funds required by law and a complete self-balancing group of accounts for the general fund. Again, the use of the Clerk's Appropriation and Allotment Ledger for Schools would ensure the adherence to these criteria. A large majority of the districts in stratification 100 to 599 responded on the questionnaire that they did utilize this ledger. The larger districts, stratifications 600 to 2,999 and 3,000 to 49,999 did not utilize the ledger to the extent of the smaller stratification. An inspection of the questionnaires revealed that the larger districts not utilizing the Clerk's Ledger did use the services of a data processing center. To determine with certainty that the practices of the two larger stratifications are adequate with regard to criteria two, three and four, an examination would have to be made of the data processing system that services each of the appropriate districts. This was not within the scope of this study. The conclusion reached, therefore, was that if the districts concerned are not adhering to the criteria, improvement is needed.

From Table XXXVII it may be seen that criterion thirteen was considered adequate for stratification 3,000 to 49,999 but adequate with improvement needed in stratifications 100 to 599 and 600 to 2,999. Criterion number thirteen states that inventories of both consumable and permanent property should be maintained at cost with a physical inventory taken at least once a year. While a majority of the districts indicated they did maintain inventories, it is recommended that the smaller districts could improve on this procedure. While a lack of

money and time may, in some districts, prevent this improvement, the alternative is to jeopardize the safeguarding of the assets of the district.

Attendant to criterion number thirteen is criterion number five, which states that there should be a clear segregation between accounts relating to current assets and current liabilities and those relating to fixed assets and long-term liabilities. Stratification 3,000 to 49,999 again was adequate in this practice, but stratifications 100 to 599 and 600 to 2,999 were considered adequate, but with improvement needed. Criterion number five is an accounting practice which might be considered a refinement to the overall accounting system. Smaller school districts may be prevented from implementing this practice because of money or time limitations. It is, nevertheless, a goal toward which all districts should strive.

Criterion number nine is inadequate in stratifications 100 to 599 and 600 to 2,999. It is adequate, but with improvement needed in stratification 3,000 to 49,999. Criterion number nine states that a cost accounting system should be established wherever costs can be measured. Many school districts offer programs of instruction that might be considered too expensive to support if the true cost was known. One effective method of determining the cost of a program is to accumulate expenditures which are directly or indirectly related to that program. Certain costs, such as electricity and water, may benefit several programs. These costs should be prorated among the various programs on some equitable basis. The total costs accumulated for each program may be compared with the pupils who benefit from the program and in this way determine which of the programs are yielding the best results for the

money expended. At a time when inflation is eroding the value of money and when funds for educational purposes are limited, it would seem that the establishment of a cost accounting system is almost imperative. It is recommended, therefore, that school districts establish a cost accounting system wherever costs can be measured.

Table XXXVII shows that criterion number eleven was considered inadequate in all three stratifications. This criterion concerns the centralization of accounts under the direction of one officer. This was discussed in the previous section on Control of Cash Receipts and Expenditures. The conclusion reached was that some individual other than the superintendent should be responsible for the maintenance of the accounting records of the district. The recommendation is that all school districts strive toward the employment of such an individual.

#### The Reporting Practices

Table XXXVIII is a presentation of the rating of the criteria relating to the financial reporting practices of the districts sampled. The data for this table were obtained from the analyses performed in Chapter IV.

As may be seen from Table XXXVIII, all stratifications of school districts were considered adequate for practices related to criteria numbers one and six. Criterion number one concerns the proper reporting of the financial condition and financial operations of the school district in accordance with legal provisions. Criterion number six states that the financial reports should reflect budgetary information. An examination of the questionnaires revealed that a large majority of the

school districts sampled did adhere to these criteria. Therefore, the conclusion was reached that the practices of the districts sampled were adequate.

TABLE XXXVIII  
RATING OF CRITERIA RELATING TO FINANCIAL REPORTING  
PRACTICES, BY STRATIFICATION

Rating	Stratification		
	100-599 Criteria	600-2,999 Criteria	3,000-49,999 Criteria
Adequate	1,6	1,6	1,6
Adequate, with improvement recommended	14	14	14
Inadequate, improvement imperative	--	--	--

Criterion number fourteen concerns the preparation of certain financial statements and the frequency with which they are prepared. Five statements were recommended: a balance sheet, a statement of revenue, a statement of expenditures, a statement of cash receipts and disbursements and a budget report showing amounts appropriated, spent, encumbered and unencumbered. The criterion further states that the reports were to be prepared at least monthly. Table XXVII, page 81, shows that between seventy-six percent and ninety percent of the

districts prepared these reports. Table XXVIII, pages 83-84, shows that between thirty-nine percent and seventy-one percent of the districts prepared these reports at least once a month. It was concluded that the practices of the districts sampled were adequate, but improvement is needed, especially in the frequency with which the financial reports are prepared.

It may be observed in Table XXXVIII that none of the criteria was considered inadequate.

#### Compliance with Legal Provisions

Table XXXIX is a presentation of the rating of the criteria relating to the compliance with legal provisions of the districts sampled. The data for this table were obtained from the analyses performed in Chapter IV.

From Table XXXIX it is apparent that the practices of the districts sampled relating to criteria numbers one and ten are adequate in all stratifications. Criterion number one concerns the proper reporting of the financial condition and financial operations of the school district in accordance with legal provisions. Criterion number ten states that a common terminology and classification should be used consistently throughout the budget, the accounts and the financial reports. In the handbook published by the Finance Division, Oklahoma State Board of Education, a list of approved titles for accounts are given. A large majority of the districts sampled indicated they adhered to these two criteria. It was concluded that the practices related to these criteria were adequate.

TABLE XXXIX

RATING OF CRITERIA RELATING TO COMPLIANCE WITH  
LEGAL PROVISIONS, BY STRATIFICATION

Rating	Stratification		
	100-599 Criteria	600-2,999 Criteria	3,000-49,999 Criteria
Adequate	1,3,4,10	1,10	1,10
Adequate, with improvement recommended	16	3,4,16	3,4,16
Inadequate, improvement imperative	--	--	--

Criteria numbers three and four were considered adequate for stratification 100 to 599, but adequate with improvement needed for stratifications 600 to 2,999 and 3,000 to 49,999. Criterion number three states that the district should establish the funds called for either by law or by sound financial administration. Criterion number four is concerned with the establishment of a complete self-balancing group of accounts for each fund. Both of these criteria would have been met if the districts sampled maintained a Clerk's Appropriation and Allotment Ledger for Schools. As was discussed previously on page 106, some of the larger districts who responded they did not maintain the Clerk's Ledger used the services of a data processing center. The conclusion that these practices need improving for the larger two stratifications depends upon an analysis of the data processing system used by



these districts. This was not included in the scope of this study. The conclusion reached was that for stratification 100 to 599, the practices relating to criteria numbers three and four were adequate. The conclusion reached for stratifications 600 to 2,999 and 3,000 to 49,999 was that if these districts are not adhering to the criteria, improvement is needed.

As may be seen in Table XXXIX, criterion number sixteen was considered adequate with improvement recommended. Criterion sixteen outlines the requirements of School Laws of Oklahoma regarding the signing of warrants and checks on the general fund. The president and clerk of the local board of education are required to sign warrants. The district treasurer is required to sign checks on the general fund. On pages 71-72, a full discussion of the responses to this question is presented. This criterion is also discussed on pages 102-104 under the section on control of cash receipts and expenditures. If the question on the data collection instrument was properly interpreted by the respondents, it may be concluded that much improvement is needed in this practice, particularly in those districts not adhering to the criterion.

It may be noted in Table XXXIX that none of the criteria was considered inadequate.

#### Summary of Conclusions

The objective of this study was to determine if the financial accounting and reporting practices of selected independent public school districts in Oklahoma were adequate. In the conclusions presented on pages 101-112, it was shown that the districts sampled were deficient in the financial accounting practices involving the control of cash

receipts and expenditures. The practices of the districts were largely adequate concerning compliance with legal provisions except for the signing of checks and warrants on the general fund. The accounting systems and the financial reporting practices of the districts were considered, on the whole, adequate. The general conclusion may be made that in a majority of instances the financial accounting and reporting practices were adequate for the districts sampled.

The evidence available indicates that most school districts utilize a general ledger to record transactions and that the accounting system is on a double-entry basis. In nearly 100 percent of the responses, the funds required by Oklahoma School Laws were established along with a group of self-balancing accounts for each fund. The responses indicated that a budgetary system was employed and that the accrual basis of accounting was used. Revenue and expenses were, in a majority of cases, properly identified using the terminology and classification required by law. The evidence also reflected that a system of encumbrances was regularly utilized. The responses showed that the recommended financial statements were prepared and issued in a manner that was acceptable. There was evidence that a majority of the districts sampled maintained accounting records which reflect the cost of investment in fixed assets and inventories, although improvement in this practice was needed in stratifications 100 to 599 and 600 to 2,999. In all of the above practices, a majority of the districts sampled indicated they adhered to the practices suggested by the criteria.

There is evidence that school districts in stratification 3,000 to 49,999 most frequently adhere to good financial accounting and reporting practices. Stratification 600 to 2,999 ranked second in the frequency

of use of good practices. The smallest districts, stratification 100 to 599, ranked last among the three. This is amply shown in Table XXXI, page 88. It may be concluded, then, that the larger school districts were found to utilize better accounting and reporting practices than smaller school districts.

There were some practices, however, that could not be considered adequate. They are sufficiently important to specifically identify and discuss, which is done below.

1. Very few of the school districts that were sampled had a system of accounting for the cost of specific educational programs. At a time when there is increasing concern about measuring the results of educational processes against their dollar cost, this appears to be an area where improved financial practices would certainly be desirable.

2. Only seven of the ninety-two respondents indicated the employment of a full-time business manager. Of these seven, six respondents were in stratification 600 to 2,999 and one was in stratification 100 to 599. The largest school districts sampled reported they did not employ a business manager. The most frequently mentioned individual responsible for the maintenance of the accounting records of the district was the superintendent. Table IX, page 63, shows the individuals responsible for these records. Because of the consolidation policies of the state and the attendant increase in the size of pupil enrollment of a district, it would seem that a full-time business manager would certainly strengthen the overall financial management of the district.

3. The bonding of individuals, other than the district treasurer, who handle school district money becomes increasingly important as the amount of money increases. Since the large school districts could be

expected to handle large sums of money, it was thought that these districts would more frequently adhere to this criterion. However, this was not the case. The very large districts, stratification 3,000 to 49,999, did not have a percentage rating that would allow this practice to be judged adequate. It would seem, however, that all school districts should be vitally concerned about the bonding of individuals who handle school district money, particularly the large districts.

4. Oklahoma statutes specifically name the individuals who are authorized to sign warrants on the general fund. These individuals are the president and the clerk of the local board of education. The responses from all three stratifications of school districts revealed considerable variation from the legal requirements. Table XVII, Table XVIII and Table XIX, pages 73-74, show the titles of the various individuals reported to sign warrants on the general fund. If the possibility that the respondents misunderstood the question is dismissed, definite improvement in this practice is not only desirable, but mandatory.

5. Oklahoma statutes specifically name the treasurer of the district as the person authorized to sign checks on the general fund. The responses from all three stratifications showed considerable variance from the legal requirement. Table XVIII and Table XIX, page 74, show the titles of the various individuals reported to sign checks on the general fund. Again, if the possibility that the respondents misunderstood the question is dismissed, definite improvement in this practice is mandatory.

### Recommendations for Future Study

At the beginning of this study it was recognized that information obtained from the use of the questionnaires might be unreliable. This form of data collection was used, nevertheless, because it was desired to obtain information from a wide geographical area of Oklahoma and from school districts with varying sizes of pupil enrollment. It was thought that a large mass of information would compensate for inaccurate responses. The author believes that this assumption proved to be a correct one.

In order to provide data which would help to substantiate or repudiate the findings of this study, it would be valuable to collect additional and more complete information from school districts by a personal investigation. Using the criteria developed in this study as a basis for determining questions to be answered, an interviewer could obtain information for comparing with the findings of this study.

Not directly related to the subject matter of this study, but revealed as a result of this investigation, would be an examination of the extent to which data processing facilities are utilized by school districts. Of particular interest would be the kinds of input information required, the kinds of reports prepared, the cost of the service, etc. One question that could be investigated would be whether data processing centers are able to more adequately and economically perform accounting and reporting functions than an individual school district.

It is suggested that an examination of the annual audit reports of school districts would tend to confirm or refute the conclusions of this study. Of special interest would be the auditor's comments to the financial statements.

Additional studies, such as those mentioned, would be of great value in the effort to improve public school financial accounting and reporting practices.

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APPENDIX A

SUMMARY OF PRINCIPLES AND STANDARD PROCEDURES  
RECOMMENDED BY THE NATIONAL COMMITTEE ON  
GOVERNMENTAL ACCOUNTING<sup>1</sup>

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<sup>1</sup>National Committee on Governmental Accounting, Municipal Accounting and Auditing, No. 14 (Chicago, 1951), pp. 1-3. (The underlining was added by the author to indicate those words and phrases omitted or modified by the Association of School Business Officials in their statement on accounting principles and procedures. The statement by the Association may be found in Appendix B.)

## Principles

1. A municipal accounting system must make it possible (1) to show that legal provisions have been complied with and (2) to reflect the financial condition and financial operations of the municipality.
2. If legal and sound accounting provisions conflict, legal provisions must take precedence. It is, however, the finance officer's duty to seek changes in the law which will make such law in harmony with sound accounting principles.
3. The general accounting system should be on a double-entry basis with a general ledger in which all financial transactions are recorded in detail or in summary. Additional subsidiary records should be kept where necessary.
4. Every municipality should establish the funds called for either by law or by sound financial administration. It should be recognized, however, that funds introduce an element of inflexibility in the financial system. Accordingly, consistent with legal provisions and requirements of sound financial administration, as few funds as possible should be established.
5. Depending on the legal and financial requirements mentioned immediately above, the following types of funds are recognized: (1) General, (2) Special Revenue, (3) Working Capital, (4) Special Assessment, (5) Bond, (6) Sinking, (7) Trust and Agency, and (8) Utility or Other Enterprise. This classification of funds to the extent required should be followed in the budget document and in the municipality's financial reports.
6. A complete balancing group of accounts should be established for each fund. This group should include all of the accounts necessary to set forth the financial condition and financial operations of the fund and to reflect compliance with legal provisions.
7. A clear segregation should be made between the accounts relating to current assets and liabilities and those relating to fixed assets and liabilities. With the exception of Working Capital, Utility or Other Enterprise, or Trust Funds, fixed assets should not be carried in the same fund with current assets but should be set up in a self-balancing group of accounts known as the General Fixed Assets Group of Accounts. Similarly, except in Special Assessment and Utility Funds, long-term liabilities should not be carried with the current liabilities of any fund but should be shown in a separate self-balancing group of accounts forming part of the General Bonded Debt and Interest group of accounts.
8. The fixed asset accounts should be maintained on the basis of original cost, or the estimated cost if the original cost is not available, or, in the case of gifts, the appraised value at the time received.

9. Depreciation on general municipal fixed assets should not be computed unless cash for replacements can legally be set aside. Depreciation on such assets may be computed for unit cost purposes even if cash for replacements cannot legally be set aside provided these depreciation charges are used for memorandum purposes only and are not reflected in the accounts.

10. The accounting system should provide for budgetary control for both revenues and expenditures, and the financial statements should reflect, among other things, budgetary information.

11. The use of the accrual basis in accounting for revenues and expenditures is recommended to the extent applicable. Revenues, partially offset by provisions for estimated losses, should be taken into consideration when earned, even though not received in cash. Expenditures should be recorded as soon as liabilities are incurred.

12. Revenues should be classified by fund and source; and expenditures by fund, function, department, activity, character and by main classes of objects, in accordance with standard classifications. (See the Committee's publication, A STANDARD CLASSIFICATION OF MUNICIPAL ACCOUNTS.)

13. Cost accounting systems should be established wherever costs can be measured. Each cost accounting system should provide for the recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job. Although depreciation on general municipal fixed assets may be omitted in the general accounts and reports, it should be considered in determining unit costs if a cost accounting system is used.

14. A common terminology and classification should be used consistently throughout the budget, the accounts, and the financial reports.

#### Standard Procedures

1. The accounts should be centralized under the direction of one officer. He should be responsible for keeping or supervising all accounts and for preparing and issuing all financial reports.

2. A budget should be prepared for every municipality even if not required by law because such budgets are essential to the proper management of its financial affairs. A distinction between the different funds must be made in such a budget.

3. As soon as purchase orders or contracts are signed, the resulting obligations should be recorded at once as encumbrances of the funds and appropriations affected.

4. Inventories of both consumable and permanent property should be kept in subsidiary records controlled by accounts in the general accounting system. Physical inventories of both consumable and permanent property should be taken at least annually and the accounts and records should be made to agree with such inventories.

5. The accounting for municipal enterprises should follow the standard classifications employed by similar private enterprises. Each college, hospital, library, and other public institutions should follow the standard classifications for such institutions.

6. Financial reports should be prepared monthly or oftener, to show the current condition of the budgetary accounts and other information necessary to control operations. At least once each year a general financial report should be prepared and published.

7. There should be general uniformity in the financial reports of all municipalities of similar type and size.

8. A periodic audit by independent accountants is desirable.

APPENDIX B

RECOMMENDED PUBLIC SCHOOL DISTRICT ACCOUNTING

PRINCIPLES AND PROCEDURES<sup>1</sup>

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<sup>1</sup>Charles W. Foster, ed., Proceedings of the Annual Convention, Association of School Business Officials of the United States and Canada (Chicago, 1964), pp. 280-282. (The underlining was added by the author to indicate those words and phrases not included in the pronouncement by the National Committee on Governmental Accounting. The Committee's statement may be found in Appendix A.)

## Principles

1. A school district's accounting system must make it possible to:
  - a. show that legal provisions have been complied with and,
  - b. to reflect the financial condition and financial operations of the school district.
  
2. If legal and sound accounting provisions conflict, legal provisions must take precedence. It is, however, the school district's duty to seek changes in the law which will make such law in harmony with sound accounting principles.
  
3. The general accounting system should be on a double-entry basis with a general ledger in which all financial transactions are recorded in detail or summary.
  
4. Every school district should establish the funds called for either by law or by sound financial administration. It should be recognized, however, that funds introduce an element of inflexibility in the financial system. Accordingly, consistent with legal provisions and requirements of sound financial administration, as few funds as possible should be established. The classification of funds to the extent required should be followed in the budget document and in the school district financial reports.
  
4. A complete self-balancing group of accounts should be established for each fund. This group should include all of the accounts necessary to set forth the financial condition and financial operations of the fund and to reflect compliance with legal provisions.
  
6. A clear segregation should be made between accounts relating to current assets and current liabilities and those relating to fixed assets and long term liabilities. With the exception of Working Capital or Trust Funds, fixed assets should not be carried in the same fund with the current assets but should be set up in a self-balancing group of accounts known as General Fixed Asset Group of Accounts by the National Committee on Governmental Accounting. Similarly long-term liabilities should not be carried with the current liabilities of any fund but should be shown in a separate self-balancing group of accounts.
  
7. The fixed asset group of accounts should be maintained on the basis of original cost, or the estimated cost if the original cost is not available; or, in the case of gifts, the appraised value at the time received.
  
8. Depreciation on the general fixed assets of a school district should not be recorded in the accounts unless cash for replacement can legally be set aside. Depreciation on such assets may be computed for unit purposes even if cash for replacements cannot legally be set aside providing these depreciation charges are used for memorandum purposes only and are not reflected in the accounts.

9. The accounting system should provide for budgetary control for both revenues and expenditures, and the financial statements should reflect, among other things, budgetary information.

10. The use of the accrual basis in accounting for revenues and expenditures is recommended to the extent applicable. Revenues, partially offset by provisions for estimated losses, should be taken into consideration when earned, even though not received in cash. Expenditures should be recorded as soon as liabilities are incurred.

11. Revenues should be classified by fund and source; and expenditures by fund, function, department, activity, character and by main classes of objects. This classification will permit reporting to governmental agencies on a basis consistent with recommendations of the Office of Education of the United States Department of Health, Education and Welfare in its 1957 publication entitled FINANCIAL ACCOUNTING FOR LOCAL AND STATE SCHOOL SYSTEMS, STANDARD RECEIPT AND EXPENDITURE ACCOUNTS.

12. Cost accounting systems should be established wherever costs can be measured. Each cost accounting system should provide for the recording of all elements of cost incurred to accomplish a purpose, to carry on an activity or operation or to complete a unit of work or a specific job. Although depreciation on general fixed assets may be omitted in the general accounts and reports, it should be considered in determining unit costs if a cost accounting system is used.

13. A common terminology and classification should be used consistently throughout the budget, the accounts and the financial reports.

#### Standard Procedures

1. The accounts should be centralized under the direction of one officer. He should be responsible for keeping or supervising all accounts and for preparing and issuing all financial reports.

2. A budget should be prepared by every organizational unit of the school district even if not required by law because such budgets are essential to the proper management of the school district's financial budgets.

3. As soon as purchase orders or contracts are signed, the resulting obligations should be recorded at once as encumbrances of the funds and appropriations affected.

4. Where applicable, inventories of both consumable and permanent property should be kept in subsidiary records controlled by accounts in the general accounting system and physical inventories of both consumable and permanent property should be taken at least annually with the accounts and records made to agree with such inventories.



5. Financial reports should be prepared monthly or oftener, to show the current condition of the budgetary accounts and other information necessary to control operations. At least once a year a general financial report should be prepared and published.

6. An independent annual audit is recommended.

APPENDIX C

TEST QUESTIONNAIRES AND

RELATED MATERIALS

Department of Accounting  
Division of Business  
Central State College  
Edmond, Oklahoma 73034

This letter is a request for your help. I am currently engaged in writing a doctoral dissertation for a degree in Higher Education at Oklahoma State University, with a major in Accounting. I have developed a questionnaire that I want to send to 125 independent school districts in the state. Before a general mailing is attempted, this instrument needs to be examined and evaluated by individuals familiar with public school financial accounting practices. This is where your help will be invaluable to me.

A great deal of time has been devoted to framing questions that are relatively free of technical language and that are clear and concise. I am concerned that the questions might be misinterpreted or misunderstood by the respondents. It would be of tremendous benefit to me if you would complete the enclosed questionnaire and give me your opinion concerning the following:

1. Are the questions clear? If not, please indicate those that seem unclear.
2. Please indicate those questions that seem to have more than one meaning.
3. Would you suggest additions or deletions to any of the questions? If so, please indicate which ones.

Please make your remarks on the questionnaire beside the question concerned. All of your responses will be kept in the strictest confidence.

I realize that what I am asking will involve time, effort and thought that you may need to give to other matters. As a gesture of my appreciation for your much needed help, I will be happy to send you a brief of the results of my study, "An Analysis of the Financial Accounting Practices of Selected Public School Districts in Oklahoma."

Sincerely,

John W. Hutchinson  
Professor of Accounting

## QUESTIONNAIRE

Independent School District No. \_\_\_\_\_, \_\_\_\_\_, Oklahoma.  
(city)

Date \_\_\_\_\_.

Please place answers in the space provided.

- \_\_\_\_\_ 1. What is the enrollment of the school district according to the most recent tabulation? (Enrollment refers to the total number of pupils on the class rolls of all the schools in the district, not the average daily attendance.)
- \_\_\_\_\_ 2. What is the official title of the person who is directly responsible for the maintenance of the financial accounting records of the district?

\_\_\_\_\_  
(Examples: Business Manager, Clerk of the Board of Education, Superintendent, Secretary to the Superintendent, Teacher, etc. This question does not refer to the treasurer.)

- \_\_\_\_\_ 3. Does the school district employ a full-time business manager other than the superintendent of the district?
- \_\_\_\_\_ 4. Is a bond required of the individual who maintains the financial accounting records of the district? (This question does not refer to the treasurer.)
- \_\_\_\_\_ 5. Does the district maintain a Clerk's Appropriation and Allotment Ledger for Schools?
- \_\_\_\_\_ 6. Is the money received into the general fund clearly identified in the financial accounting records according to source? (Examples of sources would be vocational funds, foundation aid, Elementary and Secondary Education Act funds, County Apportionment, etc.)
- \_\_\_\_\_ 7. (Refer to 6, above.) For each source of revenue, is an up-to-date balance maintained which shows the amount of money unobligated and remaining to be spent? (Example: budgeted amount less the sum of expenditures and obligations.)
- \_\_\_\_\_ 8. How many bank accounts are maintained by the school district for the general fund?
- \_\_\_\_\_ 9. Give the official title of each individual who signs checks and warrants on the general fund:
- \_\_\_\_\_

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10. Does the district maintain financial accounting records which reflect the total cost of investment in:

- a. Buildings.
- b. Equipment within the buildings.
- c. Inventories (supplies, food, etc.).
- d. Transportation equipment.

           11. When the budget of the school district is approved, the total amount of money for general fund purposes becomes definite and warrants may be written against this appropriation. Does the school district enter the amount of this appropriation into its financial accounting records?

12. The following is a list of accounting reports which are helpful in describing the financial activities and the financial position of a school district. With regard to the general fund only, please indicate which of the reports are prepared for the local board of education, and how often:

<u>Report</u>	<u>Prepared (yes-no)</u>	<u>How Often</u>
a. Balance Sheet.	_____	_____
b. Statement of Revenue, showing source and amounts.	_____	_____
c. Statement of Expenditures, showing purpose and amounts.	_____	_____
d. Statement of Fund Balances, showing increases and decreases in fund balances due to receipt and expenditure of money.	_____	_____
e. Summary of Cash Receipts and Expenditures, including beginning and ending balances.	_____	_____
f. Other (Please specify)	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- \_\_\_\_\_ 13. Recently, efforts have been made by some school business officials to determine the total cost of a specific educational program. As an example, the total cost of an athletic program can be obtained by accumulating related costs and expenses such as salaries for the coaches, equipment for the participants, medical supplies, heat, light and transportation, among others. Does the school district determine the cost of any of its educational programs? If the answer is yes, please indicate the program(s):

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- \_\_\_\_\_ \*14. Do the financial accounting records of the district reflect the terminology for account titles outlined by the Finance Division, Oklahoma State Board of Education, in its handbook on budgeting and business management?

- \_\_\_\_\_ \*15. Do the financial accounting records of the district reflect the expenditure coding procedures outlined by the Finance Division, Oklahoma State Board of Education, in its handbook on budgeting and business management?

\* Bulletin No. 145-0, 1967-69.

APPENDIX D

FINAL QUESTIONNAIRE AND

RELATED MATERIALS

Department of Accounting  
Division of Business  
Central State College  
Edmond, Oklahoma 73034

I am currently writing a dissertation for the degree of Doctor of Education at Oklahoma State University. The title of my study is "An Analysis of the Financial Accounting Practices of Independent School Districts in Oklahoma." The general objective of the paper is to determine the financial accounting practices presently utilized in independent school districts and to compare these practices with the requirements of other states, recommendations found in recent literature, and financial accounting principles which are generally accepted. The enclosed questionnaire is designed to provide a part of the information important to this study.

Your help is greatly needed. By completing the enclosed questionnaire, you, along with 125 others, can provide valuable information from which preliminary conclusions may be drawn. These conclusions will be further supported by a personal visit to a number of the responding school districts, which I plan for the near future.

In order to minimize the time asked of you, I have purposefully prepared the questions so that most may be answered briefly. Usually a simple "yes" or "no" will suffice. If you feel the need to qualify your response to any of the questions, you may place your remarks in the margin. Please use the enclosed envelope to return the questionnaire.

Needless to say, your response will be of tremendous benefit to me. It is difficult to thank you enough, but as a gesture of my appreciation for your efforts, I will be happy to send you a summary of the results of my study when it is completed.

Sincerely,

John W. Hutchinson  
Ass't. Prof., Accounting

Enclosures



## QUESTIONNAIRE

Independent School District No. \_\_\_\_\_, \_\_\_\_\_, Oklahoma

Date \_\_\_\_\_

Please place answers in the space provided.

\_\_\_\_\_ 1. What is the enrollment of the school district according to the most recent tabulation? (Enrollment refers to the total number of pupils on the class rolls of all the schools in the district, not the average daily attendance.)

\_\_\_\_\_ 2. Does the district utilize the services of a data processing center for the maintenance of any or all of its financial accounting records which pertain to the general fund?

(NOTE: If the answer to question 2 is "yes," questions 4, 5, and 7 might not be applicable and may be omitted.)

\_\_\_\_\_ 3. Does the school district employ a full-time business manager other than the superintendent of the district?

\*4. If the answer to question 3 is "no," what is the official title of the person who is directly responsible for the financial accounting records of the district?

(Examples: Superintendent of the District, Clerk of the Board of Education, Secretary to the Superintendent, Teacher, etc. This question does not refer to the treasurer.)

\_\_\_\_\_ \*5. Is a bond required of the individual who maintains the financial accounting records of the district? (This question does not refer to the treasurer nor to the custodians of activity or lunch funds.)

\_\_\_\_\_ 6. Does the district elect its own treasurer?

\_\_\_\_\_ \*7. Does the district maintain a Clerk's Appropriation and Allotment Ledger for Schools?

\_\_\_\_\_ 8. Is the money received into the general fund clearly identified in the financial accounting records according to source? (Examples of sources would be vocational funds, foundation aid, Elementary and Secondary Education Act funds, County Apportionment, etc.)

\_\_\_\_\_ 9. (Refer to 8, above.) For each source of revenue within the general fund, is an up-to-date balance maintained which shows the amount of money unobligated and remaining to be spent? (Example: budgeted amount less the sum of expenditures and obligations.)

\_\_\_\_\_ 10. How many bank accounts are maintained by the school district for the general fund?

11. Give the official title of each individual who signs checks and warrants on the general fund:

<u>Title</u>	<u>Checks (yes-no)</u>	<u>Warrants (yes-no)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

12. Does the district maintain financial accounting records which specifically show the cost of investment in:

- \_\_\_\_\_ a. Buildings.
- \_\_\_\_\_ b. Equipment within the buildings.
- \_\_\_\_\_ c. Inventories (supplies, food, etc.).
- \_\_\_\_\_ d. Transportation equipment.

\_\_\_\_\_ 13. When the budget of the school district is approved, and the protest period has passed, the total amount of money for general fund purposes becomes definite and warrants may be written against this appropriation. Does the school district enter the amount of this appropriation into its financial accounting records?

\_\_\_\_\_ 14. Recently, efforts have been made by some school business officials to determine the total cost of a specific educational program. As an example, the total cost of an athletic program can be obtained by accumulating related costs and expenses such as salaries for the coaches, equipment for the participants, medical supplies, heat, light and transportation, among others. Does the school district determine the cost of any of its educational programs? If the answer is "yes," please indicate the program(s):

\_\_\_\_\_

\_\_\_\_\_

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15. The following is a list of accounting reports which are helpful in describing the financial activities and financial position of a school district. With regard to the general fund only, please indicate which of the reports are prepared for the local board of education, and how often:

<u>Report</u>	<u>Prepared (yes-no)</u>	<u>How Often</u>
a. Balance Sheet.	_____	_____
b. Statement of Revenue, showing source and amounts.	_____	_____
c. Statement of Expenditures, showing purpose and amounts.	_____	_____
d. Statement of Fund Balances, showing increases and decreases in fund balances due to receipt and expenditure of money.	_____	_____
e. Summary of Cash Receipts and Expenditures, including beginning and ending balances.	_____	_____
f. Other (please specify).	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

\_\_\_\_\_ 16. Do the financial accounting records of the district reflect the terminology for account titles outlined by the Finance Division, Oklahoma State Board of Education, in its handbook on budgeting and business management? (Bulletin No. 145-0, 1967-69.)

\_\_\_\_\_ 17. Do the financial accounting records of the district reflect the expenditure coding procedures outlined by the Finance Division, Oklahoma State Board of Education, in its handbook on budgeting and business management? (Bulletin No. 145-0, 1967-69.)

APPENDIX E

SAMPLE OF INDEPENDENT SCHOOL  
DISTRICTS IN OKLAHOMA

County	District Number	Post Office	Questionnaires Returned
Adair	11	Westville	X
	25	Stilwell	X
	30	Stilwell	X
Alfalfa	46	Cherokee	X
Atoka	26	Caney	
Beaver	75	Balko	X
Beckham	31	Sayre	
	50	Carter	
	9	Okeene	X
Blaine	42	Watonga	X
	1	Durant	X
Bryan	5	Caddo	X
	12	Yuba	
	68	Apache	
Caddo	12	Lookeba	X
	161	Hinton	X
	22	Piedmont	X
Canadian	57	Union City	X
	27	Ardmore	X
Carter	32	Lone Grove	X
	77	Ardmore	X
	16	Hulbert	
Cherokee	35	Tahlequah	X
	1	Boswell	
Choctaw	3	Grant	
Cimmaron	2	Boise City	
	11	Keyes	X
Cleveland	29	Norman	X
	57	Lexington	
Coal	1	Coalgate	X
	2	Tupelo	
Comanche	3	Sterling	
	4	Geronimo	X
	8	Lawton	X
	132	Chattanooga	X
Cotton	1	Walters	
Craig	6	Ketchum	
	17	Welch	X
Creek	18	Kiefer	
	20	Oilton	X
	31	Kellyville	
Custer	6	Thomas	X
	26	Weatherford	X
	99	Clinton	X
Delaware	3	Kansas	
Dewey	8	Seiling	
Ellis	2	Fargo	X
	3	Arnett	X
	47½	Garber	X

County	District Number	Post Office	Questionnaires Returned
Garfield	1	Waukomis	X
	94	Covington	X
Garvin	18	Pauls Valley	X
	72	Elmore City	
Grady	1	Chickasha	X
	51	Ninnekah	
	97	Tuttle	X
Grant	54	Medford	X
Greer	3	Granite	X
Harmon	6	Gould	
Harper	4	Buffalo	X
Haskell	13	Kinta	X
Hughes	1	Holdenville	X
	35	Holdenville	
Jackson	18	Altus	X
Jefferson	1	Ryan	X
	14	Ringling	
	2	Mill Creek	X
Kay	18	Braman	
Kingfisher	87	Tonkawa	X
	2	Dover	X
	3	Lomega	X
Kiowa	3	Gotebo	X
Latimer	3	Talihina	X
LeFlore	17	Cameron	
	29	Poteau	X
Lincoln	54	Stroud	X
Logan	2	Crescent	X
Love	4	Thackerville	X
	5	Burneyville	X
	84	Fairview	X
Marshall	2	Madill	X
Mayes	17	Locust Grove	
McClain	1	Newcastle	X
	10	Wayne	X
	5	Idabel	X
McCurtain	71	Battiest	X
	1	Eufaula	X
McIntosh	1	Sulphur	
Murray	4	Boynton	
	6	Webbers Falls	X
	46	Braggs	
Noble	5	Marland	
Nowata	40	Nowata	X
Okfuskee	2	Mason	X
Oklahoma	3	Luther	X
	12	Edmond	X
Okmulgee	2	Henryetta	X

County	District Number	Post Office	Questionnaires Returned
Osage	2	Pawhuska	X
Ottawa	14	Quapaw	
	18	Commerce	X
	26	Afton	X
Pawnee	6	Cleveland	X
	69	Ralston	
Payne	56	Perkins	X
Pittsburg	11	Haileyville	
	28	Crowder	X
	30	Savanna	
Pontotoc	16	Ada	
	19	Ada	X
	37	Roff	
Pottawatomic	17	Maud	X
	115	Wanette	X
Pushmataha	A	Antlers	X
	1	Rattan	X
	10	Clayton	X
Roger Mills	7	Cheyenne	
Rogers	1	Claremore	X
	7	Foyil	X
Seminole	6	New Lima	
Sequoyah	5	Roland	
Stephens	2	Comanche	X
	21	Duncan	X
Texas	61	Texhoma	
Tillman	249	Grandfield	
Tulsa	13	Glenpool	
Wagoner	3	Porter	X
Washington	7	Dewey	X
	15	Ochelata	
Washita	1	Sentinel	X
	3	Dill City	X
	7	Burns Flat	X
	11	Canute	X
	78	Cordell	
Woods	6	Freedom	X
Woodward	2	Mooreland	X

