



WINDHAM SCHOOL  
DISTRICT

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**DATE:** December 4, 2014  
**PAGE:** 1 of 4  
**SUPERSEDES:** OP-11.05  
March 11, 2004

# **OPERATING PROCEDURES**

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**SUBJECT:** ACCOUNTING

**AUTHORITY:** Texas Education Code Chapter 19.004

**APPLICABILITY:** Windham School District (WSD)

## **POLICY**

The WSD financial records are developed and maintained on a consistent and systematic basis to provide information and service to the WSD Board of Trustees, superintendent, administrators, and representatives of other government agencies, both state and federal.

## **PROCEDURES**

### I. Compliance with Legal Requirements

- A. This system has been designed so the accounting records will be kept in compliance with the state and federal legal provisions.
- B. The system has been designed with statutory requirements in mind and establishes at least the minimum accounting system required by the Texas Education Agency (TEA), the Texas Department of Criminal Justice (TDCJ), and the state auditor.

### II. Budgetary Control

- A. A requirement is placed on each agency to adopt a budget to include all anticipated revenues and expenditures.
- B. Proper budgetary accounting includes the following:
  - 1. Control of expenditures in accordance with budgetary provisions;
  - 2. Compilation of data to serve as a guide in the preparation of future budgets

and to serve as the basis for information appearing on required reports; and

3. The inclusion of the budget as an integral part of the accounting records.

### III. Separate Fund Accountability

WSD is set up with three independent accounting entities.

- A. Windham Regular Fund consists of financial transactions from the regular state foundation program and has sub-funds for bilingual education, academic education, vocational education, and special education.
- B. Windham Special Fund provides separate accountability for all state contracts and grants, and all federal and private projects. Each contract, grant, or project is treated as a sub-fund.
- C. Contract Education Fund accounts for all revenues and expenditures from memorandums of understanding between WSD and TDCJ.

### IV. Modified Accrual Accounting

WSD employs a modified accrual accounting system.

- A. Revenues are recorded when received, except at year end when earned or defined revenue is recorded for the fiscal year.
- B. Expenditures are recorded as paid, except at year end when all outstanding liabilities are recorded as Accounts Payable for the fiscal year.

### V. Double Entry System

WSD employs the double entry system for the proper recording, balancing, and control of accounting transactions. The principle of the double entry system is that for every entry made to the debit side of a fund account, an entry or entries for a corresponding amount will be made to the credit side of an account for the same fund. The debits must always equal the credits.

### VI. Uniform Classification of Accounts and General Ledger

A uniform classification of accounts is essential for recording financial information in a consistent manner in order to be capable of comparison with similar data of prior periods or with education agencies of like characteristics and for summarizing information sent to the TEA.

### VII. Centralized Accounting

All fiscal functions and funds operated within WSD will be under the direction of the WSD chief financial officer.

VIII. Revenues - Gross Basis

Revenues shall be recorded on a gross basis. This policy will result in showing per revenue account the amount of all revenue from all sources, such as federal, state, and local, and providing revenue information within the classification of accounts for budgeting, accounting, and reporting purposes.

IX. Furniture and Equipment Capital Outlay

A. Furniture and equipment purchased through governmental fund types costing \$5,000 or more per unit and meeting the following criteria shall be entered and controlled in the general fund asset group of accounts:

1. Is not consumed as a result of use;
2. Has a useful life of at least one year;
3. Is controllable, in that it is tangible in nature, can be identified by a permanent or assigned number or label, and can be reasonably accounted for through a physical inventory system, either as a single item or as a member of a group of like items.

B. Items costing \$1,000 or more, but less than \$5,000, will be included and controlled in the general fund asset group.

C. Items that should be controlled if cost exceeds \$500:

1. Televisions;
2. Video players; and
3. Camera equipment.

D. Computer related equipment, if \$500 or more, will be controlled and software over \$5,000 will be controlled.

X. Encumbrances

Encumbrance accounting is used to control budgeted expenditures for supplies, materials, equipment, and contracted services and shall be included in the centralized accounting system. Prior to the end of the fiscal year, every effort should be made to liquidate encumbrances.

XI. Project Accounting

A. Project accounting will be used for programs that are approved for carryover funding or for longer periods than the state fiscal year and for programs that are approved for periods that extend into another state fiscal year.

- B. The deciding factor as to whether or not to use project accounting depends upon whether cost by project is required. Should any project fall within the examples above and at the same time require costing by project period, project accounting must be employed.

XII. Historically Underutilized Business (HUB) Accounting

A standardized monthly report shall be submitted to the TDCJ HUB coordinator, which indicates the volume of participation by companies designated as certified HUBs.

- A. The report shall be initiated by the business supervisor from data obtained from the purchasing system.
- B. The report shall be submitted to TDCJ Contracts and Procurement monthly.

Signature on file \_\_\_\_\_  
Paul Brown  
Director, Division of Administrative and  
Business Service