

Travel Expense Voucher (Form A-10)

Expenditure document used to report travel expense incurred by State employees and to request reimbursement.

Treasury Permit (Form A-6)

Form used by the Department of Finance for transmitting all State money to the State Treasurer and authorizing such amounts to be credited to the accounts indicated.

Trial Balance

A list of the balances of all ledger accounts with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal, the ledger is said to be "in balance."

Trust Fund

A fund consisting of resources received and held by the State as trustee to be expended or invested in accordance with the conditions of the trust.

Unallotted Appropriation

Appropriation balances available for allotment.

Unencumbered Balance of Allotment

That portion of an allotment not yet expended or encumbered.

Unexpended Balance of Allotment

That portion of an allotment which has not yet been expended.

Unliquidated Encumbrances

Encumbrances which have not yet been paid or approved for payment.

Voucher

A document that serves as authorization by the Department of Finance for a disbursement by the State. In most cases the voucher consists of a Standard Invoice together with supporting documents.

Voucher for Old Age Assistance (Form OA-30)

Expenditure document issued by the Department of Welfare certifying the names of persons to whom the old age assistance payments are to be made and authorizing such payments.

Voucher Transmittal Register (Form A-25)

A record of vouchers transmitted to the Auditor; it is the basis for reconciling total vouchers transmitted with total warrants issued by the Auditor.

Voucher Transmittal Sheet (Form A-7)

Form used by the Department of Finance to authorize the Auditor to issue warrants on the Treasurer for the payment of the vouchers transmitted therewith.

Warrant

An order upon the State Treasurer authorizing him to pay a duly approved claim against the State.

FOREWORD

The Governmental Reorganization Act of 1936 established a centralized Department of Finance in the Kentucky State Government with the objective of securing for the Commonwealth the benefits of integrated and effective administration of its finances. The new Department of Finance was vested with broad powers and responsibilities in connection with the accounting, budgeting, purchasing, personnel, and property control functions of the state government. The adoption of this legislation was followed immediately by the formulation and installation of organization plans and operating procedures designed to secure the most effective administration of the activities allocated to the Finance Department by the Reorganization Act.

The development of the organization structure and procedures was necessarily complicated by the fact that the Reorganization Act provides, until January, 1940, for some duplication of accounting activities between the Department of Finance and the Auditor of Public Accounts, and moreover the Department must until that time perform post audit functions which will thereafter be the major responsibility of the Auditor. Certain features, therefore, were included in the installation with the understanding that they are to be discarded upon the termination of this transitional period. The procedure also recognizes certain terms and practices that are not consistent with approved standards but are required by existing constitutional or statutory provisions. In particular, the county fee system presented a formidable obstacle in securing adequate control over the State receipts and expenditures involving county officials.

It was realized that a sound installation could not be achieved by the application of purely theoretical criteria, but that the particular conditions under which the fiscal offices must function had to be given careful consideration. Throughout the course of the work, the approach was that of providing the State with fiscal structure and procedures that embody recognized practice and at the same time are adapted to the specific needs and conditions of the Commonwealth of Kentucky. With this in mind, the final detailed description of the installation was deferred until the Department of Finance had been functioning for a period of six months, and the organization plan and procedures had thus been subjected to adequate trial, with necessary adjustments made in the light of actual experience.

It was felt that the stability and the efficient operation of the State reorganization and installations would be facilitated through the preparation of a handbook dealing with fiscal matters proper. This handbook deals only incidentally with procurement functions, as these are covered in a separate "Purchasing Manual," issued in November, 1936. The detailed rules and regulations governing personnel administration obviated the need for preparing instructions covering that subject.

The complexities of financial administration in Kentucky called for a document that would not be a mere outline of organization and procedures but that would gather in one volume all the basic facts pertinent to the handling of the State's finances. Thus the scope of the Handbook of Financial Administration embraces not only the functions of the Department of Finance but also those of the Department of the Treasury, Auditor of Public Accounts, and the Department of Revenue.

In order to achieve its ultimate objectives, this Handbook of Financial Administration

has been designed to serve five purposes: (1) to enable all agencies of the Commonwealth to understand the prescribed procedures, (2) to instruct employees of the various fiscal offices, (3) to expedite effective supervision of such employees, (4) to indicate constitutional and statutory provisions relating to finance that require revision, and (5) to make available to interested citizens a complete description of how the State's finances are administered.

With these purposes in mind, an effort has been made first to present a description of the essential procedures in as non-technical a manner as is possible in dealing with material of this type, second to summarize the principles of accounting and administration upon which the procedures are based, and third to explain the constitutional and statutory provisions which circumscribe the new fiscal organization and operations. This has necessitated the inclusion of considerable background material to supplement the description of the procedures.

The preparation of the Handbook of Financial Administration completes the work of Public Administration Service in assisting in making effective the Reorganization Act of 1936. The following staff members working under the direction of Joseph Pois, Administrative and Legal Consultant, and Donald C. Stone, Director of Public Administration Service, participated in the development and installation of the procedures and the preparation of this Handbook: Walter O. Harris, C.P.A., Edward B. Wilber, Milton A. Provus, Israel Rafkind, and John D. Lange.

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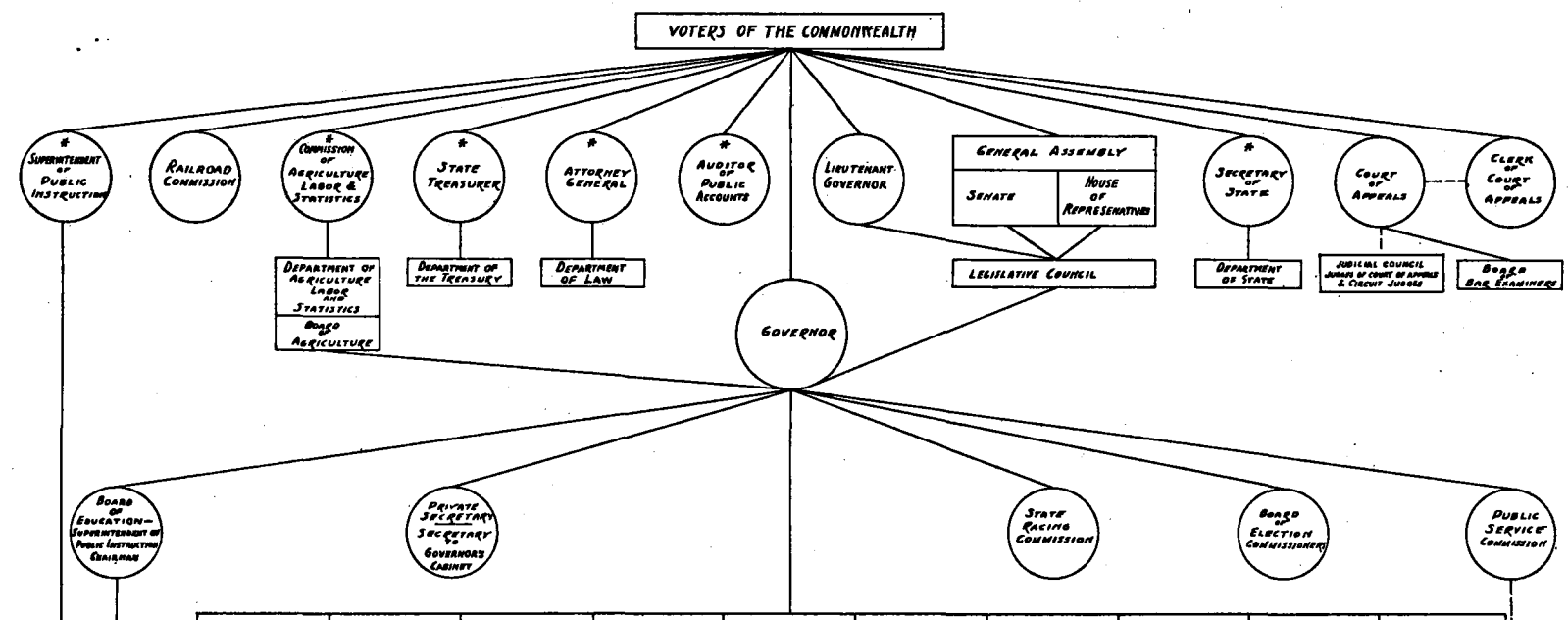
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REORGANIZATION OF THE
GOVERNMENT OF KENTUCKY
Reflecting The Changes
Made By The Reorganization Act Of 1936



DEPARTMENT OF EDUCATION	DEPARTMENT OF MINES & MINERALS	DEPARTMENT OF CONSERVATION & COMMISSIONER	DEPARTMENT OF HIGHWAYS & COMMISSIONER	DEPARTMENT OF MILITARY AFFAIRS & ADJUTANT GENERAL	DEPARTMENT OF LIBRARIES AND ARCHIVES & STATE CLERK	DEPARTMENT OF FINANCE & COMMISSIONER	DEPARTMENT OF REVENUE & COMMISSIONER	DEPARTMENT OF WELFARE & COMMISSIONER	DEPARTMENT OF HEALTH & COMMISSIONER	DEPARTMENT OF INDUSTRIAL RELATIONS & COMMISSIONER	DEPARTMENT OF BUSINESS REGULATION & COMMISSIONER
DIVISIONS— 1. FINANCE & STATISTICS 2. SUPERVISION 3. ATTENDANCE 4. PUBLIC RELATIONS 5. BUILDINGS & EQUIPMENT 6. TRAINING, INCLUDING HOME SCIENCE 7. NATIONAL REHABILITATION 8. VESPER EDUCATION 9. STATE TEACHER COMMISSION 10. UNIVERSITY OF KY. COLLEGE OF EDUCATION 11. UNIVERSITY OF KY. COLLEGE OF EDUCATION 12. UNIVERSITY OF KY. COLLEGE OF EDUCATION 13. UNIVERSITY OF KY. COLLEGE OF EDUCATION 14. UNIVERSITY OF KY. COLLEGE OF EDUCATION 15. UNIVERSITY OF KY. COLLEGE OF EDUCATION 16. UNIVERSITY OF KY. COLLEGE OF EDUCATION 17. UNIVERSITY OF KY. COLLEGE OF EDUCATION 18. UNIVERSITY OF KY. COLLEGE OF EDUCATION	CHIEF INSPECTOR DIVISIONS— 1. COAL MINING 2. GEOLOGY	DIVISIONS— 1. GAME & FISH 2. LAND USE, FORESTRY & RECREATION 3. WATER, SOIL, AND AIR 4. PUBLICITY 5. PUBLICITY BY PROJECTS COM. & RESEARCH	DIVISIONS— 1. RECORDS & EQUIPMENT 2. MAINTENANCE 3. CONSTRUCTION 4. HIGHWAY MATERIAL	DIVISIONS— 1. NATIONAL GUARD 2. RESERVE 3. TRAINING - SOLDIERS 4. RESERVE WITH 5. STATE ADVISORY	DIVISIONS— 1. LIBRARY SERVICE 2. LEGISLATION AND LAW 3. LIBRARY	DIVISIONS— 1. BUDGET AND CAPITAL 2. ACCOUNTS AND PUBLIC DEBT 3. PERSONNEL EFFICIENCY 4. INVESTIGATION 5. PARTITIONS OF THIS DIVISION WILL BE REFERRED TO THE AUDITOR OF PUBLIC ACCOUNTS IN JANUARY 1940	DIVISIONS— 1. COLLECTOR 2. FIELD 3. GENERAL TRAINING 4. INVESTIGATION 5. STATE OFFICIALS 6. STATISTICS	BOARD OF WELFARE ADVISORY DIVISIONS— 1. ADMINISTRATION 2. HOSPITALS AND PUBLIC HEALTH 3. SOCIAL SERVICE 4. PUBLIC ASSISTANCE 5. FIELD OPERATIONS 6. LABORATORY OF CHEMICAL ANALYSIS - OTHER NEW DIVISIONS	BOARD OF HEALTH FUNCTIONS— 1. FOOD AND DRUG CONTROL 2. SANITATION AND VITAL STATISTICS 3. PREVENTION AND CONTROL OF DISEASES 4. ADMINISTRATION AND SUPERVISION OF COUNTY BOARDS OF HEALTH 5. ADMINISTRATION OF MEDICAL PRACTICE ACT BY CRIPPLED CHILDREN'S COM.	BOARD OF INDUSTRIAL RELATIONS DIVISIONS— 1. UNEMPLOYMENT COMPENSATION BOARD 2. STATE AND LOCAL BOARD OF CONCILIATION 3. STATE BOARD OF CONCILIATION 4. STATE BOARD OF CONCILIATION 5. STATE BOARD OF CONCILIATION 6. STATE BOARD OF CONCILIATION 7. STATE BOARD OF CONCILIATION 8. STATE BOARD OF CONCILIATION 9. STATE BOARD OF CONCILIATION 10. STATE BOARD OF CONCILIATION 11. STATE BOARD OF CONCILIATION 12. STATE BOARD OF CONCILIATION 13. STATE BOARD OF CONCILIATION 14. STATE BOARD OF CONCILIATION 15. STATE BOARD OF CONCILIATION 16. STATE BOARD OF CONCILIATION 17. STATE BOARD OF CONCILIATION 18. STATE BOARD OF CONCILIATION	DIVISIONS— 1. STATE TRAINING 2. PUBLIC CONTROL 3. BANKING 4. SECURITIES 5. INSURANCE 6. PROFESSIONAL REGULATION 7. EXAMINERS BOARD

* MEMBERS OF THE GOVERNOR'S CABINET
 ** INSTITUTIONS WITH OWN GOVERNING BOARDS AND SUBJECT TO CONTROL OF THE COUNCIL ON PUBLIC HEALTH & EDUCATION
 ●● OWN GOVERNING BOARDS

PART I
Chapter I

FISCAL STRUCTURE OF THE
STATE GOVERNMENT*

The basis of the administrative structure for the management of the finances of the Commonwealth of Kentucky is found in the State's Constitution and various statutory provisions. Fortunately, the framers of the Constitution did not attempt to prescribe the details of fiscal organization, thus affording the General Assembly considerable latitude in determining the State's fiscal structure.

The resultant legislation has varied from fragmentary enactments to comprehensive statutes covering the various phases of fiscal organization and procedures. Such legislation has shown a definite trend from diffusion to centralization of financial administration and has reflected a broadening concept of the scope of the finance activity. Thus, the recent statutes endeavor not only to make the fiscal offices a means of control but seek to make them effective instrumentalities in the planning of the State's finances and in the coordination of finance with the various operating activities.

The Legislature has given increasing recognition to the importance of financial administration in the efficient operation of the State Government. It has, therefore, sought to provide the Executive with adequate facilities for the formulation and execution of financial plans and for the effective control of expenditures. In its recent enactments, the General Assembly has differentiated between current accounting work and the post audit function. Under the law the former is clearly an administrative instrument, while the latter is established as a means for securing an independent review of the financial transactions and practices of the Administration.

Constitutional and Basic Statutory Provisions

The Constitution provides for a Treasurer and an Auditor of Public Accounts elected by popular vote for terms of four years, and ineligible for reelection; the duties of these two officials are left entirely to definition by statute (Sec. 91 and 93 Const.).

It is required, however, that the General Assembly provide by law for "monthly investigation" into the accounts of the Treasurer and Auditor, the results of which must be reported to the Governor. These reports must be published semi-annually in two newspapers of general circulation in the State, and copies transmitted by the Governor to the General Assembly at the beginning of each session (Sec. 53 Const.). It is further provided that the fiscal year should begin July 1 unless otherwise provided by law (Sec. 169 Const.); this has not been changed except for the Department of Highways, the fiscal year of which runs from April 1 to March 31 inclusive (Sec. 4356t-17-1). Money may be drawn from the Treasury only in accordance with an appropriation made by law; and a statement of all receipts and expenditures of all public money must be published annually (Sec. 230 Const.).

The present fiscal structure is largely the result of the Budget and Financial Administration Act (Article I-b of Chapter 59 of the Statutes) enacted in 1934 and the Reorganization Acts of 1934 and 1936 (Chapter 119a of the Statutes). In many instances these Acts merely represent redistribution of functions provided by earlier statutes. Prior to the

*Unless otherwise indicated, all section references are to Baldwin's 1936 Revision of Carroll's Kentucky Statutes.

passage of the above Acts the main features of the State's financial organization were as follows:

1. The Auditor of Public Accounts had the functions of accounting for and auditing of receipts and expenditures and control of commitments (Sec. 137 et seq.).
2. The Treasurer was the custodian of State funds and the disbursing officer (Sec. 4680 et seq.).
3. The Inspector and Examiner was the post-auditing official (Sec. 4619 et seq.) and also acted as ex officio State Budget Officer and Secretary of the Budget Commission, which consisted of the Governor, Auditor, and Chairman of the State Tax Commission (Sec. 1992a, 1930 Edition).
4. The Budget Commission prepared a tentative budget for submission to the Legislature.
5. The Auditor maintained a budgetary control ledger and had the power to interpret appropriations; appeals from the Auditor's decisions could be taken to the Budget Commission.
6. The Tax Commission had the functions of equalization of assessments and administration of tax laws.

The 1934 Reorganization Act and the Budget and Financial Administration Act adopted in the same year abolished the Budget Commission and created a Board of Finance, which was also designated as the Department of Finance and Budgetary Control (Sec. 1992b-1 et seq. and Sec. 4618-41 to 43). The Board consisted of the Governor, as ex officio chairman; Auditor; Inspector and Examiner, who was continued as ex officio State Budget Officer; Chairman of the State Tax Commission; and the Secretary of the Executive Cabinet as ex officio Secretary of the Department and Board. The functions of the Budget Commission were transferred to the Board of Finance, which was given broader powers over fiscal affairs and procedures. The Budget and Financial Administration Act is of major significance; since it completely sets forth the State's fiscal procedures and policies, substantially all of which provisions are in effect at the present time. Some of the subjects covered by this Act are preparation and submission of the budget; lapsing and transfer of appropriations; pre-audit and payment of claims; control of receivables; receipt, custody, and disbursement of cash; essentials of the Commonwealth's accounting system; and fiscal reporting.

The 1934 Reorganization Act also created a Department of Public Property consisting of the Governor (who served as Chairman), Auditor, Treasurer, Secretary of State, Attorney General, a member of the State Highway Commission, a member of the Department of Public Welfare, Superintendent of Parks, and Commissioner of Purchases (Sec. 4618-44). Among the functions of this Department were the control over all State property, the approval of all printing, and the authorization of out-of-State travel by officials of the Commonwealth (Sec. 4618-47). The 1936 Reorganization Act abolished the Department of Finance and Budgetary Control and the Department of Public Property and transferred their functions to the newly created Department of Finance, in which were centralized most of the State's activities concerned with financial administration. As is pointed out in the following discussion of the present fiscal structure, the integration required a complete change in the responsibilities of the Auditor of Public Accounts.

Auditor of Public Accounts

Under the provisions of the 1936 Reorganization Act (Sec. 4618-134) the Auditor of

Public Accounts retains until the first Monday in January, 1940, all powers and duties previously vested in him. There are, however, two exceptions: the Auditor may issue warrants on the Treasurer only after the disbursements have been approved by the Department of Finance; and the latter Department replaces the Auditor as the agency through which monies are paid into the State Treasury (Sec. 4618-85).

The activities of the Auditor consist essentially of the approval of commitments as to available balances, drawing of warrants upon the State Treasurer authorizing the payment of claims, and the maintenance of various records as to the financial status and transactions of the Commonwealth (Sec. 137 et. seq.). The issuance of a warrant involves an examination of the claim; while the record keeping function as defined by statute includes receipts, amounts due to and payable by the Commonwealth, public debt, compensation to members of the General Assembly, appropriations, allotments, and commitments (Sec. 1992b-26 et. seq.). A record of warrants issued must be kept to show the total amount issued for each department (Sec. 146). Monthly there must be filed with the Secretary of State a reconciliation of the accounts of the Auditor with those of the Treasurer (Sec. 159); and biennially the Auditor must make a report to each regular session of the General Assembly (Sec. 155). These functions for the most part duplicate those performed by the Division of Accounts and Control of the Department of Finance; but, as is indicated below, this condition will be eliminated in 1940 when the Auditor's functions will be restricted to those of a post-audit character.

In 1940 the Auditor of Public Accounts will be relieved of all accounting functions of an operating character and thereafter will not be responsible for keeping any accounts except those relative to his own operations and records of outstanding warrants. The 1936 Reorganization Act declares that it is the policy of the General Assembly "to provide for the independent auditing of the accounts and financial transactions of all spending agencies of the State through a disinterested auditor who is entirely independent of the State administration whose affairs he is called upon to audit." Thus the law sets up the Auditor of Public Accounts as an independent agency for determining whether the financial policies and practices prescribed by the Legislature have been observed.

In accordance with Sections 4618-134 and 135, the activities of the Auditor, after the first Monday in January, 1940, will consist of the following:

1. To audit annually or at such times as may be expedient the accounts of all agencies, including the general accounts of the State.
2. To make a complete audit of all monies collected for the State by local officials. (This is permissive except when the Governor, Legislative Council, or Commissioner of Finance makes a written request for such an audit.)
3. To investigate the controlling of all State property, and verify the existence and condition of property charged to any State agency.
4. To audit all statements of financial condition and operations of the State Government, including estimates of resources available for appropriation and estimates of receipts, and to certify the results of the audit for the guidance of the General Assembly.
5. To report in writing any illegal, irregular, or improper financial administration to the Governor, each member of the Legislative Council, and the Commissioner of Finance.

6. To assist the Legislative Council at hearings and investigations and cooperate with the Council in the preparation of its reports to the General Assembly.
7. To keep accounts of the cost of his operations and of each separate audit and investigation.
8. To keep a record of State warrants outstanding as of the end of each calendar month.
9. To furnish a copy of each audit or investigation report to the head of the agency involved, the Governor, the Commissioner of Finance, and each member of the Legislative Council.
10. Not later than December 15 preceding each regular session of the General Assembly, to furnish each member of the Legislature with a printed report summarizing the results of all his audits and investigations since his last preceding biennial report.

The Auditor will have access to and authority to examine any and all books, accounts, reports, vouchers, correspondence files and other records, and the money or other property of any State agency. Any failure or refusal to permit such access and examination or any interference with such an examination is made a misdemeanor punishable by fine or imprisonment or both (Sec. 4618-136).

State Treasurer

The State Treasurer acts as head of the Department of the Treasury, the functions of which consist primarily of the receipt, custody, and disbursement of the State's monies. The detailed functioning of this office is described in Chapter XI, but it should be noted at this point that no monies may be deposited by any agency directly with the Treasurer, but must be transmitted through the Department of Finance. No State money may be deposited in a special or personal bank account, but must be paid promptly into the Treasury through the Department of Finance (Sec. 1992b-45). The Treasurer must place all money in not less than three depositories recommended by him and approved by the Commissioner of Finance (Sec. 1992-b-44 and 4692). Disbursements are made by the Treasurer on the basis of warrants issued by the Auditor with the prior authorization of the Department of Finance (Sec. 4618-85 and 4688).

An important power of the Treasurer is that of stamping warrants interest bearing, but the 1936 Reorganization Act definitely restricts the exercise of this power by requiring the written approval of the Department of Finance before warrants may be so stamped. (Sec. 4618-85).

The Treasurer is required to keep books showing receipts and disbursements by funds and departments, and must keep an account with each depository (Sec. 4697). Annually, the Treasurer is required to submit a report of all money received and disbursed for every department and showing the name of each depository and the rate of interest paid by it on State deposits. The report must be placed before the General Assembly by the sixth day of its session (Sec. 4698).

ORGANIZATION
OF THE
DEPARTMENT OF FINANCE
COMMONWEALTH OF KENTUCKY

COMMISSIONER OF FINANCE

DIVISION OF THE BUDGET
DIRECTOR
<ol style="list-style-type: none"> 1. STUDIES OPERATING NEEDS AND RESOURCES OF THE STATE 2. FORMULATES BUDGET PLAN AND PREPARES BUDGET DOCUMENT 3. MAKES ALLOTMENTS TO ALL STATE AGENCIES 4. REVIEWS AND REPORTS ON OPERATION OF THE BUDGET PLAN

DIVISION OF ACCOUNTS AND CONTROL
CONTROLLER
<ol style="list-style-type: none"> 1. MAINTAINS CENTRALIZED ACCOUNTING RECORDS 2. PREPARES FISCAL REPORTS 3. CONTROLS THE INCURRING OF OBLIGATIONS 4. PRE-AUDITS AND CERTIFIES CLAIMS FOR PAYMENT. 5. RECEIVES AND CURRENTLY AUDITS RECEIPTS AND CONTROLS RECEIVABLES 6. AUDITS ACCOUNTS OF THE TREASURER MONTHLY.

DIVISION OF PURCHASES AND PUBLIC PROPERTIES
DIRECTOR
<ol style="list-style-type: none"> 1. PURCHASES FOR THE COMBINED REQUIREMENTS OF THE STATE GOVERNMENT. 2. DEVELOPS STANDARD SPECIFICATIONS AND INSPECTS ITEMS PURCHASED. 3. HAS CUSTODY OF AND MAINTAINS STATE BUILDINGS. 4. MAINTAINS PERPETUAL INVENTORY RECORDS OF PLANT AND EQUIPMENT. 5. OPERATES MAIL AND MESSENGER SERVICE. 6. OPERATES A CENTRAL STOREROOM OF SUPPLIES.

DIVISION OF PERSONNEL EFFICIENCY
DIRECTOR
<ol style="list-style-type: none"> 1. TESTS APPLICANTS AND MAINTAINS EMPLOYMENT LISTS OF PERSONS ELIGIBLE FOR APPOINTMENT TO THE STATE SERVICE. 2. PREPARES CLASSIFICATION AND COMPENSATION PLANS. 3. MAINTAINS A ROSTER OF ALL STATE EMPLOYEES. 4. CHECKS ALL PAYROLLS. 5. FORMULATES PERSONNEL RULES AND REGULATIONS.

DIVISION OF POST AUDIT *
DIRECTOR
<ol style="list-style-type: none"> 1. AUDITS THE ACCOUNTS OF ALL STATE AGENCIES AT LEAST ANNUALLY. 2. AUDITS THE ACCOUNTS OF COUNTIES AT LEAST ANNUALLY.

* TO BE ABOLISHED AFTER 1940 AND FUNCTIONS ASSUMED BY THE AUDITOR.

Prepared by
PUBLIC ADMINISTRATION SERVICE
FEB. 1937

Department of Finance

The Department of Finance, as established by the 1936 Reorganization Act, is the focal point of the State's financial administration, although its fullest effectiveness will not be realized until the duplication of activities between this Department and the Auditor of Public Accounts is eliminated in 1940. The Department is headed by the Commissioner of Finance appointed by and responsible to the Governor; the law provides that the Commissioner "shall be the chief financial officer of the State and the advisor of the Governor and the General Assembly in financial matters, and at all times shall be charged with protecting the financial interests of the State" (Sec. 4618-86). The same section states that the Department of Finance shall be divided for administrative purposes into a Division of the Budget, Division of Accounts and Control, Division of Personnel Efficiency, and Division of Purchases and Public Properties; a Division of Post-Audit has been added by Executive Order to handle all post-audit work until this is assumed by the Auditor of Public Accounts in 1940.

The head of each division is appointed by the Commissioner, to whom he is directly responsible, and under whose direction he supervises the activities of his division. The activities of the various divisions are described below, and this description should make it apparent that there is a high degree of interdependence among the units. Thus if the Department is to discharge its functions effectively the Commissioner of Finance must not only see that each division operates effectively, but also that there is proper coordination of the work of all divisions.

The Reorganization Act defines the functions of the Department of Finance as follows (Sec. 4618-85); these include the basic managerial functions that are the major determinants of the quality of administration given to the State's activities:

1. To develop policies and plans as the basis for the Governor's budget recommendations to the General Assembly, and to prepare the detailed documents in accordance with the financial plans of the Governor for presentation to the General Assembly.
2. To coordinate and supervise the fiscal affairs and procedures of the State.
3. To maintain accounting records, including budgetary accounting and control over the incurring of obligations.
4. To be responsible for fiscal reporting.
5. To pre-audit expenditures and currently audit receipts and receivables.
6. To keep accounts controlling all receivables of the State.
7. To audit monthly the accounts of the Treasurer and Auditor as required by the Constitution (Sec. 53 Const.) and until the first Monday in January, 1940, conduct all post audits.
8. To make purchases and control property and stores.
9. To administer all statutory provisions of general application relating to the employment and compensation of personnel.
10. To maintain and operate public buildings, except those provided for the exclusive use of any one agency.

This Handbook is concerned primarily with the functions embraced within the first seven items in the foregoing list, and deals only incidentally with the purchasing, personnel, and property maintenance activities of the Department. A manual has been issued by the Division of Purchases and Public Properties dealing with procurement policies and

procedures.

Division of the Budget

The Division of the Budget is concerned with the preparation of the financial plan or budget of the Commonwealth, and with its administration after adoption by the General Assembly. The law provides that the Director of this Division shall be "a person acquainted with the methods and technique of public budgeting" With the written approval of the Governor, the Commissioner of Finance may serve as Director of the Budget.

The Budget and Financial Administration Act of 1934 and the Reorganization Act adopted in the same year contain numerous provisions concerning the budgetary procedures and the authority and duties of the budget office. The accounting functions vested by the former Act in the Budget Officer are no longer applicable because of the transfer of such responsibilities to the Division of Accounts and Control. The following enumeration of activities, as substantially found in the 1934 Reorganization Act (Sec. 4618-43), summarizes the scope of work performed by the Division of the Budget:

1. To keep in constant touch with the operation, plans, and needs of State agencies, and with sources and amounts of revenue and other receipts of the State.
2. To appraise the quantity and quality of services rendered by each State agency, and the need for such services or any new services.
3. To prepare the biennial budget report for the Governor's approval and submission to the General Assembly.
4. To prepare a State budget for each year.
5. To recommend transfers between appropriations under provisions of the law, such transfers to become effective upon approval of the Commissioner of Finance.
6. To examine work programs and recommend periodical allotments to State agencies, and changes in allotments, subject to the approval of the Commissioner of Finance.
7. To develop and install plans for improvements and economies in the organization and operation of State agencies.
8. To prescribe forms of operating reports to be required periodically from the various units of the State Government.
9. To examine and approve all statements on financial condition and estimated future financial condition and operation of the State and its agencies before any such reports are released to the Governor, General Assembly, or for publication; to receive and deal with requests for information on the financial condition of the State; and to prepare such cost statistics as may be required from time to time.
10. To advise the Commissioner of Finance, Governor, General Assembly and its Appropriation Committees, on request, concerning any matters relating to the budget.
11. To edit, verify, and reduce to concise and readable form every annual, biennial, or other report proposed by any agency to be printed out of public funds.

The law definitely contemplates that the State's financial planning should be sustained rather than intermittent, and it is provided that the budget office "shall have in continuous process of preparation and revision, in the light of direct studies of the operations, plans, and needs of budget units and of the existing and prospective sources of income, a tentative budget report for the next ensuing biennium for which a budget report is required to be prepared"(Sec. 1992b-12). It is noteworthy that the statute provides for the development of structural and procedural improvements by the budget agency, thereby increasing

its potentialities as a means for effecting administrative improvements.

Division of Accounts and Control

The Division of Accounts and Control is headed by a Controller, who is required to have had substantial experience during the preceding four years in federal, state, or local accounting and/or auditing and who preferably shall be a certified public accountant. This Division coordinates the fiscal procedures of the State, pre-audits expenditures, currently audits receipts, maintains central accounting and budgetary control records, and prepares fiscal reports. All money collected by any agency for the State must be paid into the Treasury through this Division (Sec. 4618-85). Every disbursement must be authorized by the Division of Accounts and Control before a warrant may be issued on the Treasurer by the Auditor of Public Accounts.

In addition the Controller, as authorized by the Commissioner of Finance, must give his approval in writing before the Treasurer stamps warrants interest-bearing (Sec. 4618-85). In conjunction with its budgetary control records, commitment documents must be approved by the Division before any obligation can be incurred on behalf of the Commonwealth (Sec. 1992b-26).

The Budget and Financial Administration Act (Sec. 1992b-54 and 56) requires that there be maintained a unified and integrated system of accounts, exclusive of the accounts maintained by the Auditor, which system shall include:

1. A set of budgetary control accounts for each fund which will show at all times the status of the fund.
2. A subsidiary appropriation ledger for each fund showing the appropriation to each budget unit, additions to the appropriation, allotments from the appropriation, commitments charged to allotments, and the free or unencumbered balance of allotments.
3. A set of general ledger controlling proprietary and operating accounts for each fund so as to record transactions in summary form and show the actual current assets, deferred credits to income, reserves, current liabilities, actual income, actual expenditures, and the current surplus or deficit.
4. A uniform classification of revenue and non-revenue receipts by sources, which is to be observed by all budget units in transmitting monies and reporting on revenues and receipts.
5. A standard classification of expenditures by activities of the budget units.
6. A standard classification of budget units by major functions.
7. Such other accounts and records as the Commissioner of Finance may consider necessary to obtain needed information relative to financial condition, financial operations, and costs.
8. Controlling accounts for receipts, payments, and State depositories entirely independent of those maintained by the Treasurer.

Under the provisions of the Budget and Financial Administration Act dealing with fiscal reporting (Sec. 1992b-50), the Division of Accounts and Control is required:

1. To furnish each budget unit, within ten days after the close of each month, a statement of its appropriations and allotments showing all transactions recorded during the previous month and the balances as of the beginning and end of each month.

2. To furnish the Governor and Commissioner of Finance, within ten days after the close of each month, a report containing:
 - (a) A summary statement of the actual financial condition of each fund as of the close of the previous month.
 - (b) A summary statement of the receipts and payments of each fund for the previous month and for the current fiscal year to the close of the previous month.
 - (c) A summary budget statement for each fund showing the available cash balance as of the end of the previous month, the amount of cash estimated to be received from each source during the remaining months of the fiscal year, the total means of financing the amount of unallotted balances of appropriations, the estimated amount of unliquidated commitments, and the estimated cash surplus or deficit.
3. To file with the Governor, on or before the first day in October of each fiscal year, a complete report of the financial transactions of the preceding fiscal year and of the financial condition as of the end of that fiscal year, with such supplementary data and comments as may be necessary to make the report complete and easy to understand.

The functions performed by the Division of Accounts and Control make it not merely a record keeping and fiscal reporting agency, but also a medium for the examination and approval, modification or rejection of proposed commitments and expenditures. As documents evidencing financial transactions pass through this Division, they are subject to the review that is indispensable to effective application of prescribed standards to the business affairs of the Commonwealth. It is through the Division of Accounts and Control that the Executive maintains his control over expenditures.

Division of Post-Audit

In order to conduct the post-audit work that the Department of Finance must perform until the first Monday in January, 1940, the Division of Post-Audit was created. This Division is to continue only until 1940, when its functions will be transferred to the Auditor of Public Accounts. The audit of the Treasurer's accounts will, in accordance with the statutory provision, continue to be done by the Department of Finance through the Division of Accounts and Control. The Division of Post-Audit is required to audit the accounts, records, and transactions of all budget units at least once in each fiscal year (Sec. 1992b-59). Audits must also be made of private or semi-private agencies receiving State aid or having responsibility for handling any State funds. Special audits and investigations must be made when required by the Governor, and revenue collections must be audited to ascertain whether revenue due the State is being properly collected. A copy of each audit report must be submitted to the Governor, and copies must be placed on file with the agencies audited. In addition, this Division is required to make annual audits of all county officers receiving and/or disbursing public monies (Sec. 4636-1 to 4). The individual counties must bear their proportionate shares of the expenses of such audits.

Division of Purchases and Public Properties

The Division of Purchases and Public Properties is responsible for: (a) making all purchases on behalf of the State with the exception of library books and scientific equipment, (b) building operation and maintenance, (c) property control, and (d) the furnishing

of central office services. The law requires that the head of the Division be a person with four years of responsible experience in purchasing or with the equivalent of such experience.

The detailed functions of this Division as defined in the Statutes (Sec. 4618-89) are as follows:

1. To purchase for the combined requirements of all spending agencies of the State all supplies, materials, and equipment, except library books and scientific equipment.
2. To maintain perpetual inventories of plant and equipment.
3. To exchange, salvage, condemn, or transfer supplies and equipment.
4. With the approval of the Governor, to sell all personal property determined not to be needed for public use or to have become unsuitable for such use.
5. To fix standards of quality and quantity and develop standard specifications.
6. To maintain records as to prices and sources of supply.
7. To operate a mail and messenger service for all agencies located at the seat of government.
8. To maintain a central supply service.
9. To provide duplicating and minor printing services to other agencies.
10. To provide, so far as practicable, clerical and stenographic services for unusual work demands of other agencies.
11. To be responsible for the management, maintenance, and operation of all buildings and grounds owned or leased for the use of State agencies, other than buildings and grounds maintained for the exclusive use of any one agency.
12. To allocate space in the buildings it manages and to lease space for the housing of State agencies.

Division of Personnel Efficiency

The Division of Personnel Efficiency administers the statutory provisions of general application governing the employment and compensation of personnel. Its Director must be chosen on the basis of training, experience, and qualifications for the position, and must have had at least four years experience in personnel management or the equivalent and preferably had specialized training in personnel administration. The purely fiscal aspects of this Division's work relate to the checking of payrolls insofar as appointment, classification, and salary rate of each employee are concerned and the maintenance of a roster card for every employee to which all salary payments are posted.

The statutory functions of this Division are as follows (Sec. 4618-90):

1. To pass upon qualifications of all applicants for appointment to or promotion in the State service.
2. To establish employment and reemployment lists.
3. To prepare and maintain a roster of all employees.
4. To ascertain the correctness and validity of all payrolls before they may be lawfully authorized for payment. (The Division of Accounts and Control checks extensions and footings.)
5. To prepare and administer classification and compensation plans.
6. To install and administer service rating systems and training courses for employees insofar as may be practicable.

7. To arrange for and pass upon transfers and regulate annual sick and special leaves of absence, hours of work, lay-offs, and removals.
8. To make investigations pertaining to personnel, salary rates, and employment conditions in the State service.

Kentucky Real Estate Board

At the fourth Special Session of 1936, a statute was enacted creating the Kentucky Real Estate Board with authority to sell all real estate belonging to the Commonwealth or any of its corporate agencies which the Board determines to be unsuited or not needed for the public use. The monies derived from such sales must be deposited in a special fund, which the Board may expend for the purchase of real estate for State agencies and the erection or repair of improvements on property so acquired.

The Kentucky Real Estate Board consists of the Governor, Secretary of State, State Treasurer, Auditor of Public Accounts, and the Attorney General. The Governor serves as Chairman, while the Secretary of the Governor's Cabinet is ex officio secretary of the Board. The law prescribes the procedure for selling property and the title to be conveyed to the purchaser.

Department of Revenue

The responsibility for administering the State's taxes is vested in the Department of Revenue, the organization and functions of which are described in the following chapter. In preparing and executing financial plans, the Department of Finance should not overlook the Revenue Department's knowledge of the nature of each tax and the factors that determine the amount of revenue derived from such source. Similarly, the research carried on by the Division of Research and Statistics of the Department of Revenue is of significance to the Department of Finance in formulating financial plans. Finally, the procedures of the Department of Finance must be properly coordinated with the functioning of the Department of Revenue.

Chapter II
DEPARTMENT OF REVENUE*

Prior to the Governmental Reorganization Act of 1936, the primary responsibility for administering the State's revenue program was vested in the Kentucky State Tax Commission - an administrative body composed of three legally coordinate members. This body also performed quasi-legislative and quasi-judicial functions incidental to tax administration. Certain administrative functions of the State Tax Commission were delegated to semi-autonomous departments. The Reorganization Act of 1934 vested the administration of State revenues in the Department of Revenue and Taxation; however, for all practical purposes, operations continued as before.

The 1936 Reorganization Act established the Department of Revenue and centralized in it all tax administration functions of the State, such functions to be performed either directly by that Department or through supervision of tax administration activities in other departments to which the Department of Revenue may commit administration of certain taxes. There were also vested in this Department the functions previously performed by the State Inspector and Examiner in connection with the investigation, examination, and supervision of the accounts and operations of local governments and their officials (Sec. 4618-91). This does not include the post audit of such governmental agencies or officers, a function which will be performed by the Department of Finance until 1940 and after that by the Auditor of Public Accounts.

Organization of the Department of Revenue

The Commissioner of Revenue is appointed by and responsible to the Governor for the execution of all administrative functions of the Department of Revenue. Recognizing that tax administration involves functions of a quasi-legislative and quasi-judicial nature, the 1936 Reorganization Act provides that the Governor shall appoint for overlapping terms two associate commissioners to sit with the Commissioner of Revenue as the Kentucky Tax Commission for the purpose of hearing appeals, promulgating rules and regulations, and assessing mineral rights and the property of franchise companies (public utilities). Recent legislation transferring the authority to assess mineral rights from the county tax commissioners to the Kentucky Tax Commission is in litigation.

Each associate commissioner acts as director of such division of the Department as the Commissioner of Revenue designates. In serving as the director of a division, an associate commissioner is responsible to the Commissioner of Revenue for all of his administrative actions in the same sense as are the directors of other divisions, who are appointed by the Commissioner.

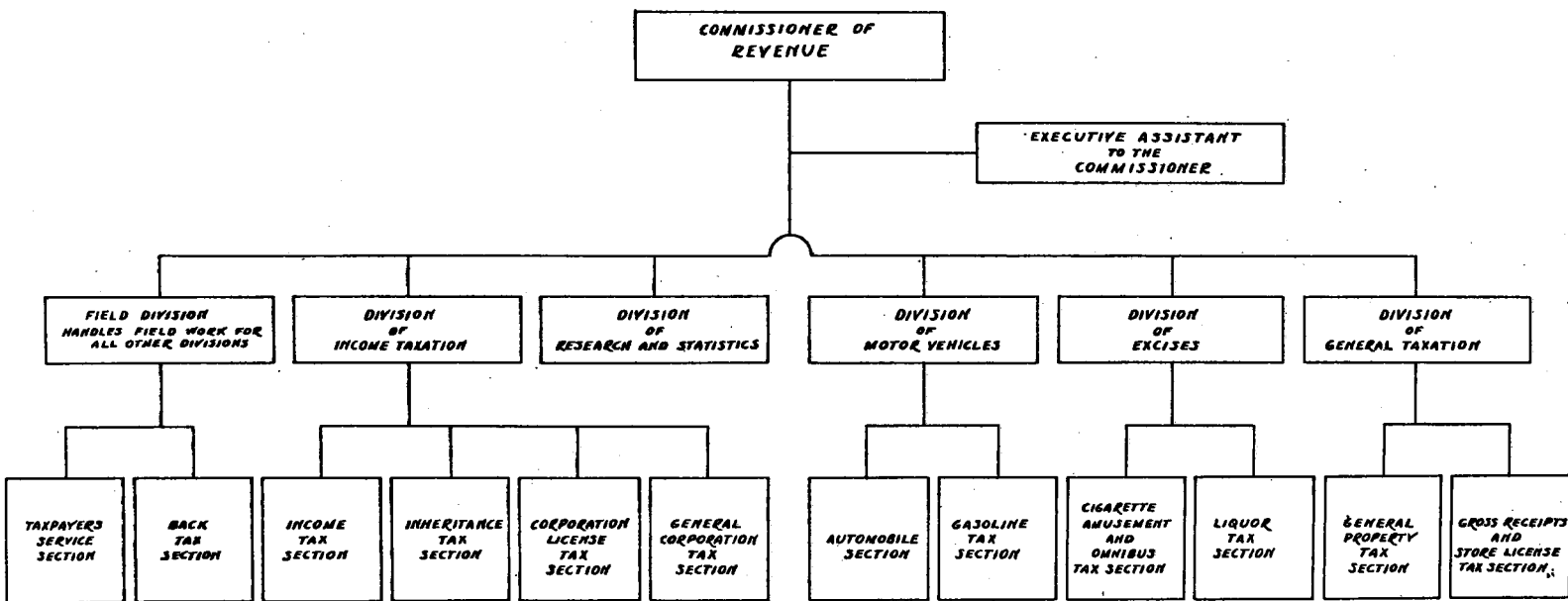
Legal interpretations emanate only from the division director charged with the administration of the law in question or from the Commissioner or his executive assistant. Regulations promulgated by the Commissioner of Revenue for the enforcement of tax laws are approved by the Kentucky Tax Commission.

There follows a listing of the divisions in the Department, the sections in each division, and the taxes administered by each section. Section heads are responsible to the directors of their respective division, and employees in each section receive their assignment of work from and are responsible to the section head.

(See Organization Chart of the Department of Revenue on next page.)

*Unless otherwise indicated, all section references are to Baldwin's 1936 Revision of Carroll's Kentucky Statutes. This chapter was prepared by the Department of Revenue in cooperation with the authors of this Handbook.

**ORGANIZATION
OF THE
DEPARTMENT OF REVENUE
COMMONWEALTH OF KENTUCKY**



PREPARED BY THE DEPARTMENT OF REVENUE
FEBRUARY 1937.

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- I. Division of Motor Vehicles
 - a. Automobile Section
 - 1. Licensing and registration of motor vehicles
 - 2. Motor vehicle usage tax
 - 3. Motor vehicle operator's license tax
 - b. Gasoline Tax Section
 - 1. Gasoline tax
 - 2. Tax on motor fuels other than gasoline
- II. Division of Income Taxation
 - a. Income Tax Section
 - Corporate and personal income taxes
 - b. Inheritance Tax Section
 - Death taxes
 - c. Corporation License Tax Section
 - Corporation license taxes
 - d. General Corporation Tax Section
 - 1. Taxes on banks and building and loan associations
 - 2. Franchise taxes
- III. Division of Excises
 - a. Cigarette, Amusement, and Omnibus Tax Section
 - 1. Cigarette stamp tax
 - 2. Tax on admission to places of amusement and/or entertainment
 - 3. Taxes on candy, chewing gum, nuts, ice cream, bottled drinks, fountain syrups, unbottled drinks, and cosmetics (These taxes will cease to be effective as of April 16, 1937).
 - b. Liquor Tax Section
 - 1. Consumer's tax on beer, wine, and spirituous liquors
 - 2. Production and import tax on distilled spirits
- IV. Division of General Taxation
 - a. General Property Tax Section
 - 1. Real and tangible and intangible personal property taxes
 - 2. Occupational license taxes
 - 3. Race track license and admission tax
 - 4. Oil production tax
 - b. Gross Receipts and Store License Tax Section
 - 1. Utility gross receipts tax
 - 2. General gross receipts tax (repealed January 15, 1936)
 - 3. Store license tax
- V. Field Division
 - a. Taxpayers Service Section
 - b. Back Tax Section
- VI. Division of Research and Statistics

The Field Division and the Division of Research and Statistics are staff units and do not administer any tax laws. The Field Division consists of a group of traveling representatives who make investigations and audits for the purpose of determining tax liability; this work is done upon assignment by the Director of the Field Division in accordance with

requests made by the Commissioner, his executive assistant, division directors, or section heads.

The Division of Research and Statistics compiles and analyzes statistical and other information relative to taxation and finances of the State and its political subdivisions.

The accompanying organization chart shows the organization structure and the lines of administrative responsibility.

Relationships with Local Officials

The motor vehicle registration and license tax and the motor vehicle usage tax are collected by the county court clerks. In collecting these taxes, the county court clerks, are guided by the rules and regulations and legal interpretations issued by the Department of Revenue, to which they must render a weekly accounting of revenues collected by them. Collections are controlled by pre-numbered certificates, the clerks being required to account for each certificate issued. The operator's license tax is collected through the circuit court clerks in a similar manner.

The rules and regulations and legal interpretations of the Department of Revenue govern the issuance of the various occupational licenses by the county court clerks and collection of other State fees by the county court clerks and sheriffs. Under the terms of the 1936 Reorganization Act, the Department of Revenue has such responsibilities as were formerly vested in the Auditor of Public Accounts in connection with general supervision of the collection of State taxes and licenses. In accordance with the statutory authorization, the Department of Revenue has permitted the Auditor of Public Accounts to continue these activities under the Department's general direction.

County tax commissioners must pass an examination prescribed by the Department of Revenue in order to qualify for office. Local assessments are made by these commissioners in conformity with the regulations prescribed by the Department, and assessment rolls are prepared on forms furnished by the Department. After the local tax commissioner's assessments are made and equalized by the county board of supervisors, a recapitulation of the county assessments is referred to the Kentucky Tax Commission for review. Heretofore, the Tax Commission was authorized to raise or lower the aggregate assessment (or an individual assessment upon appeal by an aggrieved taxpayer) of any class of real estate or tangible personalty having taxable situs within the county. The review of real estate assessments was taken away from the Kentucky Tax Commission by the 1936 legislation abolishing the State tax on real estate, which statute is now in litigation.

Before local levies are imposed, county assessments of intangible property are checked for completeness by the Department against stockholders' lists furnished by corporations and for correctness of valuation with market reports. Assessments of the property of franchise companies (public utilities) are made by the Kentucky Tax Commission. The Department certifies these assessments to the taxing districts to which they are allocated as taxable property subject to local taxation.

The Department of Revenue is also responsible for the installation of uniform accounting systems in counties, the supervision of the form and classification of county budgets, and the approval of such budgets as to form and classification. These functions were previously performed by the State Inspector and Examiner (Sec. 1851c-4 and 7).

Relationships with Other State Agencies

Though the responsibility for administering all taxes is vested in the Department of Revenue, the actual administration of certain taxes is, in the interest of economy, "farmed out." With respect to all agencies assuming administration of taxes, the Department of Revenue exercises such supervision as is necessary to maintain a consistent tax policy.

Under an arrangement effected by the Commissioner of Revenue and subject to his supervision, taxes on motor vehicle common and contract carriers and insurance companies are administered by the Department of Business Regulation through the Divisions of Motor Transportation and Insurance respectively. Fees for licenses to sell spirituous liquors, hunting, and dog licenses, and other minor revenues collected incidental to policing functions are collected by the regulatory agencies. The arrangement with the Auditor's office in connection with locally collected State taxes and licenses has already been described in the preceding section.

Often revenue measures administered directly by the Department of Revenue and those administered by regulatory agencies are so closely related that it is found desirable for the field representatives of both to work in conjunction in securing evidence of violation of the law or determining tax liability. This is particularly true with respect to the enforcement of the Alcoholic Beverage Tax Act of 1936 by the Department of Revenue and the Alcoholic Control Act of 1934 by the Division of Alcoholic Control of the Department of Business Regulation. The Alcoholic Beverage Tax Act imposes a consumer's tax on alcoholic beverages and liquors; the Alcoholic Beverage Control Act provides for the licensing of distributors of spirituous liquors. A similar relation exists in the case of the mileage tax administered by the Division of Motor Transportation of the Department of Business Regulation and the motor vehicle registration license tax administered by the Department of Revenue.

As with all other State agencies which have occasion to interpret the law, the relationships existing between the Department of Revenue and the office of the Attorney General are necessarily close. Rules, regulations, and all other matters involving legal interpretation for which there is not a precedent known to the Department are referred to the Attorney General for legal advice.

In addition to the relationships occasioned by the personnel, budgetary, and purchasing procedures, the Department of Revenue contacts the Department of Finance for the purpose of accounting for all revenue collected by it. In accordance with the prescribed procedure, the Department of Revenue forwards money to the State Treasurer by preparing a Pay-In Voucher and transmitting it together with the money to the Department of Finance, which in turn sends it on to the Treasurer with a Permit after recording such transactions. The remittances are checked with the postings shown on the Pay-In Voucher.

Cold checks for the payment of taxes administered by the Department of Revenue which are returned to the Department of Finance and cannot be collected by it through correspondence are transmitted to the Department of Revenue for field investigation and the initiation of such legal action as may be necessary.

Relationships with the Public

Taxpayers or other interested parties seeking information, the settlement of claims, or the interpretation of tax laws are referred to the director of the division administering

the law under which the particular point in question arises. If the director is unable to dispose of the matter, the Commissioner or his executive assistant is consulted or the advice of the Attorney General is sought. The more routine matters or those on which departmental policy is well established may be referred by the director to a section head for disposition. All correspondence applying to problems within the jurisdiction of a particular division appears over the signature of the director, except, that with the approval of the Commissioner, a division director may authorize the head of a section in that division to sign specified types of communications.

In the case of a number of taxes, delinquent taxpayers are revealed by the records maintained in the Department. Field representatives are assigned to make appropriate investigations and audits, when the usual channels of communication fail to determine the extent of the liability of any delinquent taxpayer, or where the nature of the tax is such that delinquents can be located only by observation and close-hand investigation. In instances of clearcut issues, field representatives are authorized to settle the State's tax claims; in all other cases, field representatives report their findings to the Director of the Field Division.

Departmental Procedures

The skeleton structure of the Department of Revenue, as contemplated under the terms of the Reorganization Bill, is fairly well formulated. However, such is not the case with respect to the internal details of administration.

In most instances, the section administering a particular tax, accounts through the director of the division, for all money received, posts the required records, and maintains permanent files on all taxpayers. It is believed that in a number of instances economies can be effected, responsibility more definitely fixed, operations expedited, and records made more accessible and useful by improving procedures as to preliminary audit work, preparation of Pay-in-Vouchers, posting of ledger and daily cash journals, and filing, and by the more extensive use of mechanical record-keeping, addressing, and mailing equipment. These matters are being studied, and the Department of Revenue intends to prepare a manual which will describe in detail the various operating procedures of the Department.

Chapter III

BUDGET ADMINISTRATION*

As applied to a governmental agency the term "budgeting" denotes the procedure followed in the formulation, enactment, and execution of the agency's financial policies. The two basic components of the budgeting process are planning of the services and financial operations of the State and control over the execution of such services and operations. Budget planning consists of the development of a program which coordinates services and activities with the revenues and expenditures required therefor; while the control includes those steps necessary to assure that such program is effectively carried out. Planning and control should both be carried on continuously rather than intermittently.

In Kentucky the Governor is responsible for both the formulation and execution of the budget plan. The Division of the Budget of the Department of Finance is the chief agency through which these duties are discharged. The General Assembly's participation in the budgeting process consists of determining the scope of services and activities to be rendered and enacting the appropriation and revenue bills necessary for the carrying on of the State's business.

Scope of Budgeting

Budgeting in the Kentucky State Government calls for (1) continuous analysis and investigation of the operations of the State; (2) determination of relative financial needs of the different departments, divisions, and institutions; (3) estimating future financial requirements and income from the various sources; (4) preparation of long term programs of capital improvements (lands, buildings, highways, etc.); and (5) formulation of budget plans in the light of determined policies, estimated costs, and anticipated income. The planning phase of budgeting is reflected in the budget document that is prepared and submitted biennially by the Governor to the General Assembly. The budget document becomes a complete financial plan for each of the two ensuing fiscal years after it has been adjusted for such changes as are necessitated by the appropriation and revenue acts adopted by the Legislature. The adequacy of the State's budget plan is obviously an important factor in determining the soundness of the financial structure that underlies the entire functioning of the State Government.

However, planning and legislative action must be followed by effective administration and auditing control if the objectives of budgetary administration are to be attained. This is the point at which budgeting becomes the most important tool of management in the State Government. In projecting the operating and financial plans into the future, the budget sets up guideposts for the orderly and systematic conduct of State work. The control phases of budgeting are concerned with the manner in which these guideposts are used, and thus with the day-to-day administration of all State agencies to the end that the activities and services contemplated by the budget are provided as effectively as possible within the limits of appropriations and available revenues. The realization of estimated revenues must be closely observed, and current adjustments effected in the schedule of expenditures to meet conditions not anticipated in the original plans. Similarly, obligations prior to their being incurred must be examined as to their conformance with the details of the budget plan.

The responsibilities of the Division of the Budget are thus broader than mere fiscal

*Unless otherwise indicated, all section references are to Baldwin's 1936 Revision of Carroll's Kentucky Statutes.

control. Since it must continually analyze and appraise the work and financial needs of all branches of the State Government, the Division is in a strategic position to aid the Governor in bringing about improvements in administrative organization and procedure. A major duty of the Division of the Budget should, therefore, be the study of better methods of administrative management and the means of securing a more efficient as well as economical conduct of all work of the State Government.

Effect of Fund Structure Upon Budgeting

In order to secure effective budgeting, it is essential to include within the scope of the State's budget planning and control all revenues and receipts and all expenditures. This would be a relatively simple task if the State's revenues were all pooled and expenditures made accordingly. However, the segregation of the Commonwealth's resources into the numerous funds described in Chapter IV greatly complicates the problem of budgetary administration, as well as the other phases of fiscal management, because of the resulting inelasticity in the allocation of resources according to the relative needs. Under this system one department or service may have an excess of funds, at the same time other departments may have totally inadequate amounts available to finance their activities.

The ultimate objective should be the reduction of the present funds to one general fund and those special funds essential for handling monies involving a trust or agency relationship or bonded indebtedness. Such a readjustment should first start with the so-called revolving funds. In the meantime, the budget must recognize the existing fund restrictions, and the segregation of revenues according to such funds must be provided in the budget and accounting systems.

In the past, the Commonwealth's budgeting has not given much consideration to highway revenues and expenditures, although they comprise nearly half of the State's total operations. The Department of Highways itself has prepared annually a rather general budget based upon the estimates of revenue submitted to it by the Department of Revenue. Correction of this budgetary independence calls for legislative attention to such existing conditions as: (1) the financing of the Department of Highways through a separate group of funds; (2) the use of the fiscal year of the Department which differs from that prescribed for all other agencies of the Commonwealth; and (3) the absence of General Assembly control over highway expenditures through the medium of appropriations, except with respect to the maximum amounts that may be expended for administrative purposes, and the requirement that two million dollars be made available annually for county roads.

Under the new fiscal procedures, the Department of Highways is required to prepare and submit to the Department of Finance a complete budget plan at the same time as that prescribed for other State agencies. Until the enactment of legislation placing the Department of Highways on the same fiscal year basis as that of other departments, the highway estimates necessarily will be based on the special fiscal year provided for it.

These highway estimates will be included in the budget document transmitted by the Governor to the General Assembly and will become effective only after approval by the Commissioner of Finance. As the Legislature becomes more conversant with the details of the Highway Department's finances, additional statutory restrictions should be provided as in the case of other funds.

Statutory Provisions Relative to Budget Administration

The Budget and Financial Administration Act of 1934 (Sec.1992b-1 to 64) contains detailed provisions relative to budget administration. Responsibility for the budget functions outlined in that Statute were transferred by the 1936 Reorganization Act from the Department of Finance and Budgetary Control to the Division of the Budget of the Department of Finance. The Budget and Financial Administration Act requires that all expenditures be made under appropriation acts based on a budget prepared in accordance with the statutory provisions (Sec.1992b-6). The budget document must be submitted biennially by the Governor to each regular session of the General Assembly and must include a complete financial plan for each of the two ensuing fiscal years (Sec.1992b-8).

The documents and schedules in the budget report submitted by the Governor must include the following (Sec.1992b-9):

1. A budget message signed by the Governor.
2. Summary statements of the Commonwealth's financial condition, including: (a) A comparative consolidated balance sheet showing the surplus or deficit as of the end of the two fiscal years last concluded; (b) Statements of fund balances for each of the two fiscal years last concluded, showing, by funds, the surplus at the beginning of each year, actual income for each year, total net appropriations, and total net expenditures for each year; (c) Statements of estimated fund balances at the end of the current fiscal year and each year of the ensuing biennium.
3. Statements showing income and receipts for each of the two fiscal years last concluded, and estimated income and receipts for the current and each of the two ensuing fiscal years. Income and receipts must be itemized by sources, organization units, and funds; and receipts must be further itemized so as to show current income, refunds, sale of assets, and collections of prior years' revenues. There must also be included an analysis of existing revenue measures with any recommended changes.
4. Summary statement of disbursements and expenditures by major functions of each budget unit.
5. Statements analyzing changes in surplus by funds.
6. Statement showing the floating and funded debt as of the last completed fiscal year and the estimated amounts as of the end of the current fiscal year.
7. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units, and budget classes for each of the two fiscal years last concluded, showing also the appropriations for the current fiscal year and the requests of the budget units and the Governor's recommendations for appropriations for each year of the ensuing biennium, all subdivided by budget classes of ordinary recurring expenses, extraordinary expenses, and capital outlay.
8. Summary statements showing, by funds, the cash resources estimated to be available at the beginning of each year of the ensuing biennium, and the estimated cash receipts of those years as compared with the recommended appropriations for the same years. If recommended expenditures exceed the total of estimated resources, recommendations as to how the deficiency is to be met and estimates of receipts from any proposed additional sources must be shown.
9. A draft of proposed appropriation act or acts must be included to show recommended appropriations for ordinary recurring expenses by budget units and not by budget classes. Recommended appropriations for extraordinary expenses and capital outlay must be itemized by budget classes and must be supplemented by such wording as will limit each appropriation

to the specific purpose intended.

10. A certificate or certificates of the Auditor as to the accuracy of any financial statements incorporated therein.

The budget report must be prepared in time for submission in printed form to the House of Representatives on the third Monday after the convening of the General Assembly in regular session; such sessions begin on the first Tuesday after the first Monday in January of each even-numbered year. The Statutes require that on or before October 15 of each odd-numbered year the Division of the Budget furnish the head of each budget unit at least two copies of forms on which budget estimates and requests for appropriations for the ensuing biennium are to be submitted. The law defines a budget unit as "a department or other unit of organization for which separate appropriations are made from those for any other organization unit."

The forms submitted by the Division of the Budget must include a statement of the budget unit's actual expenditures for the last two completed fiscal years to aid the head of the unit in preparing estimates (Sec.1992b-10). After the required information has been inserted, the budget estimate forms must be returned to the Division of the Budget not later than November 15 (Sec.1992b-11). The estimates submitted are revised after being compared with the estimates developed by the Division of the Budget, which is required to have a tentative budget report for the ensuing biennium in "continuous process of preparation and revision" (Sec.1992b-12).

The Governor may order such changes in the budget report as he finds warranted; and, furthermore, the Governor-Elect is entitled to examine the report in process and must be furnished a copy of the completed report as approved by the Governor (Sec.1992b-13 and 14). After being approved by the Governor, the budget report is printed and copies transmitted to the House of Representatives. While the General Assembly is considering appropriations, the Director of the Budget or his assistant must advise and assist the appropriation committees of the Legislature in any manner requested (Sec.1992b-16).

After the General Assembly has passed the appropriation act or acts, the Division of the Budget is required to make allotments for carrying out the work plans included in the detailed budget estimates as amended by the General Assembly, except as modifications of such plans "are made necessary by changes in conditions of operations to meet unforeseen contingencies, to correct errors, and to avoid cash deficits." No obligations may be incurred or expenditures made in excess of the total amounts allotted (Sec.1992b-22 and 23). The Department of Finance makes the final decision as to the interpretation of any items in the appropriation act or budget (Sec.1992b-24).

The Department of Finance must approve any contract for improvement of lands or the construction or repair of buildings and other structures, where such work involves an expenditure of over ten thousand dollars, but this does not apply to roads and bridges under the jurisdiction of the Department of Highways (Sec.1992b-20). Any capital outlay other than those incurred by the Department of Highways for roads and bridges and not involving more than ten thousand dollars must first be approved by the Governor (Sec.1992b-21). This incongruous situation is a result of blanket transfer to the Department of Finance of the powers formerly vested in the Department of Public Property which, as is noted in Chapter I, consisted of various State officials including the Governor, Auditor, Treasurer, etc.

Budget Calendar

In order that the budget document may be transmitted to the General Assembly within the time limit provided by statute, it is necessary to follow a budget calendar scheduling the several steps involved in the preparation of the budget. The following calendar has been adopted for this purpose; the individual steps are discussed in detail in subsequent sections of this chapter.

- * September 1 -- Budget estimate forms are distributed to all departments and other agencies with detailed instructions for the preparation and submission of the estimates to the Division of the Budget.
- * October 1 -- Final date for the return of estimates to the Division of the Budget.
- * October 1 to 31 -- Review, analysis, and preliminary revision of estimates.
- * November 1 to 30 -- Conferences with department heads, discussion of estimates with the Governor, and final revision of the estimates.
- * December 1 to 31 -- Consolidation of estimates and preparation of proposed budget document.
- ** Not later than the third Monday after convening of the General Assembly in regular session, the printed budget document is submitted to the House of Representatives for its consideration.
- May 1 -- Request for Allotment forms distributed to department heads.
- May 31 -- Final date for submission of Request for Allotments to the Division of the Budget.
- June 1 to 20 -- Study and revision of requested allotments.
- June 20 -- Advices of Allotment for first quarter sent out by Division of the Budget.
- Sept. 20 -- Advices of Allotment for second quarter sent out by Division of the Budget.
- Dec. 20 -- Advices of Allotment for third quarter sent out by Division of the Budget.
- March 20 -- Advices of Allotment for fourth quarter sent out by Division of the Budget.

Concurrently with the steps outlined above, the Division of the Budget must conduct continuous studies of the Commonwealth's finances, operating requirements, and activities. Such work is basic to the intelligent formulation and execution of the budget plan, including the determination and adjustment of the quarterly allotments.

Requests for Budget Estimates

The first formal step in the development of the budget plan is the call for departmental estimates of expenditures for the current year and of the work to be performed and expenditures required for the ensuing biennium. All agencies of the Commonwealth are required to submit work programs and expenditure estimates. Institutions and organizations which are not units of the State Government but which receive financial grants from the State must also submit complete budgetary estimates in order that the Governor and General Assembly may have adequate information for passing upon the requested grants.

The Division of the Budget, in addition to its responsibility for revenue estimates and

*Odd numbered year
**Even numbered year

revision of expenditure estimates submitted by departments and other agencies, is solely responsible for estimating expenditures for county officials and court costs, debt, and interest, and any other expenditures which are not the result of activities of a specific department or other agency. Estimates of all revenues and receipts are prepared by the Division of the Budget in cooperation with the Department of Revenue and other collecting agencies. In accordance with the budget calendar, the prescribed estimate forms are distributed to all departments on September 1 of odd-numbered years. The required estimates bearing the approval of the department head, must be returned to the Division of the Budget not later than October 1.

When estimate forms are distributed, they are accompanied by a statement of the general fiscal policy of the Administration, a bulletin issued by the Division of Purchases and Public Properties relative to price trends, and detailed instructions for the preparation of expenditure estimates and work programs.

A statement of the Governor's general fiscal policy is advantageous, particularly when a general retrenchment is planned, in order that departments may adjust their expenditure estimates in advance of submission to the Division of the Budget. In determining such policy the Governor has available the operating and financial data gathered and analyzed by the Division of the Budget.

A large portion of expenditures are for materials, supplies, and equipment, the price fluctuations of which make it difficult to estimate such expenditures accurately. The Division of Purchases and Public Properties, as the State's centralized purchasing agency, is conversant with price trends and is best equipped to make price forecasts. The bulletin prepared by the Division of Purchases and Public Properties and distributed with the estimate forms is intended to serve as a guide in estimating future expenditures for materials, supplies, and equipment.

The expenditure estimates are submitted on five forms, and one form is used for revenue estimates. Each of these forms is discussed below. The forms used for the Department of Highways are modified somewhat in order to meet the special requirements of that Department. In order to be as specific as possible, this discussion describes the preparation of estimates for the biennium 1938 to 1940. However, this should not be construed to imply that the procedure will not be applicable to subsequent bienniums. Two copies of each form are prepared, the duplicate copies for the departmental files and the original copies for submission to the Division of the Budget.

Estimates of Expenditures for Personal Services (Form B-2)

The details in support of the total estimated expenditures for personal services are entered on this form, which requires an itemization of the individual positions.

When all the required information has been entered on this form it will show: the number of persons employed in each distinct class of position and the amount expended during the past biennium, the estimated numbers and amounts for the current year, the numbers and amounts requested for each year of the new biennium, and the numbers and amounts recommended by the Governor. On the form provided for the 1938 to 1940 biennium, the year 1935 to 1936 has been omitted because of the unavailability of such details.

Before the forms are sent to the several departments, the data for the past biennium are entered tentatively by the Department of Finance on the basis of its own records,

FORM B-2

SHEET No. _____ OF _____ SHEETS.

APPROVED _____
DEPARTMENT HEAD

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF FINANCE - DIVISION OF THE BUDGET
ESTIMATES OF EXPENDITURES FOR PERSONAL SERVICES
FOR THE BIENNIUM ENDING JUNE 30, 1940

DEPARTMENT _____
DIVISION _____
INSTITUTION _____

DATE OF APPROVAL _____

* NOTE - Where these items involve more than one fund, show on the reverse side of the last sheet a recapitulation, by funds, of the totals for these columns.

ITEM No.	TITLE OF POSITION	1936-1937		ESTIMATE 1937-1938		REQUESTED 1938-1939		REQUESTED 1939-1940		RECOMMENDED BY THE GOVERNOR				COMMENTS		
		No.	AMOUNT	No.	AMOUNT *	No.	AMOUNT *	No.	AMOUNT *	1938 - 1939		1939 - 1940				
1.	2.	No.	AMOUNT	No.	AMOUNT *	No.	AMOUNT *	No.	AMOUNT *	No.	AMOUNT *	No.	AMOUNT *	No.	AMOUNT *	3.

Estimates of Expenditures for Personal Services. (Form B-2) (Size 17" x 14")
Prepared in duplicate.

including the personnel roster maintained by the Division of Personnel Efficiency. These figures are then checked by the respective departments, which should enter the corresponding estimates for the current year and for each year of the new biennium. All titles of positions must be in conformity with the classification plan adopted by the Division of Personnel Efficiency, and similarly salary rates must be in accord with the compensation schedules prepared by that Division.

Where an agency's expenditures for personal services are divided between the General and Revolving Funds, the distribution of the total annual amounts by funds must be shown on the last sheet of this form.

Estimates of Expenditures for Other Than Personal Services (Form B-3)

This form is designed to show the expenditure data other than for personal services broken down according to the Subsidiary Classification of Expenditures (See Chapter XVI). This analysis by type of service and commodity not only assures the more careful preparation of estimates but also facilitates their subsequent analysis by the Department of Finance and the General Assembly. In order to present a complete picture, the form covers expenditures from both the General and any revolving funds.

Columns one to eight inclusive are filled in by the Department of Finance from the Detailed Expenditure Analysis Ledger maintained by the Division of Accounts and Control. However, since this record was not maintained prior to July 1, 1936, the amounts for the fiscal year 1935 - 1936 will have to be shown in total.

Summary of Expenditure Estimates (Form B-4)

This form is used for summarizing the detailed data shown on the two expenditure estimate forms described above. It shows each department's estimates arranged by budget class under each division or institution. Columns one to eight inclusive are filled in by the Department of Finance. The actual expenditures for the fiscal year 1935-1936, however, will not be shown by budget class as the accounting records maintained prior to July 1, 1936, did not provide for such a breakdown.

It will be noted that the estimates for the current year and requests for the ensuing biennium show the total estimated expenditures, subdivided into the amounts chargeable against appropriations and those to be spent from revolving fund receipts. Under no circumstances should the amounts entered in the columns headed "Balance To Be Spent From Revolving Fund Receipts" exceed the estimated balance at the beginning of the year plus the estimated receipts during the year of the particular revolving fund against which the amounts are chargeable. Similarly, the Division of the Budget must watch for any obvious underestimating of revolving fund receipts since the latter may result in excessive appropriations.

The columns provided for the Governor's recommendations are intended to cover only appropriations and not revolving fund amounts, since the relationship of the latter to receipts makes such recommendations unnecessary. However, as the revolving funds of any agency are eliminated, the Governor's recommendations will be adjusted accordingly and notation will be made that henceforth the receipts should be deposited in the State Treasury to the credit of the General Fund.

The space provided for comments is not only for the use of the General Assembly in its consideration of the budget but also for subsequent notations by the Division of the Budget. Any legislative action that results in a modification of the budget plan presented by the

APPROVED _____
DEPARTMENT HEAD

DATE OF APPROVAL _____

COMMONWEALTH OF KENTUCKY
 DEPARTMENT OF FINANCE - DIVISION OF THE BUDGET
 ESTIMATES OF EXPENDITURES FOR OTHER THAN PERSONAL SERVICES
 FOR THE BIENNium ENDING JUNE 30, 1940

SHEET No. _____ OF _____ SHEETS

DEPARTMENT _____
 DIVISION _____
 INSTITUTION _____

CODE NO.	TYPE OF COMMODITY OR SERVICE	EXPENDITURES 1935-1936			EXPENDITURES 1936-1937			ESTIMATES 1937-1938			REQUESTED 1938-1939			REQUESTED 1939-1940			RECOMMENDED BY GOVERNOR		COMMENTS
		GENERAL FUND	REVOLVING FUNDS	TOTAL	GENERAL FUND	REVOLVING FUNDS	TOTAL	TOTAL ESTIMATED EXPENDITURES	ALLOTTED FROM APPROPRIATION	BALANCE TO BE SPENT FROM REVOLVING FUNDS	TOTAL ESTIMATED EXPENDITURES	REQUESTED APPROPRIATION	BALANCE TO BE SPENT FROM REVOLVING FUNDS	TOTAL ESTIMATED EXPENDITURES	REQUESTED APPROPRIATION	BALANCE TO BE SPENT FROM REVOLVING FUNDS	FISCAL YEAR 1938-1939	FISCAL YEAR 1939-1940	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
300-399	SERVICES OTHER THAN PERSONAL																		
300	Postage																		
301	Telephones-Local																		
302	Telephones-Long Distance																		
303	Telegraph and Messenger Service																		
304	Freight, Express and Drayage																		
305	Automobile Mileage																		
306	Railway, Bus and Other Fares																		
307	Cab Service and Other Local Transportation																		
308	Meals																		
309	Hotel Room or Lodging																		
310	Printing, Binding and Advertising																		
311	Utility Services for Building Operation																		
312	Repairs to Equipment																		
313	Building Repairs																		
314	Highway Repairs																		
315	Repairs to Other Structures																		
316	Services Other Than Personal																		
317	N.O.C.																		

FORM B-4.

COMMONWEALTH OF KENTUCKY
 DEPARTMENT OF FINANCE - DIVISION OF THE BUDGET
 SUMMARY OF EXPENDITURE ESTIMATES
 FOR THE BIENNIIUM ENDING JUNE 30, 1940

SHEET No. _____ OF _____ SHEETS.

DEPARTMENT _____

APPROVED _____ DATE OF APPROVAL _____ 1937.

APPROVED BY THE DIRECTOR OF THE BUDGET _____

ACCOUNT NO.	CLASSIFICATION BY ORGANIZATION OR OTHER UNIT AND BY OBJECT.	EXPENDITURES 1935-1936			EXPENDITURES 1936-1937			ESTIMATES 1937-1938			REQUESTED 1938-1939			REQUESTED 1939-1940			RECOMMENDED BY THE GOVERNOR		COMMENTS
		GENERAL FUND	REVOLVING FUNDS	TOTAL	GENERAL FUND	REVOLVING FUNDS	TOTAL	TOTAL ESTIMATED EXPENDITURES	ALLOTTED FROM APPROPRIATIONS	BALANCE TO BE SPENT FROM REVOLVING FUND CREDITS	TOTAL ESTIMATED EXPENDITURES	REQUESTED APPROPRIATION	BALANCE TO BE SPENT FROM REVOLVING FUND CREDITS	TOTAL ESTIMATED EXPENDITURES	REQUESTED APPROPRIATION	BALANCE TO BE SPENT FROM REVOLVING FUND CREDITS	FISCAL YEAR 1938-1939	FISCAL YEAR 1939-1940	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20

Governor necessitates revisions of the detailed work plans upon which the Executive's proposals were based. As these revisions are made by the Division of the Budget they are entered in this last column on the sheet.

Explanation of Estimated Expenditures for Replacements and Capital Outlay (Form B-5)

This form is used to explain in detail any estimated expenditures for replacements or capital outlay as shown on the summary and detailed estimate forms. The first column on this form calls for the Subsidiary Expenditure Classification code number in order to facilitate reference to the other forms. In the other columns there are entered the fiscal year for which the particular capital outlay request is made, the amount involved, and explanation. The explanation must set forth the description of the item or project, detailed reasons for the proposed expenditure, how and when the item is to be purchased or constructed, and any other pertinent data necessary to describe and explain fully each and every item. Trade in or salvage value should be shown for each item which it is planned to replace.

Statement of Activities (Form B-6)

The purpose of expenditure estimates is to request funds for the carrying out of services and activities. The estimates, therefore, need to be supported by statements of the work to be done, policies, and new methods to be employed. The Statement of Activities is provided for the use of department heads in reporting the scope and volume of activities of each unit under their jurisdiction with particular emphasis upon those facts which are the most important determinants of the agency's expenditure requirements. Cost data, work programs, seasonal and long term activity trends, and conformance of activities to accepted standards represent the type of information that should be shown on this form. The form should serve as the medium for giving the Governor and General Assembly a written explanation of the operating data, upon which the departmental estimates are based.

Estimates of Revenue and Receipts (Form B-7)

The Division of the Budget is required, in cooperation with the Department of Revenue, to prepare estimates of receipts for the current fiscal year and of both revenue and receipts for the ensuing biennium. In making such estimates, the Division of the Budget should confer with each State agency as to the receipts collected by it. The revenue and receipt estimates are entered on this form, the figures on past receipts being secured from the Revenue and Receipts Ledger maintained in the Division of Accounts and Control. It will be noted that the form calls for estimates of accruals of revenue as well as actual receipts during the new biennium. The receipt estimates must, in turn, be broken down by quarterly periods on the reverse side of the form, in order that the budget plan may effect a proper coordination between the receipts and the scheduled expenditures.

(See Forms B-6 and B-7 on following page.)

Since the entire budget plan is guided to a large extent by estimates of anticipated revenue and receipts, it is important that all pertinent factors be considered carefully. The revenue and receipt estimates should be based on consideration of past experience, economic and business conditions, improved methods of collections, and any new taxes which may have been added or are contemplated.

Form D-7

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF FINANCE - DIVISION OF THE BUDGET
ESTIMATES OF REVENUE AND RECEIPTS
FOR THE BUDGET YEAR ENDING JUNE 30, 1940.

Sheet No. _____ of _____ Sheets.

Note: These accounts include estimated collections of revenue that accrued during previous fiscal years. Items not included will be an important part of total receipts, unless it is made in the comments column.

Original Receipt Account No. 1	CLASSIFICATION BY SOURCE A.	RECEIPTS 1939-1939 3.	RECEIPTS 1939-1939 4.	ESTIMATED RECEIPTS 1939-1940 5.	ESTIMATED RECEIPTS		ESTIMATED RECEIPTS*		COMMENTS 10.
					1939-1939 6.	1939-1940 7.	1939-1939 8.	1939-1940 9.	

Estimates Of Revenue And Receipts, (Form D-7) (Size 17" x 14") Prepared in duplicate.
 Front

Form D-7 (Reverse)

ANALYSIS OF ESTIMATED RECEIPTS BY QUARTERLY PERIODS

CLASSIFICATION BY SOURCE	1939 - 1939				1939 - 1940			
	TOTAL	1st QUARTER	2nd QUARTER	3rd QUARTER	TOTAL	1st QUARTER	2nd QUARTER	3rd QUARTER

Estimates Of Revenue And Receipts, (Form D-7) (Size 17" x 14") Prepared in duplicate.
 Reverse

Review and Revision of Estimates

The budget calendar provides that the preliminary analysis and revision of estimates be made during the month of October by the Division of the Budget. This entails first studying individual estimates of expenditures in order to discover items which should be adjusted forthwith. The next step is to compile an aggregate of all requests to compare with the total estimated revenue and receipts in order to get a preliminary view of the entire budget. Ordinarily, most departmental expenditure estimates must be revised downward. There will be instances, however, where estimates will be increased because either the department head has underestimated his requirements or the Administration desires a higher standard of service than that contemplated in the departmental estimates.

Revision of expenditure estimates must be made on the basis of actual needs and the available resources of the State Government; and under no circumstances should reductions or increases be made arbitrarily. Sound practice requires that the revised estimates be based not only on the data submitted by the departments and other agencies, but also on exhaustive office and field studies conducted by the Division of the Budget.

The revisions made by the Division of the Budget are entirely preliminary in character since the Governor must assume personal responsibility for the budget plan as finally presented to the Legislature. After the preliminary revisions have been made, a tentative budget document is prepared for presentation to and discussion of the estimates with the Governor so that changes can be made which bring the budget in line with the Governor's policies. The budget calendar provides that during the month of November the tentative budget be prepared and discussed with the Governor, and that conferences attended by the Governor, representatives of the Division of the Budget, and individual department heads be held, at which time the estimates can be discussed and final revisions decided upon.

Nature of the Budget Document

The budget document presents the complete and detailed financial plan as formulated by the Administration and transmitted to the General Assembly. It is prepared during the month of December, at which time the final revenue and expenditure estimates, data on the Commonwealth's finances and activities, and drafts of recommended revenue and appropriation bills are brought together into an integrated document. The budget report is divided into three parts, each of which is discussed separately below. In discussing statements and schedules in the budget document, the budget for the next biennium beginning July 1, 1938, and ending June 30, 1940, is used as an example. Since the Statutes require comparative figures showing actual amounts for the last two completed fiscal years and estimates for the current year and the ensuing biennium, reference is made to the last two completed fiscal years as 1935-1936 and 1936-1937, to the current fiscal year as 1937-1938, and to the ensuing biennium as 1938-1940.

Part One is the Governor's message, which summarizes the entire budget plan and explains the Administration's financial policies that are embodied in such plan. It is supported by a general budget summary.

Part Two presents the detailed estimates of revenue, receipts, and expenditures including a correlation of estimates of available cash with estimated expenditures by quarterly periods.

Part Three shows the appropriation and revenue measures necessary to put the financial plan in operation.

Part I of Budget Document - Governor's Message

The Governor's message should include a brief analysis of the State's financial condition and present any significant changes that are anticipated during the ensuing biennium in the amounts to be derived from existing revenue sources. The message should explain any recommended changes in the revenue system and show their effect upon the total resources that will be available for expenditure. This should then be followed by a concise statement of the recommended expenditures with an explanation of the proposed policies and scope of operations to be put into effect upon the adoption of the budget. In the event that the budget plan contemplates a deficit, the reasons for such deficit and the method of handling it should be fully explained. The message should be supported by a general budget summary showing the estimated resources and expenditures by funds and brief comparative tabulations on past revenues and expenditures.

Part II of Budget Document - Detailed Revenue and Expenditure Estimates

The first section of Part Two shows the State's financial condition and past operations and includes the following schedules:

1. A comparative consolidated balance sheet (i. e., a column for the total and for each fund) for each of the two fiscal years last concluded and an estimated balance sheet as of the end of the current fiscal year.
2. An analysis of changes in surplus during the last two concluded fiscal years and an estimate of the changes during the current fiscal year.
3. A schedule showing the yearly accumulation of outstanding interest-bearing warrants during the past ten fiscal years together with an estimate for the current fiscal year. The columnar headings of this schedule are as follows:
 - a. Year
 - b. Net amount of interest-bearing warrants issued or retired during the year.
 - c. Accumulated warrants outstanding as of the end of the year.
4. A schedule showing the receipts trend for the last ten fiscal years together with estimates for the current fiscal year. The columnar headings of this schedule are as follows:
 - a. Year
 - b. General Fund
 - c. Revolving, Trust, and Agency Funds
 - d. All Highway Funds
 - e. Insurance Fund
 - f. Unemployment Compensation Fund
 - g. All Funds
5. A schedule showing the expenditure trend for the last ten fiscal years and estimates for the current fiscal year. The columnar headings of this schedule are the same as the receipts schedule above.

Section two of Part Two shows the relationship between estimated revenue and receipts and estimated expenditures. Its purpose is to show how the State's obligations are to be met when due and what is to be done with any cash in excess of current obligations. This section contains a statement by funds of cash estimated to be available for expenditure

during each fiscal year of the ensuing biennium showing: (1) the balance at the beginning of each quarter; (2) receipts during the quarter; (3) cash available during the quarter; (4) expenditures during the quarter for operating purposes; (5) expenditures during the quarter for retirement of interest-bearing warrants; and (6) current cash surplus or deficit at the end of the quarter. (Any deficit will be in the form of additional interest-bearing warrants.)

The next statement compares revenue and expenditures for each fiscal year of the ensuing biennium showing: (1) revenue accrued; (2) expenditures for operating expenses; (3) the excess of accrued revenue over expenditures; (4) the net amount of interest-bearing warrants to be retired; and (5) the budget surplus for each fiscal year. If it is planned to issue interest-bearing warrants during a fiscal year even though revenue exceeds expenditures during that year, an explanatory note should be added explaining that revenue which accrues during a year is not always collected during that year so that a cash deficit may necessitate the issuance of interest-bearing warrants even though there exists an actual budget surplus.

Section three of Part Two of the budget document shows the requirements of the State by funds, departments, divisions, institutions, and other agencies. This is largely a reproduction of the details as shown on the expenditure estimate forms. This section starts with a comparative statement of total expenditures by departments and other agencies, with columnar headings as follows:

1. Name of department or agency
2. Expenditures 1935-1936
3. Expenditures 1936-1937
4. Estimated Expenditures 1937-1938
5. Recommended by Governor 1938-1939
6. Recommended by Governor 1939-1940

The above material is followed by reproductions of expenditure estimate forms arranged in the following order:

- Form B-4 - Summary of Expenditure Estimates
- Form B-2 - Estimates of Expenditures for Personal Services
- Form B-3 - Estimates of Expenditures for Other Than Personal Services

The expenditure forms for each separate State agency are prefaced by brief summaries and explanations of activities and operations. These statements should explain any substantial increase or decrease in recommended appropriations for the ensuing biennium as compared to the current fiscal year. The prefaces are largely summaries of the information presented on Form B-6 "Statement of Activities."

Section four of Part Two shows in detail how the State's requirements are to be financed from the various sources available to it, including existing revenues, proposed new revenues, and borrowings. This part is largely a reproduction of Form B-7, Estimates of Revenues and Receipts, and shows actual receipts during the last two fiscal years, estimated receipts for the current fiscal year, and both estimated revenue and receipts for each fiscal year of the ensuing biennium.

Any appreciable increase or decrease in the receipts from any source is explained. Estimates of the revenue to be derived from any new sources proposed by the Governor are in-

cluded in the above statement with an explanation of how the anticipated amounts were computed.

Legislative Action on Budget Plan

Not later than the third Monday after the convening of the General Assembly in regular session, the Governor submits the printed budget document to the House of Representatives for its consideration. Before the appropriation bill is presented for open discussion by members of both the House and the Senate, it is considered by the appropriation committee of each House. During this discussion the Director of the Budget and his staff can be of great assistance to members of the Legislature in explaining and defending the budget as presented; and, in fact, they are required by statute to be at the disposal of the General Assembly and its appropriation committees while the budget report is under consideration. The General Assembly then adopts the financial plan, with such modification or changes as it desires, by passing an appropriation act and such revenue measures as are necessary. The appropriation and revenue bills passed by the Legislature are subject to the Governor's veto power. Furthermore, Section 88 of the Constitution gives the Governor power to disapprove any item or items in an appropriation bill, and the item or items disapproved do not become law unless reconsidered and passed by a majority of the members elected to each House. If the Legislature should fail to make an appropriation for any fiscal year for any purpose or purposes required to be executed by provisions of existing laws, or if the Governor should veto an appropriation essential to the execution of such a purpose, the existing appropriation exclusive of the appropriation for extraordinary expenditure and capital outlay continues from year to year until an appropriation is made by the Legislature. If the existing appropriation is applicable to ordinary recurring expenses, extraordinary expenses, and capital outlays, the Department of Finance determines what proportion applies to ordinary recurring expenses, and the proportion so determined becomes the appropriation for the next fiscal year.

The passage of an appropriation act authorizes only the expenditure side of the financial plan. In order to make the financial plan a balanced plan, the General Assembly must provide for sufficient income to cover expenditures authorized by the appropriation act. As already pointed out, the budget report should contain recommended measures for raising additional revenues when existing provisions are not adequate to cover the expenditures recommended by the Governor. However, instances may occur where the Legislature appropriates in excess of the Governor's recommendations and thereby throws the budget out of balance. In such cases it is definitely the responsibility of the General Assembly to pass revenue measures supplying funds sufficient to eliminate the excess of estimated expenditures over revenues.

The Appropriation Act

An appropriation act consists of individual appropriations that are defined by statute as authorizations "by the General Assembly to a budget unit to expend from public funds, a sum of money not in excess of the sum specified, for the purposes specified in such authorization, under the procedure specified" by statute. If the Legislature is to accomplish its function, it should be specific in its appropriations as to purpose, time, and amount, and yet at the same time it should not be so restrictive as to impede effective administration.

Appropriations lapse three months after the expiration of the fiscal year for which they were made. However, during the three month period, the appropriations are available

only for the payment of obligations incurred during the fiscal year or in "fulfillment of contracts properly made during the year" (Sec. 1992b-38). Where the Legislature authorizes an undertaking which involves a contract the fulfillment of which will extend beyond the end of the fiscal year, the appropriation should state specifically that it is not to lapse until the purpose or project is completed.

The Department of Finance is cognizant of the weaknesses of appropriations that are indefinite in amount. An appropriation which authorizes any agency to spend as much as it receives in revenue from fees and other sources defeats the purpose of budgetary planning and makes impossible the proper control of such expenditures. When the amounts available for expenditure by a budget unit are dependent entirely or to a major extent upon the receipts collected by it, there results a condition which is conducive to excessive expenditures on the one hand or totally inadequate financing of a State function on the other. It is accordingly planned to eliminate most appropriations of this type in the drafts of appropriation bills included in future budget reports.

The Budget and Financial Administration Act of 1934 (Sec. 1992b-9(1)) requires that the draft of the proposed appropriation act included in the budget document itemize recommended appropriations for ordinary recurring expenses by budget unit; recommended appropriations for capital outlay, however, must be itemized by budget class and must "specify the total amount to be appropriated for the total estimated cost of each such project"

As already indicated, a budget unit is defined by statute (Sec. 1992b-2(g)) as a department or other unit of organization for which appropriations are made separate from any other organization unit. This definition avoids an inflexible designation of what shall constitute a budget unit and leaves the preliminary determination to the Governor and final determination to the General Assembly. In instances where the activities of a department are closely related and limited in scope, the budget unit should be the department. However, where a department has varied activities, the divisions might advantageously be designated as budget units; an example of the latter is the Department of Welfare. The aim to be sought in appropriations is flexibility that will allow for administrative control.

A budget class is one of the major objects of expenditure. Extraordinary expenditures or capital outlay fall into the 600 class (see Subsidiary Classification of Expenditures in Chapter XVI). In keeping with the statutory requirements, appropriations for these items are made separately. The proposed appropriation act should therefore itemize appropriations for capital outlay under each budget unit by the following three classes: (1) Equipment; (2) Buildings and Improvements; (3) Land. The items constituting "Equipment" should be lumped in one amount, whereas appropriations for "Buildings and Improvements" and for "Land" should be itemized in detail.

The following is a suggested form for the appropriations to each budget unit:

NAME OF BUDGET UNIT	
1. For ordinary recurring expenses of operation	\$500,000.00
2. For extraordinary expenses and capital outlay	30,000.00
2a. Of this amount, each item shall not exceed the amounts specified below:	
Equipment	\$3,000.00
Buildings and improvements:	
(Specify item)	15,000.00

(Specify item)	\$5,000.00	
Land (Specify)	7,000.00	
Total for (Name of Budget Unit)		\$530,000.00

Execution of the Budget Plan

Control of the execution of the budget plan as adopted by the General Assembly is a function of the Governor, performed through the Divisions of the Budget and Accounts and Control. It is accomplished through machinery which insures that expenditures are in conformance with the budget plan; and also that authorizations to spend will be scaled downward in the event that revenues are not collected in the amounts and by the time contemplated in the estimates on which the budget is based.

This machinery consists essentially of a system of executive allotments, under which the spending agencies forecast the year's expenditures by quarterly periods, and are then required to observe the limitations of these quarterly estimates, as approved by the Department of Finance. Since the Finance Department does not approve the allotments for a quarterly period until shortly before the beginning of the period, it can adjust authorizations for expenditures to meet reduced revenues.

On May 1 of each year the Division of the Budget distributes Requests for Allotments (Form B-8) to heads of all departments and other agencies who are responsible for the preparation of such requests for units under their jurisdiction. Before the Requests for Allotments are distributed, the Division of the Budget inserts the name and amount of the appropriation against which the allotments are chargeable and the names of the respective department, division, and institution. The latter is necessary so that the department head may be informed by what units the Division of the Budget wishes to maintain control over expenditures. These forms are prepared in duplicate and the original copies must be returned to the Division of the Budget not later than May 31. Department heads must enter on these forms the estimated expenditures for each quarter of the fiscal year, and the total of such estimates may not exceed the appropriations made for the department. The estimates must be shown by budget class, i. e., personal services; services other than personal; materials, supplies, and parts; replacements and other current expenses; capital outlay, and debt and interest.

The space provided at the bottom of the form is for use by the Division of the Budget so that it can keep a summary record of allotments and the status of each allotment account. Thus columns are provided to show by quarters the allotment to each budget class, changes in allotments, the cumulative allotment, and the unencumbered balance at the end of each quarter. As a cross reference, the Advice of Allotment number is entered in parenthesis above each allotment and change in allotment. The Division of the Budget also assigns the allotment account numbers which are entered in the first column of the Allotment Request and also appear on the Advice of Allotment.

(See Form B-8 on following page.)

Advice of Allotment (Form B-1)

Requests for Allotments are analyzed by the Division of the Budget, which determines allotments for the first quarter and tentatively decides upon allotments for the other three quarters. Departments and other agencies are informed of their quarterly allotments on the twentieth of the month preceding the beginning of each quarter by means of an Advice of

FORM B-8

COMMONWEALTH OF KENTUCKY
 DEPARTMENT OF FINANCE - DIVISION OF THE BUDGET
 REQUEST FOR ALLOTMENTS
 FOR THE FISCAL YEAR ENDING JUNE 30,
 19__

DATE _____ 19__

DEPARTMENT _____
 DIVISION _____
 INSTITUTION _____
 APPROVED _____
DEPARTMENT HEAD

NAME OF APPROPRIATION FROM WHICH ALLOTMENTS ARE REQUESTED _____
 AMOUNT OF APPROPRIATION _____

ACCOUNT NO.	BUDGET CLASS	TOTAL	1st. QUARTER	2nd. QUARTER	3rd. QUARTER	4th. QUARTER
	Personal Services.					
	Services Other Than Personal.					
	Materials, Supplies, and Parts.					
	Replacements and Other Current Expenses.					
	Capital Outlay.					
	Totals					

DO NOT WRITE BELOW - FOR USE OF THE DIVISION OF THE BUDGET

ACCOUNT NO.	FIRST QUARTER				SECOND QUARTER				THIRD QUARTER				FOURTH QUARTER			
	ALLOTMENT	CHANGES IN ALLOTMENTS	NET ALLOTMENT FOR QUARTER	UNENCUMB. BAL. END OF QUARTER	ALLOTMENT	CHANGES IN ALLOTMENTS	TOTAL ALLOTTED TO END OF 2ND. QUARTER	UNENCUMB. BAL. END OF QUARTER	ALLOTMENT	CHANGES IN ALLOTMENTS	TOTAL ALLOTTED TO END OF 3RD. QUARTER	UNENCUMB. BAL. END OF QUARTER	ALLOTMENT	CHANGES IN ALLOTMENTS	TOTAL ALLOTTED FOR FISCAL YEAR	UNENCUMB. BAL. END OF FISCAL YEAR
TOTAL																

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Allotment.

The Advice of Allotment shows the name of the department, division, and/or institution, the quarterly period for which the allotment is made, and the title of the appropriation to which it is chargeable. Columns are provided for allotment account numbers and names, amounts previously allotted, allotments for ensuing quarter, and total allotments to date. Space is also provided for the signature of the Commissioner of Finance and the date of the latter's approval.

The original copy of the Advice of Allotment is sent to the department concerned, and the duplicate copy is used for posting to the accounting records and for entry in the space provided on the Request for Allotment. Advices are numbered consecutively beginning with one each fiscal year, and are filed in a ring binder consecutively within account numbers.

Changes in allotments or transfers between allotments to the several budget classes within a budget unit may be authorized by the administrative head of the budget unit if approved by the Commissioner of Finance (Sec. 1992b-23). The latter also has the power to make transfers between appropriations of any one department (Sec. 1992b-18). This allows for some flexibility if the Legislature should make detailed appropriations. An Advice of Allotment is used for changes and transfers as well as for regular allotments.

The task of the Division of the Budget does not end with the fixing of allotments, for execution and control of the budget plan is a continual process. Keeping expenditures within allotments is a function of the Division of Accounts and Control; but it is a function of the Division of the Budget to study financial operations to see if the budget plan is being realized as formulated. This necessitates study and review of monthly and other periodic statements of expenditures and encumbrances; it also requires an analysis of receipts and revenue accruals to see to what extent the estimated revenues are being realized. Using the data obtained by these analyses as a basis, the Division of the Budget makes the final allotments before the beginning of each ensuing quarter. (See Form B-1 on following page.)

Function of Accounting in Budgeting

The accounting system maintained by the Division of Accounts and Control plays an important part in the preparation and execution of the budget. In that connection it serves the following purposes: (1) provides information concerning expenditures and revenues of prior years, which data are employed in building the budget for the new fiscal period; (2) furnishes control over expenditures and revenues; (3) prevents the over-expenditure of appropriations; (4) assures that appropriate action will be taken if actual revenues prove to be less than the estimates.

The accounts give current information concerning the status and changes in all phases of the State's financial picture. This information is employed by the Governor, budget and finance officers, and departmental officials in the management of the Commonwealth's activities. The accounting system should, therefore, furnish prompt and accurate data for administrative control over the execution of the budget plan, and should also afford financial information required for subsequent budget planning. Budgeting and accounting must be viewed not separately but as closely related procedures, for the success of the former is dependent to a large extent upon the effective use of the latter.

An accounting system affords a medium for recording the effect of all financial transactions upon the budget plan as adopted. At the same time an effective accounting procedure prevents the authorization of any commitments unless such proposed transactions conform to the budget plan.

Chapter IV
FUNDS OF THE COMMONWEALTH*

Nature of Funds

The National Committee on Municipal Accounting defines a fund as a "sum of money or other resources (gross or net) set aside for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. A fund is a distinct financial or fiscal entity." The fund, as a device peculiar to the handling of public monies, earmarks certain resources of the governmental agency for specifically defined purposes. The existence of funds is one of the features that distinguishes governmental from business accounting and frequently causes some difficulty in understanding the complexities of governmental accounting.

A procedure that fails to recognize fund limitations is entirely inadequate and prevents the fiscal control contemplated in the creation of such funds. The observance of the fund concept requires that separate accounts be maintained for each fund. A governmental accounting system thus must not only account for the total assets, liabilities, revenues, expenses, and surplus or deficit of the governmental agency, but must reflect these items as distributed among the various funds. In prescribing the basic features of the State's accounting system, the Budget and Financial Administration Act provides for the segregation of accounts according to funds.

Neither the Budget and Financial Administration Act nor any other statute contains an inclusive list of the funds of the Commonwealth of Kentucky. The following ten major funds have been established in the State Government: (1) General; (2) Revolving, Trust, and Agency (group or related funds); (3) State Road; (4) Highway Bridge Bond; (5) Highway Bridge Bond Sinking; (6) National Industrial Recovery Act Highway; (7) County Road Trust; (8) Special Deposit Trust; (9) State Fire and Tornado Insurance; and (10) Unemployment Compensation.

No specific statutory authorization can be found for either the National Industrial Recovery Act Highway Fund or the County Road Trust Fund (insofar as its present use is concerned). However, ample authority for their creation can reasonably be implied from the statutes dealing with the powers and functions of the Department of Highways. The Constitution and Statutes refer to a School Fund which, as is noted subsequently, has not been created formally, since the purposes sought to be served are being accomplished through the medium of the General Fund.

General Fund

The general fund of a governmental unit is usually that which secures all revenue not allocated for specific purposes. The only section of the Kentucky Statutes which indicates the nature of the General Fund is Section 4281w-1, which sets forth revenues which shall be paid into this fund "for the use of the expenses of government." This fund supplemented by the Revolving, Trust, and Agency Funds, described in the next sections, finances all the regular activities of the Commonwealth, with the exception of the functions performed by the Department of Highways and the Unemployment Compensation Commission. Certain departments such as Finance, Auditor of Public Accounts, Law, State, and Treasury are financed entirely out of the General Fund; others such as Revenue, Conservation, and Welfare are

*Unless otherwise indicated, all section references are to Baldwin's 1956 Revision of Carroll's Kentucky Statutes.

financed through both the General and Revolving Funds; while still others such as professional examining boards attached to the Department of Business Regulation are handled entirely through the Revolving Funds.

Revolving Funds

A revolving fund ordinarily means one established for carrying on an activity, the receipts of which reimburse the fund for the amounts previously disbursed. Thus at any time the total assets of such a fund should equal the amount originally authorized. However, as defined in the Budget and Financial Administration Act, the term "revolving fund" has an entirely different meaning. The Act (Sec. 1992b-2) states: "'Revolving Fund Account' means a State treasury account accruing to the credit of a budget unit from operating receipts, fees, gifts, or appropriations which may be used in defraying maintenance and operating expenses of activities and agencies which are in whole or part self-supporting." Under the law (Sec. 1992b-19), revolving fund accounts may be established by appropriations for financing the operations of industries, farms, hospitals, dormitories, dining halls, etc., and/or by depositing the operating receipts of such activities and agencies in the State Treasury to the credit of the respective revolving fund account. Such deposits may represent not only ordinary operating receipts but also amounts received from every other source, including tuition and incidental fees, federal grants, gifts, donations, or devises.

The law requires that a separate account be maintained for each revolving fund, and the amounts credited to such accounts may be expended, without further specific appropriation, for the purpose covered by the funds. The monies so deposited must at all times be kept in the State Treasury available for disbursement. However, in the event that the receipts are in excess of the maintenance and operating costs of an agency, plus any direct appropriation to the fund, the Department of Finance may order the excess "to be covered into and become a part of the ordinary recurring expense fund of the budget unit or division thereof." The exact significance of this latter provision is not clear because of the uncertainty of what is meant by the term "ordinary recurring expense fund."

In short, these provisions permit budget units, upon statutory authorization, to deposit their operating and other receipts in a special fund subject to disbursement by only the particular budget unit. In many cases these revolving funds are in addition to the appropriations made out of the General Fund for such purposes.

The designation of these resources as Revolving Fund Accounts is misleading, since they are, in fact, special revenue funds. Their number should be kept at a minimum for they prevent effective budgetary control and increase the difficulty of securing a picture of the financial operations of the State Government. The use of such funds has resulted in a degree of instability in the financing of certain vital activities of the Commonwealth. Although such funds may be necessary in special instances, their widespread utilization throughout the State Government is unjustifiable.

The Appropriation Act for the 1936-1938 biennium provides for two revolving funds that fall within the meaning of this term as used in current accounting practice. The two such funds are used for furnishing paper and postage to the various State agencies. The paper and postage revolving accounts are reimbursed by charges to the individual departments; this reimbursement is effected through the issuance of Inter-Account Bills, discussed in

other chapters of this Handbook. These funds are being handled through the General Fund since they are financed by appropriations out of that Fund, and since the amount and the number of transactions of each fund are relatively small.

Trust and Agency Funds

Trust and Agency Funds consist of monies received and held by the State as trustee or agent for individuals or other governmental units. With the exception of the County Road Trust and Special Deposit Trust Funds, funds of this type are included within the general grouping of Revolving, Trust, and Agency Funds. Except for the two cases noted, this grouping of the so-called Revolving Funds together with the Trust and Agency Funds, has been found feasible since separate accounts are maintained for each fund and since all of the trust funds received by the State are of an expendible character and are limited in amount.

The Budget and Financial Administration Act (Sec. 1992b-49) makes special provision for trust funds by providing that any agency of the State Government having private funds available for its support or for the purpose of defraying the expense of any work done under its direction shall deposit such funds or contributions with the State Treasurer. At the time of making such deposit the agency must certify the source, terms, conditions, purpose, and the names of trustees or administrators and those authorized to approve expenditures from such funds. The law requires that these funds be kept distinct from all other funds and that separate accounts be maintained therefor.

State Road Fund

Section 4356t-15 of the Statutes provides for a State Road Fund from which expenditures may be made for the following purposes:

1. Aiding counties in surveying and making maps of public roads.
2. Locating and constructing new roads.
3. Reconstruction of old roads.
4. Relocating and constructing roads already established as public roads.

Certain revenues of the Commonwealth are payable into the State Road Fund and become available for financing the activities of the Department of Highways, which carries on the various activities enumerated above. The Fund operates with relatively few statutory restrictions as to the amounts that may be expended for the various activities of the Department of Highways. However, by enactment of the General Assembly in 1936 (Sec. 4308-1 to 6) two million dollars is appropriated annually out of the State Road Fund to be used by the Department of Highways for the improvement, reconstruction, and maintenance of county roads, and bridges which have not been accepted by the Department for maintenance. This appropriation, which starts with the fiscal year 1936-1937, is apportioned among the counties of the State on the following basis:

1. One-third of the sum is apportioned equally among the one hundred twenty counties.
2. One-third is apportioned on the basis of the ratio which the population of each county bears to the total population of the State
3. One-third is apportioned on the basis of the ratio which the square mile area of the county bears to the total square mile area of the State.

The funds so apportioned must be expended by or under the direction of the Department

of Highways, and no part of such funds may in any event be turned over to any county or its fiscal court.

Highway Bridge Bond Fund

The monies received from the sale of the bridge bonds described in Chapter XII, dealing with indebtedness, must be paid into the State Treasury to the credit of the Highway Bridge Bond Fund. These monies may be used only for the following purposes in connection with the construction of bridges (Sec. 4356s-13):

1. Refunding to the State Road Fund the cost of preparing plans and specifications.
2. Purchasing real estate.
3. Exercising the right of eminent domain.
4. Issuing and selling bridge bonds.
5. Payment for labor, material and other expenses incidental to the acquisition or building of bridges.

Highway Bridge Bond Sinking Fund

This Fund was created for the purpose of paying the principal and interest on the bridge revenue bonds (Sec. 4356s-4 and 6). The legal basis for the issuance of such bonds is described in the chapter on indebtedness. The income of this Fund is derived from bridge tolls, such tolls being fixed by the Department of Highways. In issuing the bonds several bridges may be combined in one project, but in any event the tolls or revenue from the bridges included in one project must be kept entirely distinct from those included in any other project.

National Industrial Recovery Act Highway Fund

This Fund was established for the purpose of handling projects to be financed out of Federal funds made available under the Emergency Public Works Program. It was started through a cash advance of nine hundred thousand dollars by the Federal Government. All expenses chargeable to projects included within the scope of this Fund are payable out of the cash advance. The supporting documents are then subject to examination by the Federal Bureau of Roads; upon approval of these items the Federal Government reimburses the Fund. However, if the Bureau disallows any of the items presented by the Department of Highways, the State Road Fund must reimburse the National Industrial Recovery Act Highway Fund to that extent.

County Road Trust Fund

Under Section 4356t-15 of the Statutes, a county or municipality may make a donation to the State in aid of the construction or maintenance of any State roads, and the State may accept such donations in accordance with terms and conditions prescribed by the Department of Highways. Pursuant to this authorization, counties have entered into agreements whereby such monies are deposited with the State prior to the actual construction, but do not become payable to the Department of Highways until the completion of the construction. During the interim the monies are held in the County Road Trust Fund, from which, as the work is completed, they are transferred to the State Road Fund.

Section 4356t-11 provides that if any county wishes to construct a part of a primary road prior to the time set by the State, the Department of Highways may grant such request in the event that the county has sufficient funds available to finance such construction.

and will disburse such funds for that purpose. The work may not be started, however, until the county has actually made such funds available to the Department of Highways. The law further provides that upon the completion of construction undertaken under this section of the law, the State shall refund to the county the full amount of money thus advanced, upon proper certification by the Department of Highways. Any such monies advanced by a county would be deposited in the County Road Trust Fund or some other special fund.

Special Deposit Trust Fund

The Budget and Financial Administration Act (Sec. 1992b-50) provides for a Special Deposit Trust Fund consisting of all monies received by the Commonwealth for any of the following purposes:

1. As guarantee for the payment of any costs, charges, or damages accruing or liable to accrue to the Commonwealth.
2. As guarantee for the performance of any specific act including all monies deposited as bail to secure the liberation of persons accused of public offenses.
3. Deposits by bidders on contracts to insure their entering into contracts awarded them.
4. Deposits to indemnify persons whose property may be damaged or destroyed by the operations of the depositor.

The law requires that all such monies shall be paid to the State Treasurer and deposited by him as a trust fund in a separate account in a designated depository. Any interest accruing on such deposits is payable to the General Fund. Money deposited in this Fund may be returned to the depositors without specific appropriation or allotment when the depositors become entitled to the return of such money. The monies are paid in the same manner as other claims against the Commonwealth.

Upon default of any depositor and upon certification to that effect by the administrative officer having charge of the matter, the Auditor of Public Accounts may declare such monies forfeited in whole or in part; and, thereupon, the amount forfeited is transferred to the General Fund.

The use of the Special Deposit Fund at the present time is quite limited, and in practice is restricted to deposits made by persons bidding for highway contracts. With the expansion of the centralized purchasing function, more extensive use probably will be made of this Fund by requiring other types of bidders to make such deposits with the State Treasurer.

State Fire and Tornado Insurance Fund

Chapter 60 of the 1936 Acts of the General Assembly created the State Fire and Tornado Insurance Fund for the purpose of having the State carry its own fire and tornado insurance on the buildings and personal property belonging to the Commonwealth. The provisions covering this Fund are found in Sections 4636-21 to 4636-36 inclusive of the Statutes. Under this law, the Division of Insurance of the Department of Business Regulation is required to make an annual appraisal of the buildings and personalty belonging to the State and to fix premium rates upon each building and each class of personal property. These rates are then used to compute the premiums charged against each department or other agency of the Commonwealth, the amounts being calculated on the basis of ninety per cent of the appraised valuation of the property.

However, no premium on any single building, including the contents thereof, may be charged on a valuation in excess of five hundred thousand dollars, unless the Division of Insurance shall have previously contracted for reinsurance which limits the liability of the Fund to five hundred thousand dollars upon such building and contents. The premiums charged to the individual departments must be credited to the State Fire and Tornado Insurance Fund, out of which are paid all settlements of claims for losses by fire or tornado. Payment of a loss on any one building and its contents is restricted to five hundred thousand dollars unless the excess is covered by reinsurance which has actually been paid into the fund by the reinsuring company or companies.

With the approval of the Department of Finance, the State Treasurer invests the amounts credited to the Fund in obligations of the Federal Government, its agencies, or Kentucky cities of the first, second, third, and fourth classes. All interest, earnings, profits, or other income from investments of the Fund must be credited to it and are available to cover damage claims. Subject to approval by the Department of Finance, both the Division of Insurance and the State Treasurer may charge the State Fire and Tornado Insurance Fund with expenses incurred by them in connection with their participation in the administration of the Fund. However, the total of such expenses may not exceed ten per cent of the total receipts of the Fund during the fiscal year.

When, at the end of any fiscal year, the assets of the Fund reach one million dollars the Division of Insurance is required to certify to the Treasurer a credit for each department having control or custody of State property. This credit serves as an offset against the premium due for the ensuing fiscal year; the proportion used for computing the credit is obtained by taking the total amount of premiums and subtracting therefrom the total amount of losses and the total amount of expenses and dividing the result by the total amount of premiums.

The act creating the Fund appropriated one hundred thousand dollars from the General Fund "to assure safety of operation while the former fund is being built up from premiums and income from investments." This amount has been treated as an advance from the General Fund to the State Fire and Tornado Insurance Fund rather than as an outright grant.

Unemployment Compensation Fund

At the fourth 1936 Special Session, the General Assembly enacted the Unemployment Compensation Law which established a special fund to be known as the "Unemployment Compensation Fund" and to be administered "separate and apart from all public monies or funds of the State." The Fund consists of: (a) employers' and employees' contributions which are subsequently deposited with the Federal Government as is described below; and (b) amounts requisitioned from the Federal Government for the payment of benefits. The Fund also includes property or securities in which the Fund's monies are invested, and interest earnings.

The law designates the State Treasurer as the ex officio Treasurer and custodian of the Fund. He is required to deposit the receipts of this Fund with the Secretary of the Treasury of the United States to the credit of the Federal Unemployment Trust Fund. As the Unemployment Compensation Commission requisitions amounts from the Trust Fund, the amounts are deposited by the State Treasurer in a special account of the Unemployment Compensation Fund. These amounts are kept on deposit in the regular State depositories.

When the State no longer uses the Federal Unemployment Trust Fund, the State Treasurer will have complete custody of such monies but is required to invest them in bonds or other interest bearing obligations of the Federal Government. In handling such monies, the State Treasurer will be subject to control by the Unemployment Compensation Commission and the Department of Finance.

School Fund

Under Section 184 of the Constitution, the Commonwealth's bond issued in favor of the Board of Education for the sum of \$1,327,000, together with \$73,500 of stock in the Bank of Kentucky, must be held inviolate for the purpose of maintaining the common schools. Similarly, the interest on such obligations may be used only for purposes of common school education. The stock referred to by the Constitution is worthless since the bank has become insolvent. The Constitution further provides in Section 186 that the surplus due the counties in connection with the School Fund at the time of the adoption of the Constitution shall remain a perpetual obligation against the Commonwealth for the benefit of the schools of the counties, such obligation to bear interest at the rate of six per cent per annum. Sections 185 and 187 to 189 of the Constitution contain additional provisions with reference to the School Fund.

The 1934 School Code (Sec. 4370-1) specifies the items that constitute the Fund and sets the amount of surplus due the counties at \$381,986.08. It also lists \$52,000 invested in Liberty Loan Bonds, which were purchased out of the cash dividends on the Bank of Kentucky stock, and a six per cent bond for \$606,641.03 issued pursuant to Section 188 of the Constitution in favor of the School Fund for money received from the Federal Government. The law also refers to athletic fees which were at that time designated as revenue of the School Fund but now go into the General Fund, and to the annual taxes apportioned for the benefit of the schools and such other state taxes as the General Assembly may appropriate in aid of the common schools. However, no specific portion of the annual tax is designated for school purposes.

The ultimate effect of the foregoing provisions is that the bonds executed in favor of the School Fund assure that the Legislature appropriates for the support of the common schools an amount equal to six per cent per annum on such bonds. In addition, the General Assembly appropriates a large sum for the per capita common school grants and the purchase of text books. For the fiscal year 1936-1937, \$138,938.18 was appropriated for the interest on the irredeemable bonds, while more than \$9,000,000 was provided for the school per capita and \$500,000 for the purchase of textbooks.

The above appropriations are made out of the General Fund, and since the irredeemable bonds represent nothing more than a perpetual guarantee that certain appropriations will be made for school purposes, there is no actual need for the creation of a separate School Fund. The Liberty Bonds, of course, differ entirely from the other bonds since they are in the nature of regular investments. Since these bonds were called some time ago they yield no interest at the present time. The entire amount should, therefore, be converted into cash, and the proceeds reinvested in other securities in accordance with the authorization found in Section 185 of the Constitution. The General Assembly could then appropriate for school purposes an amount equivalent to the interest on such bonds, the interest derived being deposited to the credit of the General Fund. Thus all these items can be handled adequately through the General Fund, thereby avoiding the need for creating a special fund.

Chapter V
PURPOSES AND GENERAL NATURE OF THE ACCOUNTING SYSTEM

Purposes of the Accounting System

The accounting system that has been installed in the Department of Finance can be understood more readily if one is cognizant of its purposes. Fundamentally, the system is the means of securing the control, planning, and accountability to the General Assembly and the public that the law contemplates in connection with the handling of the Commonwealth's finances. It supplies the details necessary to translate the prescribed policies and standards into actualities.

If the procedure is to afford the control the statutes seek to set up, it must, in the first place, be effective in assuring compliance with certain restrictive provisions including those: (1) limiting the use of the various types of revenues collected by the State; (2) requiring the prior approval of all proposed commitments; (3) prescribing the method of presenting and examining claims against the Commonwealth; and (4) requiring certain records of financial transactions. By providing for an independent post-audit agency in the form of the Auditor of Public Accounts, the General Assembly now has the means for ascertaining whether the requirements are being observed.

However, this is only one aspect of the financial procedure. In addition, those engaged in the actual administration of the State's affairs should, at all times, have available accurate and complete financial data on the operations and condition of the State Government as a whole and of its various agencies. Such information must not only be adequate for current operating purposes including proper administrative control but must also suffice for sound financial planning. The finance unit must be equipped to give effective guidance to the coordination of the Commonwealth's activities with the resources available for financing such functions. The system should yield to the public prompt and intelligible data on receipts and expenditures and the financial status of the State Government. Finally, the financial records must be maintained in such a manner as to facilitate subsequent examinations or audits.

Use of Accounting Methods

Accounting deals with the recording of financial data concerning an enterprise, whether it be public or private in character, and the utilization of such data in a manner most conducive to effective operations. Accounting has become an indispensable tool of administration, and the accountant has assumed a role of increasing importance in the management of both business and governmental organizations.

It is important to bear in mind that the differences between the functioning of government and private business necessitate definite variances between business and governmental accounting procedures. The chief variances are:

1. Governmental accounting necessarily reflects the emphasis that must be given to the observance of the legal requirements concerning financial administration in a governmental agency.
2. Accounting in government has a much closer relationship to budgetary administration than in the business field.
3. Except for publicly operated utilities and similar undertakings governmental accounting is not concerned with the determination of profit and loss, but

rather the measuring stick in government is applied in terms of the quality, efficiency, and effectiveness of services rendered the community.

4. Governmental accounting does not involve the proprietary interests of individuals, partners, or stockholders.
5. Governmental accounting must give effect to the prescribed segregation of the resources of the agency into funds, each of which is an entity and requires its own group of accounts.

Basic Approach of the Accounting Procedure

In order to accomplish its purposes the accounting procedure provides four major steps applicable to all financial transactions: (1) examination as to conformity with legal requirements and other standards; (2) determination of the accounts affected; (3) accurate and prompt recording; and (4) issuance of statements reflecting the effect of such transactions.

The procedure is designed to make available currently the following information, all of which is segregated by the funds described in the foregoing chapter:

1. Resources and Receipts
 - a. Estimates of revenue upon which appropriations are based.
 - b. Receipts of both a revenue and non-revenue character.
 - c. Cash on hand.
 - d. Amounts receivable. (The State uses the accrual basis wherever possible.)
 - e. Value of lands, buildings, and equipment.
2. Authorizations to Expend
 - a. Appropriations, which serve as the legal basis for expending the State's monies and against which allotments are made.
 - b. The allotments authorized against such appropriations, the allotments being the portions of the appropriation set aside to cover encumbrances and expenditures for a designated purpose, during a quarterly period. Against the respective allotments are shown the obligations and expenditures described below.
3. Obligations and Expenditures
 - a. All commitments (i.e. purchase orders, contracts, and other obligations) are recorded against the respective accounts.
 - b. All expenditures (i.e. amounts which become definite obligations) including those of an inter-account character.
 - c. Amounts due between funds or due to private individuals or other governmental agencies with proper distinction between interest bearing and non-interest bearing obligations.
 - d. Cash payments or disbursements.

Main Features of the Accounting Installation

Such information must not only be recorded in summary form but must be supplemented by the details required by law or necessary for operating purposes. In order to furnish this data and permit its proper utilization, the Kentucky accounting installation embodies the following features; those marked with an asterisk will be eliminated in 1940, when warrants will be issued by the Department of Finance rather than the Auditor of Public Accounts:

1. Aside from the temporary duplication of certain activities by the Auditor of Public Accounts, the accounting work of the Commonwealth has been centralized in the Division of Accounts and Control of the Department of Finance.
2. The accounting system is based on the double entry method.
3. The accounts are segregated by the funds described in the preceding chapter, each fund being treated as a distinct entity.
4. The system provides a general ledger in which are recorded in summary form all transactions and which is supplemented by various subsidiary records such as the Expenditure and Encumbrance Ledger, the Revenue and Receipts Ledger, and the Interest Bearing Warrant Record.
5. There are included complete budgetary accounts for both expenditures and revenues, these being maintained together with the proprietary accounts on a unified basis.
6. All purchase orders and other commitments are examined and posted to the accounting records prior to their actual issuance.
7. The accrual basis is used in recording expenditures and, in so far as practical, is also applied in recording revenues.
8. Bookkeeping machines are used for the recording of commitments, expenditures, accrued revenues, and receipts.
9. The payroll procedure has been centralized and makes use of addressing equipment.
10. A detailed pre-audit of all expenditures is made by the Division of Accounts and Control.
11. In accordance with statutory requirements, all monies received on behalf of the Commonwealth are transmitted to the Division of Accounts and Control, which in turn forwards them to the State Treasurer.
12. All expenditures are analyzed according to a detailed classification and are posted to a ledger maintained for that purpose.
13. The procedure provides for the following types of reports:
 - a. Monthly reports as to the status of allotment accounts.
 - b. Monthly reports on revenues and receipts of the Commonwealth.
 - c. Quarterly reports on the detailed analysis of expenditures.
 - d. At least annually a balance sheet for each fund.
 - e. Annual comprehensive report on the financial transactions and status of the Commonwealth.
14. The State's financial records are subject to audit by the Division of Post-Audit of the Department of Finance until 1940 when this function is to be assumed by the Auditor of Public Accounts.
15. Departmental accounting is continued to the extent that it supplements rather than duplicates the activities of the Department of Finance.
16. Central inventory records are provided for lands, buildings, and equipment, and these are controlled by fixed asset accounts.
17. The Auditor of Public Accounts maintains accounting records which in part duplicate those of the Division of Accounts and Control but which do not provide the same scope and detail of information.
18. Copies of all encumbrance, expenditure and receipt documents are sent to the Auditor.

- *19. Warrants authorizing disbursements by the Treasurer are issued by the State Auditor upon the basis of vouchers approved by the Department of Finance.
- *20. Vouchers so submitted are subject to pre-audit by the Auditor.

Accounting Documents

An accounting system requires the use of certain documents covering financial transactions and which serve as media for entering the pertinent information in the accounting records. In this installation the documents fall essentially into four general groups: (1) encumbrance documents, (2) expenditure documents, (3) documents relating to receipt and disbursement of cash, and (4) journal vouchers. The responsibility for preparing the different documents varies; but regardless of the agency handling the initial preparation, it is the responsibility of the Division of Accounts and Control as the accounting unit, to see that the documents carry all required information and meet the prescribed standards.

Through the examination and approval of such documents, the Division of Accounts and Control maintains a control over the incurring of obligations and verifies the legality and correctness of all expenditures before they are authorized for payment. Thus, the procedure is not confined to the routine posting of the transactions; but includes a careful examination of all documents to see that they are complete and that the transactions represented thereon are in accordance with the established requirements and fiscal policies of the Commonwealth. The bookkeeping operations of the Division are thus secondary to the major purpose of affording executive control over financial matters and of facilitating effective management of the State Government as a whole.

Accounting Records

The various financial documents are posted to journals or other books of original entry as an operation intermediate to the posting to the General Ledger. These intermediate records serve as a means of classifying the various items and accumulating the data for "lump sum" posting to the proper accounts in the General Ledger, thereby reducing the General Ledger postings to a minimum. A daily summarization is made of all transactions, which is posted to the General Journal; the latter serves as the medium for entering the data in the General Ledger.

The General Ledger is the accounting record which shows in summary form all financial transactions of the Commonwealth and reflects the financial status of each fund. Since the General Ledger cannot suffice to give the information required for control and administrative purposes, the accounting procedure includes such subsidiary records as the Expenditure and Encumbrance Ledger, the Revenue and Receipts Ledger, and the Detailed Expenditure Analysis Ledger, each of which is controlled by accounts in the General Ledger.

Through the device of control accounts the system yields data immediately in both summary and detailed form. A control account is one which shows in summary form information which is shown elsewhere in more detail concurrently. Not all of the accounts in the General Ledger are necessarily control accounts, since certain of the General Ledger accounts are not supported by subsidiary data. One of the advantages of the control account is the fact that it is not as subject to error as the subsidiary accounts. Postings to the control accounts are usually made in totals which usually have previously been verified; while the postings to the subsidiary records are made from the original documents such as purchase orders and vouchers, and because of the large number of these documents are more subject to

error. The control account, therefore, furnishes a means of proving the arithmetical correctness of the subsidiary accounts.

Under the accounting system entire dependence is not placed on the control accounts found in the General Ledger, but control accounts are also kept within the subsidiary records themselves. Thus the individual accounts in such records should first be balanced out with their respective control accounts before endeavoring to reconcile with the General Ledger.

Double Entry Method

The double entry method of accounting employed by this system consists of determining for each transaction debit and credit entries of equal amount and posting them to the General Ledger accounts accordingly. The accounts are simply a device for accumulating data on transactions of a similar character and consists of two sides, the left hand for accumulating debits or charges and the right hand for credits; thus under the double entry system debits and credits for all accounts must be equivalent. Every transaction, therefore, must be classified on the basis of there being two entries, each equal to the other.

Proprietary and Budgetary Accounts

The accounts that have been set up may be classified into proprietary and budgetary accounts. Proprietary accounts are defined by the National Committee on Municipal Accounting as those necessary to reflect assets and liabilities and which display the results of operations in terms of revenue, expenditure, surplus or deficit. Expressing it differently, the proprietary accounts show the income and expenditures of the Commonwealth and also what it owns (assets), what it owes (liabilities), and the amount by which the former exceeds the latter (surplus), or vice versa (deficit), as the case may be. Budgetary accounts are those used for setting up the budget plan and recording the various transactions in terms of their effect upon the budget plan.

The system installed unifies these accounts, thus avoiding the complications of two separate and complete sets of accounts. At the end of the fiscal period the budgetary accounts, having served their purpose, are closed out and there remain only the proprietary accounts which yield a balance sheet showing the regular assets and liabilities of the Commonwealth.

Property Accounts

The Division of Purchases and Public Properties is required by law to maintain perpetual inventory records of the State's buildings and equipment. The amounts reflected by these records together with the value of lands owned by the Commonwealth are controlled by special accounts provided for that purpose. These fixed assets are carried on the basis of original cost or estimated cost if the former figure is not available; and in accordance with approved practice the general accounting records give no effect to depreciation. It did not appear feasible to include highways, bridges, and similar improvements in the fixed asset accounts, as the possible uses of such information did not seem to justify the amount of work involved in setting up and maintaining the data in the accounting records.

In view of the large inventory of equipment parts carried by the Department of Highways, a General Ledger account has been provided under the State Road Fund to control the inventory records maintained in connection with such items.

Accrual Basis

Reference has been made to the recording of liabilities of the Commonwealth on an accrual basis and the similar handling of the revenues to the extent that this is practical. The accrual basis means the recording of a revenue as soon as it is earned or due, even though this may antedate its actual collection; while a liability is recorded as soon as it is incurred regardless of the date of payment.

In many instances revenues cannot be accrued because the amounts become known only at the time of their collection. Because of this fact, it has not been possible to apply the accrual method on a wide basis to the revenues of the Commonwealth.

Bookkeeping and Addressing Equipment

In view of the volume and nature of the transactions involved, bookkeeping equipment was included as an integral part of the accounting installation. The machines not only expedite the posting operations but also permit the work to be done in a more economical manner. One type of bookkeeping equipment is used for making all postings to the Expenditure and Encumbrance Ledger and the Revenue and Receipts Ledger, while a much simpler type is used for the Detailed Expenditure Analysis Ledger.

In addition to the bookkeeping equipment, the accounting system utilizes addressing equipment for the centralized preparation of payrolls and salary checks. Through such centralization, more effective control has been secured over the reporting of personnel changes, the checking of payrolls has been facilitated, and the writing of salary checks has been greatly simplified. This equipment is also employed for preparing the vouchers and checks in connection with old age assistance payments. Many other uses are planned.

Reporting of the Accounting Data

The effective utilization of the data accumulated under any accounting procedure requires the prompt preparation of suitable accounting statements at such intervals as the information may be of value. The Kentucky accounting system recognizes that the statements issued by the accounting unit must not only meet the needs of those offices engaged in the actual administration of the State's finances but must also furnish departmental officials with the financial information required by them for management purposes, afford adequate data for budgetary purposes, and give the public generally the essential facts relative to the revenues, expenditures, and financial status of the Commonwealth.

Provision has, therefore, been made for monthly reports showing the status of allotment accounts and the State's revenue receipts classified according to the revenue and receipts classification. A quarterly report gives an analysis of all expenditures according to a detailed classification. A balance sheet for each fund of the Commonwealth is issued at least annually, and a comprehensive report dealing with the State's finances is prepared after the termination of each fiscal year.

Departmental Accounting and Cost Records

The central accounting system does not eliminate all departmental accounting, since complete centralization in the near future was not considered feasible. For the present the individual agencies continue to maintain such cost and other accounting records as they have in the past, it being distinctly understood that such records are subject to reconciliation with the accounts maintained in the Division of Accounts and Control, since the latter are

the official financial records of the Commonwealth. Regardless of where the necessary records are maintained, the Department of Finance is vitally interested in there being available accurate cost data broken down by suitable units of measurement. Such cost data not only facilitate efficient administration but make for more effective financial planning and control.

As the Division of Accounts and Control expands, it may appropriately assume a large part of the accounting work being done by the individual departments, especially by the Department of Highways, the central office of which is located in Frankfort and which maintains a large accounting organization. The Division of Accounts and Control has at present complete records as to the financial status of the Commonwealth and has sufficient accounts to maintain adequate budgetary control over all State agencies so that any such expansion will represent only a refinement in the general accounts and a transfer of activities in the interest of unity and economy.

Duplication Until January, 1940

The procedure reflects the provisions of the Reorganization Act which continue the Auditor as an operating accounting unit until January, 1940. Since the Statute clearly provides for duplication of activities, the procedure necessarily contains certain steps which are not reconcilable with sound practice. In order to meet the statutory requirements it was essential to provide the Auditor with copies of all expenditure and encumbrance documents and also of all authorizations to the State Treasurer as to the receipt of money. Moreover, the fact that the issuance of warrants has been continued as a function of the Auditor permits that official to make another pre-audit of the vouchers sent him.

These conditions will be remedied in 1940 when the Office of the Auditor of Public Accounts becomes purely a post-audit unit to which will be transferred the work now performed by the Division of Post-Audit, which was established to handle all post-audit functions during the interim. At that time those features of the procedure that were installed for only the duration of this transitional period will be discarded.

Chapter VI

FINANCIAL STATEMENTS AND REPORTS

Although a system of fiscal administration, as described in this Handbook, is indispensable from the point of view of furnishing an orderly plan of handling and controlling financial transactions, its chief purpose from the standpoint of management is to supply State officials with information necessary for the planning and direction of State activities. In any organization as large and complex as that of a government of a state, it is imperative that the Governor, financial officers, and department and division heads be furnished with a steady supply of information concerning the operations of the State. This information consists of two general classes: first, reports and statements reflecting the various financial operations; and second, reports and analyses of the nature and extent of work done, problems encountered, and the results of services rendered.

Purposes of Financial Statements and Reports

The procedures described in this Handbook have been designed to provide financial information that is not only of day to day value to the administrative officials but is essential for the Legislature in its consideration of State fiscal and operating needs. The various reports and statements provided herein afford a means of informing citizens of the Commonwealth of the financial condition and problems of their government. Some of these reports will need to be issued in a more simplified form than is necessary for administrative purposes and should be supported by a non-technical explanation of their contents.

The various reports and statements described in this chapter have been designed primarily with the objective of providing administrative officers with a complete picture of the financial condition of the State as a whole, and of its various funds and agencies. They thus tell whether the government as a whole, or with respect to its various funds, is solvent or not. These statements and reports further reveal the results of the State's financial operations and indicate whether or not these operations have been carried on in conformance with the budget plan.

State officials concerned with the problem of management and control of all State services should receive copies of all of the financial reports. The heads of departments and divisions and other State agencies should receive the reports relating only to the activities over which they have jurisdiction.

The value of these statements and reports will depend in large measure upon the promptness with which they are prepared and submitted. The officials need to be informed of results in sufficient time that administrative action can be taken promptly. Under the financial procedures employed by the Kentucky State Government, with its use of mechanical equipment, the records can be kept continually up to date and statements prepared therefrom immediately at the close of each day, week, or month, without laborious calculations.

From time to time the statements and reports discussed in this chapter need to be supplemented by special reports and analyses. Such special analyses may go into much greater detail with respect to such matters as the present and future anticipated cash position, revenue and expenditure trends, and similar matters. With the accounts kept according to detailed classifications shown in Chapter XVI, these studies can be made quickly and easily.

In order to supplement these financial reports, department heads with the general assistance of Divisions of the Budget and Accounts and Control should develop a state-wide plan of reporting non-financial information. The various State agencies now compile certain information which should be extended and integrated into a unified program of administrative reporting.

These reports should show in statistical form, so far as possible, the quantity and character of work performed, unit costs, the problems encountered, and similar matters. The administrative value of such reports depends in a large measure upon the extent to which various services and activities of the departments can be subjected to definite measurement. The volume and cost of work can be measured in terms of units of work performed, such as, square yards of various types of highways constructed or repaired, patient days of persons hospitalized, complaints reported by state police and investigated, persons receiving various types of public assistance, etc.

The various financial and non-financial reports should be supplemented wherever practical by charts and graphs. A simple chart or graph will often show at a glance significant information which cannot be readily visualized in detailed tabulations.

Statement of Cash by Funds and Depositories (Exhibit 1)

This statement shows for each fund the amount of cash on hand at the beginning of the month, the receipts and disbursements during the month, and the cash as of the end of the month. This information is obtained from the General Ledger and should balance with the similar information shown by the Treasurer's books. The recapitulation by depositories indicates how the total cash of the State is distributed among the various banks in which the State's monies are deposited. In addition, there is shown for each bank the amount of the surety bond or the securities which it has deposited with the State Treasurer as safeguard for such deposits. This information as to banks is obtained from the Record of Depository Balances maintained in the Division of Accounts and Control, and is verified in the course of the monthly reconciliation of the accounts of that Division with those maintained by the office of the Treasurer.

Forecast of Cash Position (Exhibit 2)

If the State is to minimize the use of interest-bearing warrants, it is essential that it periodically consider how future cash requirements are to be met. As is noted in the chapter on budget administration, the budget plan correlates estimated revenues and expenditures, but this must be supplemented by current forecasts of cash position. Monthly, therefore, there is prepared for each fund of the Commonwealth a simple statement showing the cash on hand as of the beginning of the month, the estimated receipts during the month, estimated expenditures, and the extent to which the latter are in excess of or less than the total of cash at beginning of the month plus estimated receipts. If any cash deficit is disclosed, the State officials must determine whether expenditures should be reduced accordingly or whether the issuance of interest-bearing warrants should be resorted to.

Statement of Receipts - Estimated and Actual (Exhibit 3)

This statement is prepared monthly for each fund showing by major classes the actual receipts to date as compared with the receipts as estimated in the budget plan. It also shows the actual receipts for the month as compared with the estimate made at the beginning

Exhibit 1

COMMONWEALTH OF KENTUCKY									
STATEMENT OF CASH BY FUNDS AND DEPOSITORIES									
Cash Statement by Funds									
(For the Month of ____, 19__)									
	General Fund	Revolving, Trust, and Agency Funds	State Road Fund	Highway Bridge Bond Sinking Fund	N.I.R.A. Highway Fund	County Road Trust Fund	Special Deposit Trust Fund	State Fire and Tornado Insurance Fund	Total
Cash beginning of month									
Receipts									
Total									
Disbursements									
Cash close of month									

Recapitulation of Cash by Depositories

Depository	Cash at Close of Month	Surety Bonds or Securities on Deposit with State Treasurer	Depository	Cash at Close of Month	Surety Bonds or Securities on Deposit with State Treasurer
Total			Total		

Exhibit 2

COMMONWEALTH OF KENTUCKY									
FORECAST OF CASH POSITION									
(For the Month of _____, 19__)									
	General Fund	Revolving Trust, and Agency Funds	State Road Fund	Highway Bridge Bond Sinking Fund	N.I.R.A. Highway Fund	County Road Trust Fund	Special Deposit Trust Fund	State Fire and Tornado Insurance Fund	Total
Cash beginning of month									
Estimated Receipts									
Total									
Estimated Expenditures									
Cash Surplus or Deficit close of month									

Exhibit 3

COMMONWEALTH OF KENTUCKY						
GENERAL FUND						
STATEMENT OF RECEIPTS - ESTIMATED AND ACTUAL						
(For the Month and Fiscal Year to Date)						
Major Class	Receipts to Date			Receipts This Month		Receipts Estimated for Next Month
	Budget Estimate	Actual	Difference	Estimate	Actual	
1. Property and Inheritance Taxes (Except Franchise Corporations)	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----
2. Income and Special Corporation Taxes	-----	-----	-----	-----	-----	-----
3. Excise Taxes (Other Than Alcohol)	-----	-----	-----	-----	-----	-----
4. Alcohol Taxes and Licenses	-----	-----	-----	-----	-----	-----
5. Licenses (Other Than Alcohol)	-----	-----	-----	-----	-----	-----
6. Departmental Fees, Sales, and Rentals	-----	-----	-----	-----	-----	-----
7. County and Court Fees	-----	-----	-----	-----	-----	-----
8. Miscellaneous Revenues	-----	-----	-----	-----	-----	-----
9. Non-Revenue Receipts	-----	-----	-----	-----	-----	-----
Total	\$-----	\$-----	\$-----	\$-----	\$-----	\$-----

of the month. The last column of the Statement indicates the estimated receipts for the ensuing month, which estimates are used in the Forecast of Cash Position described in the preceding section. The information as to actual receipts is obtained from the major control accounts in the Revenue and Receipts Ledger.

Statement of Encumbrances, Expenditures, Allotments and Available Balances (Exhibit 4)

At the close of each month this statement is prepared showing the status of the various accounts maintained in the Expenditure and Encumbrance Ledger. A separate report is prepared for each department, division, or other agency of the State, the expenditures of which are controlled separately by the Division of Accounts and Control. The upper portion of the form shown herein is used for the accounts of the General Fund, while the lower portion is used for Revolving, Trust, and Agency accounts. A similar form is used for the other funds. One line is used for each expenditure class for which a separate allotment has been made. The form shows encumbrances outstanding, expenditures, inter-account credits, total net charges, total allotments, and available balance. This form is ruled for the bookkeeping machines on which it is prepared, and is taken directly from the Expenditure and Encumbrance Ledger. This statement constitutes the medium for informing the respective agency heads as to their total charges and allotments to date and the balances of their allotments which are available for further commitments. A supplemental use of this form is for checking departmental accounting records against the information on it in order to ascertain whether the departmental records agree with those maintained by the Division of Accounts and Control.

Summary of Charges, Allotments, and Available Balances

While the form described in the preceding section is adequate for departmental use, there is necessary another statement which summarizes this information by agencies. A comprehensive statement is prepared monthly from the above reports showing by funds and various State agencies the total net charges, total allotments, and total available balances. In order to enable some comparative analysis, a column shows the total charges during the corresponding period of the last fiscal year. This table shows sub-totals for each department of the Commonwealth. The statement is intended primarily for use by the Governor, the Commissioner of Finance, and the other officials responsible for the State's fiscal administration. In addition, it is made available for public information.

Statement of Revenue and Charges (Exhibit 5)

Statement of Revenue Collections and Charges (Exhibit 6)

At the end of each month, a Statement of Revenue and Charges is prepared for the General Fund and the State Road Fund, while a Statement of Revenue Collections and Charges is prepared for the Revolving, Trust, and Agency Funds; N. I. R. A. Highway Fund; Highway Bridge Bond Sinking Fund; and State Fire and Tornado Insurance Fund. The Statement of Revenue and Charges shows the relationship between revenue and charges for the fiscal year to date. The Statement of Revenue Collections and Charges is used for funds the commitments and expenditures of which may not exceed their revenue collections; it shows the relationship between total cash available for expenditure and charges for the fiscal year to date. The data for these statements are obtained from the General Ledger.

Statement of Appropriations, Allotments, and Unallotted Balances (Exhibit 7)

Immediately after allotments have been made for each quarterly period, a statement is issued showing the amount of each appropriation, the amount which has been allotted to date

Exhibit 4

COMMONWEALTH OF KENTUCKY
STATEMENT OF
ENCUMBRANCES, EXPENDITURES, ALLOTMENTS, AND AVAILABLE BALANCES

Department _____ Division _____ Institution or Section _____ Period Beginning July 1, 19____ and Ending _____

LINE	Account Number	Account Name	Encumbrances Outstanding (End of Period)	Disbursements Authorized (Fiscal Year to Date)	Inter-Acct. Charges (Fiscal Yr. to Date)	Inter-Acct. Credits (Fiscal Yr. to Date)	Total Net Charges (To End of Period)	Total Allotments (Fiscal Yr. to Date)	Available Unencumbered Balance (End of Period)	LINE
		General Fund Accounts								
1		Personal Services								1
2		Services Other than Personal								2
3		Materials, Supplies, and Parts								3
4		Replacements and Other Current Expenses								4
5		Capital Outlay								5
6										6
7										7
8										8
9										9
10										10
11										11
12										12
13	Totals	General Fund Accounts								13
		Revolving Fund Accounts								
14										14
15										15
16										16
17										17
18										18
19										19
20										20
21										21
22										22
23										23
24										24
25	Totals	Revolving Fund Accounts								25

23

from such appropriation, and the balance available for additional allotment. If allotments are revised during the quarter or if transfers are made from one appropriation to another, the departments concerned are informed of such changes. However, the Department of Finance does not issue a revised statement until the start of the next quarter. In using this statement, departments must remember that the appropriation of an amount does not necessarily mean that such amount will be made available to the department. In order to permit effective planning on the part of State agencies, the Department of Finance informs them, whenever it ascertains definitely, that it will be necessary to restrict total allotments to an amount less than the appropriation.

Detailed Analysis of Expenditures

Quarterly this statement is issued to each State agency showing the amounts spent for each of the detailed classes of expenditures found in the Subsidiary Classification of Expenditures. This information is obtained from the Detailed Expenditure Analysis Ledger, which classifies expenditures in detail according to the types of services and commodities for which the money is expended. It is important to note that this is restricted to an analysis of only expenditures and does not include encumbrances.

Balance Sheets and Analyses of Changes in Surplus (Exhibits 8-16)

A balance sheet is prepared at least annually for each fund. If prepared prior to the termination of the fiscal year, the balance sheet includes budgetary, revenue, and expenditure accounts as well as the regular asset, liability, reserve, and surplus accounts. These balance sheets should carry explanations as to the budgetary, revenue, and expenditure accounts in order that the balance sheets may be more readily understandable. The examples of balance sheets given herein are those that would be obtained at the end of the fiscal year. In addition to the balance sheets, there is prepared annually an analysis of changes in the surplus of each fund during the fiscal year. These statements are prepared from the General Ledger. They serve to inform the administrator of the financial condition of each fund as of a given date and the results of their operations for the fiscal year.

Statement of General Fixed Assets (Exhibit 17)

This statement is prepared annually from the Fixed Asset accounts. It serves to indicate the cost, or appraised value if acquired by gift, of State owned property.

Annual Financial Report

Upon the termination of the fiscal year, the Department of Finance presents a complete financial report covering the financial operations, condition, and the activities of the Commonwealth. It is important that this report not be a mere collection of data, but that it present the information in coordinated form and embody an analytical approach that will permit the layman to secure an understanding of the State's finances and their relation to its various activities. The annual report should not only include balance sheets, analyses of surplus, and comparative statements of revenue, receipts, expenditures, disbursements, debt, and fixed assets, but should contain complete data on the scope and volume of the State's activities. If properly prepared the annual report should be of tremendous assistance in the preparation of the budget report, that is prepared biennially and which is described in Chapter III dealing with budget administration. It will be noted that the budget report calls for numerous statements relative to the State's finances, and the accounting system as devised can readily furnish the required information.

Exhibit 5

COMMONWEALTH OF KENTUCKY GENERAL FUND		
STATEMENT OF REVENUE AND CHARGES (For the Fiscal Year to Date)		
Accrued Revenue Outstanding	\$-----	
Revenue Receipts	-----	
Total Revenue		\$-----
Encumbrances Outstanding	\$-----	
Expenditures	-----	
Transfers to Other Funds	-----	
Total Charges		-----
Excess or Deficiency of Revenue over Charges		\$-----

Exhibit 6

COMMONWEALTH OF KENTUCKY REVOLVING, TRUST, AND AGENCY FUNDS		
STATEMENT OF REVENUE COLLECTIONS AND CHARGES (For the Fiscal Year to Date)		
Cash Available for Expenditure - Beginning of Year	\$-----	
Revenue Collections	-----	
Transfers from Other Funds	-----	
Total Available for Expenditure		\$-----
Encumbrances Outstanding	\$-----	
Expenditures	-----	
Total Charges		-----
Excess of Amount Available for Expenditure over Charges		\$-----

Exhibit 7

COMMONWEALTH OF KENTUCKY				
STATEMENT OF APPROPRIATIONS, ALLOTMENTS, AND UNALLOTTED BALANCES				
Department _____		For the Fiscal Year to _____		19__
TITLE OF APPROPRIATION	ALLOTMENT ACCOUNT NUMBER	AMOUNT OF APPROPRIATION	TOTAL ALLOTMENTS TO DATE	UNALLOTTED BALANCE OF APPROPRIATION
TOTALS FOR DEPARTMENT				

Exhibit 8

COMMONWEALTH OF KENTUCKY GENERAL FUND BALANCE SHEET (At the Close of the Fiscal Year)			
<u>Assets</u>		<u>Liabilities, Reserves, and Surplus</u>	
Cash in Banks	\$-----	Interest-Bearing Warrants Outstanding-Called for Payment:	
Taxes Receivable:		3%	\$-----
Current Year	\$-----	5%	\$-----
Prior Years	\$-----	Interest-Bearing Warrants Outstanding:	
Less: Allowance for Uncollectible Taxes	-----	3%	\$-----
Miscellaneous Accounts Receivable:		5%	-----
Current Year	\$-----	Accrued Interest on Warrants Outstanding:	
Prior Years	\$-----	Current Year	\$-----
Less: Allowance for Uncollectible Accounts Receivable	-----	Prior Years	-----
Inventories:		Warrants Authorized*	-----
Paper	\$-----	Other Liabilities	-----
Postage	-----	Reserve for Encumbrances	-----
Advances for Jury Services	-----	Unappropriated Surplus (or Deficit)	-----
Advances to Other Funds	-----		
Total Assets	\$-----	<u>Total Liabilities, Reserves, and Surplus</u>	\$-----

*Represents warrants authorized but not yet issued by the Auditor, and warrants issued but not yet paid or stamped interest bearing by the Treasurer.

Exhibit 9

COMMONWEALTH OF KENTUCKY GENERAL FUND ANALYSIS OF CHANGES IN UNAPPROPRIATED SURPLUS (For the Fiscal Year)	
Unappropriated Surplus (or Deficit) - Beginning of Fiscal Year	\$-----
Add:	
Excess of Estimated Revenue over Appropriations:	
Estimated Revenue	\$-----
Less: Appropriations	-----
Excess of Appropriations over Appropriation Allotments:	
Appropriations	\$-----
Less: Appropriation Allotments	-----
Excess of Appropriation Allotments over Charges:	
Appropriation Allotments	\$-----
Less:	
Net Charges	\$-----
Transfers to Other Funds	-----
Excess of Revenue over Estimated Revenue:	
Revenue	\$-----
Less: Estimated Revenue	-----
Prior Year Encumbrances Cancelled	-----
Proceeds from Sale of Fixed Assets	-----
Increase in Inventory of Paper and Postage	-----
Refunds of Prior Year Disbursements	-----
Total	\$-----
Deduct:	
Excess of Estimated Revenue over Revenue:	
Estimated Revenue	\$-----
Less: Revenue	\$-----
Decrease in Inventory of Paper and Postage	-----
Unappropriated Surplus (or Deficit) - Close of Fiscal Year	\$-----

Exhibit 10

COMMONWEALTH OF KENTUCKY REVOLVING, TRUST, AND AGENCY FUNDS BALANCE SHEET (At the Close of the Fiscal Year)			
Assets		Liabilities, Reserves, and Surplus	
Cash in Banks	\$-----	Warrants Authorized*	\$-----
Accounts Receivable:		Due Counties on Truck Licenses	-----
Current Year	\$-----	Other Liabilities	-----
Prior Years	-----	Reserve for Encumbrances	-----
Less: Allowance for Uncollectible Accounts Receivable	-----	Surplus:	
	-----	Realized	\$-----
	-----	Unrealized	-----
Total Assets	\$-----	Total Liabilities, Reserves, and Surplus	\$-----

*Represents warrants authorized but not yet issued by the Auditor, and warrants issued but not yet paid by the Treasurer.

Exhibit 11

COMMONWEALTH OF KENTUCKY REVOLVING, TRUST, AND AGENCY FUNDS ANALYSIS OF CHANGES IN BUDGET SURPLUS (For the Fiscal Year)			
Budget Surplus - Beginning of Fiscal Year			\$-----
Add:			
Excess of Revenue over Charges:			
Revenue	\$-----		
Transfers from Other Funds	-----	\$-----	
Less: Net Charges	-----	-----	
Prior Year Encumbrances Cancelled			-----
Total			\$-----
Deduct:			
Excess of Charges over Revenue:			
Net Charges		\$-----	
Less:			
Revenue	\$-----		
Transfers from Other Funds	-----	-----	
Budget Surplus - Close of Fiscal Year			\$-----

Exhibit 12

COMMONWEALTH OF KENTUCKY STATE ROAD FUND BALANCE SHEET (At the Close of the Fiscal Year*)			
Assets		Liabilities, Reserves, and Surplus	
Cash:		Interest-Bearing Warrants Outstanding-Called for Payment	\$-----
In Banks	\$-----	Interest-Bearing Warrants Outstanding	-----
Toll Bridge Change	-----	Accrued Interest on Warrants Outstanding:	
Cash in Closed Banks	\$-----	Current Year	\$-----
Less: Reserve for Estimated Bank Losses	-----	Prior Years	-----
Federal Aid Receivable:		Warrants Authorized**	-----
Current Year	\$-----	Contractors' Deposits Pending Settlement of Claims	-----
Prior Years	-----	Other Liabilities	-----
Miscellaneous Accounts Receivable:		Reserves:	
Current Year	\$-----	Reserve for Encumbrances	\$-----
Prior Years	-----	Reserve for Uncompleted Contracts	-----
Less: Allowance for Uncollectible Accounts Receivable	-----	Budget Surplus	-----
Inventory of Equipment Parts	-----	Total Liabilities, Reserves, and Surplus	\$-----
Total Assets	\$-----		

*Fiscal year of the State Road Fund ends March 31.
**Represents warrants authorized but not yet issued by the Auditor, and warrants issued but not yet paid or stamped interest-bearing by the Treasurer.

Exhibit 13

COMMONWEALTH OF KENTUCKY		
STATE ROAD FUND		
ANALYSIS OF CHANGES IN BUDGET SURPLUS		
(For the Fiscal Year)		
Budget Surplus - Beginning of Fiscal Year		\$-----
Add:		
Excess of Estimated Revenue over Allotments:		
Estimated Revenue	\$-----	
Less: Allotments	-----	-----
Excess of Allotments over Charges:		
Allotments	\$-----	
Less: Net Charges	-----	-----
Excess of Revenue Over Estimated Revenue:		
Revenue	\$-----	
Less: Estimated Revenue	-----	-----
Prior Year Encumbrances Cancelled		-----
Cancellations and Underruns on Uncompleted Contracts		-----
Refunds of Prior Year Disbursements		-----
Increase in Inventory of Equipment Parts		-----
Decrease in Reserve for Estimated Bank Losses		-----
Proceeds from Sale of Fixed Assets		-----
Total		\$-----
Deduct:		
Excess of Estimated Revenue over Revenue:		
Estimated Revenue	\$-----	
Less: Revenue	-----	\$-----
Increase in Reserve for Estimated Bank Losses		-----
Refunds of Prior Year Revenue		-----
Decrease in Inventory of Equipment Parts		-----
Budget Surplus - Close of Fiscal Year		\$-----

Exhibit 14

COMMONWEALTH OF KENTUCKY		
NATIONAL INDUSTRIAL RECOVERY ACT HIGHWAY FUND		
BALANCE SHEET		
(At the Close of the Fiscal Year)		
	<u>Assets</u>	<u>Liabilities and Reserves</u>
Cash in Banks	\$-----	Warrants Authorized* \$-----
Estimated Federal Grants to be Received	-----	Advance from Federal Government -----
<u>Total Assets</u>	<u>\$-----</u>	Reserve for Outstanding Con- tracts and Other Encumbrance Obligations -----
		Unallotted Federal Project Authorizations -----
		Available Balance of Allotments -----
		<u>Total Liabilities and Reserves \$-----</u>

*Represents warrants authorized but not yet issued by the Auditor, and warrants issued but not yet paid by the Treasurer.

Exhibit 15

COMMONWEALTH OF KENTUCKY			
STATE FIRE AND TORNADO INSURANCE FUND			
BALANCE SHEET			
(At the Close of the Fiscal Year)			
Assets		Liabilities, Reserves, and Surplus	
Cash in Banks	\$-----	Warrants Authorized*	\$-----
Recoveries Receivable from Insurance Companies	-----	Advance from General Fund	-----
Investments	-----	Reserves:	
Accrued Interest on Investments	-----	Reserve for Encumbrances	\$-----
		Reserve for Claims for Losses	-----
<u>Total Assets</u>	<u>\$-----</u>	Surplus:	
		Realized	\$-----
		Unrealized	-----
		<u>Total Liabilities, Reserves, and Surplus</u>	<u>\$-----</u>

*Represents warrants authorized but not yet issued by the Auditor, and warrants issued but not yet paid by the Treasurer.

Exhibit 16

COMMONWEALTH OF KENTUCKY	
STATE FIRE AND TORNADO INSURANCE FUND	
ANALYSIS OF CHANGES IN BUDGET SURPLUS	
(For the Fiscal Year)	
Budget Surplus - Beginning of Fiscal Year	\$-----
Add:	
Excess of Revenue over Charges:	
Revenue	\$-----
Less: Charges	-----
Prior Year Claims for Losses Cancelled	-----
Total	\$-----
Deduct:	
Excess of Charges over Revenue:	
Charges	\$-----
Less: Revenue	-----
Budget Surplus - Close of Fiscal Year	\$-----

Exhibit 17

COMMONWEALTH OF KENTUCKY	
STATEMENT OF GENERAL FIXED ASSETS	
(At the Close of the Fiscal Year)	
<u>General Fixed Assets</u>	
Land	\$-----
Buildings	-----
Machinery and Equipment	-----
Total Investment in General Fixed Assets	<u>\$-----</u>

Chapter VII

THE ACCOUNTING RECORDS

This chapter describes the records which are maintained by the Division of Accounts and Control of the Department of Finance for the purpose of recording the State's financial transactions. It explains the general nature and purposes of each of these records and makes only incidental reference to the accounts and the documents that serve as posting media. The latter are discussed in detail in subsequent chapters of the Handbook.

General Ledger

The General Ledger (Form A-29) is the basic accounting record, since it contains in summary form all the transactions of the Commonwealth and controls the various subsidiary records. The latter furnish the detailed data as to financial condition and transactions, which information must balance with the summary figures found in the General Ledger. Balance sheets are prepared from the General Ledger; while statements as to receipts, status of allotment accounts, detailed analysis of expenditures, etc. are prepared from the subsidiary records.

Form A-29		GENERAL LEDGER					ACCOUNT NO. _____		
SHEET NO. _____		NAME OF ACCOUNT _____							
DATE	DESCRIPTION	POSTING REF.	CHARGES	CREDITS	DEBIT BALANCE	CREDIT BALANCE			

General Ledger (Form A-29). (Size 14" x 11")

The accounts of the General Ledger are grouped according to funds, a complete set of accounts being provided for each fund. An equality of debit and credit balances is, therefore, found in each fund group. The nature of each General Ledger account is described in Chapter XV, which also contains a complete chart of such accounts showing both the General Ledger and subsidiary ledger entries involved in posting the usual transactions.

The General Ledger is composed of loose leaf sheets inserted in a post binder. A separate sheet is provided for each account; the heading shows the sheet number and account name and number, while the columns indicate date of the entry, description of posting media, reference number, charges, credits, debit balance, and credit balance.

Postings to the General Ledger are made manually after the close of each month from the entries on the General Journal. The Ledger reflects the totals of the amounts entered on the General Journal for the particular month.

General Journal

The General Journals (Forms A-30 to 34) are intermediate accounting documents which cumulate the data shown on the Daily Summaries of Financial Transactions (described in the next section) and indicate the respective debit and credit entries to be made in the General Ledger accounts of the various funds. The Journals are summarized monthly and the total amounts posted to the General Ledger. Because of the variances in accounts of the different funds separate General Journal forms are necessary for the General; Revolving, Trust, and Agency; N. I. R. A. Highway; and State Road Funds in addition to a miscellaneous form for the other funds.

GENERAL JOURNAL
GENERAL FUND

FORM A-31
COMMONWEALTH OF KENTUCKY
DEPARTMENT OF FINANCE
Division of Accounts and Control

MONTH OF _____
DEBITS

DATE	EXPLANATION	REFERENCE	CASH IN BANKS (1)	AUTHORITY APPROPRIATION ACCOUNT BUDGET (2)	NON-CASH DEFERRED CASH ADJUSTMENT (3)	AMOUNTS CARRYING FORWARD (4)	PARENTS ACCOUNTS (5)	RESERVED FUNDING ACCOUNTS (6)	RESERVED FUNDING ACCOUNTS (7)	RESERVED FUNDING ACCOUNTS (8)	RESERVED FUNDING ACCOUNTS (9)	RESERVED FUNDING ACCOUNTS (10)	RESERVED FUNDING ACCOUNTS (11)	RESERVED FUNDING ACCOUNTS (12)	RESERVED FUNDING ACCOUNTS (13)	RESERVED FUNDING ACCOUNTS (14)	RESERVED FUNDING ACCOUNTS (15)	MISCELLANEOUS				
																		ACCT NO.	ACCOUNT NAME	AMOUNT		

General Journal - General Fund (Form A-31) (Size 10 1/2" x 14") - Left Hand Page

GENERAL JOURNAL
GENERAL FUND

FORM A-31
COMMONWEALTH OF KENTUCKY
DEPARTMENT OF FINANCE
Division of Accounts and Control

MONTH OF _____
CREDITS

DATE	EXPLANATION	REFERENCE	CASH IN BANKS (1)	AUTHORITY APPROPRIATION ACCOUNT BUDGET (2)	AMOUNTS CARRYING FORWARD (3)	PARENTS ACCOUNTS (4)	RESERVED FUNDING ACCOUNTS (5)	RESERVED FUNDING ACCOUNTS (6)	RESERVED FUNDING ACCOUNTS (7)	RESERVED FUNDING ACCOUNTS (8)	RESERVED FUNDING ACCOUNTS (9)	RESERVED FUNDING ACCOUNTS (10)	RESERVED FUNDING ACCOUNTS (11)	RESERVED FUNDING ACCOUNTS (12)	RESERVED FUNDING ACCOUNTS (13)	RESERVED FUNDING ACCOUNTS (14)	RESERVED FUNDING ACCOUNTS (15)	MISCELLANEOUS					
																		ACCT NO.	ACCOUNT NAME	AMOUNT			

General Journal - General Fund (Form A-31) (Size 10 1/2" x 14") - Right Hand Page

Form A-30 COMMONWEALTH OF KENTUCKY DEPARTMENT OF FINANCE Division of Accounts and Control						GENERAL JOURNAL			
						FUND _____			
DATE	EXPLANATION	REFER- ENCE	ACCT. No.	ACCOUNT NAME	AMOUNT				
					DEBIT		CREDIT		

General Journal - Miscellaneous Funds (Form A-30). (Size 12" x 14")

With the exception of the miscellaneous form, each General Journal provides not only the regular summarized debit and credit columns, but also special columns which are used to accumulate debits and credits to the more frequently used ledger accounts. The name and number and the respective account are shown at the head of each special column. This preliminary classification of entries expedites posting to the General Ledger.

Daily Summary of Financial Transactions

The Daily Summaries of Financial Transactions (Forms A-8a and b), also called the Control Sheets, are used to classify and record in summary form the daily fiscal transactions of the Commonwealth, and to serve as media for controlling the postings to the Expenditure and Encumbrance Ledger. The entries on these forms represent control account totals of the various transactions posted individually to the subsidiary records. The control accounts listed on the front of the form are those of the Expenditure and Encumbrance Ledger; while the columnar totals and the accounts on the reverse represent General Ledger accounts.

The Daily Summary provides the following six major sections for listing the necessary information, the entire face of the form being devoted to the first section. The special form provided for the highway funds contains only five sections, since the data as to disbursements not chargeable against allotments are recorded on the front of the form. The posting media are indicated next to the respective sections.

1. Encumbrances, expenditures, and credits - Posted from purchase orders, confirming orders, departmental purchase orders, notices of award of contract, authorizations for out of state travel, miscellaneous encumbrance requisitions, voucher transmittal sheets, inter-account bills, advices of allotment, and treasury permits (in case of Revolving, Trust, and Agency Funds).
2. Disbursements not chargeable against allotments, such as "payment of interest on warrants" and "petty cash advances" - Posted from voucher transmittal sheets.
3. Checks issued by the State Treasurer - Posted from daily report submitted by Treasurer.
4. Cash receipts - Posted from summary of daily receipts described in next section.
5. Accrued revenues - Both accruals and their liquidations are posted from summaries prepared on the same form used for daily receipts.
6. Cash statement - Summation of certain items found elsewhere on the form.

Separate copies of Form A-8a are used for the General Fund; Revolving, Trust, and Agency Funds; and State Fire and Tornado Insurance Fund; while Form A-8b is used for the highway funds.

Form A-8a (3-18-57)

COMMONWEALTH OF KENTUCKY
Department of Finance
Division of Accounts and Control

DAILY SUMMARY OF FINANCIAL TRANSACTIONS

FOR OTHER THAN HIGHWAY FUNDS

1. EXPENDITURES, ENCUMBRANCES AND CREDITS

Date _____

Fund _____

CONTROL ACCOUNT NAME	REFER- ENCE	ENCUMBRANCES				EXPENDITURES				ALLOTMENTS OR REVOLVING ACCOUNT CREDITS			
		ISSUED		LIQUIDATED		DISBURSEMENTS AUTHORIZED		NON-CASH CHARGES		INTER-ACCOUNT CREDITS		Amount	
		Amount	V	Amount	V	Amount	V	Amount	V	Amount	V	Amount	V
1 General Assembly													1
2 Legislative Council													2
3 Lieutenant Governor													3
4 Judiciary and Court Costs													4
5 Governor													5
6 Secretary of State													6
7 Department of Law													7
8 Department of the Treasury													8
9 Auditor of Public Accounts													9
10 Department of Finance-General													10
11 Other Department of Finance Appropriations													11
12 Interest on Warrants													12
13 Department of Revenue-Income Taxation													13
14 Department of Revenue													14
15 Other Appropriations for Revenue Administration													15
16 Board of Election Commissioners													16
17 Department of Conservation													17
18 Military Department													18
19 Dept. of Agriculture-Div. of Agriculture													19
20 Dept. of Agriculture-Div. of Labor and Statistics													20
21 State Board of Agriculture													21
22 Department of Health													22
23 Dept. of Welfare-Office of the Commissioner													23
24 Dept. of Welfare-Division of Administration													24
25 Dept. of Welfare-Div. of Hospitals & Mental Hyg.													25
26 Dept. of Welfare-Division of Corrections													26
27 Dept. of Welfare-Division of Child Welfare													27
28 Dept. of Welfare-Div. of Public Assistance													28
29 Dept. of Welfare-Div. of Field Operations													29
30 Other Welfare Activities													30
31 Department of Education-General													31
32 Department of Education-Common Schools													32
33 Department of Education-Vocational													33
34 Higher Education for Negroes													34
35 Schools for Blind and Deaf													35
36 University of Kentucky													36
37 State Teachers College													37
38 Department of Library and Archives													38
39 Department of Business Regulation													39
40 Public Service Commission													40
41 Department of Industrial Relations													41
42 Department of Mines and Minerals													42
43 Railroad Commission													43
44													44
45													45
46													46
47													47
48													48
49													49
50 Appropriations Not Otherwise Classified													50
TOTALS													
Balanced on General Journal-General Ledger Account Number		Dr. Cr.	Dr. Cr.	Dr. Cr.	Dr. Cr.	Dr. Cr.	Dr. Cr.	Dr. Cr.	Dr. Cr.	Dr. Cr.	Dr. Cr.	Dr. Cr.	

Front

Daily Summary of Financial Transactions - For Other Than Highway Funds (Form A-8a)

(Size 15" x 15 1/2")

DAILY SUMMARY OF FINANCIAL TRANSACTIONS

Date _____

1. EXPENDITURES, ENCUMBRANCES AND CREDITS

Highway Funds.

LINE NO.	CONTROL ACCOUNT NAME	REFER- ENCE	ENCUMBRANCES		EXPENDITURES			ALLOTMENTS OR REVOLVING ACCOUNT CREDITS	
			ISSUED	LIQUIDATED	DISBURSEMENTS AUTHORIZED	NON-CASH CHARGES	INTER-ACCOUNT CREDITS	AMOUNT	REMAINING
			Amount	Amount	Amount	Amount	Amount	Amount	Amount
1	Road Fund								
2									
3	Road Fund—Disbursements Not Chargeable								
4	Against Allotments:								
5	Truck License Refunds								
6	Automobile License Refunds								
7	Payments on Acct. of Prior Year Contracts								
8	Pay. on Acct. of Other Prior Yr. Encumbrances								
9									
10									
11									
12									
13									
14									
15	Total								
16									
17	Highway Bridge Bond Sinking Fund								
18	Total								
19	National Ind. Recovery Act Fund								
20									
21	N. I. E. A. Fund—Disbursements Not Chargeable								
22	Against Allotments:								
23	Payment on Acct. of Prior Yr. Contracts								
24	Pay. on Acct. of Other Prior Yr. Encumbr.								
25									
26									
27									
28	Total								
29	County Road Trust Fund								
30	Total								
31									
32									
33	Special Deposit Trust Fund								
34	Total								
35									
36									
37									
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									
48									
49									
50									
	TOTALS								

Front

Daily Summary of Financial Transactions - Highway Funds. (Form A-8b)

(Size 15 x 15 1/2)

DAILY SUMMARY OF FINANCIAL TRANSACTIONS

(CONTINUED)

3. CASH RECEIPTS

ACCOUNT NAME	ROAD FUND			BRIDGE BOND SINKING FUND			N. L. R. A. HIGHWAY FUND			COUNTY ROAD TRUST FUND			SPECIAL DEPOSIT TRUST FUND		
	G. L. Acct. No.	Amount	V	G. L. Acct. No.	Amount	V	G. L. Acct. No.	Amount	V	G. L. Acct. No.	Amount	V	G. L. Acct. No.	Amount	V
Revenue Receipts															
Non-Revenue Receipts															
Collection of Prior Year Federal Aid															
Collection of Prior Year State Aid															
Collection of Prior Year Federal Aid															
Collection of Prior Year State Aid															
Receipts of Current Year Disbursements															
Receipts of Current Year Disbursements															
TOTALS															

4. CHECKS ISSUED BY STATE TREASURER

PURPOSE	ROAD FUND			BRIDGE BOND SINKING FUND			N. L. R. A. HIGHWAY FUND			COUNTY ROAD TRUST FUND			SPECIAL DEPOSIT TRUST FUND		
	G. L. Acct. No.	Amount	V	G. L. Acct. No.	Amount	V	G. L. Acct. No.	Amount	V	G. L. Acct. No.	Amount	V	G. L. Acct. No.	Amount	V
Payment of Regular Warrants															
Payment of Interest Bearing Warrants															
TOTALS															

5. ACCRUED REVENUES

ACCOUNT NAME	ROAD FUND				N. L. R. A. HIGHWAY FUND			
	G. L. Acct. No.	Amount	V	Amt. Collected or Cancelled	G. L. Acct. No.	Amount	V	Amt. Collected or Cancelled
Receivables from Federal Government								
Miscellaneous Accounts Receivable								
TOTALS								

6. CASH STATEMENT

EXPLANATION	ROAD		BRIDGE BOND SINKING		N. L. R. A. HIGHWAY		COUNTY ROAD TRUST		SPECIAL DEPOSIT TRUST	
	Amount	V	Amount	V	Amount	V	Amount	V	Amount	V
Cash Balance—Start of Day										
ADD: Cash Receipts										
Total to Account for										
Less: Checks Issued										
Cash Balance—Close of Day										

Reverse

Daily Summary of Financial Transactions - Highway Funds, (Form A-6b)

(Size 15 x 15 1/2)

Expenditure and Encumbrance Ledger

The Expenditure and Encumbrance Ledger (Form A-1) is a subsidiary record maintained on bookkeeping equipment and used to reflect the status of each allotment account as it is affected by allotments, commitments, and expenditures. This ledger is essential for proper budgetary control; it contains the detailed data in support of the General Ledger accounts covering allotments, encumbrances, and expenditures.

On this form there is indicated the amount of allotments which are made available for a class of expenditure under a specific function of a State agency. In the case of the revolving accounts, receipts have the same effect as allotments and are posted accordingly. Columns are provided for recording the issuance and liquidation of encumbrances. The latter are amounts set aside from the allotment to cover commitments on the part of the State to purchase goods or services. As an item is approved for payment, the corresponding encumbrance is liquidated, and the amount of the voucher entered in the appropriate expenditure column.

The "Disbursements Authorized" column is for the posting of expenditures calling for actual cash disbursements, while the "Non-Cash Items" column is used for inter-departmental charges and credits. These latter transactions, which result from the rendering of goods or services by one State agency to another, do not involve payments in cash since one agency is simply charged with the amount and the other credited. Inter-fund charges are also posted in this column.

The "Unencumbered Balance" column shows the net amount left in the account after allowing for outstanding encumbrances, total cash and non-cash expenditures, and any inter-account credits. This balance is automatically recomputed by the bookkeeping machine as each transaction is posted to the account.

At least one ledger card is provided for each detail account as set up under the Expenditure Classification of the Commonwealth, shown in Chapter XVI. The same form is also used for summary accounts which control particular groups of detail accounts. The summary accounts facilitate the checking of the detail accounts and provide a medium for determining the accuracy of a trial balance which is taken each month.

FORM NO. A-1-2-38

ANNUAL APPROPRIATION OR REVENUE ESTIMATE			
ORIGINAL AMOUNT \$			
DATE	Reference	Adjustments	Revised Total

Department _____ Acct. No. _____
 Allotment or Revolving Acct. _____ Sheet No. _____
 Expenditure Class _____ Year _____

ENCUMBRANCES					EXPENDITURES				ALLOTMENTS OR RECEIPTS		Unnumbered Balance	
Reference	Issued	Liquidated	Balance Outstanding	Date	Explanation or Class	Reference	Disbursements Authorized	Non-Cash Items	Total Net Expenditures	Amount		Total to Date
					Forward							
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
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COMMONWEALTH OF KENTUCKY
 DEPT. OF FINANCE
 DIVISION OF ACCOUNTS AND CONTROL

EXPENDITURE AND ENCUMBRANCE LEDGER

Expenditure and Encumbrance Ledger. (Form A-1) (Size 13" x 11")

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The columns in the body of this form are divided into three groups: Encumbrances, Expenditures, and Allotments or Receipts. The documents which serve as posting media to the encumbrance group are purchase orders, confirming orders, departmental purchase orders, advices of change in purchase order, notices of award of contract, authorizations for out of state travel, and miscellaneous encumbrance requisitions. Encumbrance liquidation amounts and reference numbers are taken from the vouchers as recorded thereon.

Documents used to post entries in the expenditure group are standard invoices, payroll vouchers, travel expense vouchers, schedules of petty cash disbursements, and inter-account bills. The inter-account bills are posted in the "Non-Cash Items" column, since the transactions do not involve the receipt or disbursement of cash. The other documents are posted in the "Disbursements Authorized" column. Pay-In Vouchers serve as the media for posting refunds of disbursements as credits in the "Disbursements Authorized" column.

The documents posted in the allotment or receipts group are Advices of Allotments or Pay-In Vouchers in the case of revolving accounts.

Adjusting, opening, and closing entries are made by means of Journal Vouchers. Postings to the subsidiary control and master or fund control account cards are taken from the respective columns of the daily summaries of financial transactions described above.

Expenditure and Encumbrance Journal

The Expenditure and Encumbrance Journal (Form A-2) is posted simultaneously with the Ledger and serves as a proof sheet for checking the accuracy of each day's postings to the detail and control cards of the Expenditure and Encumbrance Ledger. It also furnishes a daily record of all postings made to this Ledger, a separate set of sheets being used for each day's postings.

FORM A-2

COMMONWEALTH OF KENTUCKY—DEPARTMENT OF FINANCE
EXPENDITURE AND ENCUMBRANCE JOURNAL

AUDITED BY _____ DATE _____

ENCUMBRANCE				EXPENDITURE							ALLOTMENTS OR RECEIPTS		UNENCUMBERED BALANCE			
PICK UP ENCUMBRANCE OLD BAL.	PICK UP EXPENDITURE OLD BAL.	PICK UP ALLOTMENT OR RECEIPTS	PICK UP UNENCUMBERED OLD BAL.	REFERENCE	ISSUED	LIQUIDATED	BALANCE OUTSTANDING	DAYS	EXPLANATION OR CLASS	REFERENCE	DISBURSEMENTS AUTHORIZED	NON-CASH ITEMS		TOTAL NET EXPENDITURES	AMOUNT	TOTAL TO DATE

78

This form has all the columns provided on the Ledger, and four additional columns that are required for entering the pick-up balances. The pick-up balances are the Ledger card amounts that are brought forward, i.e., balance of outstanding encumbrances, total net expenditures, total allotments or receipts, and unencumbered balance. The mechanical process followed in posting the Journal and the Ledger is described subsequently in Chapters VIII and IX.

Detailed Expenditure Analysis Ledger

The Detailed Expenditure Analysis Ledger (Form A-13) is used for making a detailed analysis of all expenditures according to the Subsidiary Classification of Expenditures found in Chapter XVI. The information so provided is utilized in connection with the preparation of budgetary estimates, the planning of work by the Division of Purchases and Public Properties, and the issuance of reports as to the distribution of the State's expenditures among the various types of services and commodities. The only items posted to this record are actual expenditures as shown by items vouchered for payment and posted to the Expenditure and Encumbrance Ledger. The classification is primarily on an object basis, i.e., by kinds of items for which the respective expenditures are made: salaries and wages, postage, telephone, food, equipment, pension grants, interest on warrants, etc. These detailed classes are grouped into seven major categories and certain sub-groupings. An examination of these classes will indicate that the classification is not entirely on an object basis, since it makes distinct and specific provision for county officials and court costs (a function) and differentiates between equipment purchases for replacements and those in the nature of capital outlay (character classification).

This ledger form provides for a cumulative total of the amounts posted thereto, thus providing an up-to-date record of the postings, which are made by means of bookkeeping equipment. Since the posting media for this ledger are the expenditure documents that have been posted to the Expenditure and Encumbrance Ledger, these two records should be in balance.

A-13-35M-7-33					
Control Account Name _____			Control Acct. No. _____		
Detail Account Name _____			Detail Acct. No. _____		
Year _____			Card No. _____		
DATE	Reference Number	AMOUNT	V	DEDUCTION	TOTAL TO DATE
	Forward				
COMMONWEALTH OF KENTUCKY DEPARTMENT OF FINANCE Division of Accounts and Control			DETAILED EXPENDITURE ANALYSIS LEDGER		

Detailed Expenditure Analysis Ledger. (Form A-13) (Size 6 1/2 x 10")

Revenue and Receipts Ledger

The Revenue and Receipts Ledger (Form A-3) is the subsidiary accounting record that records the detailed estimates, accruals, and collections of the Commonwealth's revenues. This Ledger, therefore, furnishes the supporting data for those General Ledger accounts concerned with revenues. The revenues are classified in the ledger according to the Revenue and Receipts Classification shown in Chapter XVI; this is arranged by funds and within funds by sources, the latter designating the origin of the revenue such as taxes, licenses, fees, etc. There is at least one ledger card provided for each of the detail accounts set up under this classification and at least one for each of the subsidiary control accounts and fund control accounts.

As revenue estimates are made prior to the beginning of the fiscal year, they are entered on the respective Revenue and Receipts Ledger cards. As any revenue accrues, the amount is entered in the "Accruals" column; this entry is subsequently liquidated as the items are collected or cancelled. The actual collections are entered in the "Cash Receipts" column. This Ledger thus shows for each source of revenue of a fund the original estimate, the amount of such estimate that has accrued, the balance of accruals still outstanding after recording collections and cancellations, and actual collections to date.

All posting to this form, except the recording of estimated revenue, is accomplished with the aid of bookkeeping equipment. The media for posting to the "Accruals" column of this form in the detail accounts are the tax bills and other bills rendered; while the "Cash Receipts" section is posted from Pay-In Vouchers. The posting media for the "Collections or Cancellations" column are Pay-In Vouchers in the case of collections and Journal Vouchers in the case of cancellations. Adjusting, opening, and closing entries to the accounts are made from Journal Vouchers. The posting media to the subsidiary and fund control ledger cards are the Summaries of Daily Receipts.

FORM NO. A-3

ESTIMATED RECEIPTS				Fund _____		Acct. No. _____		
ORIGINAL ESTIMATE \$				Source _____		Sheet No. _____		
Revisions	Date	Revised Amount		Revolving Acct. Name _____		Year _____		
REVENUES ACCRUED AND OUTSTANDING				CASH RECEIPTS				
Reference	Accruals	Collections or Cancellations	Balance Outstanding	DATE	EXPLANATION	Reference	Amount	Total to Date
Forward								
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2								
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COMMONWEALTH OF KENTUCKY
DEPARTMENT OF FINANCE
DIVISION OF ACCOUNTS AND CONTROL

REVENUE AND RECEIPTS LEDGER

Revenue and Receipts Ledger. (Form A-3) (Size 9½ x 11")

Revenue and Receipts Journal

The Revenue and Receipts Journal (Form A-4) is posted simultaneously with the Ledger and serves as a proof sheet for checking the accuracy of each day's posting to the detail and control cards of the Revenue and Receipts Ledger. It also furnishes a daily record of all postings made to the Ledger, a separate set of sheets being used for each day's postings.

This form has all the columns provided on the Ledger with four additional columns for pick-up balances. The mechanical process followed in posting the Journal and Ledger is described in Chapter XI.

COMMONWEALTH OF KENTUCKY—DEPARTMENT OF FINANCE															
REVENUE AND RECEIPTS JOURNAL															
												Audited by _____		Date _____	
PICK-UP BALANCE OUTSTANDING	PICK-UP TOTAL TO DATE	REFERENCE	ACCRUALS	COLLECTIONS OR CELLATIONS	BALANCE OUTSTANDING	DATE	EXPLANATION	REFERENCE	AMOUNT	TOTAL TO DATE	END PICK-UP BALANCE OUTSTANDING	END PICK-UP TOTAL TO DATE			

Revenue and Receipts Journal. (Form A-4) (Size 18" x 24")

Voucher Transmittal Register

The Voucher Transmittal Register (Form A-25) provides a record of Voucher Transmittal Sheets (lists of vouchers approved and submitted by the Department of Finance to the Auditor) and of the numbers of the warrants subsequently issued by the Auditor of Public Accounts authorizing the payment of such items. This Register facilitates the proper handling of such Transmittals and establishes control over their entry on the Daily Summary of Financial Transactions. The information as to warrants facilitates the reconciliation of the accounting records of the Division of Accounts and Control with those of the Auditor. This form is prenumbered and thereby controls the numbers assigned to Voucher Transmittal Sheets.

Form A-25												
VOUCHER TRANSMITTAL REGISTER												
DEPARTMENT OF FINANCE												
DIVISION OF ACCOUNTS AND CONTROL												
Date Prepared	Voucher Transmittal Number	AMOUNT				✓	✓	✓	FUND	Date Entered on Control Sheet	Date Passed to Auditor	Warrant Number

Voucher Transmittal Register. (Form A-25) (Size 8 1/2" x 14")

Interest Bearing Warrant Record

The Interest Bearing Warrant Record (Form A-27) is an individual card record of each interest-bearing warrant outstanding. It provides complete information as to such warrants, including the amount, date, and numbers of the warrants issued for the semi-annual payment of interest thereon. This record furnishes the details in support of the General Ledger accounts covering interest-bearing warrants and the interest thereon. A file is maintained in the Division of Accounts and Control where a card is opened for each warrant as its issuance is approved by the Division on behalf of the Commissioner of Finance. An additional entry of an exchange number is made at present in those instances where new three per cent interest-bearing warrants are being exchanged for the old five per cent interest-bearing warrants.

Warrant No. _____	Date issued _____	Amount \$ _____				
In Favor of _____						
To Whom Paid _____						
Date Stamped Interest Bearing _____	INTEREST PAID					
Date Interest Ceases _____	Date	Amount	Warrant No.	Date	Amount	Warrant No.
Interest Rate _____ %	Jan. 1, 19__			Jan. 1, 19__		
Normal 8 Mos. Interest _____	July 1, 19__			July 1, 19__		
Accrued Interest to [Jan. 1, 19__] _____	Jan. 1, 19__			Jan. 1, 19__		
Interest to [July 1, 19__] _____	July 1, 19__			July 1, 19__		
Date Called for Payment _____	Jan. 1, 19__			Jan. 1, 19__		
Accrued Interest to Date Called _____	July 1, 19__			July 1, 19__		
Date Surrendered _____	Total			Total		
Form A-27 INTEREST BEARING WARRANT RECORD						

Interest Bearing Warrant Record. (Form A-27) (Size 6" x 4")

Chapter VIII

ENCUMBRANCE DOCUMENTS*

This chapter describes the various documents which serve as media for the posting of encumbrances to the accounting records which are discussed in the preceding chapter. Under the provisions of the Budget and Financial Administration Act of 1934 a disbursement may not be made unless there has been previously filed a "commitment statement" on the basis of which an encumbrance must be set up in the accounting records of the Commonwealth (Sec. 1992b-26 to 31). The only exceptions provided are "liabilities representing the expenses of the General Assembly, salaries of elected State officers, and special grants or orders of the General Assembly. . . ." The purpose of this requirement is to assure that no obligation is incurred unless a reserve (encumbrance) has previously been provided for the amount involved, thus making certain an available balance when the item is vouchered for payment. Under this requirement, which conforms to sound budgetary practice, the various encumbrance documents described herein must proceed through the complete pre-audit and posting operations before they may be released.

Most of the encumbrance documents are forms used in connection with purchasing, and these latter are described in detail in the Purchasing Manual issued by the Division of Purchases and Public Properties. This chapter, therefore, discusses the purchasing documents only insofar as they affect the accounting procedure.

Purchase Order (Form P-2)

This form is used for all regular purchases and is prepared by the Division of Purchases and Public Properties on the basis of a purchase requisition submitted by the department or other agency requesting the commodities or services. The Purchase Orders are pre-numbered serially and are prepared in sets of six; the original (white) copy is for the vendor; the duplicate (blue) copy for the Purchasing Division, the triplicate (yellow) copy for the Auditor of Public Accounts; the quadruplicate (salmon) copy for the Division of Accounts and Control; the quintuplicate (pink) copy for the agency for which the purchase is made, and the sixth (cherry) copy is used as a receiving report and departmental authorization for payment.

Confirming Order (Form P-5)

This form is used to confirm emergency purchases made directly by departments and reported to the Division of Purchases and Public Properties on advices of emergency purchase. The Confirming Order is prepared by the Division of Purchases and Public Properties after it has examined and approved the respective Advice submitted to it by the State agency making the emergency purchase. Confirming Orders are prepared in sets of six, and the color and distribution of the copies are the same as the regular purchase order. The order number on this form, which is prenumbered, is prefixed by the letter "C" to distinguish it from the regular purchase order numbers.

Departmental Purchase Order (Form P-12)

This form is used only for the purchase of library books and scientific equipment, purchases of which are exempt from the statutory provisions relative to centralized purchasing. Departmental Purchase Orders are prepared in sets of six by the department or other agency making the purchase. The fifth and sixth copies are retained by the issuing

*Unless otherwise indicated, all section references are to Baldwin's 1956 Revision of Carroll's Kentucky Statutes.

COMMONWEALTH OF KENTUCKY

DIVISION OF PURCHASES AND PUBLIC PROPERTIES
OF THE

DEPARTMENT OF FINANCE

PURCHASE ORDER

Purchase Order No. 24992

Account No. _____

Name of Allotment
or Revolving Account _____

Date _____

Deliver on or Before _____

Requisition No. _____

Terms _____

Request No. _____

DEPARTMENT _____
DIVISION
OR
INSTITUTION _____

SHIP TO _____

— Unless otherwise indicated, all prices are f. o. b. destination —

QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	AMOUNT
Total Amount				

IMPORTANT INSTRUCTIONS TO VENDORS

1. Three copies of the Standard State Invoice Form enclosed herewith must be submitted.
2. Submit separate invoice for each purchase order immediately upon final shipment.
3. Purchase order number must appear on each invoice, on all packages and delivery tickets and in correspondence pertaining to the order.
4. Send all invoices directly to:

DIVISION OF ACCOUNTS AND CONTROL,
DEPARTMENT OF FINANCE,
STATE CAPITOL,
FRANKFORT, KY.

Posted to Records
of Division of Accts.
and Control:

Signed: _____
(Director—Division of Purchases and Public Properties)

Approved as to availability of funds:

VENDOR'S COPY

COMMONWEALTH OF KENTUCKY

DIVISION OF PURCHASES AND PUBLIC PROPERTIES
OF THE

DEPARTMENT OF FINANCE

CONFIRMING ORDER

THIS IS TO CONFIRM THE FOLLOWING PURCHASE MADE BY THE DEPARTMENT INDICATED WITHOUT THE ISSUANCE OF AN OFFICIAL PURCHASE ORDER BY THE DIVISION OF PURCHASES AND PUBLIC PROPERTIES.

Confirming Order No. **C 6153**

Account No. _____

Name of Allotment or Revolving Account _____

Date of this Order _____

Date of Original Purchase _____

DEPARTMENT _____

Division or Institution _____

Advice of Emergency Purchase No. _____

Place of Delivery _____

Terms _____

QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	AMOUNT
<p>THIS ORDER MERELY CONFIRMS A PURCHASE PREVIOUSLY MADE</p>				
Total Amount				

IMPORTANT INSTRUCTIONS TO VENDORS

- Three copies of the Standard State Invoice Form enclosed herewith must be submitted.
- Submit separate invoice for each purchase order immediately upon final shipment.
- CONFIRMING order number must appear on each invoice, on all packages and delivery tickets and in correspondence pertaining to the order.
- Send all invoices directly to:
 DIVISION OF ACCOUNTS AND CONTROL,
 DEPARTMENT OF FINANCE,
 STATE CAPITOL,
 FRANKFORT, KY.

Posted to Records of Division of Accts. and Control

Signed: _____
(Director—Division of Purchases and Public Properties)

Approved as to availability of funds:

VENDOR'S COPY

department, and the first four copies are transmitted to the Division of Purchases and Public Properties. The copies of this form correspond in color and distribution with those of the purchase order. The form is prenumbered serially, and the order number is prefixed by the letter "D".

Notice of Award of Contract (Form P-16)

This form is used by the Division of Purchases and Public Properties for all purchases the delivery of which is spread over a period of time. The Notice is prepared in sets of five, and the color and distribution of its copies are the same as the first five copies of the Purchase Order. It is prenumbered serially and each number is prefixed by the letters "CT".

The reverse side of this form is used by both the Auditor of Public Accounts and the Division of Accounts and Control for recording vouchers issued against the contract. Thus the form affords a record of outstanding contracts showing expenditures made and unexpended balances remaining on each contract.

Advice of Change in Purchase Order (Form P-3)

This form is used in cases where it is necessary to cancel change an order or contract after it has been released to the vendor. It is prepared in sets of five by the Division of Purchases and Public Properties, and the color and distribution of the copies are the same as the first five copies of the Purchase Order. There is entered on this form the number of the original order or contract affected by the change.

Authorization for Out of State Travel (Form A-11)

This form is used to authorize an official or employee of the State to travel out of the State on official business and incur expenses up to the maximum indicated thereon. This form is prepared in quadruplicate by the department or other agency to which the estimated costs are to be charged, and three copies are transmitted to the Controller for his approval. The original copy is for the Auditor, the duplicate for the Division of Accounts and Control, and the triplicate for return to the respective department as its notification of the Controller's approval.

Miscellaneous Encumbrance Requisition (Form A-12)

This form is used for all commitments for which encumbrances cannot practicably be set up by purchase orders, confirming orders, departmental purchase orders, notices of award of contract, or authorizations for out of state travel. It is thus the medium for encumbering allotment accounts for payrolls, rent, travel expense (other than out of State travel), utility services, estimated cost of paper furnished for printing, and similar items. The Miscellaneous Encumbrance Requisition is necessary not only to secure complete budgetary control but also to secure full compliance with the statutory requirement as to commitments.

The Miscellaneous Encumbrance Requisition is prepared in sets of four by the respective department, and the first three copies are transmitted to the Division of Accounts and Control. The original (white) copy is for approval and return to the originating department; the duplicate (yellow) copy is for the Auditor; and the triplicate (salmon) copy is for the Division of Accounts and Control.

COMMONWEALTH OF KENTUCKY
Department of Finance—Division of Purchases and Public Properties
NOTICE OF AWARD OF CONTRACT

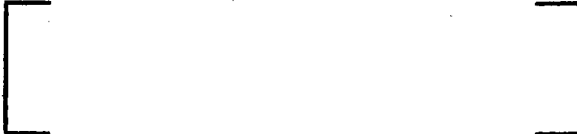
Department _____

Contract No. **CT. 516**

Division or Institution _____

Account No. _____

Name of Allotment or Revolving Account _____



Date _____

Requisition No. _____

Request No. _____

You are hereby awarded the contract described below in accordance with the bid submitted by you on _____

This contract is effective as of _____ and expires on _____

QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	AMOUNT

TERMS	TOTAL AMOUNT
--------------	---------------------

IMPORTANT INSTRUCTIONS TO CONTRACTORS.

1. Deliveries should be made only on the basis of the State's Request for delivery on contract form.
2. Submit invoices on Standard State Invoice forms in accordance with instructions contained thereon.
3. Contract number must appear on each invoice, on all packages and delivery tickets and any correspondence pertaining thereto.
4. Send all invoices directly to Division of Accounts and Control, Department of Finance, State Capitol, Frankfort, Kentucky.

Signed _____
 (Director—Division of Purchases and Public Properties.)
 Approved as to availability of funds:

Posted to Records of
 Division of Accounts
 and Control:

CONTRACTOR'S COPY

Notice Of Award Of Contract (Form P-16) (size 8 1/2" x 11"), prepared in sets of five.

COMMONWEALTH OF KENTUCKY

DEPARTMENTAL PURCHASE ORDER

(To be used only for the purchase of Library Books and Scientific Equipment)

DEPARTMENT

Purchase Order No. D- 1106

Division or Institution

Account No.



Name of Appropriation or Revolving Account.....

Date

Ship to

Deliver on or before.....

Terms

Unless otherwise indicated, all prices are f. o. b. destination.

QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	AMOUNT

TOTAL AMOUNT

IMPORTANT INSTRUCTIONS TO VENDORS

1. Three copies of the Standard Invoice form enclosed herewith must be submitted.
2. Submit separate invoice for each purchase order immediately upon final shipment.
3. Purchase order number must appear on each invoice, on all packages and delivery tickets and in correspondence pertaining to the order.
4. Send all invoices directly to:
**DIVISION OF ACCOUNTS AND CONTROL,
 DEPARTMENT OF FINANCE,
 STATE CAPITOL,
 FRANKFORT, KY.**

Posted to Records of
 Division of Accounts
 and Control

Signed:

Title.....

Approved as to availability of funds:

VENDOR'S COPY.

Departmental Purchase Order (Form P-12) (size 8½" x 11"), prepared in sets of six.

P-3-636-2M

COMMONWEALTH OF KENTUCKY
DIVISION OF PURCHASES AND PUBLIC PROPERTIES OF THE DEPARTMENT OF FINANCE
ADVICE OF CHANGE IN PURCHASE ORDER

DEPARTMENT _____

Advice No. _____

Division or Institution _____

Date _____

--	--

Number of Purchase Order Changed _____

Account No. _____

Name of Allotment or Revolving Account _____

The purchase order indicated herein is hereby changed as set forth below:

Net Increase _____

Net Decrease _____

Signed: _____
(Director of Division of Purchases and Public Properties)

Approved as to availability of funds:

POSTED TO RECORDS
of the Division of Accts.
and Control.

VENDOR'S COPY

Advice Of Change In Purchase Order (Form P-3) (size 8 $\frac{1}{2}$ " x 11"), prepared in sets of five

Form A-11

COMMONWEALTH OF KENTUCKY
AUTHORIZATION FOR OUT OF STATE TRAVEL

Department _____ Authorization No. _____
Div. or Inst. _____ Account No. _____
Name of Allotment or Revolving Account _____
Date _____ 19 _____

To The Department of Finance:

Authorization is requested for the following Out of State Travel to be charged to the account indicated above:

Name of Officer or Employee _____

Title of Position _____

Route: From _____ to _____

From _____ to _____

From _____ to _____

Time Trip is to be Taken _____

Purpose of Trip _____

Expenses Not to Exceed _____

I hereby certify that it is necessary for the employee or officer named above to make this trip on official business connected with the duties of his position.

(Signed) _____
Head of Department or Authorized Agent.

Instructions:

Forward three copies to the Commissioner of Finance.

Approved: _____
Commissioner of Finance

Approved as to availability of funds:

Posted to Records of
Division of Accounts & Control

Authorization For Out Of State Travel (Form A-11).
(Size 8½" x 11") Prepared in quadruplicate.

A-12-5M-9-26

COMMONWEALTH OF KENTUCKY
MISCELLANEOUS ENCUMBRANCE REQUISITION

Department Finance Number M.....
Division or
Institution Departmental Number
To the Commissioner of Finance: Account Number
Please encumber the account indicated with the amounts and for the purpose Name of Allotment or
specified below. Revolving Account
Date, 19.....
Department Head or Authorized Agent.

EXPLANATION	AMOUNT
TOTAL AMOUNT	

INSTRUCTIONS:

Approved as to availability of funds:

1. This form must be prepared for payroll, rent, travel expense (other than out of state travel), utility services, and other items for which encumbrances have not been set up by means of a Purchase Order, Confirming Order, Advice of Award of Contract, or Authorization for Out of State Travel.
2. Submit in triplicate to Division of Accounts and Control, Department of Finance, Frankfort, Kentucky.

COPY FOR APPROVAL AND RETURN TO DEPARTMENT

Posted to Records of
Division of
Accounts and Control:

Miscellaneous Encumbrance Requisition (Form A-12) (size 8 $\frac{1}{2}$ " x 11")
prepared in sets of four.

Highway Purchasing Forms

Special drafts of the following purchasing forms have been provided for the Department of Highways in order to permit the effective adaptation of the prescribed purchasing procedure to the special requirements of that Department: purchase requisition, purchase order, notice of award of contract, advice of emergency purchase, and confirming order. Separate series of numbers are used for such of these forms as are pre-numbered; and the letter "H" precedes each number to distinguish it from the numbers used for the regular purchase documents.

There are, however, no fundamental differences between the purchasing forms provided for the Department of Highways and those used for other State agencies. The Highway forms simply carry certain additional information required for departmental record keeping purposes; and a larger number of copies are provided to meet the needs of the Department's field staff.

Encumbrance Transmittal Sheet (Form P-13)

This form is used as a transmittal advice to accompany encumbrance documents when they are submitted by the Division of Purchases and Public Properties to the Division of Accounts and Control and from there to the Auditor's office. It also affords a means for controlling the posting of entries to the Daily Summary of Financial Transactions. The Encumbrance Transmittal Sheet shows the numbers and total amounts of purchase orders, confirming orders, departmental purchase orders, notices of award of contract, and advices of change in purchase order. It thus lists every encumbrance document except those miscellaneous encumbrance requisitions that are not issued by the Division of Purchases and Public Properties and authorizations for out of state travel. Frequently, separate Transmittal Sheets are prepared for each type of encumbrance document in order to facilitate their handling. (See Form P-13 on following page.)

The form is prepared in triplicate; the original copy is for the Auditor, the duplicate for the Division of Accounts and Control, and the triplicate for the Division of Purchases and Public Properties. The third copy of the encumbrance transmittal sheet and the departmental and receiving report copies of the encumbrance documents are retained in the Division of Purchases and Public Properties, where they are placed in a pending file. The other copies of encumbrance documents and transmittals are sent to the Division of Accounts and Control.

Handling of Encumbrance Documents by Filing Section

Upon the receipt of encumbrance documents in the Division of Accounts and Control, they are routed to the Filing Section, which affixes on the Accounts and Control copies of all documents the time stamp showing the date and hour of receipt and the block stamp which is used for entering the date of and signature for each of the subsequent operations performed in the Division. As the documents are stamped, the file clerks separate the Accounts and Control copies of the encumbrance documents and Transmittal Sheets and place the other copies in a pending file until the operations in the Division of Accounts and Control have been completed. The Accounts and Control copies are arranged in numerical sequence by type of document and routed together with the transmittal sheets to the Pre-Audit Section.

COMMONWEALTH OF KENTUCKY

Department of Finance—Division of Purchases and Public Properties

ENCUMBRANCE TRANSMITTAL SHEET

No. _____

Date _____

TO THE AUDITOR OF PUBLIC ACCOUNTS:

There are transmitted herewith the following encumbrance documents which I hereby certify are based upon duly approved requisitions on file in this office.

Signed: _____
Director of Division of Purchases and Public Properties

Amount

Purchase Orders No. _____ to _____ \$ _____

Confirming Order No. _____ to _____

Contracts No. _____ to _____

Departmental Purchase Order No. _____ to _____

Advice in Change in Purchase Order (Increase)

No. _____ to _____ \$ _____

Advice of Change in Purchase Order (Decrease)

No. _____ to _____

NET ENCUMBRANCES \$ _____

AUDITOR'S COPY

The nature of certain of the encumbrance documents requires the following minor deviations from the regular routine:

1. Each Advice of Change in Purchase Order is attached to the Accounts and Control copy of the original Purchase Order, Notice of Award of Contract, etc. affected by the change.
2. All three copies of any Authorization for Out of State Travel are routed by the file clerks to the Controller. After approval by the latter, the copies of the Authorization are sent to the pre-audit unit. In case of disapproval, the Controller informs the agency concerned of his action and the reasons therefor, and at the same time returns all copies of the form to it.
3. All three copies of the Miscellaneous Encumbrance Requisition are transmitted to the Pre-Audit Clerk.

Handling of Encumbrance Documents by Pre-Audit and Computing Sections

The pre-audit clerks check the numbers on the Encumbrance Transmittal Sheet with the documents received and record any missing numbers. The documents are then sorted according to the expenditure accounts and numerically within these groups. The pre-audit clerks then review all documents carefully to check for the proper form used, correct and complete entries, proper name and number of the account charged, and signatures of authorized persons. For the latter purpose, there is maintained a file of Signature Cards (Form A-9) which shows the signatures of heads of State agencies and employees authorized by them to sign the documents indicated on such cards.

A-9-500-6-36 COMMONWEALTH OF KENTUCKY—Signature Card	
To the Commissioner of Finance:	
I hereby authorize _____ whose signature is affixed below to sign the following types of documents on my behalf for _____	
<small>(Indicate whether for entire department or a specific division or institution)</small>	
<ul style="list-style-type: none"> • Purchase Requisitions • Advices of Emergency Purchase • Departmental Purchase Orders • Receiving Reports • Inter-Account Bills 	<ul style="list-style-type: none"> • Payrolls • Travel Expense Vouchers • Pay-in Vouchers • Petty Cash Vouchers
_____	_____
Date _____, 19__	Signature of Employee
<small>• Strike out any documents this employee is not authorized to sign. NOTIFY THE DEPARTMENT OF FINANCE IMMEDIATELY AS TO REVOCATION OF OR CHANGE IN THIS AUTHORIZATION</small>	

Signature Card (Form A-9) (size 5" x 3")

Any encumbrance document that does not conform to the prescribed requirements is returned to the issuing department; notation is made on the Encumbrance Transmittal Sheet, the amount of which is adjusted for the documents so returned. The pre-audit clerks initial and date the encumbrance documents and then forward them together with the transmittal sheets to the Computing Section. However, Authorizations for Out of State Travel and Miscellaneous Encumbrance Requisitions are transmitted directly to the Control Clerk after the Pre-Audit Section has assigned reference numbers to them, using a separate series of numbers for each. The Pre-Audit Section maintains a register of all Authorizations for Out of State Travel on which are listed individually the number, date, and amount of such documents.

The Computing Section checks the extensions and footings of all documents and groups

them according to subsidiary control accounts. Tapes are prepared showing the total of each subsidiary control account group, the total of such groups by funds, and also the total of the Encumbrance Transmittal Sheets. The total amounts are checked against the total as shown on the transmittal sheets to assure that the amounts agree. The tapes are attached to the respective groups of documents, which are then routed to the Controller, who, after reviewing and approving the documents, routes them to the Control Clerk.

Handling of Encumbrance Documents by Control Clerk

The Control Clerk checks the documents to ascertain that all previous operations were performed. The departmental and Auditor's copies of the Miscellaneous Encumbrance Requisitions and Authorizations for Out of State Travel are removed and placed in separate baskets to be transmitted to the respective departments after completion of the posting operations. An adding machine tape is prepared from the Accounts and Control copies of these two types of documents, and the amount is added to the tapes previously prepared for the other types of encumbrance documents.

The amounts for each subsidiary control account and also for the master or fund control are then entered in the respective lines of the "Encumbrances Issued" column of the Daily Summary of Financial Transactions (Form A-8), which is also referred to as the Control Sheet. The preceding chapter discusses the nature and use of the Daily Summary.

Posting of Encumbrance Documents

All the encumbrance documents and the control sheets are transmitted to the Bookkeeping Machine Section, which posts the documents simultaneously to the Expenditure and Encumbrance Ledger (Form A-1) and to the Expenditure and Encumbrance Journal (Form A-2); these two records are described in the preceding chapter of this Handbook. The postings are made as of the date they are entered on the control sheet by the Control Clerk.

The first step in the posting operation consists of entering in the respective columns of the Journal the "pick up" or "brought forward" balances; these figures represent the last postings found in the following columns of the individual ledger cards: Balance of Encumbrances Outstanding, Total Net Expenditures, Total Allotments or Receipts To Date, and Unencumbered Balance. The numbers and amounts of the encumbrance documents are then entered in the "Reference" and "Issued" columns respectively of the "Encumbrance" section of the Ledger and the Journal. After all the items for a particular account are posted, a machine tabulated total is automatically computed and printed for the new balance of encumbrances outstanding, the date is posted, and totals entered in the Total Net Expenditures, Total Allotments or Receipts To Date, and the Unencumbered Balance columns.

When a new ledger card is to be used, amounts of each balance column are brought forward and entered on the new ledger card and on the Journal; and then the pick-up of the old balance amounts is made, from which point posting is continued.

After all the detail ledger cards within a subsidiary control group have been posted, three columnar totals for the group are automatically computed and printed on the Journal. These totals represent the cumulations of the pick-up unencumbered old balance, encumbrances posted, and the new unencumbered balance. These figures are used for proof checking purposes by subtracting the sum of the unencumbered new balances from the sum of the unencumbered old balances and comparing the result with the total encumbrances shown for the

particular subsidiary control on the Journal and also on the Daily Summary. Should these amounts not agree, the error must be determined and the accounts corrected accordingly.

After the posting has been checked with the Daily Summary of Financial Transactions, the latter is held until all other postings for the day have been completed. Then, postings are made to the subsidiary control and fund control ledger cards in the manner described in the next chapter dealing with expenditure documents.

Disposition of Posted Encumbrance Documents

After postings are completed, the encumbrance documents are initialed and dated by the bookkeeping machine operator and are then transmitted to the Control Clerk, who files the Daily Summaries chronologically in a post binder and routes the documents to the Filing Section.

The Accounts and Control copies of Miscellaneous Encumbrance Requisitions and the Authorizations for Out of State Travel are immediately filed numerically. Purchase orders, confirming orders, advices of change in purchase order, departmental purchase orders, notices of award of contract, and the encumbrance transmittal sheets are matched with the corresponding copies in the pending file to check any corrections that have been made. The Accounts and Control copies of notices of award of contract are transmitted to the Pre-Audit Section which maintains a loose-leaf binder for filing these notices numerically. The Accounts and Control copies of the other documents are then filed numerically; advices of change in purchase order are filed with the original purchase documents affected by them.

The remaining copies of the encumbrance documents are then released and transmitted to the office of the Auditor, who, after posting the encumbrance documents in his books, stamps his certification as to availability of funds. The Auditor retains one copy of each document and routes the others (except miscellaneous encumbrance requisitions and authorizations for out of state travel) to the Division of Purchases and Public Properties. This Division then removes the corresponding departmental and receiving report copies from the pending file and distributes them among the respective State agencies. The Purchasing Division retains its own copies and mails the original (white) copies to the vendors, together with a set of the Standard Invoice (Form P-8). On notices of award of contract, the standard invoices are sent to the department for which the purchase is made; when the latter orders the delivery of any item, it mails the vendor a set of the standard invoice together with the Request for Delivery on Contract.

Chapter IX

EXPENDITURE DOCUMENTS*

Expenditure documents are those which constitute original evidence of liabilities incurred by the State. After such documents have been pre-audited and approved by the Division of Accounts and Control, they become authorizations for payment against the encumbrances previously set up in accordance with the procedure described in the preceding chapter. The various expenditure and supporting documents, all of which are discussed in this chapter are as follows: (1) Standard Invoice; (2) Payroll Voucher; (3) Travel Expense Voucher; (4) Schedule of Petty Cash Disbursements; (5) Inter-Account Bill; (6) Receiving Report and Departmental Authorization for Payment; and (7) Voucher Transmittal Sheet.

Standard Invoice (Form P-8)

All vendors with the exception of utilities must use the Standard Invoice form in billing the State. These forms are sent to vendors with purchase orders, confirming orders, and requests for delivery on contract. The use of a uniform invoice facilitates handling and minimizes the difficulty of securing the information essential for pre-auditing and recording.

An invoice must cover a complete order; in cases of contract purchases, however, vendors may bill the State separately for each delivery made on a Request for Delivery on Contract. If only partial delivery is made on an order, payment is withheld until the complete order is delivered, and the cash discount quoted by the vendor is computed as of the date of final delivery or the date of invoice, whichever is later. In no case may an invoice cover more than one purchase order or contract.

The vendor prepares the Standard Invoice in quadruplicate, retains the fourth copy (salmon) for his files and forwards the first three copies (white, blue, and yellow, respectively) direct to the Division of Accounts and Control. Not only must the vendor indicate the quantities, units, descriptions, and amounts of the items furnished by him, but he must insert the number and account shown on the purchase document issued to him. In addition, the vendor must state the terms (cash discount), and is required to sign the certification as to delivery, quality, prices, and payment.

Utilities use their own invoice forms for billing the individual departments and other agencies. Each of the latter then prepares a Standard Invoice and a Receiving Report and Departmental Authorization for Payment, both of which show the number of the Miscellaneous Encumbrance Requisition sent in at the beginning of the month to set up an encumbrance for the estimated cost of the utility services. The departmental copies of the standard invoice and receiving report are retained; the other copies are attached to the invoice submitted by the utility company and forwarded to the Division of Accounts and Control.

Payroll Voucher (Form PE-6)

This form is used to authorize salary payments for all employees except the maintenance force of the Department of Highways, for which a special departmental form is used. As is described in detail in Chapter X, the Payroll Voucher is centrally prepared in quadruplicate by the Addressograph Section of the Division of Accounts and Control. A separate

*Unless otherwise indicated, all section references are to Baldwin's 1936 Revision of Carroll's Kentucky Statutes.

PS-1030-30M

COMMONWEALTH OF KENTUCKY
STANDARD INVOICE

DEPARTMENT _____ Division or Institution _____
Location to Which Delivered _____

Your Invoice No. _____

Invoice Date _____
Purchase Order or Contract No. _____
Copy from Purchase Order or Contract _____

Name and Address of Vendor _____

Account No. _____
Copy from Purchase Order or Contract _____

Terms _____

Send this invoice in triplicate directly to:
DIVISION OF ACCOUNTS AND CONTROL,
DEPARTMENT OF FINANCE,
STATE CAPITOL,
FRANKFORT, KY.

OBJECT SUMMARY—VENDOR LEAVE BLANK			
Code	Amount	Code	Amount

VENDOR LEAVE BLANK	
Voucher No.	_____
Amt. of Enc.	_____
Liquidation \$	_____

Quantity	Unit	DESCRIPTION	Unit Price	Amount	Leave Blank
TOTAL AMOUNT					

VENDOR'S CERTIFICATION

I hereby certify that the commodities specified above have been furnished to the Commonwealth of Kentucky; that the quality and prices conform to the proposal and purchase order or contract; and that payment, in whole or in part, has not been received.

Signed _____
By _____

VENDOR LEAVE BLANK	
Discount	_____
Net Amount	_____
Checked with Purchase Order or Contract	_____
Checked with Receiving Report No.	_____
Extensions and Additions Checked	_____

AUDITOR'S COPY

SEE INSTRUCTIONS ON REVERSE SIDE

Standard Invoice. (Form P-6) (Size 8 1/2" x 11") Prepared in sets of four.

set of the form is prepared for each department, division, institution, or other agency. (See Chapter X for copy of payroll form.)

The Division of Accounts and Control transmits all four copies to the respective agency, which inserts the information as to deductions and absences and makes necessary revisions for payroll changes not shown on the sheets as prepared by the Addressograph Section. The agency also enters the number assigned by the Division of Accounts and Control to the Miscellaneous Encumbrance Requisition sent in at the beginning of the month to encumber the allotment accounts for such personal services. After the voucher has been totalled and has been certified for payment, the department forwards the first three copies to the Division of Personnel Efficiency, retaining the fourth copy for its files.

The Division of Personnel Efficiency checks the payroll voucher against the official roster in order to determine legality of employment and correctness of the rate of pay. The amounts shown as payable are posted to the respective roster cards; and after the voucher has been certified by the Division, all three copies are transmitted to the Division of Accounts and Control.

Travel Expense Voucher (Form A-10)

This form is used for reporting and requesting reimbursement of travel expense incurred on official State business. It is prepared in triplicate at the end of each month by the individual employee, who submits the copies together with receipts for all items in excess of one dollar to the department head for the latter's approval.

The department inserts the number assigned by the Division of Accounts and Control to the Miscellaneous Encumbrance Requisition or the Authorization for Out of State Travel previously sent in to set up an encumbrance for the estimated travel expense. After the department head or his authorized representative has approved the voucher, the triplicate copy is retained for the department's files, and the first two copies are transmitted to the Division of Accounts and Control.

(See Travel Expense Voucher - Form A-10 - on next page.)

Schedule of Petty Cash Disbursements (Form A-15)

This form is used for reporting disbursements from a petty cash fund and for requesting reimbursement of the fund. Such disbursements may be made only for items requiring immediate cash payment; and every disbursement must be supported by a receipt signed by the person receiving payment. The Schedule of Petty Cash Disbursements is prepared in triplicate by the custodian of the fund as often as it is necessary to replenish the fund but not less frequently than once each month. Disbursements are listed according to the allotment accounts to which they are chargeable and within these groups according to the date of disbursement.

The triplicate copy is retained by the reporting department or other agency, and the first two copies are transmitted to the Division of Accounts and Control. Receipts covering disbursements of one dollar or more must be submitted with the Schedule; while receipts for lesser amounts must be left on file and be available for subsequent audit. All receipts for purchases of one dollar or more, besides being pre-audited by the Division of Accounts and Control, are subject to examination by the Division of Purchases and Public Properties as to prices paid and need for making such purchases out of petty cash funds.

(See Schedule of Petty Cash Disbursements - Form A-15 - on next page.)

Inter-Account Bill (Form P-15)

This form is used for crediting one State agency and debiting another for services or commodities furnished by the former to the latter. This fulfills a statutory provision that the accounting system "shall provide for the settlement of transactions between budget units by the making of debit and credit entries . . . on the basis of adequate expenditure vouchers, without the issuance of warrants." (Sec. 1992b-57) This eliminates the need for issuing a warrant and check and redepositing the latter.

The billing department prepares the Inter-Account Bill in quadruplicate, retains the fourth copy, and sends the first three copies to the Division of Accounts and Control with the related Receiving Report and Departmental Authorization for Payment furnished by the agency charged. The Inter-Account Bill shows the number assigned by the Division of Accounts and Control to the Miscellaneous Encumbrance Requisition sent in previously to set up an encumbrance for the commodities or services for which the charge is now being made. Each agency numbers consecutively the inter-account bills prepared by it.

(See next page for Inter-Account Bill - Form P-15.)

Receiving Report and Departmental Authorization for Payment

The sixth copy of the purchase order, confirming order, and departmental purchase order is used for reporting the receipt of and authorizing payment for the commodities or services purchased on such orders. This copy does not show quantities and amounts, since the receiving employee must enter the quantities on the basis of an actual count and without reference to any other copy of the order. Space is provided at the bottom of the form for the date of receipt and the signatures of the receiving employee and the department head or his authorized agent.

A special receiving report form (P-7) is used for: (1) inter-account bills, (2) utility bills, and (3) purchases involving several deliveries for each of which the vendor is entitled to payment separately. Since this form is in blank, the department must insert all the information concerning the items received and the accounts to which they are chargeable. Receiving reports must be sent to the Division of Accounts and Control immediately after the receipt of the items ordered.

Voucher Transmittal Sheet (Form A-7)

The Commissioner of Finance uses the Voucher Transmittal Sheet to authorize the Auditor to issue warrants on the Treasurer in payment of the expenditure documents transmitted therewith. In addition, the form has several other uses: (1) in the Division of Accounts and Control it is the medium for entering liquidations and expenditures on the Daily Summary of Financial Transactions; (2) in the Auditor's office it serves as the basis for preparation of and medium for transmittal of warrants to the Treasurer; and (3) it is the list from which individual checks are prepared by the Treasurer.

The Division of Accounts and Control prepares a separate voucher transmittal in quadruplicate for each group of expenditure documents that are chargeable to the same allotment account. However, no sheets are prepared for inter-account bills, since these documents do not require the issuance of warrants. The Voucher Transmittal Sheet numbers are assigned by the pre-audit clerks from the Voucher Transmittal Register, and these numbers are stamped on the expenditure documents.

COMMONWEALTH OF KENTUCKY
INTER-ACCOUNT BILL

Departmental Bill No.
 Date
 Requisition No.

Supplied to: CHARGE	
Department	Fund
Division or	Account No.
Institution
Allotment or Revolving Acct. Name	

Supplied by: CREDIT	
Department	Fund
Division or	Account No.
Institution
Allotment or Revolving Acct. Name	

Send this Bill in Triplicate Directly to:
 DIVISION OF ACCOUNTS AND CONTROL,
 DEPARTMENT OF FINANCE,
 STATE CAPITOL,
 FRANKFORT, KY.

LEAVE BLANK
Voucher No.
Encumbrance
Liquidation

QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	AMOUNT	LEAVE BLANK
TOTAL AMOUNT					

I hereby certify that the items listed above were furnished to the organization unit indicated and that the prices charged are proper.

Approved: _____
 Head of Billing Department or Authorized Agent

_____ Controller

AUDITOR'S COPY

LEAVE BLANK			
Object Code	Amount	Object Code	Amount

P-7-636-75M

**COMMONWEALTH OF KENTUCKY
RECEIVING REPORT & DEPARTMENTAL
AUTHORIZATION FOR PAYMENT**

DEPARTMENT	Report No.
Division or Institution	Purchase Order or Contract No.
Received at	Date Received
Received from	Address
(Vendor's Name)	
Delivered by	Partial Delivery <input type="checkbox"/>
(Vendor, Mail, Express or Name of Carrier)	Check One
	Complete or Final Delivery <input type="checkbox"/>

Quantity	Unit	DESCRIPTION

<p style="font-size: x-small;">I certify that the items described above were received and inspected by me; that the quantities were as stated; and that the condition was satisfactory except as otherwise noted.</p> <p style="text-align: center; margin-top: 20px;">Signed..... <small>(Employee Receiving Material)</small></p>	<p style="font-size: x-small;">Payment for the items listed above is hereby authorized.</p> <p style="text-align: center; margin-top: 20px;">Signed</p> <p style="text-align: center; font-size: x-small;">(Head of Department or Authorized Agent)</p>
---	---

INSTRUCTIONS

1. Prepare a separate report for each purchase order or contract.
2. Use the reverse side to give complete details concerning any goods rejected or accepted with qualifications.
3. The first two (2) copies of this report, signed by both the receiving employee and the head of the department or his authorized agent, must be submitted to the Division of Accounts and Control, Department of Finance.
4. At least one extra copy should be made and retained for departmental use.

Form A-7-10M-6-36

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF FINANCE
VOUCHER TRANSMITTAL SHEET

No.
Sheet of sheets
Date
Account No.
Allotment or
Revolving Acct. Name.....
.....
Fund

To the Auditor of Public Accounts:

Approval is hereby given for the issuance of warrants on the State Treasurer covering payment of the vouchers listed below. Authority is also given to increase or decrease the encumbrances by the necessary amounts. The vouchers listed are transmitted herewith.

Signed:
Commissioner of Finance

Auditor's
Warrant No.
(If more than one warrant is issued enter warrant number in columns provided for Auditor's use.)

Voucher Number	NAME AND ADDRESS	Encumbrance Document Number	Amount of Encumbrance Liquidation	Amount of Voucher	For Auditor's Use	
TOTALS						
AUDITOR'S COPY						

Voucher Transmittal Sheet. (Form A-7) (Size 8 1/2" x 15") Prepared in sets of four.

Handling of Expenditure Documents by Filing Section

Upon the receipt of expenditure documents in the Division of Accounts and Control, they are routed to the Filing Section, which affixes on the Accounts and Control copies of all documents, the time stamp showing the date and hour of receipt and the block stamp that is used for entering the date of and signature for each of the subsequent operations performed in the Division. Since the Receiving Report and Departmental Authorization for Payment merely supports an expenditure document and is not used for entry on the Control Sheet or posting to the ledger, only the time stamp is placed thereon.

After the expenditure documents have been stamped, they are handled in the following manner by the Filing Section:

1. Standard Invoices (on other than contract purchases) are matched with and attached to their corresponding purchase orders, confirming orders, departmental purchase orders, or miscellaneous encumbrance requisitions, which are taken from the pending file. If the corresponding receiving reports have not been received, the documents are placed in the pending file numerically by types of documents. If the receiving reports have been received previously and attached to related encumbrance documents, the invoices, encumbrance documents, and receiving reports are sorted by account number charged and routed to the Computing Section.

2. Receiving reports and invoices covering deliveries on contracts are placed in a pending file by Notice of Award of Contract number. As soon as related invoices and receiving reports are received, the documents are attached, sorted by account number charged, and routed to the Computing Section.

3. Inter-Account bills are matched with and attached to their related miscellaneous encumbrance requisitions, which are taken from the pending file. In most instances inter-account bills are accompanied by receiving reports which were given to the billing agency by the agency charged at the time the commodities or services were furnished. In such cases, the attached documents (i.e., inter-account bill, receiving report, and miscellaneous encumbrance requisition) are sorted by account number charged and routed to the Computing Section. When inter-account bills received are not accompanied by receiving reports, or if the latter are received before the bills, the documents are placed in a pending file by inter-account bill number within an alphabetical arrangement by department or other agency issuing the bills.

4. Delivery on orders must be complete before standard invoices or inter-account bills are released for computing and pre-auditing. If the quantity shown on the receiving report closely approximates the quantity ordered, delivery is assumed to be complete. However, the quantity shown on the invoice or inter-account bill must correspond exactly with the receiving report before the documents are routed to the Computing Section; in the case of discrepancies either the vendor or the receiving department is contacted, depending upon the particular circumstances.

5. Payroll vouchers, travel expense vouchers, and schedules of petty cash disbursements do not require receiving reports and departmental authorizations for payment since the required certifications are entered directly on the forms themselves.

6. Payroll vouchers and travel expense vouchers are matched with and attached to their corresponding miscellaneous encumbrance requisitions or authorizations for out of state travel, which are taken from the pending file; the attached documents are then routed

to the Computing Section.

7. Schedules of petty cash disbursements and expenditure documents representing expenses and special grants of the General Assembly are not previously encumbered and are, therefore, routed immediately to the Computing Section.

Handling of Expenditure Documents by Computing and Pre-Audit Sections

The Computing Section checks extensions and footings on all documents, computes discounts, enters the net amounts on standard invoices, and then transmits all documents to the Pre-Audit Section. The checking operation takes into consideration all the information shown on the face of the documents.

The Pre-Audit Section reviews all documents in the manner described below.

1. Examines all expenditure documents to see that the required information has been entered thereon, that all documents are properly signed, and that the required supporting documents, such as receiving reports, are attached and correspond to the quantities or amounts as shown on the expenditure documents.

2. Inserts the amounts of encumbrance liquidations in the space provided on the expenditure documents, except in those special instances where no previous encumbrance is required.

3. Assigns consecutive voucher numbers to all expenditure documents.

4. Enters the amounts of invoices covering deliveries on contracts on the reverse side of the related Notice of Award of Contract.

5. Stamps all expenditure documents to record the completion of the pre-audit operation.

6. Sorts documents by account number charged and prepares adding machine tapes of the amounts of encumbrance liquidations and the amounts of expenditures for each group of documents chargeable to one account.

7. Assigns Voucher Transmittal Sheet numbers (the same number is assigned to all expenditure documents chargeable to one allotment account) to all documents except inter-account bills, from a serially numbered Voucher Transmittal Register; stamps the transmittal sheet number on each expenditure document; enters the date and amount of each voucher transmittal sheet in the voucher transmittal register.

8. Initials for and dates, on the block stamp, all the operations performed.

9. Transmits inter-account bills to the Controller.

10. Transmits all other documents to a typist for the preparation of Voucher Transmittal Sheets.

The typist prepares a Voucher Transmittal Sheet in quadruplicate for each group of documents chargeable to one allotment account. The transmittal sheet shows, for each expenditure document: voucher number, name and address of payee, encumbrance document number, amount of encumbrance liquidation, and amount of expenditure. The typist also enters the total encumbrance liquidations and total amount of all vouchers listed on each transmittal sheet, which amounts are taken from the adding machine tapes prepared previously by the Pre-Audit Section. The typist then initials the voucher transmittal sheet, attaches vouchers to their respective transmittal sheets, and routes all documents to the Computing Section.

The Computing Section checks Voucher Transmittal Sheets to see that all vouchers are listed and that the totals are correct. The documents then are transmitted to the Controller.

The Controller spot-checks the vouchers and carefully examines large items to see that they have been properly pre-audited. He then indicates his approval by signing the inter-account bills and voucher transmittal sheets, and routes these documents to the Control Clerk.

Handling of Expenditure Documents by Control Clerk

The Control Clerk checks the documents to ascertain that all previous operations were performed. The Auditor's, Treasurer's, and departmental copies of all documents are removed and placed in separate baskets for subsequent distribution to the respective departments after the Accounts and Control copies have been posted to the Expenditure and Encumbrance Ledger.

The Control Clerk then separately sorts voucher transmittal sheets and inter-account bills by funds and subsidiary control accounts, and prepares adding machine tapes for each subsidiary control account and fund showing the encumbrances liquidated, disbursements authorized (amounts of expenditure documents), and non-cash charges and inter-account credits (amounts of inter-account bills). The amounts of the tapes are entered in the respective lines of the "Encumbrances Liquidated," "Disbursements Authorized," "Non-Cash Charges" and "Inter-Account Credits" columns, respectively, of the Daily Summary of Financial Transactions (Form A-8), which is also referred to as the Control Sheet.

The Control Clerk then obtains the Voucher Transmittal Register from the Pre-Audit Section, posts the date each transmittal sheet is entered on the Control Sheet, checks the amount and number of each transmittal sheet, and routes the accounts and control copies of all documents, other than the transmittal sheets and the control sheets, to the Bookkeeping Machine Section.

Posting of Expenditure Documents to Expenditure and Encumbrance Ledger

The Bookkeeping Machine Section posts the expenditure documents simultaneously to the Expenditure and Encumbrance Ledger (Form A-1) and to the Expenditure and Encumbrance Journal (Form A-2), both of which records are described in Chapter VII of this Handbook. The postings are made as of the date they are entered on the Daily Summary by the Control Clerk.

The first step in the posting operation consists of entering in the respective columns of the Journal the "pick up" or "brought forward" balances; these figures are the last postings found in the following columns of the individual ledger cards: Balance of Encumbrances Outstanding, Total Net Expenditures, Total Allotments or Receipts To Date, and Unencumbered Balance. The number and amount of the encumbrance document previously used to encumber the expenditure, are then entered in the "Reference" and "Liquidated" columns respectively of the "Encumbrance" section of the Ledger and the Journal. The date is next posted, and then the voucher number and amount are entered in the "Reference" and "Disbursements Authorized" columns respectively of the "Expenditure" section of the Ledger and the Journal. After all items for a particular account are posted, a machine tabulated total is automatically computed and printed for the new balance of Encumbrances Outstanding; the date is posted; a machine total also is computed and printed for the new balance of

Total Net Expenditures; the figure in the "Total Allotments or Receipts To Date" column is entered; and the new total inserted in the "Unencumbered Balance" column. This latter figure will be increased or decreased to the extent that the expenditures are less than or more than the liquidations, respectively.

When a new ledger card sheet is to be used, amounts of each balance column are brought forward and entered on the new ledger card and on the Journal, and then the pick-up of the old balance amounts is made, from which point posting is continued.

After the vouchers have been posted to the detail ledger cards within a subsidiary control group, three columnar totals for the group are automatically computed and printed on the Journal. These totals represent the cumulations of the pick-up unencumbered old balance, liquidations posted, and the new unencumbered balance. These figures are used for proof checking purposes by subtracting the total of the unencumbered new balances from the sum of the total unencumbered old balances and the total liquidations and comparing the result with the amount of disbursements authorized shown for the particular subsidiary control on the Daily Summary. The sum of encumbrance liquidations is also checked with the amount shown for the particular subsidiary control on the Daily Summary. Should these amounts not agree, the error is determined and the accounts corrected accordingly.

The procedure for posting inter-account charges is the same as for encumbrance liquidations and expenditures, except that the amount of the charge is posted in the "Non-Cash Items" column of the "Expenditure" section. After the charges have been posted, the vouchers are re-sorted and posted to the accounts credited. The procedure is the same as for charges, except that no entry is made in the "Liquidated" column of the "Encumbrance" section, and the credit is posted in red in the "Non-Cash Items" column as a deduction from total net expenditures.

The posting of inter-account charges is checked the same as other expenditures. The posting of credits is checked by subtracting the total of unencumbered old balances from the total of unencumbered new balances and comparing the result with the amount of inter-account credits shown for the particular subsidiary control on the Daily Summary.

After all postings to the detail ledger cards have been completed and proven for the day, postings are made to the subsidiary control and fund control ledger cards using the amounts as shown on the Daily Summary. First, old balances are picked up and posted to the Journal, and then "Encumbrances Issued," "Encumbrances Liquidated," "Date," "Disbursements Authorized," "Non-Cash Items," "Inter-Account Credits" (posted in red to "Non-Cash Items" column), and "Allotments or Receipts To Date" are posted in the above order simultaneously to the subsidiary control ledger cards and the Journal, using the amounts shown on the Daily Summary for the particular control. As postings to each fund are completed, machine tabulated totals are automatically computed and printed for the cumulative totals of old unencumbered balances, encumbrances issued and liquidated, and new unencumbered balances. The columnar totals for each fund as shown on the Daily Summary then are entered on the Journal in pencil and the postings are checked.

Checking is accomplished by taking the total of old unencumbered balances, subtracting the total of encumbrances issued, adding the total of encumbrances liquidated, subtracting the total of disbursements authorized, adding refunds which are shown as a red total in the latter column, subtracting non-cash charges which are shown in black in the "Non-Cash Items"

column, adding inter-account credits which are shown in red in the latter column, and finally adding the total of amounts allotted. The result is compared with the total of new unencumbered balances, and if the amounts do not agree, errors are determined and the accounts corrected accordingly.

After completing postings to all subsidiary controls, postings are made to the fund control ledger cards. The procedure is the same as described above for subsidiary controls, except that the amounts are taken from the fund totals as shown on the Daily Summaries. Checking is also the same as for subsidiary controls, except that the figures used are obtained from adding machine tapes prepared from the fund totals shown on the Journal.

Disposition of Expenditure Documents

After postings are completed, the expenditure documents and the Daily Summaries are initialed and dated by the bookkeeping machine operator and are then transmitted to the Control Clerk.

The Control Clerk files the Daily Summaries chronologically in a post binder, and routes the Auditor's, Treasurer's, and Accounts and Control receipt copies of Voucher Transmittal Sheets and the Auditor's copies of the Vouchers to the Filing Section for transmittal to the Auditor; similarly, the departmental copies of vouchers are sent to the Filing Section for distribution to the agencies charged. The Control Clerk then enters the date of transmittal of documents to the Auditor on the Voucher Transmittal Register; routes Accounts and Control copies of transmittal sheets to the Filing Section, where the documents are filed numerically; and sends Accounts and Control copies of expenditure vouchers with attached encumbrance and supporting documents to the Coding Clerk.

The Auditor posts expenditure documents in his books; and issues a single warrant for each Voucher Transmittal Sheet (unless part of the amount is to be paid in cash and part with an interest-bearing warrant, in which instance two or more warrants are issued). The Auditor then enters the warrant numbers on all copies of the Voucher Transmittal Sheets; retains his copies of the vouchers and voucher transmittals; and returns the Accounts and Control receipt copies of Voucher Transmittals to the Division of Accounts and Control. The Treasurer is given his copies of voucher transmittals together with the respective warrants.

The Filing Section receives the Voucher Transmittal Sheets returned by the Auditor with the warrant numbers inserted thereon; time stamps the documents and routes them to the employee responsible for reconciling warrants authorized by the Division of Accounts and Control with warrants actually issued by the Auditor. The latter employee enters the warrant numbers in the Voucher Transmittal Register and then returns all documents to the Filing Section, which files them by warrant number as a cross reference to the other Accounts and Control copies that are filed by transmittal sheet number.

Coding of Vouchers and Posting to Detailed Expenditure Analysis Ledger

The Coding Clerk codes expenditure vouchers according to the detailed types of commodities or services purchased. This breakdown follows the Subsidiary Classification of Expenditures. (See Chapter XVI.) The code numbers and the related amounts are entered in the spaces provided on the vouchers. Whenever more spaces are required on a voucher, the Coding Clerk stamps the document so as to provide eight additional spaces for the code numbers and amounts. The documents then are routed to the Bookkeeping Machine Section for

posting to the Detailed Expenditure Analysis Ledger.

The Bookkeeping Machine Section uses mechanical equipment for posting to the Analysis Ledger. Documents are posted as of the date they were entered on the Daily Summary of Financial Transactions, and the total expenditures shown on the latter are used to check the accuracy of postings to the analysis ledger. Postings are made simultaneously to the analysis ledger card and a blank sheet that serves as a proof sheet.

The first step in posting is to enter the old balance of the account on the proof sheet. The next step consists of posting simultaneously on both the ledger card and the proof sheet the date, reference number (voucher number), and amount or deduction (in red) in the "Amount" column. The machine automatically computes and prints the new balance.

Corrections in posting and reductions in expenditures for the amounts shown as credits on inter-account bills are posted as deductions in the "Amount" column. The latter is necessary in order that expenditures of the State as a whole may be shown accurately.

As postings for each fund are completed, machine tabulated totals for old pick-up balances, amounts posted (which include deductions as additions), and new balances are automatically computed and printed on the proof sheet. The accuracy of amounts posted is proven by first preparing an adding machine tape of the totals shown on the Daily Summary of Financial Transactions for "Disbursements Authorized," "Non-Cash Charges," and "Inter-Account Credits," and adding to these amounts the corrections posted as deductions. If the total shown on the tape agrees with the machine tabulated total of amounts posted, the postings are proven.

Once each month the operator who posts to the Detailed Expenditure Analysis Ledger totals the balances shown for each group of accounts in that Ledger that relate to a single allotment account in the Expenditure and Encumbrance Ledger (for example, accounts 400 to 499 shown for the Division of Accounts and Control in the Detailed Ledger show the breakdown of net expenditures charged to allotment account 534, Division of Accounts and Control -- Materials, Supplies, and Parts in the Expenditure and Encumbrance Ledger). If the total of the balances equals the amount shown as "Net Expenditures" for the allotment account in the Expenditure and Encumbrance Ledger, the accuracy of balances in the Detailed Expenditure Analysis Ledger is proven.

Daily, after expenditure vouchers are posted and the postings proven, they are routed to the Filing Section where they are filed by voucher number.

Chapter X

PAYROLL PROCEDURE

A uniform payroll procedure has been installed by the Department of Finance for all departments and other State agencies, with the exception of the maintenance force of the Department of Highways, for which a special departmental form is used. This procedure involves the use of mechanical equipment for the centralized preparation of payroll lists and checks. The machine work is done by the Addressograph Section of the Division of Accounts and Control, which maintains a file of addressing plates for all regular employees, other than those assigned to the highway maintenance force. These plates indicate the account number, employee's name, title, rate of compensation, any insurance deductions, gross amount payable, and net amount; the latter is changed when deductions are made for other than insurance purposes.

Standard Payroll Voucher

The Payroll Voucher (Form PE-6) is used for certifying the services rendered by employees and the amounts due them in the form of salaries or wages. The Payroll Voucher is prepared in quadruplicate and the following information is entered by machine from the employee plates and special plates prepared for sheet headings:

Items Entered in Sheet Heading

1. Name of department.
2. Name of the division or institution.
3. Number of the allotment or revolving account to which the payroll is chargeable.
4. The name of such account.
5. Period covered by the payroll.

Items Entered in Sheet Columns

6. Column 1 - Name of each employee.
7. Column 2 - Title of position held by the employee.
8. Column 3 - Rate of Compensation. Where the rate is other than monthly, the letters "D", "H", and "W" are used to indicate daily, hourly, and weekly rates, respectively.
9. Column 4 - Left blank for departmental use.
10. Column 5 - Insurance deductions are shown for those employees included in group insurance plans.
11. Column 6 - The gross amount payable is indicated. In the case of employees on a monthly or weekly basis this represents the monthly or weekly rate, less any insurance deductions. In the case of employees compensated on a daily or hourly basis, the gross amount payable is left blank for subsequent insertion by the department.

(See Payroll Voucher Form on next page.)

FB 6 (Rev. 4-1-54)

COMMONWEALTH OF KENTUCKY
PAYROLL VOUCHER

Sheet _____ of _____ Sheets

Department _____ Allotment or Reverting Account No. _____
 Division or Institution _____ Name of Allotment or Reverting Account _____
 Period: From _____ to _____

NAME OF EMPLOYEE (1)	POSITION (2)	RATE (3)	DATE STARTED (4)	DURATION MONTHS (5)	GROSS AMOUNT (6)	DEDUCTIONS (7)	NET AMOUNT (8)	DAYS OF VACATION		DAYS OF SICK LEAVE	
								USED (9)	REMAINING (10)	USED (11)	REMAINING (12)
Totals Brought Forward											
Totals of this sheet											
Totals carried forward											

* See reverse side. 3

FRONT

REVERSE

Certification of Payroll Voucher

I hereby approve this payroll for payment in the sum of _____ and certify that the persons named herein were legally appointed in the positions indicated next to their respective names, that each was present on every working day except for the absence shown below and time anticipated, that all absences including those during time anticipated in the previous payroll period are shown in the proper columns, and that the amounts set forth are legitimate claims against the Commonwealth of Kentucky.

 Employee Preparing Payroll 193_____

 Head of Department or Authorized Representative 193_____

I hereby certify that I have checked this payroll against the records maintained by the Division of Personnel Efficiency and find: That the persons listed herein have been appointed in accordance with the statutory provisions pertaining thereto, that the titles and salary rates are in accordance with the classification plan and compensation schedule adopted by the Division of Personnel Efficiency, and that the restrictions as to sick leave and vacation have been observed.

 Director of the Division of Personnel Efficiency 193_____

*** Code for Deductions**

- "A"—deductions for time absent for which compensation will not be paid.
- "N"—deductions due to time not employed by persons beginning or leaving employment during the month.
- "M"—deductions for maintenance and similar costs not already made in fixing the salary rate.

Form PE-3

COMMONWEALTH OF KENTUCKY
ADVICE OF EMPLOYMENT

Date _____, 1937

To the Division of Personnel Efficiency of the Department of Finance:

I hereby appoint _____
(Name in full) (Address)

to the position of _____ in the _____
(Title of position) (Department, Division or Institution)

at a salary or wage rate of \$ _____ per _____ with maintenance _____

The position is Full Time Part Time

(Explain: i. e., one meal; two meals; three meals; room and board; maintenance of other than employee, such as wife and children.)

This appointment is to be effective from and including _____, 1937.

This appointment is made to fill a position vacated by:

(Name) (Title of position)

* This appointment is: Regular Reinstatement Provisional Temporary Exempt

If temporary, state nature of position _____

If exempt, indicate which of the groups of exempt positions listed on the reverse side is applicable _____

This appointment is made from Employment List Number _____ dated _____, 19____

(Signed) _____
(Department Head)

(FOR USE OF DEPARTMENT OF FINANCE)

Roster Card Prepared	Payroll Plate Prepared
Date _____, 1937. By _____	Date _____, 1937. By _____

Prepare this form immediately upon making an appointment and forward two copies to the Division of Personnel Efficiency, Department of Finance.

* Does not apply to appointments made prior to September 1, 1936.

See Instructions on Reverse Side.

Form PE-4

COMMONWEALTH OF KENTUCKY

ADVICE OF CHANGE IN STATUS OF EMPLOYEE

Date _____, 19____

To the Division of Personnel Efficiency of the Department of Finance:

You are hereby advised that the status of the following employee has been changed as indicated below:

 (Name) (Address)

 (Title of present position) (Department, Division or Institution)

_____ per _____
 (Present rate of pay)

Check Type of Change:

- Promotion Change in Rate of Pay Transfer Demotion Lay-off
- Dismissal Resignation Suspension _____
 (Period of suspension)

State Reasons for Change: _____

 (Title of new position) (Department, Division or Institution)

 (New rate of pay)

Effective Date _____, 19____

(Signed) _____
(Department Head)

FOR USE OF DEPARTMENT OF FINANCE

Posted to Official Roster	Payroll Plate Changed
Date....., 19..... By.....	Date....., 19..... By.....

Prepare immediately upon making any change in the status of an employee and forward two copies to the Division of Personnel Efficiency, Department of Finance.

See instructions on Reverse Side.

The payroll sheets are prepared as of the twentieth of each month, and reflect payroll changes reported to the Division of Personnel Efficiency up to that date. Weekly listings are made for those employees receiving weekly salary payments; however, this group is relatively small and includes only employees whose compensation is so nominal that hardship would result if they were paid monthly.

Reporting Payroll Changes

Any payroll change must be reported promptly on an Advice of Employment (Form PE-3) or Advice of Change in Status of Employee (Form PE-4). These forms are the only documents that may be used for making additions to or revisions in the official roster maintained by the Division of Personnel Efficiency and the payroll plate file kept by the Addressograph Section. An Advice of Employment must be prepared for each appointment made to the State service and, except in emergencies, should be submitted several days prior to the effective date in order to permit its clearance through the Department of Finance before the employee begins work. The Advice of Change in Status of Employee is used for reporting any change whether it be a dismissal, promotion, salary increase or decrease, transfer, etc. Both of these forms are prepared in triplicate, and the first two copies are transmitted immediately to the Division of Personnel Efficiency, the triplicate being retained by the reporting department.

All appointments and salary increases are referred to the Controller for his approval as to the availability of funds. The Division of Personnel Efficiency posts the changes to the roster and files the original copies according to departments and other agencies. The duplicate copies are sent to the Addressograph Section, which either prepares a new plate or, in the case of minor changes, revises the old plate, and forwards the copies of the Advices to the Auditor of Public Accounts.

Data Inserted on Payroll Voucher by Departments

Upon receiving the four copies of the Payroll Voucher, the department or other agency must insert the following information upon each of the copies:

1. Column 4 - "Days or Hours." This column is used only for those employees paid on a daily or hourly basis, in which case there are entered herein the total number of days or hours for which the employee is to be compensated.
2. Column 6 - "Gross Amount Payable." This column will have been filled in for all employees other than those working on a daily or hourly basis. In the case of the latter employees, the department inserts herein the proper amounts, representing the multiplication of the rates as shown in Column 3 by the days or hours worked shown in Column 4.
3. Column 7 - "Deductions." Deductions to be made from the gross amount payable are inserted in this column. In order to secure standard deductions for absences without pay, the Division of Personnel Efficiency has prepared and adopted a standard schedule of salary deductions. In using this table, the daily deduction for the respective salary rate is ascertained, and this is then multiplied by the number of days that the employee is absent without pay, as shown in Column 14. Column 7 is also used to show a deduction for the days not worked by a person who began or terminated employment during the month. The amount of time deductible for an employee placed on the payroll during a month is the number of days from the

- first of the month up to, but not including the day upon which the employee began work. The amount of time deductible for an employee leaving the service during the month is the number of days from the next day after leaving, up to and including the last day of the month. Deductions for maintenance are also shown in Column 7.
4. Column 8 - Through the use of the following letters there is shown in this column the reason for any deduction entered in Column 7:
 - "A" - deductions due to time absent for which compensation is not paid.
 - "N" - deductions due to time not worked by persons beginning or leaving employment during the month.
 - "M" - deductions for maintenance and similar items for which the salary rate has not been adjusted.
 5. Column 9 - "Net Amount Payable." This amount is computed by subtracting the deductions shown in Column 7 from the gross amount payable as shown in Column 6.
 6. Column 12 - "S. L." This column is used for recording time lost due to sickness for which the employee is entitled to compensation in accordance with the rules and regulations of the Division of Personnel Efficiency.
 7. Column 13 - "Vacations." This column is used for reporting days not worked by the employee, but chargeable to annual leave and for which compensation is being paid in accordance with the rules and regulations of the Division of Personnel Efficiency.
 8. Column 14 - "W. O. Pay." The entries in this column indicate the number of days employees are absent without pay. Any such absences reported in this column must be reflected by payroll deductions in Column 7.

Where a department has made a payroll change not shown on the sheets prepared by the Department of Finance, it is necessary for the department to type in such changes on the payroll sheets and have each change initialed by the certifying officer. However, no such change is recognized unless it is also reported on an Advice of Employment or Advice of Change in Status of Employee.

Columnar totals are computed for Columns 5, 6, 7, and 9; and on each sheet, there are indicated in these columns the balances brought forward, the sheet totals, and the balances carried forward. After the required data have been entered on the copies of the Payroll Voucher, all copies must be completely certified on the reverse side of the last sheet by the employee preparing the payroll and the head of the department or his authorized representative. The first three copies are then transmitted to the Division of Personnel Efficiency.

Pre-Audit of Payrolls and Issuance of Checks

Using the official roster, the Division of Personnel Efficiency checks all names on the payrolls as to legality of appointment, title of position, and rate, and posts the net amounts and the data on absences to the Personnel Roster Card (Form PE-1). After checking to see that the restrictions as to sick leave and vacation have been observed, the Director of Personnel Efficiency signs the certification provided on the reverse side of the voucher.

FILE NO.	COMMONWEALTH OF KENTUCKY—DEPARTMENT OF FINANCE																							
PERSONAL ROSTER CARD																								
EMPLOYMENT RECORD																								
SP 16417 C																								
DATE	DEPARTMENT AND DIVISION	CLASSIFICATION	SALARY RATE	MAINTENANCE	CHANGE IN STATUS																			
POST OFFICE ADDRESS AND CHANGES			SERVICE RATING RECORD																					
			PERIOD ENDING	RATING	PERIOD ENDING	RATING	PERIOD ENDING	RATING																
1																								
2																								
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SURNAME	GIVEN NAME	SALARY	CLASSIFICATION	<table border="1"> <tr> <td> </td><td> </td><td>JAN</td><td>FEB</td><td>MAR</td><td>APR</td><td>MAY</td><td>JUNE</td> </tr> <tr> <td> </td><td> </td><td>JULY</td><td>AUG</td><td>SEPT</td><td>OCT</td><td>NOV</td><td>DECR</td> </tr> </table>							JAN	FEB	MAR	APR	MAY	JUNE			JULY	AUG	SEPT	OCT	NOV	DECR
		JAN	FEB	MAR	APR	MAY	JUNE																	
		JULY	AUG	SEPT	OCT	NOV	DECR																	

Personnel Roster Card (Form PE-1). (Size 8" x 5") Front

SURNAME			GIVEN NAME			RECORD OF SALARY PAYMENTS AND ABSENCE			DATE OF BIRTH		
SALARY	ABS.	CODE	SALARY	ABS.	CODE	SALARY	ABS.	CODE	SALARY	ABS.	CODE
EXAMINATION RECORD											
DATE	EXAM. NO.	TITLE OF EXAMINATION	TYPE OF EXAM.	GRADE	RANK	FILE NO.	CERTIFICATION				

Personnel Roster Card - Reverse
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The three copies of the Payroll Voucher are then transmitted to the Division of Accounts and Control, which pre-audits the payroll as to extensions, footings, and proper certifications. The Payroll Vouchers go through the same posting and other operations as the other types of expenditure documents. However, two copies of these vouchers are sent to the Auditor in order that he may transmit one copy together with his warrant to the Treasurer. The latter official turns the Payroll Vouchers over to the Addressograph Section, which prepares the salary checks after making the necessary revisions in the plates for payroll deductions. In addition to the employee's name and the amount, the addressing machine prints the date, warrant number, and Treasurer's signature on the checks. The machine is also used for inserting the check numbers on the Treasurer's copy of the Payroll Voucher. The checks are then transmitted to the respective departments for distribution, except upon such occasions as representatives of the Department of Finance may distribute the checks personally.

Time Records and Anticipation of Time

Every State agency is required to maintain such time records for all of its employees as will provide the necessary information for the preparation of payroll vouchers. The Department of Finance reserves the right to pass upon the adequacy of such records and to require any changes that it deems necessary for proper control. Inasmuch as the time is entered on the payroll voucher as of the twentieth of each month, it is necessary that the time for the remainder of the month be anticipated for employees working on a monthly salary basis. Therefore, any absences after the twentieth of the month must be reported and deducted on the payroll for the following month. If the employment terminates between the twentieth and the end of the month, the department returns the check to the Division of Accounts and Control, together with a Pay-In Voucher, and at the same time submits a payroll voucher for the corrected amount due the employee. No time may be anticipated for any employees paid on a daily, hourly, or weekly basis.

Chapter XI

HANDLING OF RECEIPTS AND DISBURSEMENTS*

The Statutes centralize in the Treasurer the responsibility for the custody and disbursement of all State monies. However, in performing these functions, the Treasurer is by law subject to control by the Department of Finance. The major features of such control are as follows:

1. All monies must first be transmitted to the Department of Finance and from there be sent to the Treasurer (Sec.4618-85).
2. The designation of depositories is subject to approval by the Department of Finance, to which are submitted monthly reports on deposits, withdrawals, and balances (Sec. 1992 b-44).
3. No disbursements may be made except upon warrants issued by the Auditor with the prior approval of the Department of Finance (Sec.4618-85).

These statutory requirements are reflected in the procedures established for the receipt, custody, and disbursement of cash as described in this chapter. The Department of Finance exercises its control over these cash transactions through the Division of Accounts and Control.

Control Over Financial Stationery

An integral part of the State's system of cash control is the constant checking of receipt and license forms issued by State agencies and county officials. These forms must be approved by the Division of Accounts and Control as to adequacy for control purposes. Except for cash register receipts, these forms must be pre-numbered, and the numbers reported to the Division of Accounts and Control when such forms are printed. In filling requisitions for printing of receipts and licenses, the Division of Purchases and Public Properties is responsible for the observance of these requirements. Receipts and licenses should be prepared in at least duplicate so that a copy can be submitted with the Pay-In Vouchers.

State agencies and county officials are responsible for all receipt and license forms issued to them and must transmit to the Division of Accounts and Control all voided or unused copies.

Pay-In Voucher

All monies submitted to the Division of Accounts and Control by any State Agency must be accompanied by a separate Pay-In Voucher (Form A-5) for each revenue account to which the receipts are to be credited. These vouchers, which are pre-numbered, are prepared in quadruplicate; the first three copies are sent to the Division of Accounts and Control, while the fourth copy is retained by the remitting department. After the items have been checked, the third copy is signed by the Controller and returned to the remitting agency as its receipt.

The amount and the person or company from whom the money was received must be shown for each separate collection. If a numbered receipt or license form was issued to the payor, the number of such document is entered in the column provided for that purpose, and a copy of the receipt or license is attached to the voucher. Where the payment represents the collection of a bill previously reported to the Department of Finance, the number of the bill is shown in the first column.

(See Form A-5 on the following page.)

*Unless otherwise indicated, all section references are to Baldwin's 1936 Revision of Carroll's Kentucky Statutes.

If there are not enough lines on the Pay-In Voucher to list all the items, the reporting department enters only the total on the Voucher and uses a schedule for showing the details.

Pay-In Vouchers and money sent through the mail are received by the Filing Section of the Division of Accounts and Control, which stamps Accounts and Control copies of the Vouchers with the date and hour of receipt and sends the documents and money to the Receipts Clerk. In those cases when cash is delivered directly to the Receipts Clerk, the latter stamps the Accounts and Control copies of the voucher.

Current Auditing of Receipts

In auditing receipts, the Receipts Clerk performs the following operations:

1. Prepares an adding machine tape listing the monies turned in with each Pay-In Voucher and compares the total with the amounts shown on the voucher.
2. Examines all checks to see that they are properly signed and that the number of the account to which the check is credited is entered on the face of the check. (The account number must be on the check so that if it is refused for payment, the amount can be charged back to the proper revenue account.)
3. Reviews each Pay-In Voucher to see that it is properly signed, that the name of the reporting agency is entered, that receipt or license number and name of the payor are shown for each item, that the account name and number are correct, and that any supporting schedules balance with summary entries on the voucher.
4. Checks to see that duplicate copies of receipt and license forms are attached to the voucher.
5. Where a bill number is given, refers to the agency's Report of Revenue Accrued and inserts the amount of the bill in the last column of that report. He then enters the amount of the bill in the last column of the Accounts and Control copy of the Pay-In Voucher.
6. Gives the documents to the Computing Section, which checks footings, initials and dates each document for the completion of the checking operation, and returns the documents to the Receipts Clerk.
7. Signs receipt copies of the Pay-In Vouchers and sends these copies to the Filing Section for distribution to the remitting agencies.

Preparation and Distribution Of Treasury Permits

At the end of each day, the accumulated Pay-In Vouchers are grouped by funds and an adding machine tape listing the amounts of all vouchers is prepared for each fund. Each tape is assigned a Treasury Permit number, the Permits being numbered consecutively starting with one at the beginning of each fiscal year. The amounts on the fund tapes are checked with the amounts shown on the tapes prepared for monies received with each Pay-In Voucher; and, if all items check, the fund tapes with attached Pay-In Vouchers are placed in a basket for transmittal to the typist who prepares Treasury Permits.

Each morning the typist prepares a separate Treasury Permit in quadruplicate for each fund, listing each Pay-In Voucher and inserting the Permit number and total as shown on the related fund tape prepared by the Receipts Clerk. The permits, vouchers, and tapes are then sent to the Receipts Clerk. The latter sends these documents to the Controller, who reviews them and signs the first, second, and fourth copies of the permits on behalf of the Commissioner of Finance as authorization for the Treasurer to receive the money listed. The document (See Form A-6 on the following page.)

Form A-6-1500-0-38

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF FINANCE
TREASURY PERMIT

Permit No. _____

Sheet _____ of _____ sheets

Date _____

Fund _____

TO THE STATE TREASURER:

You are hereby authorized to receive for deposit, and credit to the accounts indicated, the money reported below and transmitted herewith.

Signed _____
Commissioner of Finance

PAY-IN VOUCHER NO.	DEPARTMENT OR AGENCY	ACCOUNT	AMOUNT	TOTAL FOR DEPARTMENT
TOTAL AMOUNT				

TREASURER'S COPY

Treasury Permit. (Form A-6) (Size 8 1/2" x 13") Prepared in sets of four.

ments are then returned to the Receipts Clerk.

On the Accounts and Control copies of the treasury permits and pay-in vouchers the Receipts Clerk encircles with a red pencil those items that are either refunds of expenditures or items that are to be credited to the Expenditure and Encumbrance Ledger as allotments. In the case of these items, he also enters the numbers of the Allotment Accounts to which such amounts are to be posted.

The copies of all documents are then separated and distributed as follows:

1. The original copies of the Pay-In Vouchers are attached to related quadruplicate copies of the Treasury Permits.
2. The duplicate copies of vouchers are attached to the duplicate copies of permits.
3. All documents except the original and triplicate copies of the permits are sent to the Filing Section of the Division of Accounts and Control. The Receipts Clerk delivers the latter copies and monies to the Treasurer.
4. The Filing Section sends the duplicate copies of permits and the attached vouchers to the Auditor.
5. The Filing Section block stamps the quadruplicate copies of permits and routes them with the attached vouchers to the Control Clerk.
6. The Treasurer signs the triplicate copies of permits and returns them to the Division of Accounts and Control as the latter's receipts.
7. The triplicate copies of permits are received by the Filing Section, time stamped, and filed by permit number.

Handling of Treasury Permits by Control Clerk

The Control Clerk enters on the Daily Summary of Financial Transactions (Form A-8) those items that are to be posted to the Expenditure and Encumbrance Ledger. These are: (1) Refunds of disbursements; (2) Revolving, Trust, and Agency Funds' Receipts; (3) Three-quarters of the receipts from Jefferson and Kenton County fees; (4) Receipts of the Bridge Bond Sinking Fund, Special Deposit Trust Fund, County Road Trust Fund, and Fire and Tornado Insurance Fund. Refunds of disbursements are entered in red in the "Disbursements Authorized" column as a deduction from total net expenditures; the other items are entered in the "Allotments" column. The Control Clerk enters all receipts in the respective columns of the Summaries of Daily Receipts (Forms A-22 to 24 and 26). He also uses the same forms for summarizing the reductions of accruals to be made on the basis of the collections, and enters the totals on the reverse of the Daily Summary.

The Control Clerk sends the Summaries of Daily Receipts, summaries of accrual reductions, and Treasury Permits and the attached Pay-In Vouchers to the Bookkeeping Machine Section, which later also receives the Daily Summary of Financial Transactions.

Posting of Receipts

The Bookkeeping Machine Section posts receipts simultaneously to the Revenue and Receipts Ledger (Form A-3) and to the Revenue and Receipts Journal (Form A-4), both of which records are described in Chapter VII of this Handbook. The postings are made as of the date they are entered on the Summary of Daily Receipts.

The first step in the posting to accounts not having accrued items, consists of entering in the second pick up column of the Journal the "brought forward" balance of the total collections as shown in the "Total To Date" column. The date, Pay-In Voucher number, and

amount are then entered in the "Date", "Reference," and "Amount" columns respectively of the Ledger and Journal. A machine tabulated total is automatically computed and printed for the new balance of the account in the "Total To Date" column. As a check on the accuracy of the first pick up, the old balance is again entered in another pick up column on the Journal.

Where a Revenue Account contains accruals, the posting of receipts requires certain additional steps: (1) The balance of accruals outstanding is entered in the first pick up column on the journal sheet and later repeated in the same manner as the pick up of receipts; (2) if the receipt represents an item previously accrued, the amount of the accrual is entered in the "Collections or Cancellations" column, and a machine tabulated total automatically computed for the "Balance Outstanding"; (3) if the particular receipt was not previously accrued, the "Balance Outstanding" is simply brought forward.

After all items have been posted to the detail ledger cards within a subsidiary control group, four columnar totals for the group are automatically computed and printed on the Journal. These totals represent the cumulation of the pick-up balances and the new totals to date. The figures are used for proof checking purposes by subtracting the totals of the pick-up balances from the new totals to date and comparing the differences with the amount of receipts shown for the particular subsidiary control on the Summary of Daily Receipts, and the amounts of reductions of accruals as shown on the summary. Should these amounts not agree, the error is determined and the accounts corrected accordingly.

After all postings to the detail ledger cards have been completed for the day, postings are made to the subsidiary control and fund control ledger cards using the amounts as shown on the Summary of Daily Receipts and on the summary of reductions of accruals. The procedure for posting to the subsidiary and fund control ledger cards is the same as for the detail cards. The same procedure is also used for proving the postings. As soon as postings are completed and proven the machine operator initials and dates the Summaries of Daily Receipts, summaries of accrual reductions, and the Pay-In Vouchers for the completion of the posting operation. The Summaries of Daily Receipts and summaries of accrual reductions are then passed to the Control Clerk, who files them consecutively in a post binder. The Treasury Permits and attached Pay-In Vouchers are passed to another machine operator, who posts to the Expenditure and Encumbrance Ledger.

Refunds of disbursements that are posted as deductions in the "Disbursements Authorized" column, and Receipts that are credited to accounts in the Expenditure and Encumbrance Ledger as "Allotments" are posted in the same manner as other items to the latter Ledger and result in an increase in the unencumbered balance. These items are posted first to the detail ledger cards and then to the subsidiary and fund control ledger cards. These postings are proven by subtracting the total of unencumbered old balances from the total of unencumbered new balances and comparing the difference with the sum of refunds and receipts posted as allotments.

The machine operator initials and dates the daily summaries and pay-in vouchers for completion of the operation and routes the documents to the Control Clerk. The latter retains the daily summaries and sends the Treasury Permits to the Filing Section, which files the documents by permit number in a file separate from the receipt copies of the permits that were returned by the Treasurer.

Handling of Receipts by the Treasurer

Upon the receipt of the money by the State Treasurer it is counted; and if the amount agrees with the Treasury Permits, the State Treasurer or his authorized representative signs the triplicate copies of the permits, which are then returned to the Division of Accounts and Control. The original copies of the permits are retained by the Treasurer and are used as a basis for entry in the Treasurer's Cash Book.

At the end of each day all funds are sent to State depositories. Receipted copies of all deposit slips are forwarded by the Treasurer to the Division of Accounts and Control, where they are posted to the Record of Depository Balances maintained by that Division. This record is described in a subsequent section.

State Depositories

The Treasurer must place State monies in not less than three depositories recommended by him and approved by the Commissioner of Finance. Each such bank must have a paid up capital and surplus of not less than fifty thousand dollars (Sec. 1992b-44 and 4632). Depositories so selected are required by statute either to execute a surety bond of at least one hundred thousand dollars in favor of the Commonwealth, or in lieu of such bond to deposit with the Treasurer State warrants, State bonds, or bonds that are direct obligations of the Federal Government. The face value of such securities must be at least ten per cent in excess of the State deposit, and their market value must all times be equal to the deposit (Sec. 4693).

Form A-28

REPORT TO COMMISSIONER OF FINANCE
(See Sections 4691 and 4613-35, Kentucky Statutes)
MONTHLY STATEMENT OF STATE DEPOSITORY
FOR THE MONTH OF _____, 193_____

Account Title _____
_____, Ky., _____, 193_____

Monthly statement of _____ Bank
of _____, Ky., for the month ending _____, 193_____

Balance due State Treasurer at close of business, last day of the preceding
month of _____, 193_____ \$ _____

Received as deposits during the current month _____ \$ _____

Total to be accounted for _____ \$ _____

Checks paid during the current month _____ \$ _____

Balance to be accounted for _____, 193_____ \$ _____

_____, President

This statement should be dated as of the last day of the month for which the report is made, and one copy should be sent to The Auditor of Public Accounts and one to The Commissioner of Finance, at Frankfort, Ky.

Subscribed and sworn to by _____
_____, President, this the _____
day of _____, 193_____

_____, Notary Public.

Monthly Statement of State Depository. (Form A-28) (Size 8" x 6")

Depositories are required to pay interest on deposits semi-annually at such rate as is agreed upon between them and the Treasurer; and no charges of any kind may be made for the services rendered by depositories (Sec. 4692). As required by statute, each State depository furnishes the Commissioner of Finance and the Auditor, on the first day of each month, a notarized Monthly Statement of State Depository (Form A-28) signed by the president or cashier of the bank and showing the amounts deposited during the past month, the withdrawals, and the balance remaining to the credit of the State. Any depository which fails to submit a monthly statement within ten days after the beginning of the month must be notified of such failure by the Commissioner of Finance. If no statement is submitted within ten days from the date of such notice, State deposits are immediately withdrawn and the bank becomes ineligible as a State depository during the term of the Treasurer then in office (Sec. 1992b-52).

Transfers Between Depositories

Transfers between depositories may be made by the Treasurer with the prior approval of the Department of Finance. Since the law requires that inter-depository transfers be effected through the issuance of warrants and the preparation of pay-in vouchers (Sec. 1992b-48), the procedure for handling such transfers is more complex than would ordinarily be required. The Treasurer prepares a written request in triplicate for authorization to make a transfer and sends the first two copies to the Division of Accounts and Control. After the Controller authorizes the transfer by signing both copies of the request, a Standard Invoice is prepared in the Pre-Audit Section to serve as the basis for the preparation of a warrant. The original copy of the request is attached to the Auditor's copy of the invoice, and the duplicate is attached to the Accounts and Control copy. The voucher (i. e. invoice and approved request) is entered by the Control Clerk on the reverse side of the daily summary in the section headed "Disbursements Not Chargeable Against Allotments."

When the Auditor receives a Voucher Transmittal Sheet with a transfer voucher, he issues a regular warrant and sends it to the Treasurer as authorization to issue a check for the amount of the transfer. The Treasurer immediately sends the check and a Pay-In Voucher to the Division of Accounts and Control which issues a Treasury Permit and submits the latter with the check to the Treasurer. The receipt copy of the permit is signed by the Treasurer and the check deposited in the bank to which the money is being transferred.

Handling of Disbursements by the Treasurer

Disbursements of State funds may be made by the Treasurer only on the basis of warrants issued by the Auditor with the prior authorization of the Department of Finance. When warrants (for other than payroll, old age assistance, and similar payments) with attached Voucher Transmittal Sheets are received from the Auditor, the documents are given to a typist who prepares the checks. Since one warrant usually covers all the items on a transmittal sheet, the typist prepares the individual checks from the listing on the transmittal sheet. The typist enters on each check the warrant number, date, name and address of payee, the amount in figures, and the number of the purchase order or contract which authorized the particular transaction. The written amount and the Treasurer's signature are inserted by machine. After all the checks against a single warrant have been prepared, the typist stamps the warrant to provide spaces for the numbers of the checks issued against the warrant, enters such numbers, and stamps the warrant "paid."

Warrants covering payroll or old age assistance payments are accompanied by copies of the Payroll Vouchers or Vouchers for Old Age Assistance as well as Voucher Transmittal Sheets. A single warrant covers all old age assistance payments, and a separate warrant is drawn for each payroll list. When these documents are received from the Auditor, they are sent to the Addressograph Section of the Division of Accounts and Control which prepares the checks on addressing machines. Check numbers are inserted on these vouchers by the use of either the addressing machine or a numbering stamp. After checks have been prepared, an adding machine listing is made in duplicate of the check numbers and amounts. This total is compared with the total amount of related warrants paid that day. Where one warrant covers a large number of checks (e. g. Vouchers for Old Age Assistance and Payroll Vouchers), the total of the checks issued against the warrant is balanced out with the amount of the warrant. One copy of each list is sent to the depository against which the checks are drawn.

A listing is prepared in triplicate of the numbers and amounts of the warrants being paid. The total of this list can then be checked against the total of checks prepared. A recapitulation of this listing is then prepared so as to show amounts of checks issued by funds and by depositories; this recapitulation also segregates checks issued in payment of interest bearing warrants. The duplicate copy is sent to the Auditor; and the triplicate copy is sent to the Division of Accounts and Control, where it is posted to the Daily Summary of Financial Transactions and the Record of Depository Balances.

Payroll checks are sent to heads of departments and other agencies for distribution to the individual employees, except upon such occasions as representatives of the Department of Finance may distribute the checks personally. Other checks are mailed in window envelopes to the payees, unless the payee calls for his check in person.

After warrants have been entered in the Warrant Register, they are filed numerically. Bank statements and cancelled checks are received monthly, at which time the Treasurer's accounts are reconciled with the bank balances. A list of outstanding checks is prepared, and a copy sent to the Division of Accounts and Control.

Records in the Office of the State Treasurer

The following records are maintained in the office of the Treasurer: Cash Book, Ledger, Warrant Register, and Interest-Bearing Warrant Register. In accordance with Section 1992b-55, such records are subject to approval by the Department of Finance. It is planned to develop revisions in cooperation with the Treasurer for the purpose of more effectively tying in these records with those maintained by the Division of Accounts and Control.

Cash received is posted from Treasury Permits to the Cash Book, in which are also recorded the numbers and amounts of regular warrants paid and the numbers and amounts of interest-bearing warrants paid. Debit and credit columns are provided for each fund, and totals of these columns are carried forward from page to page until the end of the month when balances are computed.

The Treasurer's Ledger contains accounts for the cash of each fund, for warrants outstanding, and for the receipts and disbursements of each budget account. Warrants issued are posted from the Warrant Register as debits to the expenditure accounts and as credits to the "Warrants Outstanding" accounts. Warrants paid are posted from the Cash Book as debits to the "Warrants Outstanding" account and as credits to the "Cash" accounts. Re-

ceipts are posted from the Cash Book as debits to the "Cash" accounts and credits to the "Receipts" accounts. Since the Treasurer is interested primarily in cash balances, no distinction is made in his records between current disbursements and payments of warrants covering expenditures for obligations outstanding at the beginning of the fiscal year.

All regular warrants are entered in the Warrant Register, which shows the warrant number, account, name, amount, and the number and date of check. Interest-bearing warrants are entered in the Interest-Bearing Warrant Register which shows the date of the warrant, date interest starts, warrant number, the account charged, person to whom issued, the amount, date on which the warrant is called for payment, and five columns are provided for the numbers of the warrants with which interest is paid.

Since the Commissioner of Finance and the Treasurer now jointly determine which warrants are to be interest-bearing, and since the Auditor issues a separate series of warrants for those that are interest-bearing, such warrants no longer are entered in the regular Warrant Register and then transferred to the Interest-Bearing Warrant Register but are entered immediately in the latter. Interest on these warrants is paid every six months. When the interest coupons are turned into the Treasury for payment of interest, they are sent to the Division of Accounts and Control, which prepares an expenditure voucher and authorizes the Auditor to prepare a regular warrant, on the basis of which the Treasurer prepares a check to the holder of the interest-bearing warrant.

Cash Records in the Division of Accounts and Control

The Division of Accounts and Control maintains a Record of Depository Balances that is posted daily and reconciled monthly with the records of the Treasurer and with the balances reported by depositories. The Record has an account for each depository with columns for the "Date," "Deposits," "Withdrawals," "Bank Balance", and "Treasurer's Balance." Entries in the "Deposits" column are made daily from the duplicate deposit slips furnished by the Treasurer. Entries in the "Withdrawals" column also are made daily from the recapitulation shown on the Statement of Warrants Paid that is submitted by the Treasurer. The amount in the "Treasurer's Balance" column is entered each time an entry is made in either the "Deposits" and/or "Withdrawals" column. The amounts reported on duplicate deposit slips for any day are compared with the total of Treasury Permits sent to the Treasurer on that day.

Monthly the Treasurer submits a summary statement of changes in cash balances by depositories and by funds, which shows the balance at the beginning of the month, receipts and disbursements during the month, and balance at the end of the month. These figures are compared with the balances as shown in the Record of Depository Balances. The balances reported by depositories on the Monthly Statements of State Depositories (Form A-28) are entered in the "Bank Balance" columns of the Record of Depository Balances. The difference between the Treasurer's balances and the bank balances are compared with the statement of outstanding checks submitted by the Treasurer. The statement of outstanding checks is then sent to the Division of Post-Audit for verification in the course of its monthly audit of the accounts of the Treasurer.

The "Cash Statement" on the reverse of the Daily Summary of Financial Transactions, which is prepared for each fund, furnishes a daily statement of cash balances. This statement is prepared from the data on cash receipts and checks issued, as shown on the Daily Summary.

Handling of Checks Not Honored For Payment

When checks which have not been honored for payment (the customary term applied to such checks in the Kentucky State Government is "Cold Checks") are returned to the Treasurer by a State depository, an entry is made in the Treasurer's Ledger, reversing the original entry made when the checks were received, by debiting the receipt accounts affected and crediting the related cash accounts. The fund or funds affected also are debited in the Treasurer's Cash Book. A list of "cold checks" is then prepared in quadruplicate showing the following information:

1. Date of list
2. City in which bank on which the check is drawn is located
3. Name of drawer
4. Check number
5. Amount

The Treasurer retains the quadruplicate copy and sends the first three copies, with the checks attached, to the Division of Accounts and Control.

When the list and checks are received in the Division of Accounts and Control, the Filing Section time stamps the original copy and transmits all copies with the checks to the Receipts Clerk, who examines the list to see that all checks listed are transmitted and enters next to each item on the list the account number originally credited as shown on the check. He also encircles in red on the original copy those accounts that affect the Expenditure and Encumbrance Ledger as well as the Revenue and Receipts Ledger. The lists are then sent to the Computing Section, which checks the accuracy of the total amount and returns the lists to the Receipts Clerk. The latter sends the first two copies of the list to the Assistant Controller and the triplicate copy with the checks attached to the Filing Section for transmittal to the Division of Post-Audit.

The Assistant Controller prepares a Journal Voucher in triplicate for the reversal of the entries made when the checks were received. He attaches the original copy of the list to the original copy of the Journal Voucher and routes the documents to the Control Clerk who subsequently sends them to the Bookkeeping Machine Section for posting. The Assistant Controller places the triplicate copy of the Journal Voucher numerically in his own file and attaches the duplicate copy of the "Cold Check" list to the duplicate copy of the Journal Voucher and sends them to the Filing Section for transmittal to the Auditor.

The Post-Audit Division enters each check in the Register of Checks Returned (Form A-17) and then distributes the checks to the agencies which made the original collections. These agencies are responsible for securing payment of the checks, but the Post-Audit Division follows up to assure that the agencies are taking proper steps to secure collection. Thus the Division requires the agencies to submit periodic reports as to the status of cold checks given to them for collection. If collection is not effected within a reasonable time, either the collecting agency or the Division of Post-Audit presents the facts to the Attorney General so that he may institute legal action. When cold checks are collected, the collecting agency turns in the money as a new receipt.

(See Form A-17 on the following page.)

REGISTER OF CHECKS RETURNED

LINE	Trans. Report No.	Date	NAME OF DRAWER	ADDRESS OF DRAWER	Bank Number	Check Number	Amount of Check	Protect Fee	Total Amount	Receipt Account Number	LETTER SENT		REMITTANCE RECEIVED			Date to Law Dept.	Date Cleared Bank	REMARKS
											Number	Date	Kind	Date	Amount			
1																		
2																		
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Register Of Checks Returned. (Form A-17) (Size 17" x 11")

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Chapter XII

STATE INDEBTEDNESS*

Constitutional Provisions Concerning Indebtedness

Section 49 of the Constitution reads as follows:

"The General Assembly may contract debts to meet casual deficits or failures in the revenue; but such debts, direct or contingent, singly or in the aggregate, shall not at any time exceed five hundred thousand dollars, (\$500,000.00) and the moneys arising from loans creating such debts shall be applied only to the purpose or purposes for which they were obtained, or to repay such debts: Provided, The General Assembly may contract debts to repel invasion, suppress insurrection, or, if hostilities are threatened, provide for the public defense."

The Constitution further provides that no debt shall be contracted on behalf of the Commonwealth except for the purposes mentioned in Section 49 unless the Act authorizing such debt provides for the levy and collection of an annual tax sufficient to pay the interest and discharge the debt within thirty years, nor shall such an act take effect unless approved at a general election by a majority of all the votes cast upon the question (Sec. 50). This section contains a provision permitting the General Assembly to borrow money to pay the State debt without submitting the question to the electorate and without providing for an annual tax for the payment of the new indebtedness. However, this proviso has been construed as applying to only the State debt in existence at the time the Constitution was adopted (Stanley v. Townsend, 170 Ky. 833).

The Commonwealth is prohibited by the Constitution from assuming the debt of any county, municipal corporation, or political subdivision of the State (Sec. 176). All laws authorizing the borrowing of money must specify the purpose for which the money is to be used, and the monies thus obtained may be used for no other purpose (Sec. 178).

As is indicated in Chapter IV dealing with funds, the Constitution provides for certain irredeemable bonds, the interest on which goes for school purposes. These consist of a bond for \$1,327,000, another for \$381,986.08, and a third in the amount of \$606,641.03, representing a total of \$2,315,627.11 drawing interest at six per cent (Sec. 184, 186, and 188 of Constitution. See also Sec. 4370-1 of Statutes). While technically an indebtedness, these bonds are in reality nothing more than obligations on the part of the Commonwealth to make available for school purposes amounts equal to the interest on the bonds.

Although based upon statutory rather than constitutional provision, a similar bond in favor of the Agricultural and Mechanical College (now the University of Kentucky) and the State Industrial College should be mentioned at this point. This bond for \$165,000 bears interest at the rate of six per cent, payable semi-annually, \$627.75 to the State Industrial College and \$4322.25 to the University of Kentucky (Sec. 4591a).

These constitutional restrictions have very definitely discouraged resort to funded indebtedness for the purpose of financing the State's activities; and at the present time the State Government has no outstanding bonds which are general obligations of the Commonwealth, aside from the irredeemable school and college bonds described above.

However, this is not indicative of any freedom from indebtedness on the State's part. As is described in subsequent sections, the extensive issuance of interest-bearing warrants

*Unless otherwise indicated, all section references are to Baldwin's 1936 Revision of Carroll's Kentucky Statutes.

to meet expenditures when cash was not available has resulted in the accumulation of a large floating debt, involving heavy interest charges.

Issuance of Interest-Bearing Warrants

It has already been pointed out that no money may be paid out of the Treasury except upon the warrant of the Auditor of Public Accounts, and that in January, 1940, the issuance of such warrants will become the responsibility of the Department of Finance. A warrant represents an acknowledgement of a claim against the Commonwealth, together with authorization for the Treasurer to pay such claim out of the funds in the State Treasury. In connection with the issuance of warrants, the law provides that the Auditor shall date and number them beginning the first day of July and ending the thirtieth day of June; this period corresponds to the State's fiscal year. The warrants are then payable in the order of their issuance (Sec. 146 and 4689).

The issuance of these warrants, for appropriations made by the Legislature in furtherance of public purposes, or for the ordinary expenses of the government, has been held not to constitute an act which creates a debt within the meaning of the constitutional limitation set forth above. The restriction of the Court's decision to warrants for governmental or public purposes should be noted; thus it was held that the construction or maintenance of highways is not a governmental expense and a deficit incurred for such purposes is, therefore, an indebtedness (*Billeter and Wiley v. State Highway Commission*, 203 Ky. 15). The Court of Appeals also ruled that any provision by the Legislature for the payment of warrants by the borrowing of money creates a debt coming within the restrictions of the Constitution (*Stanley v. Townsend*, 170 Ky. 833). Similarly, the Court declared unconstitutional Chapter 20 of the Acts of 1932 which provided for a bond issue, the proceeds of which were to be expended for the payment of outstanding interest-bearing warrants (*State Budget Commission v. Lebus*, 244 Ky. 700).

The law provides that, if there is sufficient money in the Treasury, the Treasurer shall pay such warrants upon presentation (Sec. 4688a-1). However, in the event that funds are not available, the Treasurer is required to endorse on the warrant the date of its presentation, with words indicating that the warrant shall thenceforth bear interest until called (Sec. 4688a-2). The Attorney General has ruled that the Treasurer cannot legally stamp warrants as interest bearing when there are sufficient funds in the Treasury available for that purpose and sufficient in amount to pay such warrants, and at the same time leave a reasonable reserve to meet the payment of monthly salaries and other incidental expenses of government (1928 O. A. G. No. 68).

The law refers to interest at the rate of five per cent payable semi-annually, and this had been interpreted as making it mandatory to pay five per cent upon all interest-bearing warrants. However, on October 23, 1936, the Court of Appeals handed down a decision in which it construed the five per cent limitation as a maximum rather than as a mandatory interest rate and held that it was legally competent for a vendor to enter into a binding obligation to accept a warrant bearing a lower rate of interest (*Bankers Bond Co. v. Buckingham*, 97 S. W. (2d) 596). Following this decision, the Treasurer initiated the plan of calling outstanding interest-bearing warrants and giving the holders the option of either being paid in cash or converting the five per cent warrants into three per cent warrants. This method of refinancing the present warrants and at the same time meeting the constitutional requirements has proven very successful. Moreover, the decision of the Court of

Appeals now enables the Treasurer to issue interest-bearing warrants with an interest rate that is reasonably related to the interest rates prevailing at that time.

The 1936 Reorganization Act has restricted the authority of the Treasurer to issue interest-bearing warrants and provides that the Treasurer may stamp warrants "interest bearing" only after approval in writing by the Department of Finance, which may, however, give such approval in general terms (Sec. 4618-85). This provision affords a medium for securing the control essential to coordinate the issuance of such warrants with the State's financial plan. The voucher transmittal sheets prepared by the Division of Accounts and Control indicate the items for which interest bearing warrants are to be issued, this determination being made jointly by the Treasurer and the Department of Finance.

Since such warrants are now issued only for even amounts, the voucher transmittal sheets show what portion of a voucher for an odd amount is to be covered by an interest bearing warrant and the remainder for which a regular warrant is to be issued. Under this arrangement, the Auditor issues a special form of warrant for those to be stamped interest bearing, and attached to each such warrant are interest coupons.

This control has made possible the elimination of the previously existing condition under which there was lacking an accurate record of the amount of outstanding interest-bearing warrants and the accrued interest on these obligations. This absence of reliable data on indebtedness constituted a formidable obstacle to the presentation of a complete picture of the State's financial condition.

Interest-Bearing Warrant Record

As is stated in Chapter VII, a record of interest-bearing warrants (Form A-27) has been installed in the Division of Accounts and Control for the purpose of systematically controlling and recording these obligations. An individual card is prepared for each interest-bearing warrant issued by the Treasurer with the approval of the Department of Finance. There are entered on the card the warrant number, date of issuance, amount, the person or company in favor of which the warrant is drawn, the date the warrant was stamped "interest-bearing", the interest rate, the amount of interest payable each six months, and the amount of interest from the date of issuance to the next semi-annual interest period. The card contains spaces showing the semi-annual interest dates, with columns for entering the amount paid on each interest date and the warrant number covering such amount. When the warrant is called, there are posted the date of the call, the date upon which interest ceases, and the interest accrued to that date; the date upon which the warrant is surrendered is entered subsequently. After this record is completely installed, there will be available detailed data on every interest bearing warrant, together with accrued interest and actual amounts disbursed in payment of such accruals. These details support the summary entries made in the General Ledger.

Payment of Principal and Interest on Warrants

When the Treasurer has funds amounting to fifty thousand dollars which are available for the payment of outstanding warrants, he may call in such warrants by serial number up to the amount of money that is on hand and available for redeeming such warrants. The call must be published for ten consecutive days in a daily newspaper published in the State; and interest on warrants ceases after the expiration of the ten day publication period.

The Treasurer may pay a warrant which is due according to the date of issue, even if it is presented without awaiting such publication (Sec. 4688a-4). As already indicated, the interest on all warrants is payable semi-annually and a separate warrant must be drawn for the payment of such interest (Section 4688a-6). All warrants are declared by law to be negotiable instruments and are likewise declared to be free from any taxation by the State or any subdivision thereof (Sec. 4688a-8).

Issuance and Recording of Special Bonds

Because of the constitutional restrictions, the State has made use of bonds that are issued, not as general obligations of the Commonwealth, but as obligations of specific units of the State Government, and which constitute liens on specifically designated assets. Special statutory authorization has been given for several different bond issues of this type, and these are described in the following sections.

Although these bonds are not general obligations of the Commonwealth, it is nevertheless important that the Department of Finance have a complete record of them. Whatever may be the legal nature of such bonds, it is imperative that they be reflected in any analysis of the financial status of the State Government. Moreover, the financial obligations imposed by such bonds must be considered in budget planning and administration. The bonds already issued under these statutory provisions should, therefore, be recorded in a register indicating the more important data relative to the provisions of such bonds and showing the payment of principal and interest upon such issues.

State Fair Bonds

Section 4618f-1 of the Statutes authorizes the State Board of Agriculture to bond the Kentucky State Fair property for a sum not exceeding three hundred thousand dollars in order to meet and pay the cost of an agricultural, merchants' and manufacturers' exhibit building. The interest upon such bonds may not exceed six per cent, and by Section 4618f-2 the Board is authorized to create a sinking fund from such part of the monies collected from the rental of space in the building "as is deemed expedient for the purpose of retiring as much of said bonded indebtedness as possible." The Court of Appeals has held that this section does not permit the Board of Agriculture to create an indebtedness that is an obligation of the State (Christman v. Wilson, 187 Ky. 644).

These bonds were issued; and it is interesting to note that the 1936 Appropriation Act makes an appropriation out of the General Fund for the payment of that part of the principal falling due, and further provides that the interest shall be paid from the receipts accruing from the building.

State Sanatorium Bonds

Section 2061a-33 authorizes the State Board of Health to borrow up to two hundred and fifty thousand dollars for the purpose of erecting an additional building at the State Tuberculosis Sanatorium. Under the Law the money must be borrowed on a self-liquidating plan meeting the "approval of the Reconstruction Finance Corporation or the National Recovery Administration or other appropriate Federal agency." The Board is empowered to issue notes or bonds to the extent of the loan and to execute a mortgage upon the real estate. The interest rate upon such loan is restricted to a maximum of five per cent, such interest being payable out of the General Fund.

It was held that this Act did not violate the constitutional restrictions on indebtedness, and the bonds were accordingly issued (*Hughes v. Board of Health*, 260 Ky. 228).

Bridge Revenue Bonds

Under Section 4356s-4 the Department of Highways is authorized to issue negotiable bonds for the purpose of bridge construction. Such bonds may bear an interest rate not in excess of six per cent, and are secured by a first lien on all tolls collected on such bridges. The original statute also gave a lien on the bridges and real estate appurtenant thereto, but this was eliminated by subsequent legislation. The law states that neither the payment of the principal nor the interest of such bonds shall be an obligation of the Commonwealth and no such bond may be paid out of any fund except that derived from toll bridges. The Court of Appeals held that since the law plainly provided that these bonds are to be paid solely out of tolls the fact that the bonds are executed in the name of the Commonwealth and its seal affixed thereto did not make the bonds obligations of the Commonwealth (*Estes v. State Highway Commission*, 235 Ky. 86).

The State Highway Commission is authorized to fix and collect tolls for the payment of the bonds and the interest thereon, such interest being due semi-annually, i. e., January 1 and July 1. The tolls from the bridge or bridges included in any one project must be kept separate from those collected on bridges in another project. Where more than one bridge is included in a project, the tolls from the bridges may be merged. In order to afford further protection to the State and the holders of such bonds, the law provides that the bonds shall be secured by a trust indenture between the Highway Department and a trustee.

Bonds for Construction at Educational Institutions

An Act passed in 1934 (Section 4535m-1 to 14) authorizes the governing boards of the University, State Teachers' Colleges, and other State educational institutions to erect buildings at these institutions and to finance such construction by borrowing from the Public Works Administration or other agency of the Federal Government. Under this law, such a governing board may issue negotiable tax exempt bonds bearing an interest rate not in excess of six per cent, which interest is payable semi-annually. The term of the bonds may not exceed forty years from the date of issuance.

The law provides that such bonds shall be payable out of the revenue funds derived from the buildings, but that they shall not constitute an indebtedness of the respective educational institution, or the Commonwealth of Kentucky within the meaning of the constitutional provisions. The law creates a statutory mortgage lien upon the buildings and appurtenances so acquired, such lien continuing until the payment in full of the principal and interest of the bonds. In the event of default in payment of principal or interest, a receiver may be appointed to administer such buildings.

At the time of issuing such bonds, the governing board of the institution must by resolution set aside and pledge the income of such building into a special fund to be used for the payment of its cost and in the maintenance thereof. The same resolution must fix the rents and other charges to be imposed in connection with the building and must provide that there shall be paid into the special fund the reasonable cost and value of the service rendered to the educational institution by the building. This amount is payable monthly as the service accrues, such payment to be made from the current funds of the institution.

The law requires the governing board to fix definitely and set apart the amount of such revenues that is to be applied to the payment of principal and interest on the bonds; the balance of these revenues must be used as a maintenance fund. The sinking fund may be invested in direct obligations of the Federal Government or placed in a depository selected by the governing board, subject to certain requirements as to the pledging of securities covering such deposits. Any surplus accumulated in the maintenance fund may be transferred at any time by the governing board to the sinking fund or may be used for improvements, extensions, or additions to such buildings. An institution may issue refunding bonds for the purpose of providing funds for the payment of outstanding bonds; such refunding bonds are secured to the same extent as the bonds originally issued.

The constitutionality of this Act was upheld in the case of *Van Hooser and Co. v. University*, 262 Ky. 581.

Erection of Educational Buildings by Sale and Lease of Property

The General Assembly has provided a means of financing the erection of educational buildings, which method properly falls within the scope of this chapter although it does not involve the issuance of bonds. By an Act passed in 1928 (Sec. 4535cc-1 to 3) the Teachers' Colleges and the State University are authorized to convey building site titles to persons or corporations contracting to erect buildings at such institutions. Upon the execution of such a contract and conveyance of the title, the party must immediately execute a lease of the site and the building to be erected thereon to the particular educational institution. The rental must be such that it will amortize the total cost of the building if it is paid for the original term and each of the full number of years for which the lease may be extended. The lease must also contain a purchase option.

Under the law the lease must provide that the fee simple title to the premises will be conveyed to the respective educational institution upon either the exercise of the purchase option or the extension of the lease for the full number of years and the payment of all rents and other amounts provided in the lease. The lease may provide that the educational institution shall pay, as additional rent for the premises, all taxes and the cost of insuring the building against damage by fire and wind storm.

This Act was held constitutional in the case of *MacDonald v. University of Kentucky*, 225 Ky. 205.

PART II
Chapter XIII

RELATION OF COUNTY FEE SYSTEM TO THE STATE*

The fact that most county officials are compensated by fees received, at least in part, from the Commonwealth and the further fact that claims of jurors, witnesses, etc. are payable by the Commonwealth complicate the State's fiscal administration. The numerous statutory provisions and the conflicts and ambiguities in them complicate the task of securing effective control over the monies payable by the State to county officials and vice versa. A thorough understanding of the pertinent legal provisions is indispensable to the proper handling of these matters; and this chapter, therefore, stresses the statutes relating to each type of claim and incidental thereto explains the procedure involved. In this connection the importance of judicial decisions and opinions of the Attorney General construing the legal restrictions cannot be overlooked.

Constitutional Provisions

Section 106 of the State Constitution sets forth the following provision with reference to the compensation of county officials:

"The fees of county offices shall be regulated by law. In counties or cities having a population of seventy-five thousand or more, the clerks of the respective courts thereof (except the clerk of the city court), the marshals, the sheriffs and the jailers, shall be paid out of the state treasury, by salary to be fixed by law, the salaries of said officers and of their deputies and necessary office expenses not to exceed seventy-five per centum (75%) of the fees collected by said officers, respectively, and paid into the treasury."

The counties coming within the constitutional requirement as to payment on a salary basis are Jefferson and Kenton counties for which special legislation, described in subsequent sections of this chapter, has been enacted. The Constitution (Sec. 97 Const.) provides for a Commonwealth attorney in each circuit court district, of which thirty-seven have been created by the General Assembly (Sec. 963) and for a judge of the county court, county court clerk, county attorney, sheriff, jailer, coroner, surveyor and assessor in each county together with one justice of the peace and one constable in each justice's district (Sec. 99 Const.). It should be noted that the term magistrate is commonly used in lieu of the term justice of the peace.

In accordance with the authority conferred by Section 104 of the Constitution, the Legislature abolished the office of county assessor and replaced it with the office of county tax commissioner (Sec. 4042a-1). Section 108 of the Constitution permits the abolition of the office of Commonwealth attorney and the assumption of such duties by the county attorneys; but no such legislation has ever been enacted.

Aside from Section 106 and the prohibition against changing salaries of public officers during their terms (Sec. 235 Const.), the only constitutional provisions governing the compensation of the county officials are Sections 98 and 246. The former provides that the compensation of the Commonwealth attorney shall be by salary and such percentage of fines and forfeitures as may be fixed by law; insofar as it is paid out of the State Treasury, the salary must be uniform and may not exceed five hundred dollars per annum. The Constitution explicitly states that any percentage of fines and forfeitures allowed by law shall not be paid except upon such proportion of the fines and

*Unless otherwise indicated, all section references are to Baldwin's 1936 Revision of Carroll's Kentucky Statutes.

forfeitures as have actually been collected and paid into the State Treasury.

Section 246 of the Constitution sets a maximum annual compensation of five thousand dollars for every public officer with the sole exception of the Governor; this is exclusive of the compensation of the legally authorized deputies and assistants of such officers. It has been held that no public officer, except the Governor, may receive compensation for public services, whether rendered in one position or more than one, in excess of five thousand dollars per annum (Coleman v. Hurst, 226 Ky. 501). The same case held that all fees and salaries, regardless of source, received by the county attorney in excess of five thousand dollars a year plus necessary expenses belong to the county and not the State. It was similarly held that the county and not the State is entitled to all the excess of the jailer's receipts over his salary and expenses (Holland v. Fayette County, 240 Ky. 37). The maximum has been interpreted as applying to the officer and not the office; thus where two persons hold the same office in one fiscal year, each may receive up to five thousand dollars (Whittenberg v. Louisville, 238 Ky. 117).

Various of the county officials receive monies on behalf of the Commonwealth which they are required to transmit to the State Treasury through the Department of Finance. Certain of these officials are not only entitled to charge the public stipulated fees for services rendered by them, but also receive fees from the State for certain services performed in connection with revenue and judicial administration and the apprehension and detention of persons charged with felonies. The sections that follow discuss the individual officers, the monies collected by them on behalf of the Commonwealth, and the fees payable to them by the State. Only incidental reference is made to fees of county officials not payable by the Commonwealth, since this chapter is concerned primarily with fees paid out of the State Treasury. Since almost all of the statutes concerned were enacted before the 1936 Reorganization Act, they refer to the Auditor of Public Accounts instead of the Department of Finance.

General Statutory Provisions

Under Section 359 of the Statutes, the circuit and county court clerks are required, within twenty days after termination of each session of the respective courts, to prepare and certify an alphabetical list of all claims payable out of the State Treasury which have been allowed by the court, and to transmit the same to the Auditor of Public Accounts, now replaced by the Department of Finance. The statute prohibits the issuance of a warrant for a claim requiring the approval of the court until such list has been received. The Auditor is not bound by the certification of the court but may, with the advice of the Attorney General, refuse to pay and contest the claim in the Franklin Circuit Court (Sec. 340a-1). It is further required that there be kept separate records of all claims allowed in each county, noting the number and amount of each warrant issued therefor.

The statutes require that all officials authorized to collect money for the Commonwealth shall on the last day of each month report to the Auditor and pay into the State Treasury all of the funds on hand (Sec. 4606a-5). Section 4252 expressly covers sheriffs, clerks, and similar officials and deals with the matter in considerable more detail; however, the Attorney General has ruled that this provision is repealed by the more general statute, cited above, which was enacted at a later date (1928 O. A. G. No. 83).

As is noted subsequently, the circuit and county clerks are required to prepare

reports on taxes and other public monies received by them (Sec. 4242).

Commonwealth Attorney

In accordance with the constitutional provision already discussed, the law provides that each Commonwealth attorney shall receive an annual salary of five hundred dollars payable monthly out of the State Treasury (Sec. 119); these salaries are paid on the basis of regular payrolls certified by the Secretary of State. In addition, the Commonwealth attorney may receive not more than thirty-five hundred dollars per annum out of the fines and forfeitures rendered in favor of the Commonwealth in the courts of his district. If at the end of any year the judgments for fines and forfeitures do not yield the sum of thirty-five hundred dollars, any excess of the ensuing year may be used to compensate for this deficiency (Sec. 124). The law restricts the compensation received by the Commonwealth attorney from the State Treasury to a maximum of four thousand dollars; this may be supplemented by compensation paid by the counties (Sec. 125). The Statutes do not specify the percentum to be received by Commonwealth attorneys on the basis of fines and forfeitures in the circuit courts, thus implying that they are to receive - up to the statutory maximum of \$3,500.00 per annum - the balance of fines and forfeitures that remains after the other officials have received the percentages to which they are entitled. However, in connection with fines and forfeitures recovered in prosecutions before county judges or magistrates, it is provided that the Commonwealth attorney shall receive forty per cent of such amounts when recovered and paid into the treasury (Sec. 133a-1).

In the event that the judge of the circuit court appoints a Commonwealth attorney pro tem, the court may authorize an allowance to the person so appointed not exceeding seven dollars per day to be paid out of the State Treasury on certificate of the clerk of the court, and in addition one half of the per centum of fines and forfeitures allowed the Commonwealth attorney (Sec. 120 and 352).

County Attorney

The county attorney represents the interest of his county in the county and fiscal courts, and in addition has certain responsibilities in connection with criminal prosecutions (Sec. 126 and 127). The Court of Appeals has held that the prosecutions included in the duties of the county attorney are those in the courts of his county inferior to the circuit court; the court further held that the county attorney acts as prosecutor in cases in which the county is interested, but not including a penal action by the Commonwealth to recover a fine. In the circuit court the duty of the county attorney is to assist the Commonwealth attorney and in the latter's absence to represent the Commonwealth (Commonwealth v. Euster, 237 Ky. 162).

The county attorney receives forty per cent of all fines and forfeitures recovered before any county judge or magistrate. If the judgment is for twenty-five dollars or less, exclusive of costs, the county attorney is entitled to a fee of five dollars which is taxed as cost (Sec. 133a-1). When the county attorney is present and assists in a prosecution in the circuit court, he is entitled to receive from the State twenty-five per cent of all fines and forfeitures, provided that when the judgment is for less than twenty-five dollars he is entitled to a fee of five dollars taxed as cost (Sec. 133). In the event of the appointment of a county attorney pro tem, he is entitled to a compensation of not to exceed five dollars per day payable by the county and in addition the percentage of fines and forfeitures allowed the county attorney (Sec. 131)

Where the county attorney is present and assists in a trial for the assessment of omitted property, he is entitled to fifteen per cent of the amount of any state and county taxes which may be collected as a result of such proceeding; this amount, which does not include penalties, must be paid to him by the county and State within thirty days after the collection of the taxes (Sec. 4260b) (1928 O. A. G. No. 174). Senate Bill No. 2 enacted at the fourth Special Session of 1936 reduced the percentage from fifteen to ten, such reduction to become effective with the term of office that begins in 1938. Where the county attorney has performed the duties imposed upon him in connection with land purchased by the State, county, or district for delinquent taxes, he is entitled to twenty per cent of the amount of the money paid to redeem such land (Sec: 4153). Under the provisions of this section, it is the duty of the county attorney to notify the owner of the land within fifty days after sale, and if the land so purchased is not redeemed within thirty days after such notification to institute a proceeding for the recovery of the possession of such land.

It should be noted that there is no statutory maximum as to the compensation of county attorneys and they are therefore governed by the constitutional maximum of \$5,000.00. Since Section 132 of the Statutes provides the county attorney shall be allowed an annual salary payable out of the county levy, this salary must be considered in checking to see that the total compensation received by this official does not exceed the maximum of five thousand dollars. The Attorney General has ruled that a county attorney pro tem may receive the per centum that would otherwise go to the county attorney, although the latter has earned the constitutional limit (1928 O. A. G. No. 686).

County Judge and Justice of the Peace

In addition to providing for county courts, the Constitution requires that each county have not less than three nor more than eight justices of the peace (Sec. 142 Const.). As has already been indicated, these justices are commonly known as magistrates; and, in fact, the Statutes frequently refer to them in that manner. Provision is also made for the establishment of police courts in cities and towns with jurisdiction in cases of violation of municipal ordinances and by-laws, such criminal jurisdiction as justices of the peace have, and the authority to act as examining courts.

Under the law county judges and other magistrates holding examining courts in felony cases are entitled to receive from the Commonwealth two dollars for the first day's service and one dollar for each additional day, with a maximum of four dollars in any one case.

The Attorney General has ruled that the magistrate may not split up the examining trial simply in order to spread it over three days, and that where compensation for more than one day is claimed an affidavit should be required from the magistrate showing that it required more than one day to hear the witnesses and to examine into the charge against the accused and to dispose of the matter. The opinion stated that there are very few cases where an examining trial requires more than one day. It is provided that neither this allowance nor any fee allowed for arrest of defendants in felony cases shall be paid until the grand jury has returned a felony indictment in the case (Sec. 353). It has been held that the magistrate may charge the stipulated fees for each case in which he sits as an examining court (Stone v. Thompson, 100 Ky. 307).

The Statutes state that city or police judges and justices of the peace are entitled to charge and receive the same fees as are allowed to clerks of the circuit court when they

render services similar to such clerks in exercising jurisdiction concurrent with the circuit courts (Sec. 1731). Apparently on the basis of this provision the Auditor's office in the past has in distributing fines and forfeitures allowed justices of the peace ten per cent of such amounts, which is equivalent to the percentage received by the circuit court clerks. This is not applicable to county judges since the law requires that their respective counties pay them salaries for their services in criminal misdemeanor cases (Sec. 1732a-2); these salaries cover all the services of such judges rendered in connection with the trial of misdemeanor cases (1930 O. A. G. No. 2005). Police judges do not receive any percentage of fines and forfeitures from the State since these are granted by statute to the municipalities.

Section 1731 also sets forth the fees which may be charged by city or police judges and justices of the peace and which are paid by the persons involved rather than by the State. Section 1732 indicates the fees that may be received by the county judge and restricts them to civil cases; these fees are payable by the interested parties.

Clerks of Court - General

The clerks of the various courts are entitled to charge fees in accordance with the schedule prescribed by law (Sec. 1720).

Clerks of circuit courts are required to collect a jury fee of four dollars upon the return of a verdict into court by a jury, a dismissal or nonsuit, or the withdrawal of a jury by consent after it has been sworn; the fee is payable by the plaintiff (Sec. 1743 and 2271). The fee is taxable as cost against the unsuccessful party. In other courts the cost of the jury must be paid by the party demanding the jury, and such cost is similarly taxable against the unsuccessful party (Sec. 2260).

The Statutes (Sec. 4238) impose taxes on law process, which taxes must be collected by the respective court clerks and paid into the State Treasury, less the five per cent commission. They are due and payable when the processes or instruments are filed or issued, or copies furnished thereof. These taxes are as follows:

Circuit Court

Four dollars on each verdict of a petit jury.
Fifty cents on each original action or proceeding.
Fifty cents on each appeal to circuit court.
Fifty cents on seal of court.

County and Other Courts

Three dollars and fifty cents on each marriage licence.
One dollar on each deed or power of attorney to convey real or personal estate.
One dollar on each mortgage or conveyance of personal property (except on chattel mortgage of \$2.00 or less).
Fifty cents on each original action or proceeding where amount in controversy, exclusive of interest and costs, exceeds fifty dollars.
Fifty cents on each appeal to quarterly court.
Fifty cents on each traverse or forcible entry or detainer.
Fifty cents on each proceeding to reverse a judgment.
Fifty cents on seal of court.

Circuit Court Clerk

Each circuit clerk receives from the State ten per cent of all fines and forfeitures recovered in his court and paid into the State Treasury (Sec. 1721). The clerk at the time the judgment is entered, and not the clerk in office when the judgment is paid, is entitled to this per centum (Jones v. Howard, 208 Ky. 757). Moreover, the clerk is entitled to a fee of five dollars to be paid by the Commonwealth for services rendered by the clerk in any case involving a felony indictment except where the defendant is convicted of only a misdemeanor. This charge may be paid only on the basis of a statement prepared by the clerk and approved by the judge and Commonwealth attorney of the respective circuit court after the case has been removed from the court's docket (Sec. 1722).

In computing the amount due the circuit clerk for services in felony cases, a prosecution is considered a continuous one where the indictment has been quashed or dismissed with leave to resubmit and a subsequent felony indictment is returned for the same crime. However, should no indictment be returned upon resubmission of the case to the grand jury before the expiration of the term following that in which the earlier order was made, then the right to the fee immediately attaches (Sec. 1723). Where the Commonwealth appeals in a felony case, the clerk is entitled to receive the sum of five dollars for his services in making out and certifying a transcript for the purpose of such appeal (Sec. 1724).

Under Section 355 of the Statutes the circuit clerk is also entitled to receive the following fees from the State Treasury; those items marked with an asterisk are in question because of the consolidation of the office of jury fund trustee with that of circuit clerk:

1. Certified list of petit jurors to the sheriff or other officer, twenty-five cents.
2. Certified list of grand jurors to the sheriff or other officer, twenty-five cents.
3. Filing same when returned by sheriff and writing names of jurors on slips of paper, twenty-five cents.
4. Order excusing juror, for each juror excused, except regular panel, twenty-five cents.
5. Noting names of standing jurors on order-book, twenty-five cents.
6. Order for sheriff or other officer to summon other jurors, each order ten cents.
7. Noting on order-book the allowance to petit jurors, each two cents.
8. Noting on order-book the allowance to grand jurors, each two cents.
- *9. Order trustee of the jury fund to pay jurors, each two cents.
- *10. Certifying allowance to trustee of the jury fund to petit jurors, each two cents.
- *11. Certifying allowance to trustee of the jury fund to grand jurors, each two cents.
- *12. Certifying allowance to trustee of the jury fund to bystander jurors, each two cents.
13. Order appointing and swearing jury commissioners, twenty-five cents.
14. Furnishing to jury commissioners names of persons exempted from service, twenty-five cents.
15. Recording receipt of envelope of sealed return of jury commissioner, and the oath of clerk and deputy, twenty-five cents.

The circuit clerk issues motor vehicle operators' licenses on behalf of the Department of Revenue, and for such services is entitled to retain fifteen cents of the one dollar fee charged for such license (Sec. 2739m-34 and 42).

The office of the trustee of the jury fund in each county of the State was abolished in 1934 and the functions transferred to the circuit court clerk. With this change it was made the duty of the clerk of each court having jurisdiction to impose fines in favor of the Commonwealth to make and report to the circuit court clerk at the close of each term of the respective court a full list of all the fines and forfeitures imposed in the said court at such term (Sec. 2290-1). Moreover, it became the duty of the clerk of the circuit court to receive and disburse monies for payment of jurors, and for these services the law provides that the circuit court clerk shall be allowed one and one half per cent of the funds so received and disbursed by him (Sec. 2290-2). The law requires that the clerk of each circuit court be provided by the State with an imprest fund sufficient to meet the necessary jury payments for a period of ten days. On or before the tenth day of each month and more frequently if reimbursement of the imprest fund becomes necessary, the clerk must file with the Auditor a statement showing amounts disbursed since the last report, together with proper receipts for each disbursement signed by the recipient and showing the amount disbursed, date of payment, days of service for which payment was made, and such other information as may be prescribed.

County Court Clerk

It is the responsibility of the county clerks to compute and prepare tax bills after the County Tax Commissioner has determined upon the valuation of property. The law provides that the county clerk shall calculate the distribution of the taxes as shown due from each individual taxpayer and that for performing such services shall be paid the sum of twelve cents per line of the tax book, one-half of this to be paid by the State and one-half by the county (Sec. 4076a-1 and 2). For making out tax bills the clerk is entitled to seven cents for each tax bill prepared for either the sheriff or collector. In addition the clerk receives ten cents a line for making recapitulation sheets of the assessment of each incorporated town, the total assessment of each magisterial district, and the grand total assessment of the county for each item of property required by law, and recording them in the tax books (Sec. 41141-15). Finally, the clerk is entitled to fifty cents for each tax bill he prepares for the sheriff in the case of omitted property; but no part of this compensation is to be paid by the State where the taxpayer does not have any property subject to taxation for State purposes. (Sec. 4126 and 4239b)

In the event that the Board of Supervisors makes an assessment of omitted intangible property, it is the duty of the county court clerk to make complete lists of such property of each taxpayer so assessed and to forward the schedules to the Kentucky Tax Commission. For this work the clerk is entitled to fifteen cents for each schedule, to be paid by the Auditor of Public Accounts upon claim approved by the Tax Commission (Sec. 4121-3). Section 4239 describes in more detail the functions performed by the county clerk in connection with the billing of taxes. The clerk of the county court also serves as clerk of the board of supervisors for which he receives the same compensation as members of the board, namely, three dollars for each day of actual attendance at the meetings of the board, one-half of this amount being paid by the county, and the other half out of the State Treasury.

However, the clerk is allowed not more than five additional days after adjournment of the board for correction of the tax books (Sec. 4121-2 and 4127).

The clerk of the county court is required on or before the first day of August of each year to make and certify to the assessor a complete list of all conveyances made during the preceding year. For this service the clerk is entitled to compensation from the State Treasury at the rate of five cents for each conveyance, this amount being payable on certification of the county clerk, verified and approved by the county court (Sec. 4240). The county clerk is required before the second Monday in March each year to prepare a statement showing the total exemptions allowed on household goods and kitchen furniture, live stock, agricultural implements, manufacturing machinery and raw material, and all other tangible property. A copy of this statement is placed on file in his office and another copy is sent to the Department of Revenue. The law provides that for such services the fiscal court shall grant the county clerk a reasonable allowance, one-half of which shall be paid by the State upon proper certification to the Auditor, subject however to the approval of the Auditor as to the reasonableness and correctness of the amount allowed, while the other half shall be paid by the county (Sec. 4239j).

As is indicated below in the section dealing with sheriffs, monies for the redemption of lands sold to the State, county, and district for delinquent taxes are paid to the county clerk. Such lands may be redeemed by paying the purchase money together with interest at the rate of six per cent per annum, and in addition two per cent penalty upon the total amount of the purchase price and the amount of all costs. Redemption may be made at any time within a period of five years after the sale. The clerk is required to report such collections to the State Treasurer and the Auditor of Public Accounts as often as the latter may require and not less than once in thirty days, and to pay into the State Treasury all monies collected by him which are due the State. In reporting to the Auditor the clerk must show the name of each owner and each piece of property redeemed, the year's taxes for which delinquent, the assessed valuation for the same for each year, and the total amount paid to the State, county, and district for redemption. Upon the approval by the judge of the county court, the clerk transmits the report, together with the monies due the State, to the Auditor of Public Accounts, but retains five per cent commission for the collection of such monies (Sec. 4151-2).

The county court clerk is responsible for the registration of motor vehicles in his county (Sec. 2739g-62); for performing such services the clerk charges a fee payable directly to him by the licensee in addition to the regular fee for the license (See Sec. 2739g-10 for example). At the time of the initial registration of any motor vehicle, the clerk collects a tax equal to three per cent of the retail price, and for such services the clerk is entitled to receive two per cent of the monies so collected and accounted for to the Department of Revenue (Sec. 42811-4).

All the occupational licenses provided under Sections 4224 and 4224a-1 of the Statutes are issued by the county court clerk (Sec. 4190), and for such services the clerk is entitled to five per cent commission on all such licenses collected and accounted for by him. Within two days after the issuance of an occupational license, the county court clerk must forward the duplicate to the Auditor of Public Accounts, and must pay his collections into the State Treasury monthly (Sec. 4195).

Sheriff - Felony and Court Fees

Section 1726 of the statutes sets forth the fees that may be charged and collected by the sheriff; these are payable by the interested parties. One item does not fall within this description, namely, that which provides that the sheriff is entitled to a reasonable allowance not exceeding two dollars for attendance at the county court, such amount being payable by the county.

Under Section 354 of the Statutes, sheriffs, constables, coroners, marshalls and policemen are entitled to a fee of two dollars for apprehending a person on a felony charge or a fugitive from justice charged with a felony in the State of Kentucky. In addition, the sheriff is entitled to the following fees:

1. For executing a summons upon a witness in behalf of the Commonwealth in a case of felony, twenty cents.
2. For conveying a prisoner under a charge of felony to the jail of the county in which he was apprehended, four cents per mile for each mile traveled in going to and returning.
3. To a sheriff for attending by himself or by a deputy and keeping order in the circuit court, two dollars per day.
4. For summoning and attending a jury in a case of felony, one dollar and fifty cents.
5. For executing a process of contempt in a criminal case when the court excuses the contempt, sixty cents.

When upon order of a court a sheriff or other person summons a juror in a county other than that in which the proceeding is pending, the court must make the sheriff or other individual a reasonable allowance therefor, which amount is payable out of the State Treasury (Sec. 4586).

The handling of sheriffs' claims for the conveyance of prisoners to jails and the State's penal institutions calls for careful examination of such claims in order to ascertain whether there is compliance with the statutory provisions. Sections 361 and 363 provide that ten cents per mile shall be paid for each officer and guard conveying prisoners to the penitentiary (this term also includes reformatory), or conveying a prisoner charged with a felony from one county to another, this to be calculated according to the nearest traveled route. In addition; payment is allowed for the actual necessary expenses of feeding, lodging, and transporting the prisoners. This provision means that in addition to the transportation and the feeding of the prisoners, the sheriff receives ten cents per mile traveled by each officer and guard to and from the penitentiary or the other county - as the case may be (See *Greene v. Jones*, 170 Ky. 857). When but one prisoner is conveyed, no guard may be employed; and in no instance may the number of guards employed in conveying prisoners exceed one for every two prisoners. However, where persons under arrest on a felony charge are taken from one county to another the circuit judge has the right to appoint one guard to convey each prisoner to the nearest railroad station. The expenses for the intercounty transportation of a prisoner charged with a felony may not be allowed prior to the return of an indictment (1928 O. A. G. No. 880).

It is required that after conveying a prisoner either between counties or to the penitentiary the officer make out a complete statement of expenses verified before the circuit court and certified by the clerk. However, where a prisoner is conveyed to the penitentiary the Auditor may allow the claim on the basis of the statement verified merely by the

oath of the officer (Sec. 2046). The latter is now accepted practice; and officers conveying prisoners to the State Reformatory at Frankfort, after receiving proper certification from the warden, immediately present their claims personally to the Department of Finance for payment. It then becomes the responsibility of the Department of Finance to see that the claim meets all statutory requirements, particularly that relating to the shortest traveled route.

Some question arises as to what shall be done when the officer conveys the prisoner by means of a car; apparently on the basis of an opinion of the Attorney General, the Auditor has allowed not to exceed five cents per mile (Statutory maximum, Sec. 2739g-72) to be pro rated according to the number of persons in the car. Thus if the sheriff drove a prisoner to the Reformatory, he would be entitled to two and one-half cents per mile for the one way in addition, of course, to the regular ten cents per mile for himself on a round trip basis.

The expenses of conveying girls committed to the House of Reform must be borne by the county of residence (Sec. 2095b-29); and the same rule applies to boys over ten years of age and under sixteen committed to the House of Reform, except when indicted and sentenced on a felony charge. The conveyance of any boys who do not come within this age group or who are under felony sentences must, therefore, be paid by the State. In such case the allowance of ten cents per mile for the officers in addition to necessary expenses for feeding, lodging, and transporting is applicable (Sec. 2095b-13 and 13a).

For purposes of safekeeping, any person charged with a criminal offense may upon court order be removed to the jail of the nearest county deemed safe (Sec. 2238 and 2239). The sheriff is entitled to the same compensation for conveying such a prisoner as he receives for transporting prisoners to the penitentiary. These expenses are payable out of the State Treasury, unless there was no jail in the county or it was rendered insecure because of failure of the county to keep it in proper condition; in the latter instances the expenses are payable by the county, and the court in making the allowance must specify whether it is to be paid by the State or by the county. Upon court order and with the consent of the Governor, a defendant may be removed to the State Reformatory or Penitentiary in instances where there are threats of violence and the local jail is not considered safe (Sec. 2240). The officer making such removal is entitled to all actual expenses in addition to five dollars per day for himself and two and one-half dollars per day each for not exceeding two guards. Where the person is charged with a felony, the claims are payable by the State; in case of a misdemeanor the expense must be paid by the fiscal court of the county (Sec. 2240a-1).

On March 26, 1936 the Attorney General ruled that the statutory provisions concerning transportation of prisoners to the penitentiary or between counties are not applicable to the conveyance of a prisoner from another state. The latter is subject to Section 1934 of the statutes permitting six cents per mile for a round trip and necessary expenses in returning fugitives from another state upon the requisition of the Governor, provided the person making such claim is named as the State's agent in the requisition.

Sheriff - Tax Collection Fees

The law provides that the sheriff by virtue of his office shall be collector of all state, county, and district taxes unless the payment thereof is directed by law to be made to some other officer (Sec. 4129). In accordance with this provision of the statute the

sheriff is responsible for the collection of all general property taxes, for which he is entitled to ten per cent upon the first five thousand dollars and four per cent upon the residue. The State pays the percentage only upon the portion of taxes paid to the State Treasury. The aggregate of this compensation may not in any one year exceed the maximum of five thousand dollars (Sec. 4168); this is independent of the compensation of legally authorized deputies and assistants.

Under Section 4148 of the Statutes, all taxes are due and payable on and after the first day of March after the assessment. Taxes not paid by that day are subject to a penalty of six per cent and bear interest at the rate of six per cent per annum until paid. Any taxpayer paying taxes on or before November 1 of the year in which such taxes are due is entitled to a two per cent discount. The law provides that the sheriff may at any time as taxes become due receive less than the face amount of the tax bill and credit such partial payment against the amount due (Sec. 4148a).

The Governor has authority in case of emergency to delay the time for payment on any taxes or the accrual of the interest or both for a period of not less than thirty days nor more than ninety days; such action may apply to one or more counties or to the entire state (Sec. 4148-1).

In connection with the collection of taxes it should be noted that when a new sheriff takes office the outgoing sheriff, upon the execution of a new revenue bond, may keep in his possession all unpaid tax bills and collect and account for the same. He then has until the first day of June after his term of office has expired to make settlement with the Auditor of Public Accounts and the fiscal court of his county (Sec. 4135). It has been held that this provision did not extend the term of office of sheriff but created the office of the Collector of Delinquent Taxes and designated the class which should fill such office. The outgoing sheriff is under no legal duty to accept this office, and in the event he fails to qualify the county judge fills the vacancy and may do so by appointing the incoming sheriff (*Barkley v. Stockdall*, 252 Ky. 1). The collector is entitled to the usual fees for collecting the taxes (*Madison County v. Hamilton*, 243 Ky. 29).

Sheriff - Settlement with Commonwealth

When the Kentucky Tax Commission has completed the equalization of property in any county it must, not later than June 1, certify to the Auditor of Public Accounts the total assessed value of the property in such county and the amount of taxes due from the county. The Auditor then charges the amount to the sheriff of such county and notifies the county court clerk (Sec. 4128a-2). This amount represents what the sheriff must account for in making his settlement with the Auditor of Public Accounts and with the fiscal court of his county. This settlement must be made on or before June 1 of each year for the taxes of the previous year (Sec. 4130). This amount is increased as omitted property is placed on the books.

The sheriff is required to sell for cash any property belonging to a delinquent taxpayer after giving the notice required by law (Sec. 4149). In the event that there are no bids for real estate offered for sale, it is the duty of the sheriff or collector to purchase such property for the State, county, and taxing district having taxes against the delinquent. Upon making such purchase the sheriff must report it to the county clerk, who thereupon certifies it to the Auditor of Public Accounts; the sheriff or collector

accordingly receives credit to the amount of such taxes due the State. After such sale any payment of the taxes must be made to the county clerk (Sec. 4151-2).

As has already been indicated, the Auditor credits the sheriff with taxes due on property which the sheriff purchases at the tax sale on behalf of the Commonwealth. Similarly, the county court may correct clerical errors in assessments or duplicate assessments or cases where persons have been assessed for property not actually owned by them. It is the duty of the court to certify such action to the Auditor of Public Accounts and to the sheriff, upon the basis of which certification the sheriff receives credit in his settlement. However, no credit may be given unless copies of the judgment are furnished to the Auditor on or before the first day of June after such judgments are entered (Sec. 4250). Although mistakes in assessments may be corrected by the county court, until they are so corrected the sheriff is responsible for the original amount of taxes given him by the county clerk (Commonwealth v. Tate, 247 Ky. 516).

Sheriffs are required to prepare a delinquent list of personal property taxes showing delinquent taxpayers for whom the sheriff cannot find any property liable to sale for taxes. The fiscal court of the respective county has authority to approve such portions of the list as it may deem correct, thereby entitling the sheriff to a credit in his official settlement (Sec. 4251).

Under the law, the sheriff or collector of revenue in each county must submit a report under oath to the Auditor of Public Accounts on or before the tenth of each month as to the amount of all taxes he has collected for the preceding month; and prior to or concurrent with the making of such a report he must pay into the State Treasury all taxes which he has collected for the State during the preceding month. A failure to submit such report renders the sheriff or collecting officer liable to indictment in the Franklin Circuit Court, and it is the duty of the Auditor to report to the grand jury instances of such failure. Where any sheriff or collector fails to transmit tax collections in accordance with the above requirement, he must pay the Auditor a penalty of six per cent and interest at the rate of six per cent on such taxes. This must be taken into consideration by the Auditor in making his settlement with the sheriff or collector (Sec. 4143).

Upon making his settlement, the sheriff receives a quietus from the Auditor, and he must produce both this and a quietus from the fiscal court of the county on or before June 1 in order to secure the new tax book. Thus, before the Auditor can issue the quietus, he must check the tax monies turned in by the sheriff, delinquent lists, and corrections made by the county court against the amount of taxes originally turned over to the sheriff by the county clerk. The quietus is the medium for relieving the sheriff of the obligation assumed by him when he accepts the tax items for collection.

Sheriff - Compensation for Highway Patrol and Investigations

A statute enacted at the fourth Special Session of 1936 established a county highway patrol and investigator for each county, the duties thereof to be performed by the sheriff and his deputies. These duties consist of patrolling highways, directing traffic, investigating accidents, and inspecting road houses, dancehalls, places where intoxicating liquors are sold, etc. The statute provides that for such additional services the sheriff shall receive reasonable compensation of not more than fifteen hundred dollars per annum. The Auditor of Public Accounts is made responsible for determining the amount to be paid each

sheriff. In making this determination, the Auditor is required to pay "that sum of money which will not cause the sheriff to draw in excess of the largest sum heretofore received by the sheriff during the tenure of his office or of his predecessor and in no event in excess of the Constitutional limit."

County Tax Commissioner

Under the supervision of the Department of Revenue, the county tax commissioners function as assessing officers (Sec. 4042a-1 and a-7). The county tax commissioner must return his assessment books to the county court clerk and secure the approval by the county court of his account, showing the total assessed value of the property listed by him. He is then entitled to receive from the State fifty per cent of the amount due him as computed in accordance with the schedule set forth below. After the county board of supervisors has completed its work and has certified the total assessed value of the property of the county to the Department of Revenue, the county tax commissioner presents his account to the county court for the remainder, and, upon approval by the court the tax commissioner is entitled to receive the remaining fifty per cent from the State Treasury.

The total amount due the county tax commissioner is computed as follows: In counties where the assessment does not exceed one million dollars the county tax commissioner receives six cents per one hundred dollars valuation; in other counties he receives five cents per hundred dollars of the first one million dollars valuation and two cents on each hundred dollars of the valuation in excess of one million dollars. However, no tax commissioner is entitled to receive more than four thousand dollars for his services during any year. In counties in which the assessed valuation exceeds twenty million dollars the county tax commissioner is allowed as compensation for his deputies fifteen hundred dollars for each seven and one-half million dollars of property assessed in excess of twenty million dollars, provided, however, the total sum allowed to any tax commissioner and his deputies may not exceed seven thousand dollars in any county, except in a county having a city of the first class.

In counties containing a city of the second class the Auditor of Public Accounts is required monthly to draw a warrant upon the Treasurer for three hundred dollars for payment to the county tax commissioner as an advance to defray necessary official expenses and as a partial payment upon the salary of the commissioner and his deputies. Such sums are deducted from the total paid the tax commissioner when the yearly settlements are made (Sec. 4042a-8). Under the law the compensation of the tax commissioner is reduced fifty cents for each list he fails to report for taxation or reports without authority of law and one dollar for each duplicate assessment (Sec. 4042a-10).

By act of the General Assembly in 1936, it was provided that no State tax should be levied on real estate (Sec. 4019-1). The same act provides that the fiscal courts of the several counties shall pay the county tax commissioner all compensation due him in connection with the assessment of real estate. At the time this Handbook went to press, the constitutionality of this Act was before the Court of Appeals.

County Supervisor

Annually each county judge appoints a board of supervisors of tax for his county; the number of such supervisors may not be less than three nor exceed one for each magisterial district in the county (Sec. 4115). The county clerk acts as clerk to this board, which

serves as an agency for reviewing assessments made by the county tax commissioner. The law restricts the first meeting of the board to not less than two nor more than twelve days in counties not containing a city of the first, second, third, fourth, or fifth class. In counties having a city of the first or second class the maximums are fifty and forty days respectively; while in counties containing cities of the third, fourth, and fifth class the board may remain in session twenty-five days (Sec. 4121).

After its initial meeting, the board of supervisors reassembles to hear all complaints and to pass upon the assessment of taxpayers. For that purpose the board in counties having a city of the first or second class may remain in session for not less than one nor more than ten days, and in other counties not less than one nor more than five days (Sec. 4123).

The members of the board of supervisors and the clerk are entitled to three dollars per day for each day of actual attendance at the meeting of the board; one-half of this amount is payable by the county and one-half out of the State Treasury (Sec. 4127).

Jailer

Under Section 356 of the statutes, jailers are entitled to the following fees payable from the State Treasury:

1. For imprisoning and releasing a prisoner charged with a felony or contempt, sixty cents.
2. For keeping and dieting a prisoner under like charge, per day, one dollar.
3. For putting a prisoner in irons, to secure his safekeeping in the jail, besides the cost of the irons, fifty cents.
4. For each day's attendance upon the circuit court, two dollars.
5. For furnishing fuel, light and water to the circuit court, not exceeding two dollars per day.

In connection with the last item it has been held that a jailer is entitled to reasonable compensation not exceeding the statutory limit if he does anything to make available to the circuit court heat, light, and water although the cost of such items is borne by the fiscal court (*Talbott v. Caudill*, 248 Ky. 146). Moreover, the sum of two dollars is a maximum, and a circuit judge may allow any reasonable compensation within this amount for the services performed (1929 O. A. G. No. 1553).

Any jailer may, with the approval of the county court, appoint one deputy (Sec. 2237); such approval should be in the form of a court order, and this provision gives him no authority to appoint a matron and bookkeeper (*Taylor v. Todd*, 241 Ky. 605).

The Statutes (Sec. 2240b-1 and 2) make special provision for jailers in counties of less than seventy thousand and in which there are cities of the second class. In such counties the jailer may receive up to the maximum of five thousand dollars annually, the number and salaries of his deputies, guards, and turnkeys being fixed by the fiscal court. The salary of the chief deputy may not be less than eighteen hundred dollars nor more than twenty-four hundred dollars, while those of the other employees may not be less than twelve hundred dollars nor more than eighteen hundred dollars each. Any balance remaining after the payment of these expenses reverts to the county.

Jury Commissioner

The circuit court judge is required to appoint three jury commissioners to serve for a

period of one year (Sec. 2241). It is provided that where circuit courts are divided into two divisions they shall have two commissioners for each division requiring the services of a jury therein, and circuit courts divided into more than two divisions shall have one commissioner for each requiring the services of a jury therein, to be appointed and qualified by the judge thereof. The jury commissioners may remain in session not longer than five days except that in counties having population of over fifty thousand they may remain in session ten days.

The commissioners receive two dollars per day as compensation for the time actually served by them. Upon certification of a claim by the judge appointing such commissioners they are entitled to payment by the Commonwealth (Sec. 2242). The commissioners, as the name implies, are responsible for the preparation of the jury lists for the courts of their respective counties. From the lists that have been prepared twelve persons are chosen to serve as grand jurors, and not less than twenty-four nor more than thirty are selected as the regular panel of the next petit jury (Sec. 2243). In a circuit court a petit jury consists of twelve persons, but in trials held in courts inferior to the circuit court such a jury consists of six persons (Sec. 2252).

Jurors

Under the law, a grand jury must be summoned at three regular terms of the circuit court unless otherwise ordered by the judge; the grand jury consists of twelve persons (Sec. 2248 and 2249). Where the court has a continuous session, a grand jury is impanelled the first Monday of each month unless otherwise ordered by the judge. Grand jurors are entitled to compensation of three dollars per day but may remain in session not longer than six days at any regular term of court. However, the court may extend the time of the grand jury not more than three days by an order setting forth the need for such extension. Moreover, the court may, in case of an emergency, call not more than three special sessions of the grand jury for not more than three days at a time (Sec. 2251).

Jurors in the circuit court receive three dollars per day and when kept together overnight in custody of the sheriff are entitled to receive one dollar additional for each night. In courts inferior to the circuit court jurors receive fifty cents for each case (Sec. 2260).

All persons who appear in court in response to a summons for jury duty and who reside outside the corporate limits of the city or town in which the court sits and who do not claim exemption or ask to be relieved from jury service are entitled to receive the sum of two dollars per day for each day so served, even though they are not sworn or accepted for jury service (Sec. 2276). Where vacancies exist on a jury, the court may, under the conditions set forth in the statute, direct the sheriff to summon by-standers to fill such vacancies (Sec. 2247). Such jurors receive the compensation paid the regular jurors. The court may adjourn a whole or a part of the jury to any day of the term of court, and while so adjourned the jurors are not entitled to pay for such time. Similarly, the grand jury may be adjourned in like manner without pay (Sec. 2277).

Under the law, if the State is unable to pay in cash upon completion of jury service, the jury claim may be presented in payment for State taxes due by the holder of such claim (Sec. 2279-1). As has already been indicated, the circuit court clerk in accordance with Sections 2290-1, 2, and 3 administers the funds for the payment of jurors. This is

discussed in the section dealing with the functions of the circuit court clerk.

Witnesses

Witnesses for the Commonwealth in felony cases are entitled to receive from the State one dollar for each day's attendance in the circuit court after indictments have been found and beginning with the day set for trial of the case. No witness may be allowed such per diem for more than one day unless he is actually used in the trial or excused by the court or Commonwealth attorney on the first day he appears for the trial. Moreover, before such witnesses are subpoenaed by the Commonwealth there must be filed with the circuit clerk a statement signed by the Commonwealth attorney or the county attorney to the effect that such witness has been interviewed by the official and in his judgment the witness is an important one. The clerk of the court may not issue any subpoena in the Commonwealth's cases except upon the written request of the county or Commonwealth attorney filed with the clerk of the court.

A witness residing in another county is entitled to receive, in addition to the per diem, four cents per mile for a round trip by the nearest traveled route (Sec. 367). Where a criminal prosecution is removed from one county to another, the county from which it is removed must bear only the costs of the removal; any claim for mileage of a witness residing in the county from which the case was removed does not constitute a part of the cost of removal, but is a cost of the trial and is payable out of the State Treasury (Commonwealth v. Comes, 98 Ky. 4). Where a resident of another state serves as a witness for the Commonwealth, he receives not only the per diem but also actual necessary expenses incurred by him. However, the latter allowance may be allowed only if the court during vacation made an order requiring the attendance of the witness, which order was based upon the personal knowledge of the circuit judge or upon information showing that the testimony of the witness was material to the Commonwealth (Sec. 368).

Any person summoned as a witness in a felony case who fails to appear upon the calling of the case is not thereafter entitled to file a claim as a witness in that case. However, if from an affidavit filed by the witness it appears that he had good excuse for his failure to attend, the court may allow such claim for attendance (Sec. 1737).

Under Section 1738 of the Statutes, each witness immediately after testifying in a felony case may claim in open court his witness fees, which claim, if allowed by the court, must be entered in the record. The witnesses may not be allowed any attendance for any day previous to the day set for trial, nor for any day when not in attendance upon the court, nor for any day after he has testified, unless the Commonwealth or county attorney shall state in open court that the witness may thereafter be needed in the case, which statement shall be entered of record.

Under the existing procedure the clerk of the court issues to a witness a certificate showing that: the witness appeared in open court and claimed attendance in the case indicated, the claim was allowed by the court and the claim was noted of record - the number of the order book and page being given. The certificate shows the per diems together with any mileage to which the witness is entitled. It has been the practice for witnesses to sell such claims at a discount, and the purchaser subsequently submits them to the Auditor of Public Accounts for payment. Before such claims are paid, they are checked against the alphabetical list of claims which the clerk of the circuit court is required to submit in

accordance with Section 359 of the Statutes.

Allowance to Pauper Idiots

Under the law (Sections 216aa-57 to 63), provision is made for a State allowance to pauper idiots. Any person having the care, custody, or charge of an idiot may secure an allowance by filing with the Auditor of Public Accounts a certified copy of the inquest finding such person to be an idiot, and the order of the court adjudging him to be a pauper. The allowance may not exceed seventy-five dollars per annum, of which one-half is payable out of the State Treasury upon certification by the court holding the inquest; the other half is paid by the county. It should be noted that this provision supersedes Section 364 of the Statutes, which provides that the entire allowance of seventy-five dollars shall be paid out of the State Treasury. This allowance may not be made for any person under the age of eight years, and no payment may be made from the State Treasury for this purpose unless the circuit court holding the inquest makes the allowance at the time of such proceeding.

The law requires that the court hold a new inquest every fifth year, both as to the mental condition and financial status of the person. In order for the allowance to continue after each five-year period, it is required that a certified copy of these subsequent inquisitions be submitted to the Auditor. In addition, the circuit court clerk of each county must transmit to the Auditor on or before the tenth of September each year a list of the pauper idiots in his county. Should the person for whom an allowance is made die or cease to be a pauper, a proportionate part of the allowance may be paid for the period intervening between the anniversary date of the allowance and the date of death or ceasing of the person to be a pauper.

Section 216aa-80 requires the following findings before an idiot may be adjudged to be a pauper:

- (a) That he or she is unable to work for a support.
- (b) That he or she has no estate sufficient for support.
- (c) That his or her parents if alive have not sufficient estate to maintain him or her, and the jury must find whether the person's parents are dead or alive.
- (d) If a wife, that her husband has not sufficient estate to support her and that he is unable to work for a support.
- (e) If a husband, that his wife has not sufficient estate to support him.

Where the person found to be an idiot has an estate or there are other facts requiring such action, the court must appoint a committee to manage the person's affairs (Sec. 216aa-81 and 2149 to 2153). Thus payments of the allowance are made to the individual designated as committee for the pauper idiot.

In order to secure adequate control over expenditures for this purpose, a card record (Form A-35) has been installed in the Division of Accounts and Control. There are entered on this card the name and county of the individual, together with data as to name of the individual (committee) to whom the payment is made, the date, amount paid, voucher number, date of inquest, and date of the clerk's report. This will afford a detailed record as to such payments, and will assure compliance with the statutory requirements as to re-certifications every five years.

(See Form A-35 on following page.)

majority of the judges of these courts, and a certified copy thereof forwarded to the Auditor. Similarly, any subsequent changes in this order must be reported to the Auditor (Sec. 1762).

In the case of the jailer, the number and salaries of his deputies are fixed by the judge of the county court, the mayor of the city where the jail is located, and the judge of the criminal division of the circuit court, subject to the maximums provided by statute. This order must be signed by two of the three officials designated (Sec. 1772).

The Statutes prescribe the maximum salaries that may be paid to the deputies of these officials (Sec. 1763, 1763-1, and 1772); these are shown in the tabulation as set forth below. The salaries of these officers and their deputies and the office expenses are payable monthly from the State Treasury. In the event that seventy-five per cent of the amount paid into the State Treasury in any month is not sufficient to pay the salaries and expenses for that month, the deficit may be made up out of the amount paid in during any succeeding month; but in no event shall the amount paid any officer for salary and expenses exceed seventy-five per cent of the amount paid into the treasury each month by that officer during his official term (Sec. 1764 and 1774).

Likewise, if the amount paid to any officer during his term or incumbency was insufficient to pay the salaries and expenses of his office, he is entitled to receive an amount equivalent to this deficit out of fees that accrued during his term but which were subsequently collected and paid into the treasury, provided that these may not exceed the seventy-five per cent limit (Sec. 1769).

In an opinion handed down on December 15, 1936, the Court of Appeals held that in applying the seventy-five per cent limitation the term of the officer and not the month is the unit. It held that there should be available for the salaries and office expenses of such officials seventy-five per cent of the fees accruing during the officer's term and paid into the State Treasury, whether collected by such officer, or by his successor or a collector, and regardless of the time of payment or collection, and that a deficit in any month can be made up out of the surplus for any preceding month.

The statutes fix salaries for the circuit court commissioners in these counties at five thousand dollars and also regulate the salaries of the deputies in Jefferson County. These salaries are payable out of the fees received by the commissioners, who every January are required to submit to the Auditor a sworn report showing the amounts received by them, together with their expenses. There must be transmitted therewith any surplus in excess of the salaries of the commissioner, his deputies, and assistants and other office expenses (Sec. 1761 and 1761-1).

Under Section 1777 of the Statutes, the county tax commissioner in Jefferson County is entitled to a maximum compensation of four thousand dollars together with the salaries of his deputies and all of the expenses of his office. Within the statutory maximums indicated in the tabulation below, the annual salary of each deputy or assistant is fixed by the judge of the county court by order entered of record. In Jefferson County, the commissioner is entitled to receive from the State an advance of five thousand dollars per month to defray necessary official expenses and payment of the salaries of the commissioner and his deputies and assistants. The total of such advancements is deducted from the total amount found to be due such officer when yearly settlements are made (Sec. 4072).

Kenton County is subject to the statutory restriction that the total sum allowed any tax commissioner and his deputies shall not exceed seven thousand dollars except in a county having a city of the first class.

STATUTORY MAXIMUMS OF OFFICIALS AND THEIR DEPUTIES IN
COUNTIES HAVING A POPULATION OF 75,000 OR OVER

<u>Office</u>	<u>Maximum in</u> <u>Jefferson County</u>	<u>Maximum in</u> <u>Kenton County</u>
Circuit Court Commissioner	\$5,000.00	\$5,000.00
Chief Deputy Commissioner	3,600.00	*
Deputy Commissioner	2,400.00	*
County Tax Commissioner	4,000.00	4,000.00
Chief Deputy Commissioner	2,500.00	*
Other Deputies, Draughtsmen	2,000.00	*
Transfer Clerk	1,200.00	*
County Court Clerk	5,000.00	5,000.00
First 4 Deputy County Clerks	2,500.00	2,500.00
Other Deputy County Clerks	2,000.00	2,000.00
Circuit Court Clerk	5,000.00	5,000.00
Chief Deputy Clerk	2,500.00	2,500.00
Deputy Clerk	2,000.00	2,000.00
Jailer	5,000.00	5,000.00
Chief Deputy	3,600.00	1,800.00
Other Deputies, Guards, and Turnkeys	1,800.00	1,200.00
Sheriff	5,000.00	5,000.00
Chief Deputy	2,500.00	2,500.00
Deputy Sheriff	2,000.00	2,000.00

* No statutory maximum.

Reporting, Pre-Audit, and Recording of County Transactions

It is difficult to present in a concise manner the procedure to be followed in handling all county claims and court costs and reports of county receipts received by the Department of Finance. The first essential is that the employees responsible for the pre-audit of the claims and the reports of receipts be thoroughly familiar with the various statutory provisions outlined above and with the court decisions and rulings of the Attorney General construing these and related provisions. The fact that until January, 1940, the Auditor of Public Accounts continues to make his own independent examination and record of these items does not relieve the Department of Finance of its responsibility for the proper control of such transactions.

The Subsidiary Classification of Expenditures provides for a detailed recording of monies expended for county officials and court costs. The availability of this information reduces the number of other records that would ordinarily have to be kept in connection with expenditures of this type. The following paragraphs describe certain aspects of the procedure to be followed in connection with the payment of fees to and the receipt of monies from the county officials.

Reports Received in Connection with County Fees and Receipts

The following table shows most of the reports and other documents received by the Department of Finance in connection with the administration of county fees. As the Department acquires more experience in the handling of these transactions, there will undoubtedly be a comprehensive revision of this system of reporting.

Under the present procedure the most important report is that required to be submitted by the clerk of the circuit court within twenty days after the termination of the session of his court. This report must contain an alphabetical list of all claims against the Commonwealth that have been approved by the court. With this report the clerk transmits the itemized reports of himself and the other county officials whose claims must be approved by the circuit court prior to payment by the State. These other officials include the sheriff, jailer, constables, county judge and other examining magistrates, and jury commissioners. Witness claims are included in the list, but, as is indicated subsequently, the individual claims are presented for payment sporadically.

In pre-auditing such claims they are checked against the alphabetical list submitted by the circuit court clerk, and no such claims are allowed unless they are included on the list.

<u>OFFICIAL</u>	<u>REPORT</u>	<u>WHEN SUBMITTED</u>
Circuit Court Clerk	Request for jury advance	Before opening of term of court
	Jury fund settlement	On or before the tenth day of each month and more frequently if reimbursement of imprest fund is necessary
	Report and receipt of payment of jurors	Accompanies jury fund settlement
	Tax on law process	Monthly
	Fines and forfeitures	Last day of term of court

OFFICIAL	REPORT	WHEN SUBMITTED	
Circuit Court Clerk (Continued)	Claims for felony case services	Submitted at end of term of court with alphabetical list	
	Fees claimed under the jury law	Submitted at end of term of court with alphabetical list	
	Alphabetical list of the following claims:	Within twenty days after the termination of the term of court	
	Circuit Court Clerk Jailer Sheriff Constables Magistrates Jury Commissioners County Judge Witnesses Pauper Idiots		
County Court Clerk	Occupational License Tax Report	Monthly	
	Tax on law process	Monthly	
	Collection of delinquent State taxes	Monthly	
	Penalties	Monthly	
	List of omitted property	Annually	
	Certified copy of court order for tax billing services	Annually	
	Certified copy of court order for acting as clerk of Board of Supervisors	Annually	
	Claim for list of conveyances	Annually	
	Claim for list of exemptions	Annually	
	Sheriff	Itemized bill for felony arrests and conveyance of prisoners to jail	End of term of court
Report on tax collections		Monthly	
Bills for transportation of prisoners to penitentiary		As services are rendered	
Delinquent list		Annually	
Omitted tax list		Annually	
Certified copies of county court exonerations		Annually	
Certified copies of court action enjoining tax bills		Annually	
Report of sales of property		Annually	
Settlement of taxes		On or before June 1	
Duplicate assessments		Annually	
Judgments by taxpayers		Annually	
Jailer		Itemized statement of claims	End of term of court
Jury Commissioners		Claim for services approved by circuit court	Annually

OFFICIAL	REPORT	WHEN SUBMITTED
Supervisors	Order of county court authorizing payment for services	Annually
County Tax Commissioners	Order of county court authorizing payment for services	Twice a year

Criminal Prosecutions

A large volume of different types of claims arises in connection with the arrest, custody, arraignment, and prosecution of persons charged with felonies and the transportation of persons committed to the State's penal institutions. The number, diversity, and nature of these claims necessitate a coordinated method of their checking and recording.

Form A-36 is used for maintaining an individual record of each felony case in the State and recording the fees allowed the various officials for services performed in connection with such cases. This record covers the following types of claims: arrest, conveyance to county jail, examining trial, jailers' fees for admitting, dieting and releasing prisoners, witness fees, fee of the circuit court clerk, and transportation of prisoner to penitentiary. The name of the defendant, indictment number, charge, and county are entered on this form. As payments are made to any official, they are posted to the respective card by entering the name of the official, the dates of service, and the amount in the column applicable to the particular type of claim. Space is also provided for recording the intermediate steps and ultimate disposition of the case. Before allowing any claim for this type of service, the pre-audit clerk refers to the card record to see that no duplicate claims are honored and that the claim is consistent with the information shown on the card. Upon approval of any claim it is posted to the card record.

Form A-36		CRIMINAL PROSECUTIONS						
Name		Indictment No.		Charge			County	
NAME	Date	Exam. Trial	Sheriff	Jailer	Witnesses	Clerk	Disposition	

Form A-36 - Record Of Payments For Criminal Prosecutions. (Size 8" x 5")

Fees for arrests and examining trials may not be paid prior to the return of a felony indictment by the grand jury. Moreover, the circuit court clerk may receive his fee only upon removal of the case from the court's docket. As has already been indicated, the clerk is not entitled to the fee where the defendant, though indicted for a felony, is convicted of only a misdemeanor. Inasmuch as the State pays these fees only in the case of felony actions, it is important to see that the charge reported is a felony under the laws of the Commonwealth.

The Statutes define a felony as an offense punishable by death or by confinement in the penitentiary (Sec. 1127); all other offenses are classified as misdemeanors. The following shows some of the more common felonies; since it is not a complete list, any other offenses reported as felonies should be verified by referring to Chapter 36 of the Statutes, which lists and classifies all crimes:

<u>Crime</u>	<u>Section of Statutes</u>
Abduction	1156
Abortion	1219a-1
Arson	1167 et seq.
Assault with intent to rob	1160
Bigamy	1216
Breaking into railroad station or car	1113
Breaking into warehouse or storehouse	1164
Burglary	1159
Drawing worthless check for amount of \$20 or more	1213a
Embezzlement	1202 et seq.
False pretenses	1208
Forgery	1185
Grand larceny (i.e., larceny involving \$20 or more)	1194
Incest	1219
Involuntary manslaughter	1151
Maiming	1165
Malicious poisoning	1166
Malicious shooting with intent to kill	1166
Malicious stabbing with intent to kill	1166
Murder	1149
Pandering	1215b-1
Perjury	1173 et seq.
Possession of burglary tools	1159
Rape	1152 et seq.
Robbery	1159 et seq.
Seduction	1214
Sending threatening letters with intent to extort	1222
Stealing chickens, etc. of value of \$2.00 or more	1201c
Stealing hog of value of \$4.00 or more	1196
Stealing horse	1195
Voluntary manslaughter	1150

In pre-auditing criminal prosecution claims, special care should be taken to check for the following items:

1. That the offense reported is a felony charge.
2. That any witness claim includes all required information including reference to the case, indictment number, term of court, name of witness, per diems, mileage and the reference to the order book in which the court order allowing such claim is recorded.
3. That any transportation charges claimed by the sheriff are based on the shortest route and that the charges are not in excess of the rates and the number of guards permitted by statute.
4. That the felony fee claimed by the circuit court clerk represents a felony indictment finally disposed of, which final disposition does not include a reduction of a felony to a misdemeanor.
5. That any claim for an examining trial in excess of one day is supported by the affidavit described in the opinion rendered by the Attorney General.
6. That no fees are paid for arrests or examining trials prior to the return of a felony indictment.
7. That all such claims, other than those covering conveyance of prisoners to the penitentiary, are approved by the respective circuit court.
8. That all claims are set forth in sufficient detail.

• Fines and Forfeitures

Preceding sections of this chapter describe the percentages of fines and forfeitures to which various officials are entitled. In order to facilitate the distribution of fines and forfeitures, the following table has been prepared showing how the different types of fines are apportioned to county officials and the Commonwealth:

DISTRIBUTION OF FINES							
TO WHOM	Circuit Court Fines		County Court Fines		Magistrate's Ct. Fines		
	Motor Vehicle Laws	Other Laws	Motor Vehicle Laws	Other Laws	Motor Vehicle Laws	Other Laws	
Commonwealth Attorney	62%	62%	40%	40%	40%	40%	
County Attorney	25%	25%	40%	40%	40%	40%	
Circuit Court Clerk	10%	10%	--	--	--	--	
Circuit Court Clerk as Trustee of Jury Fund	1½%	1½%	1½%	1½%	1½%	1½%	
County Treasurer	--	--	--	17%	--	--	
Magistrate	--	--	--	--	10%	10%	
State Road Fund	1½%	--	18½%	--	8½%	--	
General Fund of the Commonwealth	--	1½%	--	1½%	--	8½%	
Totals	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	

A Record of the Receipt and Distribution of Fines and Forfeitures (Form A-38) has been installed in the Division of Accounts and Control in order to secure adequate control over these transactions. This record shows the various types of fines reported by each circuit court clerk, and indicates the distribution of the fines in accordance with the statutory

provisions therefor. A separate sheet is maintained for each county, and there are entered in the columns headed "Magistrate" the names of the magistrates in the particular county who try misdemeanor cases.

In making the distribution of fines and forfeitures, it is important to note that under the law the county attorney is entitled to his percentage of a circuit court fine only when he assists the Commonwealth attorney in prosecuting the case. It is, therefore, necessary that the circuit court clerk make certification to this effect on the Report of Fines and Forfeitures; no payment may be made the county attorney on the basis of circuit court fines in the absence of such certification. (See Form A-38 on following page.)

Jury Funds

It has already been noted that circuit court clerks are entitled to receive from the State Treasury an imprest fund for the purpose of paying jurors. Form A-37 is used to record this advance and any other receipts, together with the disbursements made by the circuit court clerk for jury services. On one side of this form there are posted the advance, together with any other funds used for jury purposes. It should be noted that when the advance proves insufficient and additional reimbursement cannot be secured in time, the court may order State funds held by other county officials to be used for the payment of jurors; such items also are entered as receipts of the fund. When the Jury Fund Settlement Report is received from the circuit court clerk, there are entered on this record the payments made to grand jurors, petit jurors, and one and one-half per cent deducted by the circuit court clerk as his commission on all monies expended by him for jury purposes. The amount refunded to the State Treasury is also indicated thereon, together with any amount retained by the clerk. In checking disbursements for jury purposes, it is made certain that they balance with the detailed receipted list of jurors submitted by the clerk, and that such list shows the days and nights for which each juror received payment and the date on which such payment was made. (See Form A-37)

Form A-38

RECORD OF RECEIPT AND DISTRIBUTION OF FINES AND FORFEITURES

DATE	CIRCUIT COURT		COUNTY COURT		MAGISTRATE COURT		TOTAL
	Motor Vehicle Laws	Other Laws	Motor Vehicle Laws	Other Laws	Motor Vehicle Laws	Other Laws	
1							1
2							2
3							3
4							4
5							5
6							6
7							7
8							8
9							9
10							10
11							11

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Form A-38 - Record Of Receipt And Distribution Of Fines And Forfeitures. (Size 17" x 11")

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Form A-38

RECORD OF RECEIPT AND DISTRIBUTION OF FINES AND FORFEITURES

DATE	MAGISTRATE		MAGISTRATE		ATTORNEY		Circuit	County	STATE		TOTAL
					Commonwealth	County	Clerk	Treasurer	Treasurer	Highway	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9
10											10
11											11

RIGHT HAND PAGE

Form A-38 - Record Of Receipt And Distribution Of Fines And Forfeitures. (Size 17" x 11")

Form A-37

RECORD OF RECEIPTS AND DISBURSEMENTS OF JURY FUNDS

	STATE		TAX		OTHER STATE FUNDS		MISC.	TOTAL	
	TREASURER		ON SUITS		CLERK	SHERIFF			
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10

LEFT HAND PAGE

Form A-37 - Record Of Receipts And Disbursements Of Jury Funds. (Size 14" x 11")

Form A-37

RECORD OF RECEIPTS AND DISBURSEMENTS OF JURY FUNDS

	JURIES		TOTAL JURIES	TRUSTEE COMMISSION	REFUNDED TO TREAS.	RETAINED BY TRUSTEE	TOTAL	REFERENCE	
	GRAND	PETIT							
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9

RIGHT HAND PAGE

Form A-37 - Record Of Receipts And Disbursements Of Jury Funds. (Size 14" x 11")

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PART III

Chapter XIV

NATURE OF THE ACCOUNTS

This chapter describes generally the nature and relationship of the accounts maintained by the Division of Accounts and Control of the Department of Finance. Chapter XV presents a detailed description of the General Ledger accounts showing: the entries made to them, the nature of their balances, and the relationships between the General Ledger and subsidiary ledger accounts. This detailed presentation can be used as a guide for the monthly reconciliation of the accounts. Chapter XV also contains charts of the General Ledger accounts showing the effect of the usual transactions upon these accounts and the related subsidiary ledger entries. The classification of accounts of the Expenditure and Encumbrance Ledger, Revenue and Receipts Ledger, and Detailed Expenditure Analysis Ledger are shown in Chapter XVI. Since the preceding chapters describe the records in which the accounts are maintained and the documents which serve as posting media, only incidental reference is made herein to these matters.

Because the funds are distinct financial entities, a separate set of accounts must be provided for each of the funds in the General and subsidiary ledgers. There are, however, similarities in the handling of transactions in the different funds and inter-fund relationships which may be understood best by considering the funds together.

General Ledger Accounts

The General Ledger accounts of each fund contain proprietary accounts; and, in addition, certain of the funds also have budgetary accounts. Proprietary accounts are those necessary to reflect assets and liabilities and show the results of operations in terms of revenue, expenditures, and surplus or deficit. Budgetary accounts are those necessary to set up the budget plan and to reflect the effect of financial transactions upon such plan, e.g., estimated revenue, appropriation allotments, encumbrance charges, etc.

The budgetary accounts and the revenue and expenditure accounts are closed out at the end of the year in order to determine the surplus or deficit. In the General Fund and State Road Fund these accounts are closed through the budget clearing accounts to the surplus accounts. In the Revolving, Trust, and Agency Funds and the State Fire and Tornado Insurance Fund, the encumbrance and expenditure accounts are closed to the allotment accounts, and the revenue accounts are closed directly to the surplus account. There are no surplus accounts in the Highway Bridge Bond Sinking Fund, N. I. R. A. Highway Fund, County Road Trust Fund, and the Special Deposit Trust Fund; and the accounts of these funds are not closed out at the end of the year.

Current and prior fiscal years are kept separately in the General Ledger accounts provided for receivables, encumbrance reserves, and accrued interest, with the exception of the N. I. R. A. Highway Fund, which is kept on a project rather than an annual basis. Being on an accrual basis, the General Ledger accounts, insofar as possible, include accrued assets and liabilities and accrued expenses and revenues. Certain of the General Ledger accounts serve as controlling accounts over the Expenditure and Encumbrance Ledger and the Revenue and Receipts Ledger; their relationships are discussed in subsequent sections of this chap-

ter. Fixed Asset accounts covering all funds have been set up. These are not, however, included in the General Ledger accounts as they serve primarily as controls and have no effect upon the current financial picture as presented in financial statements which are taken from the General Ledger accounts.

Table I at the end of this chapter shows all the General Ledger accounts and indicates the account numbers assigned to them in their respective funds. An examination of this table indicates the following:

1. Accounts are arranged insofar as possible in the order in which they appear in the financial statements.
2. Blocks of numbers have been assigned to the various funds as follows: The General Fund includes account numbers 1 to 99; Revolving, Trust, and Agency Funds, 100 to 199; State Road Fund, 200 to 299; Highway Bridge Bond Sinking Fund, 400 to 499; N. I. R. A. Highway Fund, 500 to 599; County Road Trust Fund, 600 to 699; Special Deposit Trust Fund, 700 to 799; and State Fire and Tornado Insurance Fund, 800 to 899.
3. Certain accounts which are common to several or all the funds have the same account name and a common number, for example: Cash in Banks in the General Fund is numbered 1; in the Revolving, Trust, and Agency Funds, 101; in the State Road Fund, 201; in the Highway Bridge Bond Sinking Fund, 401; etc.

Comparison Between General Ledger Accounts of the Different Funds

There is a marked similarity between accounts in the General Fund and the State Road Fund. The accounting for these funds is somewhat similar in that expenditures are made from allotments granted by the Division of the Budget, which allotments have as their basis the unrealized and realized revenues of the funds. Important differences between the General Ledger accounts of these funds are as follows:

1. The General Fund has an unallotted appropriations account and an inter-bank transfer account but no inter-fund credit account. This is the only one of the State funds which operates completely from fixed appropriations, and therefore requires an appropriation account. Since all transfers between depositories are made through the General Fund, there is no need for an inter-bank transfer account in the other funds. An inter-fund credit account is omitted from the General Fund because the fund is limited in its expenditures to the amount of the appropriations, which may not be supplemented by transfers from other funds.
2. The State Road Fund has accounts for cash in closed banks and reserve for estimated bank losses. Since this is the only fund having deposits in closed banks, like accounts are not provided in any of the other funds. This fund also has an account for uncompleted contracts of prior years. These contracts are of a long term character and are restricted to highway activities.

Examination of Table I reveals some similarity between the accounting for the Revolving, Trust, and Agency Funds and the State Fire and Tornado Insurance Fund. Both operate from revenue receipts which are automatically made available for expenditure. Important differences between the General Ledger accounts of these funds are:

1. Provision is made in the State Fire and Tornado Insurance Fund for accounts relating to investments and claims for losses, for which there is no need in the Revolving, Trust,

and Agency Funds.

2. The State Fire and Tornado Insurance Fund does not contain an account for estimated revenues, since the principal revenues of this fund consist of premiums for insurance, which are transferred from the other funds at the beginning of the fiscal year.

3. Since no transfers of monies for expenditure are made to or from the Insurance Fund, inter-fund charge and credit accounts are not set up.

4. Inter-account bills are not rendered to the Insurance Fund; and, therefore, no non-cash expenditure account is provided. Inasmuch as the inter-account bills rendered by this Fund to other funds represent revenue receipts and not reductions of expenditures, no inter-account credit account is provided.

The General Ledger accounts of the County Road Trust Fund and the Special Deposit Trust Fund are very similar. All cash received is set up as a liability and released upon the termination of the trust.

The Highway Bridge Bond Sinking Fund and the N. I. R. A. Highway Fund are not similar in operation to any of the other funds. In the case of the former, revenue receipts are currently made available for the retirement of bonds and the payment of interest. In the latter, receipts are derived from Federal grants for road construction, and expenditures are made against allotments for authorized projects.

Relationship of General Ledger to Expenditure and Encumbrance Ledger

As is pointed out in Chapter VII dealing with the accounting records, the Expenditure and Encumbrance Ledger has columns showing encumbrances outstanding, disbursements authorized, non-cash items, and allotments or receipts. Generally, these columns are controlled by General Ledger accounts as follows:

1. The encumbrance charges accounts control the amounts in the "Balance of Encumbrances Outstanding" columns.
2. The sum of the accounts for disbursements authorized and inter-fund charges controls the entries in the "Disbursements Authorized" column.
3. The non-cash expenditure accounts control the debit entries in the "Non-Cash Items" column.
4. The inter-account credit accounts control the credit entries in the "Non-Cash Items" column.
5. The allotment accounts control the entries in the "Allotments or Receipts" column.
6. Since all expenditures (including those not chargeable against allotments) are recorded in the Expenditure and Encumbrance Ledger, the credits in the warrants authorized accounts also serve as controls over the entries in the "Disbursements Authorized" column.

The General Ledger contains no disbursements authorized accounts for the Highway Bridge Bond Sinking Fund, the County Road Trust Fund, and the Special Deposit Trust Fund. The entries in the "Disbursements Authorized" column of the Expenditure and Encumbrance Ledger accounts for these funds are controlled by the charges in the cash with fiscal agent account the donations from counties held in trust account, and the liability for guaranty deposits account, respectively.

Relationship of General Ledger to Revenue and Receipts Ledger

The Revenue and Receipts Ledger shows the estimated revenue, balance of accrued revenue

outstanding, and cash receipts. Generally, these items are controlled by the General Ledger accounts as follows:

1. The accrued revenues unrealized accounts control the amounts in the "Balance of Accrued Revenues Outstanding" column.
2. The revenue receipts accounts control the entries in the "Receipts" column.
3. The estimated revenues accounts control the entries for estimated revenues.
4. Since all cash receipts (including non-revenue receipts) are recorded in the Revenue and Receipts Ledger, the charges in the cash in banks accounts also control the entries in the "Receipts" column.

Revenue receipt accounts are not provided in the General Ledger for the Highway Bridge Bond Sinking Fund, the N. I. R. A. Highway Fund, the County Road Trust Fund, and the Special Deposit Trust Fund. The entries in the "Receipts" columns of the Revenue and Receipts Ledger for these funds are controlled by the credits in the available for payment of bonds and interest account, estimated federal grants to be received account, donations from counties held in trust account, and liability for guaranty deposits account, respectively.

In the Revolving, Trust, and Agency Funds, Highway Bridge Bond Sinking Fund, County Road Trust Fund, Special Deposit Trust Fund, and State Fire and Tornado Insurance Fund, where the amounts available for expenditure are restricted to actual receipts, there is obviously a direct relationship between the entries in the "Receipts" column of the Revenue and Receipts Ledger and the entries in the "Allotments or Receipts" column of the Expenditure and Encumbrance Ledger.

Posting and Proving of General Ledger Accounts

Posting transactions from the Daily Summary of Financial Transactions to the General Journal requires considerable knowledge of the General Ledger accounts (See charts and description of General Ledger Accounts in Chapter XV). Table II at the end of this chapter shows General Ledger accounts involved in posting the transactions appearing on the Daily Summary of Financial Transactions. It also indicates the General Ledger accounts affected by those regular monthly journal entries which are posted directly to the General Journal from Journal Vouchers (Form A-21). These latter forms are ordinarily used for correcting and adjusting entries.

(See Form A-21 on following page.)

The arithmetical accuracy of the General Ledger accounts is proved monthly by taking trial balances of the accounts for each fund. The arithmetical accuracy of the entries on the General Journal is proved monthly by comparing the total debits with the total credits for each fund.

The following reconciliations of accounts are made monthly within the various funds; see Chapter XV for details of these reconciliations:

1. Related General Ledger accounts are reconciled; for example, disbursements authorized and inter-fund charges with warrants authorized; non-cash expenditures with inter-account credits; and in the Revolving, Trust, and Agency Funds and the State Fire and Tornado Insurance Fund, the cash in banks with revenue receipts, with surplus, and with allotments.
2. General Ledger accounts are reconciled with the related accounts maintained in offices outside of the Division of Accounts and Control, e. g., the bank accounts in the

A-21-213-0-30

Commonwealth of Kentucky
DIVISION OF ACCOUNTS AND CONTROL—DEPARTMENT OF FINANCE

JV No. _____

JOURNAL VOUCHER

Date _____, 19____

Fund, Account Name and Explanation	Subsidiary Ledger Amounts	Account Number	Folio	V	General Ledger Amounts	
					Debit	Credit

Prepared by _____ General Ledger Posted by _____
Approved by _____ Subsidiary Ledger Posted by _____

Journal Voucher. (Form A-21) (Size 8½" x 11")

Treasurer's office with the cash in bank accounts, and the warrants issued accounts in the Auditor's office with the warrants authorized accounts.

3. Subsidiary ledger accounts are reconciled with the related General Ledger accounts.

Expenditure and Encumbrance Ledger Accounts

The Expenditure and Encumbrance Ledger accounts for the General Fund are, for the most part, divided under each organization unit into the following major classes: (1) Personal Services; (2) Services Other Than Personal; (3) Materials, Supplies, and Parts; (4) Replacements and Other Current Expenses; (5) Capital Outlay; and (6) Debt and Interest. A seventh major class, County Officials and Court Costs, does not come under any specific State agency. These classes are defined in the section dealing with the Detailed Expenditure Analysis Ledger accounts. The accounts are not divided when the amount appropriated is nominal or when an amount is appropriated for an activity which requires considerable flexibility.

The Expenditure and Encumbrance Ledger accounts for the Revolving, Trust, and Agency Funds are at present not divided further than the department, division, or institution to which the receipts are automatically allotted. Accounts for the State Road Fund represent activities of the Highway Department; but it is planned to break these down into the regular expenditure classes wherever possible. The accounts for the Highway Bridge Bond Sinking Fund are by projects. No breakdown of the accounts for the N. I. R. A. Highway Fund is provided since all expenditures are for capital outlay. Since the County Road Trust Fund, the Special Deposit Trust Fund, and the State Fire and Tornado Insurance Fund are for very specific purposes, it is not feasible to divide their accounts.

The plan for coding these accounts is designed to identify the fund, State agency or function, and major expenditure class. The General Fund accounts are contained in numbers 1 to 3999; the Revolving, Trust, and Agency Funds, 4000 to 5999; the State Road Fund, 7000 to 7399; the Highway Bridge Bond Sinking Fund, 7500 to 7599; the N. I. R. A. Highway Fund, 7600 to 7699; the County Road Trust Fund, 7700 to 7799; the Special Deposit Trust Fund, 7900 to 7999; and the State Fire and Tornado Insurance Fund, 8000 to 8099. The last digit of the account number indicates the major class as follows: 0 - Unclassified; 1 - Personal Services; 2 - County Officials and Court Costs; 3 - Services Other Than Personal; 4 - Materials, Supplies, and Parts; 5 - Replacements and Other Current Expenses; 6 - Capital Outlay; and 7 - Debt and Interest. In the General Fund and the Revolving, Trust and Agency Funds, the numbers preceding the last digit indicate the budget unit; in the State Road Fund, they indicate the function. The last two digits in the Highway Bridge Bond Sinking Fund indicate the project number.

The accounts in the General Fund and the Revolving, Trust, and Agency Funds are arranged in the order in which the State departments and other agencies appear in the Appropriation Act, and the accounts in the Highway Bridge Bond Sinking Fund are in project number order. The accounts of the other funds are so limited in number as not to require any particular arrangement (See Expenditure Classification in Chapter XVI for complete list of accounts.)

The Expenditure and Encumbrance Ledger records all expenditures, including those not chargeable against allotments. The accounts for the latter expenditures are contained in separate sections for each fund. These expenditures consist of items which are not

chargeable as operating expenditures to the disbursements authorized or inter-fund charges accounts in the General Ledger, but must be charged to some other General Ledger Account. The nature of these accounts is indicated in those sections of the Expenditure Classification headed "Disbursements Not Chargeable Against Allotments" (Not Otherwise Classified" sections in the Revolving, Trust, and Agency Funds and the State Fire and Tornado Insurance Fund). The relationship of these accounts to the General Ledger accounts is found in Table II dealing with the posting of transactions from the Daily Summary of Financial Transactions, and also in Chapter XV.

Fund and subsidiary control accounts are set up in this Ledger to provide for summary information and for balancing the individual accounts. The totals of the balances in the individual accounts are checked monthly with the balances in related subsidiary control accounts, which are in turn checked with the balances in related fund control accounts. The fund or chief control accounts and some of the individual accounts are checked monthly with related controlling General Ledger accounts as indicated in a previous section of this chapter. Table III, which lists the fund and subsidiary control accounts, affords both an index to the Expenditure and Encumbrance Ledger accounts and a guide in summarizing the posting media for this Ledger on the Daily Summary of Financial Transactions.

Some of the accounts in the Expenditure and Encumbrance Ledger requiring special comment are the following:

1. Paper-revolving and postage-revolving are true revolving accounts which are included in the General Fund. Special working capital funds have not been set up for these accounts because the amounts and number of transactions involved are small, and because the various departments and agencies are charged with only the actual cost of the paper and postage.

2. Refunds-gross sales tax and money refunded provide allotments from appropriations in the General Fund for the payment of refunds of revenues. Disbursements authorized for refunds from the General Fund are, therefore, charged to the General Ledger account for authorized disbursements against allotments, instead of being charged to revenue receipts or surplus.

3. Jefferson County fees and Kenton County fees receive as allotments seventy-five per cent of the cash received as fees, as provided by law (see Chapter XIII, on county fee system). Since an appropriation is set up which acts to limit the total amount of these fees which may be allotted, these accounts are carried in the General Fund rather than in the Revolving, Trust, and Agency Funds.

4. Petty cash advances operate on an imprest basis, that is, reimbursement is made at least monthly for the exact amount of the disbursements from the advances. These advances are not charged against the allotment accounts of the various departments and agencies. The State agencies are required to repay these advances not later than the last month of the fiscal year, and until such repayment is made the agency's allotments are reduced accordingly.

Certain practices in the handling of the Expenditure and Encumbrance Ledger deserve special comment:

1. The accounts are encumbered in advance for all possible expenditures. Encumbrances are not set up for petty cash expenditures, and salaries, expenses, and special grants of the General Assembly. In these cases the posting of the expenditure does not involve

the liquidation of an encumbrance.

2. New subsidiary ledgers are opened at the beginning of each fiscal year for the accounts of the General Fund; Revolving, Trust, and Agency Funds, the State Road Fund, and the State Fire and Tornado Insurance Fund. However, the accounts of the Expenditure and Encumbrance Ledger and the Detailed Expenditure Analysis Ledger for these funds are held open for ninety days after the close of the fiscal year except in the case of the State Fire and Tornado Insurance Fund. The accounts kept open are then posted with the payment of encumbrances incurred in the previous fiscal year, with the exception of contracts for construction and maintenance. This has the effect of liquidating encumbrances in the accounts in which they were originally set up and recording expenditures in the fiscal year in which they were encumbered.

Detailed Expenditure Analysis Ledger Accounts

The Detailed Expenditure Analysis Ledger accounts give a detailed breakdown of the expenditures posted in the Expenditure and Encumbrance Ledger accounts of all funds except the County Road Trust Fund and the Special Deposit Trust Fund, where the expenditures merely represent reductions of liabilities. The expenditures which are not chargeable against allotments do not represent operating expenditures, and therefore are not subject to detailed analysis.

Where the individual account in the Expenditure and Encumbrance Ledger is one of the major classes other than capital outlay, the related group of detailed expenditure accounts is subsidiary to the account; but for capital outlay and where the account in the Expenditure and Encumbrance Ledger is not one of the major classes, all of the groups of detailed expenditure accounts are subsidiary to the account. For example, the account for personal services for the Commissioner of Finance in the Expenditure and Encumbrance Ledger is supported by detailed accounts 100 to 199 for personal services in the Detailed Expenditure Analysis Ledger. Likewise, services other than personal is supported by detailed accounts 300 to 399; materials, supplies, and parts by detailed accounts 400 to 499; and other current expenses by detailed accounts 500 to 599. However, capital outlay is supported by detailed accounts 100 to 699 because the State constructs some of its own property, entailing personal services, materials, supplies, and parts, etc. The Expenditure and Encumbrance Ledger account for the Kentucky State Fair is supported by the detailed accounts falling within all the five groups just enumerated. There are two other groups of detailed accounts not shown in the example given above: county officials and court costs, 200 to 299, and debt and interest, 700 to 799. The accounts in the Detailed Expenditure Analysis Ledger are balanced monthly with the total net expenditures in the related individual accounts of the Expenditure and Encumbrance Ledger.

The detailed account names are sufficiently descriptive and clear cut so as not to require definition. (See Subsidiary Classification of Expenditures in Chapter XVI for complete list of accounts.)

Definition of Expenditure Classes

The major expenditure classes may be defined as follows:

1. Personal Services consists of compensation for services rendered by State employees and officials and for professional services of private firms or individuals.
2. County Officials and Court Costs consists of fees and expenses paid by the State to county and local court officials.

3. Services Other Than Personal consists of services that are not primarily of a personal character and includes materials and related items required for the performance of such service.

4. Materials, Supplies, and Parts consists of items used or consumed within a comparatively short period of time or forming a minor part of equipment.

5. Replacements consists of furniture, equipment, vehicles, and machinery having considerable useful life which takes the place of like property included originally in capital outlay. In the event that the cost exceeds the original cost, such excess is capital outlay. Other current expenses consist of subsidies and grants to other governmental units, private persons, and organizations; rentals of fixed assets; and various miscellaneous operating expenses not falling within any of the other classifications.

6. Capital Outlay consists of furniture, equipment, machinery, land, buildings, roads, bridges, and other permanent improvements, and additions or betterments thereto, which are not in the nature of replacements.

7. Debt and Interest consists of payments for retirement of bonds and for interest on bonds and warrants.

The following examples may serve to clarify the distinction between repairs and parts and between replacements and capital outlay:

1. Repair of an automobile by a private garage furnishing both labor and parts is charged to Services Other Than Personal.

2. Parts purchased from a dealer to replace a part of an automobile, the labor being performed by a State employee, are charged to Materials, Supplies, and Parts.

3. The purchase of an automobile for \$700.00 which is to be used in place of an automobile originally costing \$800.00 is charged to Replacements. (The difference in the cost goes to reduce the Fixed Asset account machinery and equipment.) When an automobile originally costing \$800.00 is replaced by an automobile costing \$900.00, \$800.00 is charged to Replacements, and \$100.00 to Capital Outlay. (The difference in cost goes to increase the Fixed Asset account machinery and equipment.)

4. The purchase of an additional automobile is charged to Capital Outlay.

Revenue and Receipts Ledger Accounts

The Revenue and Receipts Ledger accounts for the various funds are grouped according to related sources. (See Revenue and Receipts Classification in Chapter XVI for complete list of accounts.) The more important accounts are explained in the revenue system chart in Chapter XVII, which gives the description, statutory reference, collecting agency, and disposition for each such source of revenue.

The funds have been assigned the following groups of account numbers:

1. General Fund, 1-999
2. Revolving, Trust, and Agency Funds, 1000-1999
3. State Road Fund, 2000-2999
4. N. I. R. A. Highway Fund, 3100-3199
5. Highway Bridge Bond Sinking Fund, 4000-4199
6. County Road Trust Fund, 5100-5199
7. Special Deposit Trust Fund, 5200-5299
8. State Fire and Tornado Insurance Fund, 6000-6099

In order to provide for summary information and for balancing the individual accounts, fund and major group control accounts are set up. The totals of the balances in the individual accounts are checked monthly with the balances in related subsidiary control accounts, which are in turn checked with related fund control accounts. The fund control accounts and some of the individual accounts are checked monthly with related controlling General Ledger accounts, as has been indicated in a preceding section of this chapter. Table IV, which lists the control accounts, indicates the major classes of revenues, and serves as an index to the accounts and as a guide for summarizing the Treasury Permits on the Summary of Daily Receipts.

All cash received is recorded in the Revenue and Receipts Ledger, including non-revenue receipts. Non-revenue receipts consist of increases in cash with resultant reductions in other current assets or increases in liabilities, reserves, or surplus, and are, therefore, posted to General Ledger accounts other than revenue receipt accounts.

The general relationship between the accounts in this Ledger and the General Ledger accounts has been indicated in a previous section of this chapter. Chapter XV shows in detail the exact relationship between these accounts and affords a guide for the monthly reconciliation. Table II of the present chapter indicates the General Ledger accounts involved in the posting of these accounts from the Daily Summary of Financial Transactions to the General Journal.

As has been previously indicated, revenue receipts are currently made available for expenditure in the Revolving, Trust, and Agency Funds, the Highway Bridge Bond Sinking Fund, the County Road Trust Fund, the Special Deposit Trust Fund, and the State Fire and Tornado Insurance Fund. This means that all entries in the "Receipts" column of the Revenue and Receipts Ledger accounts for these funds are also entered in the "Allotments or Receipts" column of the related Expenditure and Encumbrance Ledger accounts for the same funds. The Revenue and Receipts classification shows the numbers of the expenditure accounts to which receipts of these funds are credited.

Other instances in which entries are made in both the Revenue and Receipts Ledger and the Expenditure and Encumbrance Ledger are:

1. Refunds of current year disbursements are posted as deductions in the "Disbursements Authorized" column of the Expenditure and Encumbrance Ledger account in which they were originally charged, as well as in the non-revenue receipt account in the Revenue and Receipts Ledger.
2. Jefferson and Kenton Counties are required by law to operate on seventy-five per cent of their receipts. Thus seventy-five per cent of the entries in the "Receipts" column of Revenue and Receipts Ledger accounts for these counties are posted to the related Expenditure and Encumbrance Ledger accounts.

Fixed Asset Accounts

The Fixed Asset accounts serve primarily for control purposes; only three classes of fixed assets are recognized, which may be briefly defined as follows:

1. Land, consisting of the cost of land or interests in land, legal fees in acquiring title, and permanent appurtenances and betterments.

2. Buildings, consisting of the cost of structures, additions, and betterments, and permanently attached fixtures that constitute an integral part of the building.

3. Machinery and Equipment, consisting of the cost of both fixed and movable machinery and equipment (including furniture), other than fixtures of the type included in the preceding classification.

Since the Fixed Asset accounts serve primarily to control the inventory of the State's property, no provision is made for depreciation or the inclusion of such improvements as roads and bridges. In the event that fixed assets are acquired by gift they are recorded in the accounts at appraised value as of the date of acquisition. (See Chapter XV for description and chart of Fixed Asset Accounts.)

Entries to these accounts are made from monthly reports of changes in fixed assets submitted by the Division of Purchases and Public Properties, where the detailed Property Ledger accounts are maintained. Since additions to the State's property are recorded in the capital outlay accounts of the Detailed Expenditure Analysis Ledger and sales of property are recorded in non-revenue accounts of the Revenue and Receipts Ledger, a summary of the entries in these accounts will serve to check the general accuracy of the reports.

TABLE 1
LIST OF GENERAL LEDGER ACCOUNTS FOR ALL FUNDS

Name of Account	General Fund	Revolving, Trust, and Agency Funds	State Road Fund	Highway Bridge Bond Sinking Fund	N.I.R.A. Highway Fund	County Road Trust Fund	Special Deposit Trust Fund	State Fire and Tornado Insurance Fund
<u>DEBITS</u>								
<u>Cash</u>								
Cash in Banks	1	101	201	401	501	601	701	801
Petty Cash Advances			202					
Cash in Closed Banks			203					
Reserve for Estimated Bank Losses*			204					
Cash with Fiscal Agent				405				
<u>Receivables and Allowances</u>								
Taxes Receivable - Current Year	11							
Taxes Receivable - Prior Years	12							
Allowance for Uncollectible Taxes*	13							
Misc. Accounts Receivable - Current Year	14	114	214					
Misc. Accounts Receivable - Prior Years	15	115	215					
Allowance for Uncollectible Accounts Receivable*	16	116	216					
Federal Aid Receivable - Current Year			217		517			
Federal Aid Receivable - Prior Years			218					
Recoveries Receivable from Insurance Companies - Current Year								819
Recoveries Receivable from Insurance Companies - Prior Years								820
<u>Inventories</u>								
Inventory of Paper	21							
Inventory of Postage	22							
Inventory of Equipment Parts			223					
<u>Investments</u>								
Investments								824
Unamortized Premiums on Investments								825
Unamortized Discounts on Investments*								826
<u>Accrued Interest on Investments</u>								
Accrued Interest Purchased on Investments								827
Accrued Interest on Invest- ments - Current Year								828
Accrued Interest on Invest- ments - Prior Years								829

* Represents credit account deducted from assets.

Name of Account	General Fund	Revolving Trust, and Agency Funds	State Road Fund	Highway Bridge Bond Sinking Fund	N.I.R.A. Highway Fund	County Road Trust Fund	Special Deposit Trust Fund	State Fire and Tornado Insurance Fund
<u>Advances Receivable</u>								
Advances to Other Funds	31							
Advances for Jury Services	32							
<u>Estimated Revenues</u>								
Estimated Revenues	41	141	241					
<u>Expenditures</u>								
Disbursements Authorized	42	142	242		542			842
Inter-Fund Charges	43	143	243					
Non-Cash Expenditures	44	144	244					
<u>Encumbrances</u>								
Encumbrance Charges	45	145	245		545			845
Claims for Losses								846
<u>CREDITS</u>								
<u>Warrants</u>								
Warrants Authorized	51	151	251	451	551	651	751	851
Warrants Outstanding - 3% Interest-Bearing	52		252					
Warrants Outstanding - 3% Interest-Bearing - Called for Payment	53		253					
Warrants Outstanding - 5% Interest-Bearing	54							
Warrants Outstanding - 5% Interest-Bearing - Called for Payment	55							
<u>Accrued Interest on Warrants</u>								
Accrued Interest on Warrants Outstanding - Current Year	56		256					
Accrued Interest on Warrants Outstanding - Prior Years	57		257					
<u>Miscellaneous Liabilities</u>								
Other Liabilities	61	161	261					
Due Counties on Truck Licenses		162						
Contractors' Deposits Pending Settlement of Claims			263					
Liability for Guaranty Deposits							765	
Donations from Counties Held in Trust						666		
<u>Advances Payable</u>								
Advances from Federal Government					567			
Advance from General Fund								868
<u>Reserves</u>								
Outstanding Encumbrance Obligations - Current Year	71	171	271		571			871
Reserve for Prior Year Encumbrances	72	172	272					872

Name of Account	General Fund	Revolving Trust, and Agency Funds	State Road Fund	Highway Bridge Bond Sinking Fund	N.I.R.A. Highway Fund	County Road Trust Fund	Special Deposit Trust Fund	State Fire and Tornado Insurance Fund
Uncompleted Contracts - Prior Years			273					
Reserve for Claims for Losses								875
Reserve for Prior Year Claims for Losses								876
Available for Payment of Bonds and Interest				477				
<u>Surplus</u>								
Surplus	81	181	281					881
<u>Revenues</u>								
Accrued Revenues Un-realized	82	182	282					882
Revenue Receipts	83	183	283					883
Inter-Fund Credits		184	284					
<u>Appropriations</u>								
Unallotted Appropriations	85							
<u>Allotments</u>								
Allotments	86	186	286		586			
Available for Expenditure								886
Unallotted Federal Project Authorizations					588			
<u>Expenditure Credits</u>								
Inter-Account Credits	87	187	287					
<u>Clearing Accounts</u>								
Budget Clearing Account	91		291					
Inter-Bank Transfers in Transit	92							

TABLE II
CHART SHOWING GENERAL LEDGER ACCOUNTS INVOLVED IN POSTING THE DAILY SUMMARY
OF FINANCIAL TRANSACTIONS TO THE GENERAL JOURNAL

Name of Account	General Fund		Revolving, Trust, and Agency Funds		State Road Fund		Highway Bridge Bond Sinking Fund		N.I.R.A. Highway Fund		County Road Trust Fund		Special Deposit Trust Fund		State Fire and Tornado Insurance Fund	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Daily Summary of Financial Transactions	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Section 1 - Expenditures, Encumbrances, and Credits:																
Encumbrances Issued Column	45	71	145	171	245	271			545	571					845	871
															Or	for claims for losses:
															846	875
Encumbrances Liquidated Column	71	45	171	145	271	245			571	545					871	845
															Or	for claims for losses:
															875	846
Disbursements Authorized Column (a)	42	51	142	151	242	251	405	451	542	551	666	651	765	751	842	851
															Or	for transfers to other funds:
	43	51	143	151	243	251										
Disbursements Authorized Column - Highway Funds and Insurance Fund - Disbursements not Chargeable Against Allotments:																
Truck License Refunds					283	201										
Automobile License Refunds					283	251										
Payments on Account of Prior Year Contracts					273	251										
Payments on Account of Other Prior Year Encumbrances					272	251										
Payments on Account of Prior Year Encumbrances and Claims for Losses															Or	for claims for losses:
															872	851
															876	851
Non-Cash Charges Column	44	87	144	187	244	287										
	44	1	144	101	244	201										
Inter-Account Credits Column	44	87	144	187	244	287										
	1	87	101	187	201	287										
Allotments or Revolving Account Credits Column	85	86	181	186	291	286	(c)		588	586	(c)	(c)			881	886
Section 2 - Disbursements not Chargeable Against Allotments:																
Petty Cash Advances	2	51														
Jury Service Advances	32	51														

(a) Exclusive of refunds of current year disbursements, accounts not otherwise classified in the Revolving, Trust, and Agency Funds, and disbursements not chargeable against allotments in the Highway Funds and the Insurance Fund.
(b) Exclusive of accounts not otherwise classified.
(c) Posted from Section 4 - Cash Receipts.

Daily Summary of Financial Transactions	General Fund		Revolving Trust and Agency Funds		State Road Fund		Highway Bridge Bond Sinking Fund		N.I.R.A. Highway Fund		County Road Trust Fund		Special Deposit Trust Fund		State Fire and Tornado Insurance Fund	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Payment of Prior Year Interest on Warrants	57	51														
Payment on Account of Prior Year Encumbrances	72	51	172	151												
Interest on Bank Deposits - Paid to Other Funds	83	51														
Inter-Bank Transfers - From Principal Depository	92	51														
Inter-Bank Transfers - To Principal Depository	92	51														
<u>Section 3 - Checks Issued by State Treasurer:</u>																
Payment of Regular Warrants	51	1	151	101	251	201	451	401	551	501	651	601	751	701	851	801
Payment of 3% Interest-Bearing Warrants	53	1			253	201										
Payment of 5% Interest-Bearing Warrants	55	1														
<u>Section 4 - Cash Receipts</u>																
Revenue Receipts	1	83	101	183	201	283	401	477	501	517	601	666	701	765	801	883
Non-Revenue Receipts:																
Prior Year Tax Collections	1	12														
Prior Year Miscellaneous Accounts Receivable Collections	1	15	101	115	201	215										
Collections of Prior Year Federal Aid Receivable					201	218										
Collections of Prior Year Recoveries from Insurance Companies															801	820
Collections of Prior Year Interest on Investments															801	829
Refunds of Prior Year Disbursements	1	81	101	183	201	281										
Refunds of Current Year Disbursements	1	42	101	142	201	242										
Petty Cash Repayments	1	2														
Inter-Depository Transfers - To Principal Depository	1	92														
Inter-Depository Transfers - From Principal Depository	1	92														
Truck Licenses (1/2 for Counties)			101	162												
Old Age Assistance - Transfers from General Fund			101	184												
<u>Section 5 - Accrued Revenues:</u>																
Accrued Column:																
Taxes Receivable	11	82														
Miscellaneous Accounts Receivable	14	82	114	182	214	282										
Receivables from Federal Government					217	282		517	588							
Recoveries Receivable from Insurance Companies															819	882

Daily Summary of Financial Transactions	General	Revolving	State	Highway	N.I.R.A.	County	Special	State
	Fund	Trust, and Agency Funds	Road Fund	Bond Sinking Fund	Highway Fund	Road Trust Fund	Deposit Trust Fund	Fire and Tornado Insurance Fund
	Dr. Cr.	Dr. Cr.	Dr. Cr.	Dr. Cr.	Dr. Cr.	Dr. Cr.	Dr. Cr.	Dr. Cr.
Accrued Interest on Investments								828 882
Collected or Cancelled Column:								
Taxes Receivable	82 11							
Miscellaneous Accounts Receivable	82 14	182 114	282 214					
Receivables from Federal Government			282 217					
Recoveries Receivable from Insurance Companies								882 819
Accrued Interest on Investments								882 828
<u>Monthly Journal Entries:</u>								
Allowances for Uncollectible Taxes	82 13							
Allowances for Uncollectible Accounts Receivable	82 16	182 116	282 216					
Paper Received for Stock	21 91							
Paper Issued from Stock	91 21							
Postage Received for Central Supply	22 91							
Postage Issued from Central Supply	91 22							
Equipment Parts Received for Stock			223 291					
Equipment Parts Issued from Stock			291 223					
Interest Accrued on Interest-Bearing Warrants	45 56		245 256					

TABLE III

CHART OF FUND AND SUBSIDIARY CONTROL ACCOUNTS
IN THE EXPENDITURE AND ENCUMBRANCE LEDGER

<u>Control Account Name</u>	<u>Account Numbers</u>
GENERAL FUND	
Disbursements Chargeable Against Allotments	1-3499
General Assembly	1-19
Legislative Council	20-29
Lieutenant Governor	30-39
Legislative Investigating Committee	40-49
Judiciary and Court Costs	100-199
Governor	200-299
Secretary of State	300-349
Department of Law	350-399
Department of the Treasury	400-449
Auditor of Public Accounts	450-499
Department of Finance - General	500-589
Other Department of Finance Appropriations	590-689
Interest on Warrants	690-699
Department of Revenue	700-799
Other Appropriations for Revenue Administration	800-849
Board of Election Commissioners	850-899
Department of Conservation	1000-1049
Military Department	1050-1099
Department of Agriculture - Division of Agriculture	1100-1179
Department of Agriculture - Division of Labor and Statistics	1180-1199
State Board of Agriculture	1200-1299
Department of Health	1400-1499
Department of Welfare - Office of the Commissioner	1500-1529
Department of Welfare - Division of Administration	1530-1539
Department of Welfare - Hospitals and Mental Hygiene	1550-1649
Department of Welfare - Division of Corrections	1650-1719
Department of Welfare - Division of Child Welfare	1720-1759
Department of Welfare - Division of Public Assistance	1760-1819
Department of Welfare - Division of Field Operations	1820-1829
Other Welfare Activities	1830-1899
Department of Education - General	2000-2049
Department of Education - Common Schools	2050-2079
Department of Education - Vocational	2080-2099
Higher Education for Negroes	2100-2199
Schools for Blind and Deaf	2200-2299
University of Kentucky	2300-2499

Control Account Name	Account Numbers
State Teachers' Colleges	2500-2599
Department of Library and Archives	2600-2699
Department of Business Regulation	2700-2799
Department of Industrial Relations	2800-2829
Department of Mines and Minerals	2830-2869
Railroad Commission	2870-2899
Appropriations Not Otherwise Classified	3000-3499
Disbursements Not Chargeable Against Allotments	3500-3999
REVOLVING, TRUST, AND AGENCY FUNDS	4000-5999
Judiciary and Court Costs	4000-4099
Department of the Treasury	4100-4129
Department of Finance	4130-4149
Department of Revenue - Income Taxation	4150-4199
Department of Revenue - Division of Motor Vehicles	4200-4249
Other Revenue Activities	4250-4299
Department of Conservation	4300-4449
Military Department	4450-4499
Department of Agriculture	4500-4519
State Board of Agriculture	4520-4549
Department of Health	4550-4599
Department of Welfare	4600-4799
Department of Education - General	4800-4809
Department of Education - Vocational	4810-4899
Higher Education for Negroes	4900-4969
Schools for Blind and Deaf	4970-4999
University of Kentucky	5000-5049
State Teachers' Colleges	5050-5099
Department of Library and Archives	5150-5199
Department of Business Regulation	5200-5399
Public Service Commission	5400-5499
Department of Industrial Relations	5500-5599
Jefferson County	5800-5899
Not Otherwise Classified	5900-5999
HIGHWAY FUNDS	7000-7999
State Road Fund:	
Disbursements Chargeable Against Allotments	7000-7299
Disbursements Not Chargeable Against Allotments	7300-7399
Highway Bridge Bond Sinking Fund	7500-7599
N. I. R. A. Highway Fund	7600-7699
County Road Trust Fund	7700-7799
Special Deposit Trust Fund	7900-7999
STATE FIRE AND TORNADO INSURANCE FUND	8000-8099

TABLE IV
CHART OF FUND AND SUBSIDIARY CONTROL ACCOUNTS
IN THE REVENUE AND RECEIPTS LEDGER

Control Account Name	Account Numbers
GENERAL FUND	1-999
Property and Inheritance Taxes (Except Franchise Corporations)	1-49
Income and Special Corporation Taxes	50-99
Excise Taxes (Other Than Alcohol)	100-149
Alcohol Taxes and Licenses	150-199
Licenses (Other Than Alcohol)	200-299
Departmental Fees, Sales, and Rentals	300-499
County and Court Fees	500-699
Miscellaneous Revenues	700-899
Non-Revenue Receipts	900-999
REVOLVING, TRUST, AND AGENCY FUNDS	1000-1999
Excise Taxes	1100-1199
Licenses (Other Than Alcohol)	1200-1299
Examination Fees	1300-1319
Registration and Other Fees	1320-1339
Tuition Fees	1340-1349
Board and Rooms	1350-1359
Other Fees, Sales, and Rentals	1360-1499
County and Court Fees	1500-1599
Subventions and Grants	1600-1699
Miscellaneous Revenues	1700-1899
Non-Revenue Receipts	1900-1999
STATE ROAD FUND	2000-2999
Excise Taxes (Other Than Alcohol)	2100-2199
Licenses and Permits	2200-2299
Departmental Fees, Sales, and Rentals	2300-2499
County and Court Fees	2500-2599
Subventions and Grants	2600-2699
Miscellaneous Revenues	2700-2799
Non-Revenue Receipts	2800-2899
ALL OTHER FUNDS	3100-6099
N.I.R.A. Highway Fund	
Revenue Receipts	3100
Non-Revenue Receipts	3101-3199
Highway Bridge Bond Sinking Fund	4000-4199
County Road Trust Fund	5100-5199
Special Deposit Trust Fund	5200-5299
State Fire and Tornado Insurance Fund	
Revenue Receipts	6000-6029
Non-Revenue Receipts	6030-6099

Chapter XV

DESCRIPTIONS AND CHARTS OF GENERAL LEDGER ACCOUNTS

This chapter presents for each fund a list of the General Ledger accounts, together with a chart showing the effect of the ordinary transactions upon each of these accounts and those maintained in the Expenditure and Encumbrance Ledger and the Revenue and Receipts Ledger. (In the charts, the letters "E" and "R" are used to designate these latter two ledgers respectively.) In addition, the nature and contents of each account are described in detail and there are set forth the relationships existing between the General Ledger accounts and the accounts that are controlled by them. The latter presentation should serve as a guide in making the monthly reconciliation of the subsidiary ledgers with the General Ledger.

No discussions or charts are shown for either the Highway Bridge Bond Fund or the Unemployment Compensation Fund. The former was not included, since at the time of preparation of this Handbook it appeared that no further use would be made of this Fund. The Unemployment Compensation Law was enacted shortly before the completion of the Handbook. It, therefore, proved impossible to include herein charts and discussions of the General Ledger accounts for the Unemployment Compensation Fund. However, provision has been made for the revenues and expenditures of these funds in the Revenue and Receipts Classification and Expenditure Classification found in the next chapter.

GENERAL LEDGER ACCOUNTS

GENERAL FUND

Debits

1. Cash in Banks
2. Petty Cash Advances
11. Taxes Receivable - Current Year
12. Taxes Receivable - Prior Years
13. Allowance for Uncollectible Taxes*
14. Misc. Accounts Receivable - Current
15. Misc. Accounts Receivable - Prior Years
16. Allowance for Uncollectible Accounts Receivable*
21. Inventory of Paper
22. Inventory of Postage
31. Advances to Other Funds
32. Advances for Jury Services
41. Estimated Revenues
42. Authorized Disbursements Against Allotments
43. Inter-Fund Charges
44. Non-Cash Expenditures Against Allotments
45. Encumbrance Charges Against Allotments

* Represents credit account deducted from assets.

Credits

51. Warrants Authorized
52. Warrants Outstanding - 3% Interest-Bearing
53. Warrants Outstanding - 3% Interest-Bearing - Called for Payment
54. Warrants Outstanding - 5% Interest-Bearing
55. Warrants Outstanding - 5% Interest-Bearing - Called for Payment
56. Accrued Interest on Warrants Outstanding - Current Year
57. Accrued Interest on Warrants Outstanding - Prior Years
61. Other Liabilities
71. Outstanding Encumbrance Obligations - Current Year
72. Reserve for Prior Year Encumbrances
81. Surplus
82. Accrued Revenues Unrealized
83. Revenue Receipts
85. Unallotted Appropriations
86. Appropriation Allotments
87. Inter-Account Credits
91. Budget Clearing Account
92. Inter-Bank Transfers in Transit

DESCRIPTION OF GENERAL LEDGER
ACCOUNTS

GENERAL FUND

GL 1 -- Cash in Banks is charged with cash received from all sources, and is credited with checks issued for all purposes and with checks previously deposited but returned unpaid by depositories. The debit balance represents the cash available for disbursement which is on hand in the depositories.

The total of the individual bank accounts maintained in the Treasurer's office agrees with the balance in this account, after giving consideration to treasury permits in transit. The individual bank accounts in the Treasurer's office are reconciled monthly with the statements received from the depositories by deducting checks outstanding and adding deposits in transit to the banks' balances.

The charges in this account for the fiscal year equal the entries in the "Receipts" column of the chief control card of the Revenue and Receipts Ledger after allowing for: (a) charges to the account representing the receipt of payment for inter-account bills rendered other funds, which transactions are not entered in the Revenue and Receipts Ledger; and (b) checks received but returned unpaid by depositories, which are deducted in the "Receipts" column of the Revenue and Receipts Ledger and entered as credits to this account.

GL 2 -- Petty Cash Advances is charged with disbursements authorized to advance sums to the various State departments or other agencies to be used as petty cash funds, and is credited with repayment of these advances. The debit balance represents the amount which is receivable and is to be repaid prior to the close of the fiscal year.

The charges in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #3510, Petty Cash Advances. The credits in this account for the fiscal year equal the sum of the entries in the "Receipts" column of Revenue and Receipts Ledger accounts #930, Petty Cash Repayments -- Current Year, and #931, Petty Cash Repayments -- Prior Years.

GL 11 -- Taxes Receivable - Current Year is charged with taxes assessed or billed during the current fiscal year, and is credited with collections and with cancellations and abatements made on these taxes during the same fiscal year. The debit balance represents the amount of the taxes levied in the current fiscal year which have not been collected or written off, and is transferred at the end of the year to GL 12, Taxes Receivable - Prior Years.

The sum of the charges in this account and GL 14, Miscellaneous Accounts Receivable -- Current Year, equals the total of the entries in the "Accruals" column of the chief control card of the Revenue and Receipts Ledger. The sum of the credits in this account and GL 14, Miscellaneous Accounts Receivable -- Current Year, equals the total of the entries in the "Collections or Cancellations" column of the chief control card of the Revenue and Receipt Ledger.

GL 12 -- Taxes Receivable -- Prior Years is charged at the beginning of each fiscal year with the balance of uncollected taxes billed or assessed in the previous fiscal year,

and is credited with collections and with cancellations and abatements on these taxes. The debit balance represents the amount of taxes levied in previous fiscal years which have not been collected or written off.

The credits in this account for the fiscal year equal the sum of the charges for the year in GL 13, Allowance for Uncollectible Taxes, and the entries in the "Receipts" column of Revenue and Receipts Ledger account #901, Prior Year Tax Collections.

GL 13 -- Allowance for Uncollectible Taxes is credited monthly with the portion of taxes billed or accrued which it is estimated will prove uncollectible in following fiscal years, and is charged with cancellations and abatements of prior year taxes. The credit balance represents the amount set aside out of revenues to provide for estimated losses on taxes which will be written off in fiscal years subsequent to the year billed or accrued.

GL 14 -- Miscellaneous Accounts Receivable -- Current Year is charged with receivables billed during the current fiscal year for sales and services rendered, and is credited with collections and cancellations of such items during the same fiscal year. The debit balance represents the miscellaneous receivables billed during the current fiscal year not yet collected or written off, and is transferred at the close of the year to GL 15, Miscellaneous Accounts Receivable - Prior Years.

The sum of the charges in this account and GL 11, Taxes Receivable -- Current Year, equals the total of the entries in the "Accruals" column of the chief control card of the Revenue and Receipts Ledger. The sum of credits in this account and GL 11, Taxes Receivable -- Current Year, equals the total entries in the "Collections or Cancellations" column of the chief control card of the Revenue and Receipts Ledger.

GL 15 -- Miscellaneous Accounts Receivable - Prior Years is charged at the beginning of each fiscal year with the uncollected balance of miscellaneous accounts receivable billed in the previous fiscal year, and is credited with collections and cancellations of these accounts. The debit balance represents the amount of miscellaneous receivables billed in previous fiscal years which have not been collected or written off.

The credits in this account for the fiscal year equal the sum of the charges for the year in GL 16, Allowance for Uncollectible Accounts Receivable, and the entries in the "Receipts" column of Revenue and Receipts Ledger account #902, Prior Year Miscellaneous Accounts Receivable Collections.

GL 16 -- Allowance for Uncollectible Accounts Receivable is credited monthly with the portion of the miscellaneous accounts receivable billed which, it is estimated, will prove to be uncollectible during the following fiscal years, and is charged with write-offs of prior year miscellaneous accounts receivable. The credit balance represents the amount set aside out of revenues to provide for losses on miscellaneous accounts receivable which will be written off in fiscal years subsequent to the year billed.

GL 21 -- Inventory of Paper is charged monthly with the cost of paper purchased and received for stock on hand, and is credited monthly with the average cost of paper issued from stock to the various departments and other State agencies. It is also adjusted quarterly with the amount of the variances between the physical inventory and paper inventory record. The debit balance represents the average cost of the paper stock on hand.

The charges in this account for the fiscal year equal the entries in the "Disbursements

Authorized" column of Expenditure and Encumbrance Ledger account #630, Paper - Revolving, after allowing for differences due to cash discounts and the period intervening between the actual receipt of the paper and the entry of the respective invoice for payment. The credits in this account for the fiscal year equal the credit entries in the "Non-Cash Items" column of Expenditure and Encumbrance Ledger account #630, Paper-Revolving, after allowing for differences between the time of the actual issuance of the paper from stock and the entry of the resultant inter-account bills for credit.

GL 22 -- Inventory of Postage is charged monthly with stamps purchased for the supply maintained by the Division of Purchases and Public Properties, and is credited monthly with the amount of stamps issued from the supply to the various State agencies. The debit balance represents the value of the stamps on hand.

The charges in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #640, Postage - Revolving. The credits in this account for the fiscal year equal the credit entries in the "Non-Cash Items" column of Expenditure and Encumbrance Ledger account #640, Postage-Revolving, after allowing for differences between the time of issuance of the stamps and the entry of the resultant inter-account bills for credit.

GL 31 -- Advances to Other Funds is charged with disbursements authorized for advances to other State funds, and is credited with cash received in repayment of these advances. The debit balance represents advances receivable from other State funds.

The charges in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #3620, Payment of Advances to Other Funds. The credits in this account for the fiscal year equal the entries in the "Receipts" column of Revenue and Receipts Ledger account #951, Repayment of Advances to Other Funds.

GL 32 -- Advances for Jury Services is charged with disbursements authorized for advances to circuit court clerks for each session of court so that they may pay for jury services in cash, and is credited with payments reported by circuit court clerks and with cash received in repayment of the unexpended balance of these advances. The debit balance represents a mixed account of the payments for jury services not yet reported by circuit court clerks and the unexpended balance of advances to be repaid at the close of the court sessions.

The charges in this account for the fiscal year equal the debit entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #3520, Jury Service Advances. The credits in this account for the fiscal year equal the sum of the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #172, Jury Services, and the entries in the "Receipts" column of Revenue and Receipts Ledger accounts #911, Repayments of Advances for Jury Services -- Current Year, and #912, Repayments of Advances for Jury Services - Prior Year.

GL 41 -- Estimated Revenues is charged at the beginning of the fiscal year with the amount of revenues estimated to be received or accrue during the current fiscal year. The debit balance is closed out at the end of the year to GL 91, Budget Clearing Account.

The charges in this account equal the total of the entries in the space provided for estimated revenues at the top of the Revenue and Receipts Ledger accounts.

GL 42 -- Authorized Disbursements Against Allotments is charged with expenditures approved for payment which are chargeable against appropriation allotments for the current fiscal year, and is credited with cash received in the same fiscal year for refunds of these expenditures. The debit balance represents the net disbursements authorized in payment of budget expenditures for the current fiscal year, and is closed out at the end of the year to GL 91, Budget Clearing Account.

The sum of the charges in this account and GL 43, Inter-Fund Charges, equals the credits for the fiscal year in GL 51, Warrants Authorized, after allowing for the warrants authorized in payment of disbursements not chargeable against allotments. (See the section of the Expenditure Classification dealing with disbursements not chargeable against allotments.)

The sum of the debit balances in this account and GL 43, Inter-Fund Charges, equals the entries in the "Disbursements Authorized" column of the chief control card of the Expenditure and Encumbrance Ledger.

GL 43 -- Inter-Fund Charges is charged with disbursements authorized transferring amounts to other State funds for expenditure, which are chargeable against appropriation allotments for the current fiscal year. The debit balance is closed out at the end of the year to GL 91, Budget Clearing Account.

GL 44 -- Non-Cash Expenditures Against Allotments is charged with expenditures for materials, supplies, or services furnished by one State agency to another, which are chargeable against appropriation allotments for the current fiscal year but which are settled without the issuance of warrants. The debit balance is closed out at the end of the year to GL 91, Budget Clearing Account.

The charges in the account may be reconciled with the credits in GL 87, Inter-Account Credits, by considering inter-account bills between funds.

The charges in this account equal the debit entries in the "Non-Cash Items" column of the chief control card of the Expenditure and Encumbrance Ledger.

GL 45 -- Encumbrance Charges Against Allotments is charged with purchase orders, contracts, out of state travel authorizations, and miscellaneous encumbrance requisitions issued during the current fiscal year, and with interest expense accrued monthly on warrants outstanding. It is credited with liquidations and cancellations of these encumbrances made during the current fiscal year. The debit balance represents commitments authorized and reserved against the appropriation allotments for the current fiscal year which have not yet been authorized for disbursement, and is closed at the end of the year to GL 91, Budget Clearing Account.

The debit balance of this account equals the amount in the "Balance of Encumbrances Outstanding" column of the chief control card of the Expenditure and Encumbrance Ledger.

GL 51 -- Warrants Authorized is credited with disbursements authorized for all purposes by the Division of Accounts and Control, and is charged with checks issued in payment of non-interest-bearing warrants and with warrants marked "Interest-Bearing." The credit balance represents the liability for unpaid non-interest-bearing warrants.

The total of the warrants issued as reported by the Auditor's office equals the credits

in this account after allowing for voucher transmittals in transit.

The credits in this account for the fiscal year equal the charges in GL 42, Authorized Disbursements Against Allotments, and GL 43, Inter-Fund Charges, with the addition of warrants issued in payment of disbursements not chargeable against allotments. (See section of Expenditure Classification dealing with disbursements not chargeable against allotments.)

The total of the credits in this account for the fiscal year equals the sum of the entries in the "Disbursements Authorized" column of the chief control card and the control card for disbursements not chargeable against allotments of the Expenditure and Encumbrance Ledger, with the exception of refunds of current year disbursements which are deducted in the "Disbursements Authorized" column.

GL 52 -- Warrants Outstanding - 3% Interest-Bearing is credited with 3% interest-bearing warrants issued, and is charged with the amount of these warrants called for payment. The credit balance represents the liability for 3% interest-bearing warrants outstanding which have not been called for payment.

GL 53 -- Warrants Outstanding - 3% Interest-Bearing - Called for Payment is credited with the amount of 3% interest-bearing warrants called for payment, and is charged with checks issued in payment of these warrants. The credit balance represents the liability for 3% interest-bearing warrants outstanding which have been called but not yet paid.

GL 54 -- Warrants Outstanding - 5% Interest-Bearing is credited with 5% interest-bearing warrants issued, and is charged with the amount of these warrants called for payment. The credit balance represents the liability for 5% interest-bearing warrants outstanding which have not been called for payment.

GL 55 - Warrants Outstanding - 5% Interest-Bearing - Called for Payment is credited with the amount of 5% interest-bearing warrants called for payment, and is charged with checks issued in payment of these warrants and with the amount of these warrants received in exchange for 3% interest-bearing warrants. The credit balance represents the liability for 5% interest-bearing warrants outstanding which have been called but not yet submitted for payment.

GL 56 -- Accrued Interest on Warrants Outstanding - Current Year is credited monthly with interest accrued on outstanding 3% and 5% interest-bearing warrants during the current fiscal year, and is charged with disbursements authorized in payment of this interest during the same year. The credit balance represents the liability for unpaid interest accrued during the current fiscal year on interest-bearing warrants outstanding, and is transferred at the end of the year to GL 57, Accrued Interest on Warrants Outstanding - Prior Years.

The sum of the credit balances in this account and GL 71, Outstanding Encumbrance Obligations - Current Year, equals the amount in the "Balance of Outstanding Encumbrances" column of the chief control card of the Expenditure and Encumbrance Ledger. The credits in this account equal the entries in the "Encumbrances Issued" column of Expenditure and Encumbrance Ledger account #697, Interest on Warrants. The charges in this account equal the entries in the "Encumbrances Liquidated" column or the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #697, Interest on Warrants.

GL 57 -- Accrued Interest on Warrants Outstanding - Prior Years is credited at the beginning of the fiscal year with the balance of the unpaid accrued interest on warrants at

the close of the previous fiscal year, and is charged with disbursements authorized in payment of prior year interest on warrants. The credit balance represents a reserve set up out of appropriation allotments of previous fiscal years to provide for the payment of interest on warrants accrued in previous fiscal years on which interest coupons have not been presented and authorized for payment.

The charges in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #3530, Payment of Prior Year Interest on Warrants.

GL 61 -- Other Liabilities is credited with miscellaneous accounts payable incurred, and is debited with disbursements authorized in payment of these accounts. The credit balance represents miscellaneous liabilities to be paid at some future date.

GL 71 -- Outstanding Encumbrance Obligations - Current Year is credited with purchase order, contracts, out of state travel authorizations, and miscellaneous encumbrance requisitions issued during the current fiscal year, and is charged with liquidations or cancellations of these encumbrances made during the same year. The credit balance represents the liability for authorized commitments, with the exception of interest accrued on warrants, reserved against the appropriation allotments for the current fiscal year, which commitments have not yet been authorized for disbursement. The balance is transferred at the end of the year to GL 72, Reserve for Prior Year Encumbrances.

The sum of the credit balances of this account and GL 56, Accrued Interest on Warrants Outstanding - Current Year, equals the amount in the "Balance of Encumbrances Outstanding" column of the chief control card of the Expenditure and Encumbrance Ledger.

GL 72 -- Reserve for Prior Year Encumbrances is credited at the beginning of the fiscal year with the balance of unliquidated encumbrance obligations outstanding at the close of the previous fiscal year, and is charged with disbursements authorized in payment and with cancellations of these encumbrances. The credit balance represents a reserve set up out of appropriation allotments for the previous fiscal year to provide for the payment of authorized commitments incurred in that year, with the exception of interest accrued on warrants, which commitments have not yet been authorized for disbursement. The balance of this account is closed to GL 81, Surplus, at the expiration of ninety days from the close of the fiscal year.

GL 81 -- Surplus is credited with transactions which are not properly part of the normal revenues of the fiscal year, either because they belong to a prior fiscal period or were not contemplated in the budget, resulting in increase in surplus or a decrease in deficit, such as receipts for refunds of prior year disbursements and receipts from sales of fixed assets. The account is charged with transactions which are not properly a part of the normal expenditures of the fiscal year, resulting in a decrease in surplus or an increase in deficit, such as additional allowances for prior year receivables believed to be uncollectible. At the close of the fiscal year it is credited or charged with the balance in GL 91, Budget Clearing Account. At the close of the fiscal year a credit balance represents the cumulative excess of revenues over budget expenditures and surplus adjustments and reserves, and a debit balance represents the cumulative excess of budget expenditures and surplus adjustments and reserves over revenues.

GL 82 -- Accrued Revenues Unrealized is credited with taxes and miscellaneous accounts receivable billed or accrued during the current fiscal year, and is charged when cash is collected on these accounts in the same fiscal year, with monthly allowances set up for the portion of taxes and accounts receivable billed or accrued which it is estimated will prove uncollectible in subsequent fiscal years, and with cancellations and abatements of these receivables in the same fiscal year billed or accrued. The credit balance represents revenues earned during the current fiscal year which have not yet been collected, and is closed at the end of the year to GL 91, Budget Clearing Account.

The credits in this account equal the entries in the "Accruals" column of the chief control card of the Revenue and Receipts Ledger. The charges in this account equal the sum of the credits in GL 13, Allowance for Uncollectible Taxes, GL 16, Allowance for Uncollectible Accounts Receivable, and the entries in the "Collections or Cancellations" column of the chief control card of the Revenue and Receipts Ledger.

GL 83 -- Revenue Receipts is credited with cash received from revenue sources, including collections of taxes and miscellaneous accounts receivable billed or accrued in the current fiscal year, and is charged with checks previously credited to this account but returned unpaid by depositories. The credit balance represents revenues for the current fiscal year received in cash, and is closed at the end of the year to GL 91, Budget Clearing Account.

The credit balance in this account equals the entries in the "Receipts" column of the chief control card of the Revenue and Receipts Ledger with the exception of the entries for non-revenue receipts.

GL 85 -- Unallotted Appropriations is credited at the beginning of the fiscal year with the amount authorized by the General Assembly for expenditure in the current fiscal year, and is charged with the allotments granted. The credit balance in this account represents the portion of the annual appropriations which is available for allotment in the current fiscal year, and is closed at the end of the year to GL 91, Budget Clearing Account.

The charges in this account equal the entries in the "Allotments or Receipts" column of the chief control card of the Expenditure and Encumbrance Ledger, and also the total of the balances in the Allotment Ledger.

GL 86 -- Appropriation Allotments is credited with the amounts made available for expenditures of the current fiscal year by the Department of Finance to the various departments and other State agencies. The credit balance is closed at the end of the year to GL 91, Budget Clearing Account.

The credits in this account equal the entries in the "Allotments or Receipts" column of the chief control card of the Expenditure and Encumbrance Ledger, and also the total of the balances in the Allotment Ledger.

GL 87 -- Inter-Account Credits is credited with the amount of materials, supplies, or services furnished by one State agency to another, which transaction serves to reduce the budgetary expenditures of the current fiscal year of the former agency. The credit balance is closed out at the end of the year to GL 91, Budget Clearing Account.

The credits in this account may be reconciled with the charges in GL 44, Non-Cash Expenditures Against Allotments, allowing for inter-account bills between funds.

The credits in this account equal the credit entries in the "Non-Cash Items" column of the chief control card of the Expenditure and Encumbrance Ledger.

GL 91 -- Budget Clearing Account is credited at the beginning of the fiscal year with the amount of estimated revenues for the year, and charged with the appropriations for the year. The account is credited monthly with purchases of paper and stamps received for the supply on hand, and is charged monthly with the amount of paper and stamps issued from the supply on hand. At the end of the fiscal year the account is credited with the balances of the revenue and appropriation accounts, namely, GL 82, Accrued Revenues Unrealized, GL 83, Revenue Receipts, GL 85, Unallotted Appropriations, GL 86, Appropriation Allotments, and GL 87, Inter-Account Credits, and is charged with the balances of the estimated revenue and the expenditure accounts, namely, GL 41, Estimated Revenues, GL 42, Authorized Disbursements Against Allotments, GL 43, Inter-Fund Charges, GL 44, Non-Cash Expenditures Against Allotments, and GL 45, Encumbrance Charges Against Allotments. The debit or credit balance is closed out at the end of the year to GL 81, Surplus.

After the budget has been entered on the accounts, at the beginning of the fiscal year, a credit balance in this account represents the excess for the current fiscal year of estimated revenues over appropriations. A debit balance represents the excess of the appropriations over the estimated revenues for the current fiscal year.

At the end of the fiscal year a credit balance in this account indicates that the General Fund expenditures have been less than the amount of the revenues for the current fiscal year. A debit balance in the account indicates that the General Fund expenditures have been more than the revenues for the current fiscal year.

GL 92 -- Inter-Bank Transfers in Transit is charged with disbursements authorized to transfer bank deposits from one depository to another, and is credited with cash receipts for the transfer. There is normally no balance in this account. If there is a credit balance it represents incompleting transfers between depositories.

The charges in this account equal the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger accounts #3580, Inter-Bank Transfers -- From Principal Depository, and #3590, Inter-Bank Transfers -- To Principal Depository. The credits in this account equal the entries in the "Receipts" column of Revenue and Receipts Ledger accounts #932, Inter-Depository Transfers -- To Principal Depository, and #933, Inter-Depository Transfers -- To Other Depositories.

CHART OF GENERAL LEDGER ACCOUNTS
GENERAL FUND

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 1	Cash in Banks	<p>Dr. with Revenue receipts not previously billed.</p> <p>Dr. with Non-revenue receipts.</p> <p>Dr. with Collections of current year taxes receivable.</p> <p>Dr. with Collections of prior year taxes receivable.</p> <p>Dr. with Collections of current year miscellaneous accounts receivable.</p> <p>Dr. with Collections of prior year miscellaneous accounts receivable.</p> <p>Cr. with Checks issued for non-interest-bearing warrants.</p> <p>Cr. with Checks issued in payment of interest-bearing warrants.</p> <p>Cr. with Checks received but returned unpaid by depositors.</p>	<p>Enter in "Receipts" column of R Ledger accounts affected.</p> <p>Enter in "Receipts" column of accounts affected in non-revenue section of R Ledger. <u>Also</u> If refunds of current year disbursements, enter deduct in "Disbursements Authorized" column of E Ledger accounts affected.</p> <p>Enter in "Collections or Cancellations" column <u>and</u> in "Receipts" column of R Ledger accounts affected.</p> <p>Enter in "Receipts" column of R Ledger account # 901.</p> <p>Enter in "Collections or Cancellations" column <u>and</u> in "Receipts" column of R Ledger accounts affected.</p> <p>Enter in "Receipts" column of R Ledger account # 902.</p> <p>Enter deduct in "Receipts" column of R Ledger accounts originally credited.</p>	<p>Cr. GL 83 - Revenue Receipts.</p> <p>Cr. Asset, Liability, or other accounts affected.</p> <p>Cr. GL 11 - Taxes Receivable - Current Year. <u>Also</u> Dr. GL 82 - Accrued Revenues Unrealized. Cr. GL 83 - Revenue Receipts.</p> <p>Cr. GL 12 - Taxes Receivable - Prior Years.</p> <p>Cr. GL 14 - Miscellaneous Accounts Receivable - Current Year. <u>Also</u> Dr. GL 82 - Accrued Revenues Unrealized. Cr. GL 83 - Revenue Receipts.</p> <p>Cr. GL 15 - Miscellaneous Accounts Receivable - Prior Years.</p> <p>Dr. GL 51 - Warrants Authorized.</p> <p>Dr. GL 53 - Warrants Outstanding - 3% Interest-Bearing - Called for Payment. <u>Or</u> Dr. GL 55 - Warrants Outstanding - 5% Interest-Bearing - Called for Payment.</p> <p>Dr. GL 83 - Revenue Receipts or other account credited when check was originally received.</p>

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 2	Petty Cash Advances	Dr. with Amount of petty cash advanced to the various departments. Cr. with Amount of petty cash re-payments	Enter in "Disbursements Authorized" column of E Ledger account # 3510. Enter in "Receipts" column of R Ledger account # 930 (Current Year) or #931 (Prior Year).	Cr. GL 51 - Warrants Authorized. Dr. GL 1 - Cash in Banks.
GL 11	Taxes Receivable - Current Year	Dr. with Taxes assessed and/or billed. Cr. with Current year tax collections. Cr. with Cancellations and abatements.	Enter in "Accruals" column of R Ledger accounts affected. Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected. Enter in "Collections or Cancellations" column of R Ledger accounts affected.	Cr. GL 82 - Accrued Revenues Unrealized. Dr. GL 1 - Cash in Banks <u>Also</u> Dr. GL 82 - Accrued Revenues Unrealized. Cr. GL 83 - Revenue Receipts. Dr. GL 82 - Accrued Revenues Unrealized.
GL 12	Taxes Receivable - Prior Years	Cr. with Uncollected taxes at close of year. Dr. with Uncollected taxes at close of year. Cr. with Collections of prior year taxes. Cr. with Cancellations and abatements.	Enter in "Receipts" column of R Ledger account # 901.	Dr. GL 12 - Taxes Receivable - Prior Years. Cr. GL 11 - Taxes Receivable - Current Year. Dr. GL 1 - Cash in Banks. Dr. GL 13 - Allowance for Uncollectible Taxes.
GL 13	Allowance for Uncollectible Taxes.	Cr. with Estimate of uncollectible taxes. (Estimate to be made monthly covering taxes accrued during the month.) Dr. with Cancellations and abatements of prior year taxes.		Dr. GL 82 - Accrued Revenues Unrealized. (If an additional allowance is set up in later years. Dr. GL 81 - Surplus.) Cr. GL 12 - Taxes Receivable - Prior Years.
GL 14	Miscellaneous Accounts Receivable - Current Year	Dr. with Accounts receivable billed. Cr. with Collections of current accounts receivable. Cr. with Cancellations and write-offs.	Enter in "Accruals" column of R Ledger accounts affected. Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected. Enter in "Collections or Cancellations" column of R Ledger accounts affected.	Cr. GL 82 - Accrued Revenues Unrealized. Dr. GL 1 - Cash in Banks. <u>Also</u> Dr. GL 82 - Accrued Revenues Unrealized. Cr. GL 83 - Revenue Receipts. Dr. GL 82 - Accrued Revenues Unrealized.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 15	Miscellaneous Accounts Receivable - Prior Years	Cr. with Uncollected balance at close of year. Dr. with Uncollected accounts at close of year.		Dr. GL 15 - Misc. Accounts Receivable - Prior Years. Cr. GL 14 - Misc. Accounts Receivable - Current Year.
		Cr. with Collections of prior year accounts.	Enter in "Receipts" column of R Ledger Account # 902.	Dr. GL 1 - Cash in Banks.
GL 16	Allowance for Uncollectible Accounts Receivable	Cr. with Cancellations and write-offs of prior year accounts. Cr. with Estimate of uncollectible accounts. (Estimate to be made monthly covering accounts billed during the month.)		Dr. GL 16 - Allowance for Uncollectible Accounts Receivable. Dr. GL 82 - Accrued Revenues Unrealized.
		Dr. with Cancellations and write-offs of prior year accounts.		Cr. GL 15 - Misc. Accounts Receivable - Prior Years.
GL 21	Inventory of Paper	Dr. with Purchases of paper received for stock, at end of month. Cr. with Amount of paper issued from stock, at end of month.	Enter in "Received" column of Paper Inventory Record. Enter in "Disbursed" column of Paper Inventory Record.	Cr. GL 91 - Budget Clearing Account. Dr. GL 91 - Budget Clearing Account.
		Cr. with Write-offs for shortages between physical and book inventories.	Enter in "Disbursed" column of Paper Inventory Record.	Dr. GL 91 - Budget Clearing Account.
GL 22	Inventory of Postage	Dr. with Purchases of stamps received for supply, at end of month. Cr. with Amount of stamps issued from supply, at end of month.		Cr. GL 91 - Budget Clearing Account. Dr. GL 91 - Budget Clearing Account.
GL 31	Advances to Other Funds	Dr. with Authorized loans to other funds.	Enter in "Disbursements Authorized" column of E Ledger account #3620.	Cr. GL 51 - Warrants Authorized.
		Cr. with Repayment received on loans to other funds.	Enter in "Receipts" column of R Ledger Account #951.	Dr. GL 1 - Cash in Banks.
GL 32	Advances for Jury Services	Dr. with Authorized advances to Circuit Court clerks for payment of jury services.	Enter in "Disbursements Authorized" column of E Ledger account #3520.	Cr. GL 51 - Warrants Authorized.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Cr. with Disbursements for jury services reported by Circuit Court clerks.	Enter in "Disbursements Authorized" column of E Ledger account #172. Also Enter deduct in "Disbursements Authorized" column of E Ledger account #3520.	Dr. GL 42 - Authorized Disbursements against allotments.
GL 41	Estimated Revenues	Cr. with Repayment of unexpended balance of advances. Dr. with Estimate of General Fund revenues for the year.	Enter in "Receipts" column of R Ledger account #911 or #912. Enter estimates in space provided at top of R Ledger accounts.	Dr. GL 1 - Cash in Banks. Cr. GL 91 - Budget Clearing Account.
GL 42	Authorized Disbursements Against Allotments	Cr. with Balance of account at close of year. Dr. with Budget disbursements authorized by Division of Accounts and Control. Cr. with Reductions or cancellations of authorizations. Cr. with Cash receipts for refunds of current year disbursements.	Enter in "Disbursements Authorized" column of E Ledger accounts affected. Enter deduct in "Disbursements Authorized" column of E Ledger accounts affected. Enter deduct in "Disbursements Authorized" column of E Ledger accounts affected. Also Enter in "Receipts" column of R Ledger account #922.	Dr. GL 91 - Budget Clearing Account. Cr. GL 51 - Warrants Authorized. Dr. GL 51 - Warrants Authorized. Dr. GL 1 - Cash in Banks.
GL 43	Inter-Fund Charges	Cr. with Balance of account at close of year. Dr. with authorized disbursements to other funds.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL 91 - Budget Clearing Account. Cr. GL 51 - Warrants Authorized.
GL 44	Non-Cash Expenditures Against Allotments	Cr. with Balance at close of year. Dr. with Non-cash charges authorized by Division of Accounts and Control. Cr. with Reductions or cancellations of authorizations. Cr. with Balance of account at end of year.	Enter in "Non-Cash Items" column of E Ledger accounts affected. Enter deduct in "Non-Cash Items" column of E Ledger accounts affected.	Dr. GL 91 - Budget Clearing Account. Cr. GL 87 - Inter-Account Credits. Or For inter-account bills between funds: Cr. GL 1 - Cash in Banks. Dr. GL 87 - Inter-Account Credits. Dr. GL 91 - Budget Clearing Account.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 45	Encumbrance Charges Against Allotments	Dr. with Amount of purchase orders, contracts, out of state travel authorizations, and miscellaneous encumbrance requisitions issued. Dr. with Interest accrued on warrants outstanding at end of month. Cr. with Encumbrance liquidations or cancellations.	Enter in "Encumbrances Issued" column of E Ledger accounts affected. Enter in "Encumbrances Issued" column of E Ledger account #697. Enter in "Encumbrances Liquidated" column of E Ledger accounts affected.	Cr. GL 71 - Outstanding Encumbrance Obligations - Current Year. Cr. GL 56 - Accrued Interest on Warrants Outstanding - Current Year. Dr. GL 71 - Outstanding Encumbrance Obligations - Current Year. Or For liquidation of interest on warrants accrued in current year: Dr. GL 56 - Accrued Interest on Warrants Outstanding - Current Year.
GL 51	Warrants Authorized	Cr. with Balance at close of year. Cr. with Disbursements authorized by Division of Accounts and Control.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL 91 - Budget Clearing Account. Dr. GL 42 - Authorized Disbursements Against Allotments or other General Ledger accounts affected..
GL 52	Warrants Outstanding - 3% Interest-Bearing	Dr. with Checks issued by Treasurer (except checks in payment of interest-bearing warrants). Dr. with Amount of warrants marked "3% Interest-Bearing." Dr. with Amount of warrants marked "5% Interest-Bearing." Cr. with Amount of warrants marked "3% Interest-Bearing." Cr. with Amount of 3% interest-bearing warrants issued in exchange for 5% interest-bearing warrants. Dr. with Amount of 3% interest-bearing warrants called for payment.		Cr. GL 1 - Cash in Banks. Cr. GL 52 - Warrants Outstanding - 3% Interest-Bearing. Cr. GL 54 - Warrants Outstanding - 5% Interest-Bearing. Dr. GL 51 - Warrants Authorized. Dr. GL 55 - Warrants Outstanding - 5% Interest-Bearing - Called for Payment. Cr. GL 53 - Warrants Outstanding - 3% Interest-Bearing - Called for Payment.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES .	CONTRA GENERAL LEDGER ENTRIES
GL 53	Warrants Outstanding - 3% Interest-Bearing - Called for Payment	Cr. with Amount of 3% interest-bearing warrants called for payment. Dr. with Checks issued in payment of 3% interest-bearing warrants.		Dr. GL 52 - Warrants Outstanding - 3% Interest-Bearing. Cr. GL 1 - Cash in Banks.
GL 54	Warrants Outstanding - 5% Interest-Bearing	Cr. with Amount of warrants marked "5% Interest-Bearing." Dr. with Amount of 5% interest-bearing warrants called for payment.		Dr. GL 51 - Warrants Authorized. Cr. GL 55 - Warrants Outstanding - 5% Interest-Bearing - Called for Payment.
GL 55	Warrants Outstanding - 5% Interest-Bearing - Called for Payment	Cr. with Amount of 5% interest-bearing warrants called for payment. Dr. with Checks issued in payment of 5% interest-bearing warrants. Dr. with Amount of 5% interest-bearing warrants received in exchange for 3% interest-bearing warrants.		Dr. GL 54 - Warrants Outstanding - 5% Interest-Bearing. Cr. GL 1 - Cash in Banks. Cr. GL 52 - Warrants Outstanding - 3% Interest-Bearing.
GL 56	Accrued Interest on Warrants Outstanding - Current Year	Cr. with Interest accrued, computed at end of each month. Dr. with Disbursements authorized in payment of warrant interest accrued in current year. Dr. with balance at close of year.	Enter in "Encumbrances Issued" column of E Ledger account #697. Enter in "Encumbrances Liquidated" column and in "Disbursements Authorized" column of E Ledger account #697.	Dr. GL 45 - Encumbrance Charges Against Allotments. Cr. GL 45 - Encumbrance Charges Against Allotments. Also Dr. GL 42 - Authorized Disbursements Against Allotments. Cr. GL 51 - Warrants Authorized. Cr. GL 57 - Accrued Interest on Warrants Outstanding - Prior Years.
GL 57	Accrued Interest on Warrants Outstanding - Prior Years	Cr. with Balance of GL 56, Accrued Interest on Warrants Outstanding - Current Year, at close of year. Dr. with Disbursements authorized in payment of warrant interest accrued in prior years.	Enter in "Disbursements Authorized" column of E Ledger account #3530.	Dr. GL 56 - Accrued Interest on Warrants Outstanding - Current Year. Cr. GL 51 - Warrants Authorized.
GL 61	Other Liabilities	Cr. with Other Liabilities incurred. Dr. with Disbursements authorized to liquidate.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL accounts affected. Cr. GL 51 - Warrants Authorized.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 71	Outstanding Encumbrance Obligations - Current Year	Cr. with Amount of purchase orders, contracts, out of state travel authorizations, and miscellaneous encumbrance requisitions issued. Dr. with Encumbrance liquidations. Dr. with Balance at close of year.	Enter in "Encumbrances Issued" column of E Ledger accounts affected. Enter in "Encumbrances Liquidated" column of E Ledger accounts affected.	Dr. GL 45 - Encumbrance Charges Against Allotments. Cr. GL 45 - Encumbrance Charges Against Allotments. Cr. GL 72 - Reserve for Prior Year Encumbrances.
GL 72	Reserve for Prior Year Encumbrances	Cr. with Balance of GL 71, Outstanding Encumbrance Obligations - Current Year, at close of year. Dr. with Disbursements authorized in payment of prior year encumbrances. Dr. with Full or partial cancellations of prior year encumbrances. Dr. with Balance of this account at expiration of ninety days from close of fiscal year.	Enter in "Disbursements Authorized" column of E Ledger account #3540.	Dr. GL 71 - Outstanding Encumbrance Obligations - Current Year. Cr. GL 51 - Warrants Authorized. Cr. GL 81 - Surplus. Cr. GL 81 - Surplus.
GL 81	Surplus	Cr. with Non-budget transactions resulting in an increase in surplus or a decrease in deficit. Dr. with Non-budget transactions resulting in a decrease in surplus or an increase in deficit. Cr. with Budget clearing account balance (if a credit balance) after all other accounts have been closed at end of year. Dr. with Budget clearing account balance (if a debit balance) after all other accounts have been closed at end of year.	If a cash receipt, enter in "Receipts" column of R Ledger accounts affected. If a cash transaction, enter in "Disbursements Authorized" column of E Ledger accounts affected (Disbursements not Chargeable Against Allotments Section).	Dr. GL accounts affected. Cr. GL accounts affected. Dr. GL 91 - Budget Clearing Account. Cr. GL 91 - Budget Clearing Account.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 82	Accrued Revenues Unrealized	Cr. with Taxes billed or definitely accrued.	Enter in "Accruals" column of R Ledger accounts affected.	Dr. GL 11 - Taxes Receivable - Current Year.
		Cr. with Miscellaneous receivables billed.	Enter in "Accruals" column of R Ledger accounts affected.	Dr. GL 14 - Miscellaneous Accounts Receivable - Current Year.
		Dr. with Collections of current taxes previously set up as receivable.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected.	Cr. GL 83 - Revenue Receipts. Also Dr. GL 1 - Cash in Banks. Cr. GL 11 - Taxes Receivable - Current Year.
		Dr. with Collections of current year miscellaneous accounts previously set up as receivable.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected.	Cr. GL 83 - Revenue Receipts. Also Dr. GL 1 - Cash in Banks. Cr. GL 14 - Miscellaneous Accounts Receivable - Current Year.
		Dr. with Amount of allowance set up currently for uncollectible taxes.		Cr. GL 13 - Allowance for Uncollectible Taxes.
		Dr. with Amount of allowance set up currently for uncollectible accounts receivable.		Cr. GL 16 - Allowance for Uncollectible Accounts Receivable.
		Dr. with Cancellations and write-offs of current taxes receivable.	Enter in "Collections or Cancellations" column of R Ledger accounts affected.	Cr. GL 11 - Taxes Receivable - Current Year.
		Dr. with Cancellations and write-offs of current accounts receivable.	Enter in "Collections or Cancellations" column of R Ledger accounts affected.	Cr. GL 14 - Misc. Accounts Receivable - Current Year.
		Dr. with Balance of account at close of year.		Cr. GL 91 - Budget Clearing Account.
		GL 83	Revenue Receipts	Cr. with Amount of revenue cash receipts not previously billed.
Cr. with Collections of current taxes receivable.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected.			Dr. GL 82 - Accrued Revenues Unrealized. Also Dr. GL 1 - Cash in Banks. Cr. GL 11 - Taxes Receivable - Current Year.
Cr. with Collections of current accounts receivable.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected.			Dr. GL 82 - Accrued Revenues Unrealized. Also Dr. GL 1 - Cash in Banks.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
				Cr. GL 14 - Miscellaneous Accounts Receivable - Current Year.
		Dr. with Checks received but returned unpaid by depositories.	Enter deduct in "Receipts" column of R Ledger accounts originally credited.	Cr. GL 1 - Cash in Banks.
		Dr. with Balance of account at close of year.		Cr. GL 91 - Budget Clearing Account.
GL 85	Unallotted Appropriations	Cr. with Amounts appropriated by General Assembly.		Dr. GL 91 - Budget Clearing Account.
		Cr. with Reductions or cancellations of allotments.	Enter deduct in "Allotments or Receipts" column of E Ledger accounts affected.	Dr. GL 86 - Appropriation Allotments.
		Dr. with Allotments granted.	Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Cr. GL 86 - Appropriation Allotments.
		Dr. with Balance of account at close of year.		Cr. GL 91 - Budget Clearing Account.
GL 86	Appropriation Allotments	Cr. with Allotments granted.	Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Dr. GL 85 - Unallotted Appropriations.
		Dr. with Reductions or cancellations of allotments.	Enter deduct in "Allotments or Receipts" column of E Ledger accounts affected.	Cr. GL 85 - Unallotted Appropriations.
		Dr. with Balance of account at close of year.		Cr. GL 91 - Budget Clearing Account.
GL 87	Inter-Account Credits	Cr. with Amount of authorized inter-account credits.	Enter deduct in "Non-Cash Items" column of E Ledger accounts affected.	Dr. GL 44 - Non-Cash Expenditures Against Allotments. Or For inter-account bills between funds: GL 1 - Cash in Banks.
		Dr. with Reductions or cancellations of authorizations.	Enter in "Non-Cash Items" column of E Ledger accounts affected.	Cr. GL 43 - Non-Cash Expenditures Against Allotments.
		Dr. with Balance at close of year.		Cr. GL 91 - Budget Clearing Account.
GL 91	Budget Clearing Account	Cr. with Amount of estimated revenues.		Dr. GL 41 - Estimated Revenues.
		Dr. with Amount of appropriations.		Cr. GL 85 - Unallotted Appropriations.
		Cr. with Purchases of paper received for stock, at end of month.		Dr. GL 21 - Inventory of Paper.
		Cr. with Purchases of stamps received for supply, at end of month.		Dr. GL 22 - Inventory of Postage.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Dr. with Amount of paper issued from stock, at end of month.		Cr. GL 21 - Inventory of Paper.
		Dr. with Amount of stamps issued from supply, at end of month.		Cr. GL 22 - Inventory of Postage.
		Cr. with Balances of following accounts at end of year:		
		GL 82 - Accrued Revenues Unrealized.		Dr. GL 82 - Accrued Revenues Unrealized.
		GL 83 - Revenue Receipts.		Dr. GL 83 - Revenue Receipts.
		GL 85 - Unallotted Appropriations.		Dr. GL 85 - Unallotted Appropriations.
		GL 86 - Appropriation Allotments.		Dr. GL 86 - Appropriation Allotments.
		GL 87 - Inter-Account Credits.		Dr. GL 87 - Inter-Account Credits.
		Dr. with Balances of following accounts at end of year:		
		GL 41 - Estimated Revenues.		Cr. GL 41 - Estimated Revenues.
		GL 42 - Authorized Disbursements.		Cr. GL 42 - Authorized Disbursements.
		GL 43 - Inter-Fund Charges		Cr. GL 43 - Inter-Fund Charges.
		GL 44 - Non-Cash Expenditures Against Allotments.		Cr. GL 44 - Non-Cash Expenditures Against Allotments.
		GL 45 - Encumbrance Charges Against Allotments.		Cr. GL 45 - Encumbrance Charges Against Allotments.
		Cr. with Balance of this account, <u>if it is a debit balance</u> , after all other closing entries have been made at the end of the year.		Dr. GL 81 - Surplus.
		Dr. with Balance of this account, <u>if it is a credit balance</u> , after all other closing entries have been made at the end of the year.		Cr. GL 81 - Surplus.
GL 92	Inter-Bank Transfers In Transit	Dr. with Authorized transfers between bank depositories.	Enter in "Disbursements Authorized" column of E Ledger account #3580 or #3590.	Cr. GL 51 - Warrants Authorized.
		Cr. with Advices of completion of transfers between bank depositories.	Enter in "Receipts" column of R Ledger account #932 or #933.	Dr. GL 1 - Cash in Banks.

GENERAL LEDGER ACCOUNTS
REVOLVING, TRUST, AND AGENCY FUNDS

Debits

101 Cash in Banks
114 Accounts Receivable - Current Year
115 Accounts Receivable - Prior Years
116 Allowance for Uncollectible Accounts Receivable*
141 Estimated Revenues
142 Disbursements Authorized
143 Inter-Fund Charges
144 Non-Cash Expenditures
145 Encumbrance Charges

*Represents credit account deducted from assets.

Credits

151 Warrants Authorized
161 Other Liabilities
162 Due Counties on Truck Licenses
171 Outstanding Encumbrance Obligations - Current Year
172 Reserve for Prior Year Encumbrances
181 Non-Cash Surplus
182 Accrued Revenues Unrealized
183 Revenue Receipts
184 Inter-Fund Credits
186 Allotments
187 Inter-Account Credits

DESCRIPTION OF GENERAL LEDGER
ACCOUNTS

REVOLVING, TRUST, AND AGENCY FUNDS

GL 101 -- Cash in Banks is charged with cash received from all sources, and is credited with checks issued for all purposes and with checks previously deposited but returned unpaid by depositories. The debit balance represents the cash available for disbursement which is on hand in the depositories.

The total of the individual bank accounts maintained in the Treasurer's office agrees with the balance in this account, after giving consideration to treasury permits in transit. The individual bank accounts in the Treasurer's office are reconciled monthly with the statements received from the depositories, by deducting checks outstanding and adding deposits in transit to the banks' balances.

The charges in this account for the fiscal year equal the entries in the "Receipts" column of the chief control card of the Revenue and Receipts Ledger after allowing for: (a) charges to the account representing the receipt of payment for inter-account bills rendered other funds, which transactions are not entered in the Revenue and Receipts Ledger; (b) the checks received but returned unpaid by depositories, which are deducted in the "Receipts" column of the Revenue and Receipts Ledger and entered as credits to this account; (c) refunds of current year revenues, which are deducted in the "Receipts" column of the Revenue and Receipts Ledger.

GL 114 -- Accounts Receivable -- Current Year is charged with receivables billed during the current fiscal year for various sales and services rendered, and is credited with collections and cancellations of these accounts during the same fiscal year. The debit balance represents the receivables billed during the current fiscal year not yet collected or written off, and is transferred at the close of the year to GL 115, Accounts Receivable - Prior Years.

The charges in this account equal the total of the entries in the "Accruals" column of the chief control card of the Revenue and Receipts Ledger. The credits in this account equal the entries in the "Collections or Cancellations" column of the chief control card of the Revenue and Receipts Ledger.

GL 115 -- Accounts Receivable - Prior Years is charged at the beginning of each fiscal year with the uncollected balance of accounts receivable billed in the previous fiscal year, and is credited with collections and cancellations of these accounts. The debit balance represents the amount of receivables billed in previous fiscal years which have not been collected or written off.

The credits in this account for the fiscal year equal the sum of the charges for the year in GL 116, Allowance for Uncollectible Accounts Receivable, and the entries in the "Receipts" column of Revenue and Receipts Ledger account #1902, Prior Year Accounts Receivable Collections.

GL 116 -- Allowance for Uncollectible Accounts Receivable is credited monthly with the portion of the accounts receivable billed which, it is estimated, will prove to be uncollect-

ible during the following fiscal years, and is charged with write-offs of prior year accounts receivable. The credit balance represents the amount set aside out of revenues to provide for losses on accounts receivable which will be written off in fiscal years subsequent to the year billed.

GL 141 -- Estimated Revenues is charged at the beginning of the fiscal year with the amount of revenues estimated to be received or accrue during the current fiscal year. The debit balance is closed out at the end of the year to GL 181, Non-Cash Surplus.

The charges in this account equal the total of the entries in the space provided for estimated revenues at the top of the Revenue and Receipts Ledger accounts.

GL 142 -- Disbursements Authorized is charged with expenditures approved for payment which are chargeable against allotments, and is credited with cash received in the current fiscal year for refunds of these expenditures. The debit balance represents the net disbursements authorized in payment of expenditures for the current fiscal year, and is closed out at the end of the year to GL 186, Allotments.

The sum of the charges in this account and GL 143, Inter-Fund Charges, equals the credits for the fiscal year in GL 151, Warrants Authorized, after allowing for warrants authorized in payment of amounts directly set up as liabilities and prior year encumbrances. (See not otherwise classified section of Expenditure Classification.)

The sum of the debit balances in this account and GL 143, Inter-Fund Charges, equals the entries in the "Disbursements Authorized" column of the chief control card of the Expenditure and Encumbrance Ledger, after allowing for entries in the accounts not otherwise classified.

GL 143 -- Inter-Fund Charges is charged with disbursements authorized transferring amounts to other State funds for expenditure which are chargeable against allotments. The debit balance is closed out at the end of the year to GL 186, Allotments.

GL 144 -- Non-Cash Expenditures is charged with approved expenditures for materials, supplies, or services furnished to one State department or agency by another, which are chargeable against allotments but are settled without the issuance of warrants. The debit balance is closed out at the end of the year to GL 186, Allotments. s.

The charges in the account may be reconciled with the credits in GL 187, Inter-Account Credits, by considering inter-account bills between funds.

The charges in this account equal the debit entries in the "Non-Cash Items" column of the chief control card of the Expenditure and Encumbrance Ledger.

GL 145 -- Encumbrance Charges is charged with approved purchase orders, contracts, out of state travel authorizations, and miscellaneous encumbrance requisitions issued during the current fiscal year, and is credited with liquidations and cancellations of these encumbrances during the same year. The debit balance represents commitments authorized and reserved against the allotments which have not yet been authorized for disbursement, and is closed at the end of the year to GL 186, Allotments.

The debit balance in this account equals the amount in the "Balance of Encumbrances Outstanding" column of the chief control card of the Expenditure and Encumbrance Ledger.

GL 151 -- Warrants Authorized is credited with disbursements authorized for all purposes by the Division of Accounts and Control, and is charged with all checks issued.

The credit balance represents the liability for unpaid warrants authorized.

The total of the warrants issued as reported by the Auditor's office equals the credits in this account after allowing for voucher transmittals in transit.

The credits in this account for the fiscal year equal the charges in GL 142, Disbursements Authorized, and GL 143, Inter-Fund Charges, with the addition of warrants issued in payment of amounts directly set up as liabilities and prior year encumbrances. (See not otherwise classified section of Expenditure Classification.)

The credits in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of the chief control card of the Expenditure and Encumbrance Ledger, after allowing for refunds of current year disbursements which are deducted in the "Disbursements Authorized" column.

GL 161 -- Other Liabilities is credited with miscellaneous accounts payable incurred, and is charged with disbursements authorized in payment of these accounts. The credit balance represents miscellaneous liabilities to be paid at some future date.

GL 162 -- Due Counties on Truck Licenses is credited with the portion of receipts on truck licenses which is to be paid to the counties, and is charged with disbursements authorized in payment of this liability. The credit balance represents the liability to the counties for truck license receipts which have not yet been turned over to them.

The credits in this account for the fiscal year equal the entries in the "Receipts" column of Revenue and Receipts Ledger account #1903, Truck Licenses ($\frac{1}{3}$ for Counties), and also equal the entries in the "Allotments or Receipts" column of Expenditure and Encumbrance Ledger account #5910, Counties' Share of Truck Licenses. The charges in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #5910, Counties' Share of Truck Licenses.

GL 171 -- Outstanding Encumbrance Obligations - Current Year is credited with approved purchase orders, contracts, out of state travel authorizations, and miscellaneous encumbrance requisitions issued during the current fiscal year, and is charged with liquidations and cancellations of these encumbrances made during the same year. The credit balance represents the liability for authorized commitments reserved against the allotments which have yet not been authorized for disbursement. The balance is transferred at the end of the year to GL 172, Reserve for Prior Year Encumbrances.

The credit balance in this account equals the amount in the "Balance of Encumbrances Outstanding" column of the chief control card of the Expenditure and Encumbrance Ledger.

GL 172 -- Reserve for Prior Year Encumbrances is credited at the beginning of the fiscal year with the balance of unliquidated encumbrance obligations outstanding at the close of the previous fiscal year, and is charged with disbursements authorized in payment and with cancellations of these encumbrances. The credit balance represents a reserve set up out of allotments to provide for the payment of authorized commitments incurred in the previous fiscal year which have not yet been authorized for disbursement. The balance of this account is closed to GL 186, Allotments, at the expiration of ninety days from the close of the fiscal year.

GL 181 -- Non-Cash Surplus is credited at the beginning of the fiscal year with the amount of estimated revenues for the year. During the year the account is charged when

revenue cash is received or collected, when transfers are received from other funds, and when collections are made on prior year accounts receivable, and is credited when checks received as revenue are returned unpaid by depositories. At the close of the fiscal year the account is credited with the balances of the revenue accounts, namely, GL 182, Accrued Revenues Unrealized, GL 183, Revenue Receipts, and GL 184, Inter-Fund Credits, and is charged with the balance in GL 141, Estimated Revenues.

The credit balance during the fiscal year represents the extent to which estimated revenues for the current fiscal year and the balance of the accrued revenues unrealized of previous fiscal years have not yet been collected, with the exception of cash received from other funds which is charged in this account. At the end of the fiscal year the credit balance represents the accrued revenues not realized in cash, and therefore not yet available for expenditure, since revenues are automatically allotted only when received.

The charges in this account during the fiscal year equal the entries in the "Receipts" column of the chief control card of the Revenue and Receipts Ledger, after allowing for: (a) entries for liabilities set up and refunds of current year disbursements; (b) entries for checks received but returned unpaid by depositories, which are deducted in the "Receipts" column of the Revenue and Receipts Ledger, and entered as credits to this account; and (c) entries for refunds of current year revenues, which are deducted in the "Receipts" column of the Revenue and Receipts Ledger.

The charges in this account during the fiscal year also equal the entries during the year in the "Allotments or Receipts" column of the chief control card of the Expenditure and Encumbrance Ledger, after allowing for: (a) entries for liabilities set up; (b) entries for cancellations of prior year encumbrances which are charged to GL 172, Reserve for Prior Year Encumbrances; and (c) entries for checks received but returned unpaid by depositories, which are deducted in the "Allotments or Receipts" column and entered as credits to this account.

GL 182 -- Accrued Revenues Unrealized is credited with accounts receivable billed during the current fiscal year, and is charged when cash is collected on these accounts in the same fiscal year, with monthly allowances set up for the portion of accounts receivable billed which it is estimated will prove uncollectible in subsequent fiscal years, and with cancellations of these receivables in the same fiscal year billed. The credit balance represents revenues earned during the current fiscal year which have not yet been received in cash, and is closed at the end of the year to GL 181, Non-Cash Surplus.

The credits in this account equal the entries in the "Accruals" column of the chief control card of the Revenue and Receipts Ledger. The charges in this account equal the sum of the credits in GL 116, Allowance for Uncollectible Accounts Receivable, and the entries in the "Collections or Cancellations" column of the chief control card of the Revenue and Receipts Ledger.

GL 183 -- Revenue Receipts is credited with cash received directly from revenue sources or collected on accounts receivable billed in the current fiscal year, and is charged with checks previously credited as revenue receipts but returned unpaid by depositories. The credit balance represents revenues for the current fiscal year received in cash, and is closed at the end of the year to GL 181, Non-Cash Surplus.

The credit balance in this account, after deducting the credits for refunds of prior

year disbursements, equals the entries in the "Receipts" column of the chief control card of the Revenue and Receipts Ledger with the exception of the entries for non-revenue receipts.

The sum of the credit balances in this account and GL 184, Inter-Fund Credits, equals the entries during the year in the "Allotments or Receipts" column of the chief control card of the Expenditure and Encumbrance Ledger, after allowing for: (a) entries for liabilities set up; (b) entries for collections on prior year accounts receivable, which are entered as credits to GL 115, Accounts Receivable - Prior Years; (c) entries for cancellations of prior year encumbrances, which are entered as credits to GL 186, Allotments; and (d) charges to the account for refunds of revenue receipts, which are entered in the "Disbursements Authorized" column of the Expenditure and Encumbrance Ledger.

GL 184 -- Inter-Fund Credits is credited with cash received from other State funds for expenditure in this fund. The credit balance is closed out at the end of the year to GL 181, Non-Cash Surplus.

GL 186 -- Allotments is credited during the fiscal year when cash is received and automatically made available for expenditure, namely, when revenues are received or collected, when transfers are received from other funds, and when prior year accounts receivable are collected. The account is charged during the fiscal year when checks previously received as revenue are returned unpaid by depositories. During the ninety day period from the close of the fiscal year the account is credited with cancellations of encumbrances incurred in the previous fiscal year, and at the close of this period with the balance in GL 172, Reserve for Prior Year Encumbrances, these released amounts being automatically made available for expenditure. At the end of the fiscal year the account is credited with the balance of GL 187, Inter-Account Credits, and charged with the balances of the expenditure accounts, namely, GL 142, Disbursements Authorized, GL 143, Inter-Fund Charges, GL 144, Non-Cash Expenditures, and GL 145, Encumbrance Charges.

During the fiscal year the credit balance represents the balance at the beginning of the year, the cash receipts automatically allotted for expenditure, and amounts made available by the cancellation of prior year encumbrances. At the close of the fiscal year the credit balance represents the unencumbered balance of allotments which is available for expenditure in subsequent fiscal years.

The credits in this account during the fiscal year equal the entries during the year in the "Allotments or Receipts" column of the chief control card of the Expenditure and Encumbrance Ledger after allowing for: (a) entries for liabilities set up, which are also entered in the "Allotments or Receipts" column; and (b) entries for checks received but returned unpaid by depositories, which are deducted in the "Allotments or Receipts" column and entered as charges in this account.

The credits in this account during the fiscal year equal the entries in the "Receipts" column of the chief control card of the Revenue and Receipts Ledger after allowing for: (a) entries for liabilities set up, refunds of current year disbursements, and refunds of current year revenues, which are also entered in the "Receipts" column; (b) credits in the account for the cancellation of prior year encumbrances, which are not entered in the Revenue and Receipts Ledger; and (c) entries for checks received but returned unpaid by depositories, which are deducted in the "Receipts" column and entered as charges in this account.

187 -- Inter-Account Credits is credited with the amount of materials, supplies, or

services furnished by one State agency to another, which serves to reduce the expenditures of the former agency. The credit balance is closed out at the end of the year to GL 186, Allotments.

The credits in this account may be reconciled with the charges in GL 144, Non-Cash Expenditures, allowing for inter-account bills between funds.

The credits in this account equal the credit entries in the "Non-Cash Items" column of the chief control card of the Expenditure and Encumbrance Ledger.

CHART OF GENERAL LEDGER ACCOUNTS
REVOLVING, TRUST, AND AGENCY FUNDS

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 101	Cash\in Banks	Dr. with Revenue receipts not previously billed.	Enter in "Receipts" column of R Ledger accounts affected. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Cr. GL 183 - Revenue Receipts. <u>Also</u> Dr. GL 181 - Non-Cash Surplus. Cr. GL 186 - Allotments.
		Dr. with Collections of current year accounts receivable.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Cr. GL 114 - Accounts Receivable - Current Year. <u>Also</u> Dr. GL 182 - Accrued Revenues Unrealized. Cr. GL 183 - Revenue Receipts. <u>Also</u> Dr. GL 181 - Non-Cash Surplus. Cr. GL 186 - Allotments.
		Dr. with Collections of prior year accounts receivable.	Enter in "Receipts" column of R Ledger account #1902. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Cr. GL 115 - Accounts Receivable - Prior Years. <u>Also</u> Dr. GL 181 - Non-Cash Surplus. Cr. GL 186 - Allotments.
		Dr. with Other non-revenue receipts.	Enter in "Receipts" column of accounts affected in non-revenue section of R Ledger. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts affected. Or If refunds of current year disbursements, enter deduct in "Disbursements Authorized" column of E Ledger accounts affected.	Cr. Asset, liability, or other accounts affected.
		Cr. with Checks issued.		Dr. GL 151 - Warrants Authorized.
		Cr. with Checks received but returned unpaid by depositories.	Enter deduct in "Receipts" column of R Ledger accounts originally credited. <u>Also</u> Enter deduct in "Allotments or Receipts" column of E Ledger accounts originally credited.	Dr. GL 183 - Revenue Receipts or other accounts credited when check was originally received. <u>Also</u> Dr. GL 186 - Allotments. Cr. GL 181 - Non-Cash Surplus.
GL 114	Accounts Receivable-Current Year	Dr. with Accounts billed.	Enter in "Accruals" column of R Ledger accounts affected.	Cr. GL 182 - Accrued Revenues Unrealized.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 115	Accounts Receivable - Prior Years	Cr. with Collections of current accounts receivable.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected. Also Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Dr. GL 101 - Cash in Banks. Also Dr. GL 182 - Accrued Revenues Unrealized. Cr. GL 183 - Revenue Receipts. Also Dr. GL 181 - Non-Cash Surplus. Cr. GL 186 - Allotments.
		Cr. with Cancellations and write-offs.	Enter in "Collections or Cancellations" column of R Ledger accounts affected.	Dr. GL 182 - Accrued Revenues Unrealized.
		Cr. with Balance of account at close of year.		Dr. GL 115 - Accounts Receivable - Prior Years.
		Dr. with Uncollected accounts receivable at end of year.		Cr. GL 114 - Accounts Receivable - Current Year.
GL 116	Allowance for Uncollectible Accounts Receivable	Cr. with Collections of prior year accounts.	Enter in "Receipts" column of R Ledger Account #1902. Also Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Dr. GL 101 - Cash in Banks. Also Dr. GL 181 - Non-Cash Surplus. Cr. GL 186 - Allotments.
		Cr. with Cancellations and write-offs.		Dr. GL 116 - Allowance for Uncollectible Accounts Receivable.
		Cr. with Estimate of uncollectible accounts. (Estimate to be made monthly covering accounts billed during the month.)		Dr. GL 182 - Accrued Revenues Unrealized.
GL 141	Estimated Revenues	Dr. with Cancellations and write-offs of prior year accounts receivable.		Cr. GL 115 - Accounts Receivable - Prior Years.
		Dr. with Estimate of Revolving Fund revenues for the year.	Enter estimate in space provided at top of R Ledger accounts affected.	Cr. GL 181 - Non-Cash Surplus.
GL 142	Disbursements Authorized	Cr. with Balance of account at close of year.		Dr. GL 181 - Non-Cash Surplus.
		Dr. with Disbursements authorized by Division of Accounts and Control (except those in payment of prior year encumbrances and liabilities set up).	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Cr. GL 151 - Warrants Authorized.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Cr. with Reductions or cancellations of authorizations.	Enter deduct in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL 151 - Warrants Authorized.
		Cr. with Cash receipts for refunds of current year disbursements.	Enter deduct in "Disbursements Authorized" column of E Ledger accounts affected. <u>Also</u> Enter in "Receipts" column of R Ledger account #1922.	Dr. GL 101 - Cash in Banks.
		Cr. with Balance of account at close of year.		Dr. GL 186 - Allotments.
GL 143	Inter-Fund Charges	Dr. with Authorized disbursements to other funds.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Cr. GL 151 - Warrants Authorized.
		Cr. with Balance at close of year.		Dr. GL 186 - Allotments.
GL 144	Non-Cash Expenditures	Dr. with Amount of non-cash charges authorized by Division of Accounts and Control.	Enter in "Non-Cash Items" column of E Ledger accounts affected.	Cr. GL 187 - Inter-Account Credits. Or For inter-account bills between funds: Cr. GL 101 - Cash in Banks.
		Cr. with Balance of account at close of year.		Dr. GL 186 - Allotments.
GL 145	Encumbrance Charges	Dr. with Purchase orders, contracts, out of state travel authorizations, and miscellaneous encumbrance requisitions issued.	Enter in "Encumbrances Issued" column of E Ledger accounts affected.	Cr. GL 171 - Outstanding Encumbrance Obligations - Current Year.
		Cr. with Encumbrance liquidations or cancellations.	Enter in "Encumbrances Liquidated" column of E Ledger accounts affected.	Dr. GL 171 - Outstanding Encumbrance Obligations - Current Year.
		Cr. with Balance at close of year.		Dr. GL 186 - Allotments.
GL 151	Warrants Authorized	Cr. with Disbursements authorized by Division of Accounts and Control.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL 142 - Disbursements Authorized or other accounts affected.
		Dr. with Checks issued by Treasurer.		Cr. GL 101 - Cash in Banks.
GL 161	Other Liabilities	Cr. with Other liabilities incurred.	Enter in "Receipts" column of accounts affected in non-revenue section of R Ledger. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Dr. GL accounts affected.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Dr. with Disbursements authorized to liquidate.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Cr. GL 151 - Warrants Authorized.
GL 162	Due Counties on Truck Licenses	Cr. with Amounts received on truck licenses to be turned over to counties.	Enter in "Receipts" column of R Ledger account #1903. Also Enter in "Allotments or Receipts" column of E Ledger account #5910.	Dr. GL 101 - Cash in Banks.
		Dr. with Disbursements authorized to liquidate this liability.	Enter in "Disbursements Authorized" column of E Ledger account #5910.	Cr. GL 151 - Warrants Authorized.
GL 171	Outstanding Encumbrance Obligations - Current Year	Cr. with Purchase orders, contracts, out of state travel authorizations, and miscellaneous encumbrance requisitions issued.	Enter in "Encumbrances Issued" column of E Ledger accounts affected.	Dr. GL 145 - Encumbrance Charges.
		Dr. with Encumbrance liquidations.	Enter in "Encumbrances Liquidated" column of E Ledger accounts affected.	Cr. GL 145 - Encumbrance Charges.
		Dr. with Balance at close of year.		Cr. GL 172 - Reserve for Prior Year Encumbrances.
GL 172	Reserve for Prior Year Encumbrances	Cr. with Encumbrances unliquidated at close of year.		Dr. GL 171 - Outstanding Encumbrance Obligations - Current Year.
		Dr. with Disbursements authorized in payment of prior year encumbrances.	Enter in "Disbursements Authorized" column of E Ledger account #5950.	Cr. GL 151 - Warrants Authorized.
		Dr. with Full or partial cancellation of prior year encumbrances.	Enter in "Allotments or Receipts" column of E Ledger accounts affected, except where unused balance reverts to General Fund.	Cr. GL 186 - Allotments.
		Dr. with Balance at expiration of 90 days from end of fiscal year.	Enter in "Allotments or Receipts" column of E Ledger accounts affected, except where unused balance reverts to General Fund.	Cr. GL 186 - Allotments.
GL 181	Non-Cash Surplus	Cr. with Amount of estimated revenues for year.		Dr. GL 141 - Estimated Revenues.
		Dr. with Revenue receipts.	Enter in "Allotments or Receipts" column of E Ledger accounts affected. Also Enter in "Receipts" column of R Ledger accounts affected.	Cr. GL 186 - Allotments. Also Dr. GL 101 - Cash in Banks. Cr. GL 183 - Revenue Receipts.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Dr. with Collections of current year accounts receivable.	Enter in "Allotments or Receipts" column of E Ledger accounts affected. <u>Also</u> Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected.	Cr. GL 186 - Allotments. <u>Also</u> Dr. GL 101 - Cash in Banks. Cr. GL 114 - Accounts Receivable - Current Year. <u>Also</u> Dr. GL 182 - Accrued Revenues Unrealized. Cr. GL 183 - Revenue Receipts.
		Dr. with Receipts from other funds.	Enter in "Allotments or Receipts" column of E Ledger accounts affected. <u>Also</u> Enter in "Receipts" column of R Ledger accounts affected.	Cr. GL 186 - Allotments. <u>Also</u> Dr. GL 101 - Cash in Banks. Cr. GL 184 - Inter-Fund Credits.
		Dr. with Collections of prior year accounts receivable.	Enter in "Allotments or Receipts" column of E Ledger accounts affected. <u>Also</u> Enter in "Receipts" column of R Ledger account # 1902.	Cr. GL 186 - Allotments. <u>Also</u> Dr. GL 101 - Cash in Banks. Cr. GL 115 - Accounts Receivable - Prior Years.
		Cr. with Balances of following accounts, at end of year: GL 182 - Accrued Revenues Unrealized. GL 183 - Revenue Receipts. GL 184 - Inter-Fund Credits.		Dr. GL 182 - Accrued Revenues Unrealized. Dr. GL 183 - Revenue Receipts. Dr. GL 184 - Inter-Fund Credits. Cr. GL 141 - Estimated Revenues.
GL 182	Accrued Revenues Unrealized	Dr. with Balance of GL 141, Estimated Revenues, at close of year.		
		Cr. with Accounts billed.	Enter in "Accruals" column of R Ledger accounts affected.	Dr. GL 114 - Accounts Receivable - Current Year.
		Dr. with Collections of current year accounts receivable.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Cr. GL 183 - Revenue Receipts. <u>Also</u> Dr. GL 101 - Cash in Banks. Cr. GL 114 - Accounts Receivable - Current Year. <u>Also</u> Dr. GL 181 - Non-Cash Surplus. Cr. GL 186 - Allotments.
		Dr. with Amount set up as allowance for uncollectible accounts.		Cr. GL 116 - Allowance for Uncollectible Accounts Receivable.
		Dr. with Cancellations and write-offs of current accounts receivable.	Enter in "Collections or Cancellations" column of R Ledger accounts affected.	Cr. GL 114 - Accounts Receivable - Current Year.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 183	Revenue Receipts	Dr. with Balance at close of year.		Cr. GL 181 - Non-Cash Surplus.
		Cr. with Amount of revenue receipts not previously billed.	Enter in "Receipts" column of R Ledger accounts affected. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Dr. GL 101 - Cash in Banks. <u>Also</u> Dr. GL 181 - Non-Cash Surplus. Cr. GL 186 - Allotments.
		Cr. with Collections of current year accounts receivable.	Enter in "Collections or Cancellations" column <u>and</u> in "Receipts" column of R Ledger accounts affected. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Dr. GL 182 - Accrued Revenues Unrealized. <u>Also</u> Dr. GL 101 - Cash in Banks. Cr. GL 114 - Accounts Receivable - Current Year. <u>Also</u> Dr. GL 181 - Non-Cash Surplus. Cr. GL 186 - Allotments.
		Dr. with Checks previously credited to this account but returned unpaid by depositories.	Enter deduct in "Receipts" column of R Ledger accounts originally credited. <u>Also</u> Enter deduct in "Allotments or Receipts" column of E Ledger accounts originally credited.	Cr. GL 101 - Cash in Banks. <u>Also</u> Dr. GL 186 - Allotments. Cr. GL 181 - Non-Cash Surplus.
GL 184	Inter-Fund Credits	Dr. with Balance at close of year.		Cr. GL 181 - Non-Cash Surplus.
		Cr. with Receipts from other funds.	Enter in "Receipts" column of R Ledger accounts affected. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Dr. GL 101 - Cash in Banks. <u>Also</u> Dr. GL 181 - Non-Cash Surplus. Cr. GL 186 - Allotments.
GL 186	Allotments	Dr. with Balance at close of year.		Cr. GL 181 - Non-Cash Surplus.
		Cr. with Amount of revenue receipts.	Enter in "Allotments or Receipts" column of E Ledger accounts affected. <u>Also</u> Enter in "Receipts" column of R Ledger accounts affected.	Dr. GL 181 - Non-Cash Surplus. <u>Also</u> Dr. GL 101 - Cash in Banks. Cr. GL 183 - Revenue Receipts.
		Cr. with Collections of current year accounts receivable.	Enter in "Allotments or Receipts" column of E Ledger accounts affected. <u>Also</u> Enter in "Collections or Cancellations" column <u>and</u> in "Receipts" column of R Ledger accounts affected.	Dr. GL 181 - Non-Cash Surplus. <u>Also</u> Dr. GL 101 - Cash in Banks. Cr. GL 114 - Accounts Receivable - Current Year. <u>Also</u> Dr. GL 182 - Accrued Revenues Unrealized. Cr. GL 183 - Revenue Receipts.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Cr. with Receipts from other funds.	Enter in "Allotments or Receipts" column of E Ledger accounts affected. <u>Also</u> Enter in "Receipts" column of R Ledger accounts affected.	Dr. GL 181 - Non-Cash Surplus. <u>Also</u> Dr. GL 101 - Cash in Banks. Cr. GL 184 - Inter-Fund Credits.
		Cr. with Collections of prior year accounts receivable.	Enter in "Allotment or Receipts" column of E Ledger accounts affected. <u>Also</u> Enter in "Receipts" column of R Ledger account # 1902.	Dr. GL 181 - Non-Cash Surplus. <u>Also</u> Dr. GL 101 - Cash in Banks. Cr. GL 115 - Accounts Receivable - Prior Years.
		Cr. with Balance of following account at close of year: GL 187 - Inter-Account Credits.		Dr. GL 187 - Inter-Account Credits.
		Dr. with Balance of following accounts at close of year: GL 142 - Disbursements Authorized.		Cr. GL 142 - Disbursements Authorized.
		GL 143 - Inter-Fund Charges.		Cr. GL 143 - Inter-Fund Charges.
		GL 144 - Non-Cash Expenditures.		Cr. GL 144 - Non-Cash Expenditures.
		GL 145 - Encumbrance Charges.		Cr. GL 145 - Encumbrance Charges.
		Cr with Full or partial cancellation of prior year encumbrances, except where unused balances revert to General Fund.	Enter in "Allotments or Receipts" column of E Ledger accounts affected, except where unused balances revert to General Fund.	Dr. GL 172 - Reserve for Prior Year Encumbrances.
		Cr. with Balance of GL 172, Reserve for Prior Year Encumbrances at expiration of 90 days from close of year, except where unused balances revert to General Fund.	Enter in "Allotments or Receipts" column of E Ledger accounts affected, except where unused balances revert to General Fund.	Dr. GL 172 - Reserve for Prior Year Encumbrances.
GL 187	Inter-Account Credits	Cr. with Amount of authorized inter-account credits.	Enter deduct in "Non-Cash Items" column of E Ledger accounts affected.	Dr. GL 144 - Non-Cash Expenditures. <u>Or</u> For inter-account bills between funds: Dr. GL 101 - Cash in Banks.
		Dr. with Balance of account at close of year.		Cr. GL 186 - Allotments.

GENERAL LEDGER ACCOUNTS

STATE ROAD FUND

Debits

201 Cash in Banks
202 Toll Bridge Change Account
203 Cash in Closed Banks
204 Reserve for Estimated Bank Losses*
214 Miscellaneous Accounts Receivable - Current Year
215 Miscellaneous Accounts Receivable - Prior Years
216 Allowance for Uncollectible Accounts Receivable*
217 Federal Aid Receivable - Current Year
218 Federal Aid Receivable - Prior Years
223 Inventory of Equipment Parts
241 Estimated Revenues
242 Authorized Disbursements Against Allotments
243 Inter-Fund Charges
244 Non-Cash Expenditures Against Allotments
245 Encumbrance Charges Against Allotments

*Represents credit account deducted from assets.

Credits

251 Warrants Authorized
252 Warrants Outstanding - Interest Bearing
253 Warrants Outstanding - Interest Bearing - Called for Payment
256 Accrued Interest on Warrants Outstanding - Current Year
257 Accrued Interest on Warrants Outstanding - Prior Years
261 Other Liabilities
263 Contractors' Deposits Pending Settlement of Claims
271 Outstanding Encumbrance Obligations - Current Year
272 Reserve for Prior Year Encumbrances
273 Uncompleted Contracts - Prior Years
281 Surplus
282 Accrued Revenues Unrealized
283 Revenue Receipts
284 Inter-Fund Credits
286 Allotments
287 Inter-Account Credits
291 Budget Clearing Account

DESCRIPTION OF GENERAL LEDGER
ACCOUNTS

STATE ROAD FUND

GL 201 -- Cash in Banks is charged with cash received from all sources; and is credited with checks issued for all purposes and with checks previously deposited but returned unpaid by depositories. The debit balance represents the cash available for immediate disbursement which is on hand in the depositories.

The total of the individual bank accounts maintained in the Treasurer's office, except those with closed banks, agrees with the balance in this account, after giving consideration to treasury permits in transit. The individual bank accounts in the Treasurer's office are reconciled monthly with the statements received from the depositories by deducting checks outstanding and adding deposits in transit to the banks' balances.

The charges in this account for the fiscal year equal the entries in the "Receipts" column of the chief control card of the Revenue and Receipts Ledger after allowing for: (a) charges to the account representing the receipts of payment for inter-account bills rendered other funds, which transactions are not entered in the Revenue and Receipts Ledger; (b) checks received but returned unpaid by depositories, which are deducted in the "Receipts" column of the Revenue and Receipts Ledger and entered as credits to this account; and (c) refunds of current year revenues, which are deducted in the "Receipts" column of the Revenue and Receipts Ledger and entered as credits to GL 251, Warrants Authorized.

GL 202 -- Toll Bridge Change Account is charged with disbursements authorized to advance sums to the various toll bridges to be used for change purposes, and is credited with cash received in repayment of these advances. The debit balance represents the amount receivable which is to be repaid when the bridge toll fees are discontinued.

The charges in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #7351, Toll Bridge Change Advances. The credits in this account for the fiscal year equal the entries in the "Receipts" column of Revenue and Receipts Ledger account #2823, Repayments of Toll Bridge Change Advances.

GL 203 -- Cash in Closed Banks is charged with the amount of deposits in depositories when they close, and is credited with cash received in liquidation of these deposits and with amounts charged off when definitely ascertained to be non-recoverable. The debit balance represents cash in depositories which is not available for current disbursements.

GL 204 -- Reserve for Estimated Bank Losses is credited when deposits are in banks which close, and is charged when cash is received in liquidation of these deposits and when the amounts are definitely ascertained to be non-recoverable. The credit balance represents the amount segregated from surplus to provide for possible losses on deposits in closed banks.

GL 214 -- Miscellaneous Accounts Receivable -- Current Year is charged with receivables billed during the current fiscal year for miscellaneous sales and services rendered, and is credited with collections and cancellations of these accounts during the same fiscal year.

The debit balance represents the miscellaneous receivables billed during the current fiscal year not yet collected or written off, and is transferred at the close of the year to GL 215, Miscellaneous Accounts Receivable - Prior Years.

The sum of the charges in this account and GL 217, Federal Aid Receivable - Current Year, equals the total of the entries in the "Accruals" column of the chief control card of the Revenue and Receipts Ledger. The sum of credits in this account and GL 217, Federal Aid Receivable - Current Year, equals the total entries in the "Collections or Cancellations" column of the chief control card of the Revenue and Receipts Ledger.

GL 215 -- Miscellaneous Accounts Receivable - Prior Years is charged at the beginning of each fiscal year with the uncollected balance of miscellaneous accounts receivable billed in the previous fiscal year, and is credited with collections and cancellations of these accounts. The debit balance represents the amount of miscellaneous receivables billed in previous fiscal years which have not been collected or written off.

The credits in this account for the fiscal year equal the sum of the charges for the year in GL 216, Allowance for Uncollectible Accounts Receivable, and the entries in the "Receipts" column of Revenue and Receipts Ledger account #2802, Collections of Prior Year Miscellaneous Accounts Receivable.

GL 216 -- Allowance for Uncollectible Accounts Receivable is credited monthly with the portion of the miscellaneous accounts receivable billed which, it is estimated, will prove to be uncollectible during the following fiscal years, and is charged with write-offs of prior year miscellaneous accounts receivable. The credit balance represents the amount set aside out of revenues to provide for losses on miscellaneous accounts receivable which will be written off in fiscal years subsequent to the year billed.

GL 217 -- Federal Aid Receivable - Current Year is charged with the share of estimated road construction costs to be paid by the Federal Government on projects approved by it during the current fiscal year, and is credited with cash received from the Federal Government and with the Federal share of underruns on these projects in the same year. The debit balance represents the Government's share of projects approved in the current fiscal year which has not been received in cash or written off, and is transferred at the end of the year to GL 218, Federal Aid Receivable - Prior Years.

The sum of the charges in this account and GL 214, Miscellaneous Accounts Receivable -- Current year, equals the total of the entries in the "Accruals" column of the chief control card of the Revenue and Receipts Ledger. The sum of the credits in this account and GL 214, Miscellaneous Accounts Receivable -- Current Year, equals the total of the entries in the "Collections or Cancellations" column of the chief control card of the Revenue and Receipts Ledger.

GL 218 -- Federal Aid Receivable - Prior Years is charged at the beginning of each fiscal year with the balance of the Federal aid receivable at the close of the previous fiscal year, and is credited with cash received from the Federal Government and with the Federal share of underruns on projects approved by the Federal Government in previous fiscal years. The debit balance represents the portion of projects for road construction approved for Federal aid in previous fiscal years which has not been received in cash or written off.

GL 223 -- Inventory of Equipment Parts is charged monthly with the cost of equipment parts received for stock, and is credited monthly with the cost of equipment parts issued from stock. It is also adjusted periodically with the amount of any differences between the physical inventory and book inventory record. The debit balance represents cost of stock of equipment parts on hand at the end of the month.

GL 241 -- Estimated Revenues is charged at the beginning of the fiscal year with the amount of revenues estimated to be received or accrue during the current fiscal year. The debit balance is closed out at the end of the year to GL 291, Budget Clearing Account.

The charges in this account equal the total of the entries in the space provided for estimated revenues at the top of the Revenue and Receipts Ledger accounts.

GL 242 -- Authorized Disbursements Against Allotments is charged with expenditures approved for payment which are chargeable against allotments for the current fiscal year, and is credited with cash received in the same fiscal year for refunds of these expenditures. The debit balance represents the net disbursements authorized in payment of budget expenditures for the current fiscal year, and is closed out at the end of the year to GL 291, Budget Clearing Account.

The sum of the charges in this account and GL 243, Inter-Fund Charges, equals the credits for the fiscal year in GL 251, Warrants Authorized, after allowing for the warrants authorized in payment of disbursements not chargeable against allotments. (See section of the Expenditure Classification dealing with disbursements not chargeable against allotments.)

The sum of the debit balances in this account and GL 243, Inter-Fund Charges, equals the entries in the "Disbursements Authorized" column of the chief control card of the Expenditure and Encumbrance Ledger.

GL 243 -- Inter-Fund Charges is charged with disbursements authorized transferring amounts to other State funds for expenditure which are chargeable against Road Fund allotments for the current fiscal year. The debit balance is closed out at the end of the year to GL 291, Budget Clearing Account.

GL 244 -- Non-Cash Expenditures Against Allotments is charged with approved expenditures for materials, supplies, or services furnished by other State agencies to the Department of Highways, which are chargeable against allotments for the current fiscal year, but are settled without the issuance of warrants. The debit balance is closed out at the end of the year to GL 291, Budget Clearing Account.

The charges in this account equal the debit entries in the "Non-Cash Items" column of the chief control card of the Expenditure and Encumbrance Ledger.

GL 245 -- Encumbrance Charges Against Allotments is charged with approved purchase orders, contracts, out of state travel authorizations, and miscellaneous encumbrance requisitions issued during the current fiscal year, and with interest expense accrued monthly on warrants outstanding. It is credited with liquidations and cancellations of these encumbrances during the same year. The debit balance represents commitments authorized and reserved against the allotments for the current fiscal year which have not yet been authorized for disbursement, and is closed at the end of the year to GL 291, Budget Clearing Account.

The debit balance of this account equals the amount in the "Balance of Encumbrances Outstanding" column of the chief control card of the Expenditure and Encumbrance Ledger.

GL 251 -- Warrants Authorized is credited with disbursements authorized for all purposes by the Division of Accounts and Control, and is charged with checks issued in payment of non-interest-bearing warrants and with warrants marked "Interest-Bearing." The credit balance represents the liability for unpaid non-interest-bearing warrants.

The total of the warrants issued as reported by the Auditor's office equals the credits in this account after allowing for voucher transmittals in transit.

The credits in this account for the fiscal year equal the charges in GL 242, Authorized Disbursements Against Allotments, and GL 243, Inter-Fund Charges, with the addition of warrants issued in payment of disbursements not chargeable against allotments. (See section of the Expenditure Classification dealing with disbursements not chargeable against allotments.)

The credits in this account for the fiscal year equal the sum of the entries in the "Disbursements Authorized" column of the chief control card and the control card for disbursements not chargeable against allotments of the Expenditure and Encumbrance Ledger, with the exception of refunds of current year disbursements which are deducted in the "Disbursements Authorized" column.

GL 252 -- Warrants Outstanding -- Interest-Bearing is credited with interest-bearing warrants issued, and is charged with the amount of these warrants called for payment. The credit balance represents the liability for interest-bearing warrants outstanding which have not been called for payment.

GL 253 -- Warrants Outstanding -- Interest-Bearing - Called for Payment is credited with the amount of interest-bearing warrants called for payment, and is charged with checks issued in payment of these warrants. The credit balance represents the liability for interest-bearing warrants outstanding which have been called but not yet received for payment.

GL 256 -- Accrued Interest on Warrants Outstanding - Current Year is credited monthly with interest accrued on outstanding interest-bearing warrants during the current fiscal year, and is charged with disbursements authorized in payment of this interest in the same year. The credit balance represents the liability for unpaid interest accrued during the current fiscal year on interest-bearing warrants outstanding, and is transferred at the end of the year to GL 257, Accrued Interest on Warrants Outstanding - Prior Years.

The sum of the credit balances in this account and GL 271, Outstanding Encumbrance Obligations - Current Year, equals the amount in the "Balance of Encumbrances Outstanding" column of the chief control card of the Expenditure and Encumbrance Ledger. The credits in this account equal the entries in the "Encumbrances Issued" column of Expenditure and Encumbrance Ledger account #7120, Interest on Warrants. The charges in this account equal the entries in the "Encumbrances Liquidated" column or the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #7120, Interest on Warrants.

GL 257 -- Accrued Interest on Warrants Outstanding - Prior Years is credited at the beginning of the fiscal year with the balance of the unpaid accrued interest on warrants at the close of the previous fiscal year, and is charged with disbursements authorized in payment of prior year interest on warrants. The credit balance represents a reserve set up out of allotments of previous fiscal years to provide for the payment of interest on warrants accrued in previous fiscal years on which interest coupons have not been presented and authorized for payment.

The charges in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #7330, Payment of Prior Year Interest on Warrants.

GL 261 -- Other Liabilities is credited with miscellaneous accounts payable incurred, and is charged with disbursements authorized in payment of these accounts. The credit balance represents miscellaneous liabilities payable.

GL 263 -- Contractors' Deposits Pending Settlement of Claims is credited with cash received from contractors or payments on contracts withheld on account of unsettled claims against State contracts, and is charged with disbursements authorized in payment of this liability. The credit balance represents the liability to contractors for deposits or payments due on contracts which are to be paid upon their settlement of private claims.

The credits in this account for the fiscal year equal the entries in the "Receipts" column of Revenue and Receipts Ledger account #2842, Deposits by Contractors Pending Settlement of Claims. The charges in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #7356, Repayment of Contractors' Claim Deposits.

GL 271 -- Outstanding Encumbrance Obligations - Current Year is credited with approved purchase orders, contracts, out of state travel authorizations, and miscellaneous encumbrance requisitions issued during the current fiscal year, and is charged with liquidations and cancellations of these encumbrances made during the same year. The credit balance represents the liability for authorized commitments, with the exception of interest accrued on warrants, reserved against the allotments for the current fiscal year which have yet not been authorized for disbursement. The balance is transferred at the end of the year to GL 272, Reserve for Prior Year Encumbrances, and GL 273, Uncompleted Contracts - Prior Years.

The sum of the credit balances in this account and GL 256, Accrued Interest on Warrants Outstanding - Current Year, equals the amount in the "Balance of Encumbrances Outstanding" column of the chief control card of the Expenditure and Encumbrance Ledger.

GL 272 -- Reserve for Prior Year Encumbrances is credited at the beginning of each fiscal year with the balance of unliquidated encumbrance obligations outstanding, with the exception of uncompleted contracts for construction or maintenance, at the close of the previous fiscal year, and is charged with disbursements authorized in payment and with cancellations of these encumbrances. The credit balance represents a reserve set up out of allotments for the previous fiscal year to provide for the payment of authorized commitments incurred in that year, with the exception of interest accrued on warrants and contracts for construction or maintenance, which have not yet been authorized for disbursement. The balance of this account is closed to GL 281, Surplus, at the expiration of ninety days from the close of the fiscal year.

GL 273 -- Uncompleted Contracts - Prior Years is credited at the beginning of the fiscal year with the balance of the unliquidated contracts for construction or maintenance at the close of the previous fiscal year, and is charged with disbursements authorized in payment and with underruns and cancellations on uncompleted prior year contracts. The credit balance represents a reserve set up out of allotments of previous fiscal years to provide for the payment of the portion of commitments authorized on contracts for construction or maintenance incurred in prior years which has not yet been authorized for disbursement.

GL 281 — Surplus is credited with transactions which are not properly part of the normal revenues of the fiscal year, either because they belong to a prior fiscal period or were not contemplated in the budget, resulting in an increase in surplus, such as receipts for refunds of prior year disbursements, receipts from sales of fixed assets, and underruns and cancellations on prior year encumbrances. The account is charged with transactions which are not properly a part of the normal expenditures of the fiscal year resulting in a decrease in surplus, such as additional allowances for prior year receivables believed to be uncollectible and reserves for estimated bank losses. At the close of the fiscal year it is credited or charged with the balance in GL 291, Budget Clearing Account. At the close of the fiscal year a credit balance represents the cumulative excess of Road Fund revenues over budget expenditures and surplus adjustments and reserves, and a debit balance represents the cumulative excess of Road Fund budget expenditures and surplus adjustments and reserves over revenues.

GL 282 — Accrued Revenues Unrealized is credited with the portion of road construction projects approved for Federal aid and miscellaneous accounts receivable billed during the current fiscal year, and is charged when cash is received or collected on these receivables in the same fiscal year, with monthly allowances set up for the portion of accounts receivable billed which it is estimated will prove uncollectible in subsequent fiscal years, and with cancellations and underruns on these receivables in the same fiscal year approved or billed. The credit balance represents revenues earned during the current fiscal year which have not yet been received in cash, and is closed at the end of the year to GL 291, Budget Clearing Account.

The credits in this account equal the entries in the "Accruals" column of the chief control card of the Revenue and Receipts Ledger. The charges in this account equal the sum of the credits in GL 216, Allowance for Uncollectible Accounts Receivable, and the entries in the "Collections or Cancellations" column of the chief control card of the Revenue and Receipts Ledger.

GL 283 — Revenue Receipts is credited with cash received directly from revenue sources or collected on Federal aid approved and miscellaneous accounts receivable billed in the current fiscal year, and is charged with checks previously credited to this account but returned unpaid by depositories. The credit balance represents revenues for the current fiscal year received in cash, and is closed at the end of the year to GL 291, Budget Clearing Account.

The credit balance in this account equals the entries in the "Receipts" column of the chief control card of the Revenue and Receipts Ledger with the exception of the entries for non-revenue receipts.

GL 284 — Inter-Fund Credits is credited with cash received from other State funds for expenditure in this fund during the current fiscal year. The credit balance is closed out at the end of the year to GL 291, Budget Clearing Account.

GL 286 — Allotments is credited with the amounts made available for expenditures of the current fiscal year by the Department of Finance. The credit balance is closed at the end of the year to GL 291, Budget Clearing Account.

The credits in this account equal the entries in the "Allotments or Receipts" column of the chief control card of the Expenditure and Encumbrance Ledger, and also equal the

total of the balances in the Allotment Ledger.

GL 287 -- Inter-Account Credits is credited with the amount of materials, supplies, or services furnished by the Department of Highways to other State agencies, which serves to reduce the budgetary expenditures of the Department of Highways for the current fiscal year. The credit balance is closed out at the end of the year to GL 291, Budget Clearing Account.

The credits in this account equal the credit entries in the "Non-Cash Items" column of the chief control card of the Expenditure and Encumbrance Ledger.

GL 291 -- Budget Clearing Account is credited at the beginning of the fiscal year with the amount of estimated revenues for the year. During the year the account is charged with allotments granted, credited monthly with purchases of equipment parts received for stock, and charged monthly with the amount of equipment parts issued from stock. At the end of the fiscal year the account is credited with the balances of the revenue and allotment accounts, namely, GL 282, Accrued Revenues Unrealized, GL 283, Revenue Receipts, GL 284, Inter-Fund Credits, GL 286, Allotments, and GL 287, Inter-Account Credits, and is charged with the balances of the estimated revenue and the expenditure accounts, namely, GL 241, Estimated Revenues, GL 242, Authorized Disbursements Against Allotments, GL 243, Inter-Fund Charges, GL 244, Non-Cash Expenditures Against Allotments, and GL 245, Encumbrance Charges Against Allotments. The debit or credit balance is closed out at the end of the year to GL 281, Surplus.

At the end of the fiscal year a credit balance in this account indicates that the State Road Fund expenditures have been less than the amount of the revenues for the current fiscal year. A debit balance in the account indicates that the State Road Fund expenditures have been more than the revenues for the current fiscal year.

CHART OF GENERAL LEDGER ACCOUNTS
STATE ROAD FUND

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 201	Cash in Banks	Dr. with Revenue receipts not previously billed.	Enter in "Receipts" column of R Ledger accounts affected.	Cr. GL 283 - Revenue Receipts.
		Dr. with Non-revenue receipts.	Enter in "Receipts" column of R Ledger accounts affected	Cr. General Ledger accounts affected.
			Also	
			If refunds of current year disbursements, enter deduct in "Disbursements Authorized" column of E Ledger accounts affected.	
		Dr. with Collections on current Federal aid receivable.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account # 2601 or #2602.	Cr. GL 217 - Federal Aid Receivable - Current Year. Also Dr. GL 282 - Accrued Revenues Unrealized. Cr. GL 283 - Revenue Receipts.
		Dr. with Collections on prior year Federal aid receivable.	Enter in "Receipts" column of R Ledger account #2801.	Cr. GL 218 - Federal Aid Receivable - Prior Years.
		Dr. with Collections of current year miscellaneous accounts receivable.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected.	Cr. GL 214 - Miscellaneous Accounts Receivable - Current Year. Also Dr. GL 282 - Accrued Revenues Unrealized. Cr. GL 283 - Revenue Receipts.
		Dr. with Collections of prior year miscellaneous accounts receivable.	Enter in "Receipts" column of R Ledger account # 2802.	Cr. GL 215 - Miscellaneous Accounts Receivable - Prior Years.
		Cr. with Checks issued in payment of non-interest bearing warrants.		Dr. GL 251 - Warrants Authorized.
		Cr. with Checks issued in payment of interest-bearing warrants.		Dr. GL 253 - Warrants Outstanding - Interest-Bearing - Called for Payment.
Cr. with Checks received but returned unpaid by depositors.	Enter deduct in "Receipts" column of R Ledger accounts originally credited.	Dr. GL 283 - Revenue Receipts or other accounts credited when check was originally received.		
GL 202	Toll Bridge Change Account	Dr. with Advances for change purposes.	Enter in "Disbursements Authorized" column of E Ledger account # 7351.	Cr. GL 251 - Warrants Authorized.
		Cr. with Repayment of change advance.	Enter in "Receipts" column of R Ledger account # 2823.	Dr. GL 201 - Cash in Banks.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 203	Cash in Closed Banks	Dr. with Balance tied up in closed banks. Cr. with Payments by closed banks. Cr. with Amount determined to be lost.	Enter in "Receipts" column of R Ledger account #2811.	Cr. GL 201 - Cash in Banks. <u>Also</u> Dr. GL 281 - Surplus. Cr. GL 204 - Reserve for Estimated Bank Losses. Dr. GL 201 - Cash in Banks. <u>Also</u> Dr. GL 204 - Reserve for Estimated Bank Losses. Cr. GL 281 - Surplus. Dr. GL 204 - Reserve for Estimated Bank Losses.
GL 204	Reserve for Estimated Bank Losses	Cr. with Balances tied up in closed banks. Dr. with Payments by closed banks. Dr. with Amount determined to be lost.	Enter in "Receipts" column of R Ledger account #2811.	Dr. GL 281 - Surplus. <u>Also</u> Dr. GL 203 - Cash in Closed Banks. Cr. GL 201 - Cash in Banks. Cr. GL 281 - Surplus. <u>Also</u> Dr. GL 201 - Cash in Banks. Cr. GL 203 - Cash in Closed Banks. Cr. GL 203 - Cash in Closed Banks.
GL 214	Miscellaneous Accounts Receivable - Current Year	Dr. with Accounts receivable billed. Cr. with Current accounts receivable collections. Cr. with Cancellations and write-offs. Cr. with Uncollected balance at close of year.	Enter in "Accruals" column of R Ledger accounts affected. Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected. Enter in "Collections or Cancellations" column of R Ledger accounts affected.	Cr. GL 282 - Accrued Revenues Unrealized. Dr. GL 201 - Cash in Banks. <u>Also</u> Dr. GL 282 - Accrued Revenues Unrealized. Cr. GL 283 - Revenue Receipts. Dr. GL 282 - Accrued Revenues Unrealized.
GL 215	Miscellaneous Accounts Receivable - Prior Years	Dr. with Uncollected accounts at close of year. Cr. with Collections of prior year accounts. Cr. with Cancellations and write-offs.	Enter in "Receipts" column of R Ledger account # 2802.	Dr. GL 215 - Misc. Accounts Receivable - Prior Years. Cr. GL 214 - Misc. Accounts Receivable - Current Year. Dr. GL 201 - Cash in Banks. Dr. GL 216 - Allowance for Uncollectible Accounts Receivable.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 216	Allowance for Uncollectible Accounts Receivable	Cr. with Estimate of uncollectible accounts. (Estimate to be made monthly covering accounts billed during the month.) Dr. with Cancellations and write-offs of prior year accounts.		Dr. GL 282 - Accrued Revenues Unrealized. Cr. GL 215 - Misc. Accounts Receivable - Prior Years.
GL 217	Federal Aid Receivable - Current Year	Dr. with Amount of projects approved by Federal Government. Cr. with Receipts of current Federal aid. Cr. with Underruns on Federal portion of current projects. Cr. with Uncollected balance at close of year.	Enter in "Accruals" column of R Ledger account #2601 or #2602. Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #2601 or #2602. Enter in "Collections or Cancellations" column of R Ledger account \$2601 or #2602.	Cr. GL 282 - Accrued Revenues Unrealized. Dr. GL 201 - Cash in Banks. Also Dr. GL 282 - Accrued Revenues Unrealized. Cr. GL 283 - Revenue Receipts. Dr. GL 282 - Accrued Revenues Unrealized.
GL 218	Federal Aid Receivable - Prior Years	Dr. with Uncollected Federal aid receivable at close of year. Cr. with Receipts of prior year Federal aid. Cr. with Underruns on Federal portion of prior year projects.	Enter in "Receipts" column of R Ledger account # 2801.	Dr. GL 218 - Federal Aid Receivable - Prior Years. Cr. GL 217 - Federal Aid Receivable - Current Year. Dr. GL 201 - Cash in Banks. Dr. GL 281 - Surplus.
GL 223	Inventory of Equipment Parts	Dr. with Purchases of equipment parts received for stock, at end of month. Cr. with Amount of equipment parts issued from stock, at end of month. Cr. with Write-offs for shortages between physical and book inventories.	Enter in "Received" column of Equipment Parts Inventory Record. Enter in "Issued" column of Equipment Parts Inventory Record. Enter in "Issued" column of Equipment Parts Inventory Record.	Cr. GL 291 - Budget Clearing Account. Dr. GL 291 - Budget Clearing Account. Dr. GL 291 - Budget Clearing Account.
GL 241	Estimated Revenues	Dr. with Estimate of Road Fund revenues for the year. Cr. with Balance of account at close of year.	Enter estimate in space provided at top of R Ledger accounts.	Cr. GL 291 - Budget Clearing Account. Dr. GL 291 - Budget Clearing Account.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 242	Authorized Disbursements Against Allotments	Dr. with Budget disbursements authorized by Division of Accounts and Control.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Cr. GL 251 - Warrants Authorized.
		Cr. with Reductions or cancellations of authorizations.	Enter deduct in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL 251 - Warrants Authorized.
		Cr. with Cash receipts for refunds of current year disbursements.	Enter deduct in "Disbursements Authorized" column of E Ledger accounts affected. Also Enter in "Receipts" column of R Ledger account #2822.	Dr. GL 201 - Cash in Banks.
		Cr. with Balance of account at close of year.		Dr. GL 291 - Budget Clearing Account.
GL 243	Inter-Fund Charges	Dr. with Disbursements authorized to other funds.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Cr. GL 251 - Warrants Authorized.
		Cr. with Balance at close of year.		Dr. GL 291 - Budget Clearing Account.
GL 244	Non-Cash Expenditures Against Allotments	Dr. with Non-cash charges authorized by Division of Accounts and Control.	Enter in "Non-Cash Items" column of E Ledger accounts affected.	Cr. GL 287 - Inter-Account Credits. Or For inter-account bills between funds: Cr. GL 201 - Cash in Banks.
		Cr. with Reductions or cancellations of authorizations.	Enter deduct in "Non-Cash Items" column of E Ledger accounts affected.	Dr. GL 287 - Inter-Account Credits.
		Cr. with Balance of account at close of year.		Dr. GL 291 - Budget Clearing Account.
GL 245	Encumbrance Charges Against Allotments	Dr. with Amount of purchase orders, contracts, out of state travel authorizations, and miscellaneous encumbrance requisitions issued.	Enter in "Encumbrances Issued" column of E Ledger accounts affected.	Cr. GL 271 - Outstanding Encumbrance Obligations - Current Year.
		Dr. with Interest accrued on warrants outstanding, at end of month.	Enter in "Encumbrances Issued" column of E Ledger account #7120.	Cr. GL 256 - Accrued Interest on Warrants Outstanding - Current Year.
		Cr. with Encumbrance liquidations or cancellations.	Enter in "Encumbrances Liquidated" column of E Ledger accounts affected.	Dr. GL 271 - Outstanding Encumbrance Obligations - Current Year. Or

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
				For liquidation of interest on warrants accrued in current year: Dr. GL 256 - Accrued Interest on Warrants Outstanding - Current Year. Dr. GL 291 - Budget Clearing Account.
GL 251	Warrants Authorized.	Cr. with Balance of account at close of year. Cr. with Disbursements authorized by Division of Accounts and Control.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL 242 - Authorized Disbursements Against Allotments Or other accounts affected. Cr. GL 201 - Cash in Banks.
		Dr. with Checks issued by Treasurer (except checks in payment of interest-bearing warrants). Dr. with Amount of warrants marked "Interest-Bearing"		Cr. GL 252 - Warrants Outstanding - Interest-Bearing. Dr. GL 251 - Warrants Authorized.
GL 252	Warrants Outstanding - Interest-Bearing	Cr. with Amount of warrants marked "Interest-Bearing."		Dr. GL 253 - Warrants Outstanding - Interest-Bearing - Called for Payment.
		Dr. with Amount of interest-bearing warrants called for payment.		Dr. GL 252 - Warrants Outstanding - Interest-Bearing.
GL 253	Warrants Outstanding - Interest-Bearing - Called for Payment	Cr. with Amount of interest-bearing warrants called for payment.		Cr. GL 201 - Cash in Banks.
		Dr. with Checks issued in payment of interest-bearing warrants.		Dr. GL 245 - Encumbrance Charges Against Allotments.
GL 256	Accrued Interest on Warrants Outstanding - Current Year	Cr. with Interest accrual, computed at end of each month. Cr. with Disbursements authorized in payment of warrant interest accrued in current year.	Enter in "Encumbrances Issued" column of E Ledger account #7120. Enter in "Encumbrances Liquidated" column and in "Disbursements Authorized" column of E Ledger account # 7120.	Cr. GL 245 - Encumbrance Charges Against Allotments Also Dr. GL 242 - Authorized Disbursements Against Allotments Cr. GL 251 - Warrants Authorized. Cr. GL 257 - Accrued Interest on Warrants Outstanding - Prior Years.
		Dr. with Balance at close of year.		

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 257	Accrued Interest on Warrants Outstanding - Prior Year	Cr. with Balance of GL 256, Accrued Interest on Warrants Outstanding - Current Year, at close of year. Dr. with Disbursements authorized in payment of warrant interest accrued in prior years.	Enter in "Disbursements Authorized" column of E Ledger account #7330.	Dr. GL 256 - Accrued Interest on Warrants outstanding - Current year. Cr. GL 251 - Warrants Authorized.
GL 261	Other Liabilities	Cr. with Other liabilities incurred. Dr. with Disbursements authorized to liquidate.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL accounts affected. Cr. GL 251 - Warrants Authorized.
GL 263	Contractors' Deposits Pending Settlement of Claims	Cr. with Deposits made by contractors or payments on contracts withheld pending settlement of private claims. Dr. with Disbursements authorizing payments of deposits to contractors.	Enter in "Receipts" column of R Ledger account #2842. Enter in "Disbursements Authorized" column of E Ledger account #7356.	Dr. GL 201 - Cash in Banks. Cr. GL 251 - Warrants Authorized.
GL 271	Outstanding Encumbrance Obligations - Current Year	Cr. with Amount of purchase orders, contracts, out of state travel authorizations, and miscellaneous encumbrance requisitions issued. Dr. with Encumbrance liquidations. Dr. with Uncompleted contracts at close of year. Dr. with Balance at close of year (except uncompleted contracts).	Enter in "Encumbrances Issued" column of E Ledger accounts affected. Enter in "Encumbrances Liquidated" column of E Ledger accounts affected.	Dr. GL 245 - Encumbrance Charges Against Allotments. Cr. GL 245 - Encumbrance Charges Against Allotments. Cr. GL 273 - Uncompleted Contracts - Prior Years. Cr. GL 272 - Reserve for Prior Year Encumbrances.
GL 272	Reserve for Prior Year Encumbrances	Cr. with Balance of GL 271, Outstanding Encumbrance Obligations - Current Year, at close of year. (Not including uncompleted contracts.) Dr. with Disbursements authorized in payment of prior year encumbrances.	Enter in "Disbursements Authorized" column of E Ledger account #7362.	Dr. GL 271 - Outstanding Encumbrance Obligations - Current Year. Cr. GL 251 - Warrants Authorized.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Dr. with Full or partial cancellations or prior year encumbrances.		Cr. GL 281 - Surplus.
		Dr. with Balance of this account at expiration of 90 days from close of fiscal year.		Cr. GL 281 - Surplus.
GL 273	Uncompleted Contracts - Prior Years	Cr. with Uncompleted contracts at close of year.		Dr. GL 271 - Outstanding Encumbrance Obligations - Current Year.
		Dr. with Disbursements authorized in payment of prior year uncompleted contracts.	Enter in "Disbursements Authorized" column of E Ledger account #7361.	Cr. GL 251 - Warrants Authorized.
		Dr. with Cancellations and underruns.		Cr. GL 281 - Surplus.
GL 281	Surplus	Cr. with Non-budget transactions resulting in an increase in surplus.	If a cash transaction, enter in "Receipts" column of R Ledger accounts affected.	Dr. General Ledger accounts affected.
		Dr. with Non-budget transactions resulting in a decrease in surplus.	If a cash transaction, enter in "Disbursements Authorized" column of E Ledger accounts affected.	Cr. General Ledger accounts affected.
		Cr. with Balance of GL 291, Budget Clearing Account (if a credit balance), after all other accounts have been closed at end of year.		Dr. GL 291 - Budget Clearing Account.
		Dr. with Balance of GL 291, Budget Clearing Account (if a debit balance), after all other accounts have been closed at end of the year.		Cr. GL 291 - Budget Clearing Account.
GL 282	Accrued Revenues Unrealized	Cr. with Amount of projects for aid approved by Federal Government.	Enter in "Accruals" column of R Ledger account #2601 or #2602.	Dr. GL 217 - Federal Aid Receivable - Current Year.
		Cr. with Receivables billed or definitely accrued.	Enter in "Accruals" column of R Ledger accounts affected.	Dr. GL 214 - Miscellaneous Accounts Receivable - Current Year.
		Dr. with Collections on current Federal aid receivable.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #2601 or #2602.	Cr. GL 283 - Revenue Receipts. Also Dr. GL 201 - Cash in Banks. Cr. GL 217 - Federal Aid Receivable - Current Year.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Dr. with Underruns on Federal portion of current projects.	Enter in "Collections or Cancellations" column of R Ledger account #2601 or #2602.	Cr. GL 217 - Federal Aid Receivable - Current Year.
		Dr. with Collections of current year miscellaneous accounts receivable.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected.	Cr. GL 283 - Revenue Receipts. <u>Also</u> Dr. GL 201 - Cash in Banks. Cr. GL 214 - Miscellaneous Accounts Receivable - Current Year.
		Dr. with Amount of allowance set up currently for uncollectible accounts receivable.		Cr. GL 216 - Allowance for Uncollectible Accounts Receivable.
		Dr. with Cancellations and write-offs of current year accounts receivable.	Enter in "Collections or Cancellations" column of R Ledger accounts affected.	Cr. GL 214 - Miscellaneous Accounts Receivable - Current Year.
		Dr. with Balance of account at close of year.		Cr. GL 291 - Budget Clearing Account.
GL 283	Revenue Receipts	Cr. with Amount of revenue cash receipts not previously billed.	Enter in "Receipts" column of R Ledger account affected.	Dr. GL 201 - Cash in Banks.
		Cr. with Collections on current Federal aid receivable.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #2601 or #2602.	Dr. GL 282 - Accrued Revenues Unrealized. <u>Also</u> Dr. GL 201 - Cash in Banks. Cr. GL 217 - Federal Aid Receivable - Current Year.
		Cr. with Collections of current year miscellaneous accounts receivable.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger accounts affected.	Dr. GL 282 - Accrued Revenues Unrealized. <u>Also</u> Dr. GL 201 - Cash in Banks. Cr. GL 214 - Miscellaneous Accounts Receivable - Current Year.
		Dr. with Checks received but returned unpaid by depositors.	Enter deduct in "Receipts" column of R Ledger accounts originally credited.	Cr. GL 201 - Cash in Banks.
		Dr. with Balance of account at close of year.		Cr. GL 291 - Budget Clearing Account.
GL 284	Inter-Fund Credits	Cr. with Receipts from other funds.	Enter in "Receipts" column of R Ledger accounts affected. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Dr. GL 201 - Cash in Banks. <u>Also</u> Dr. GL 291 - Budget Clearing Account. Cr. GL 286 - Allotments.
		Dr. with Balance at close of year.		Cr. GL 291 - Budget Clearing Account.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 286	Allotments	Cr. with Amount of allotments.	Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Dr. GL 291 - Budget Clearing Account.
		Dr. with Reductions or cancellations of allotments.	Enter deduct in "Allotments or Receipts" column of E Ledger accounts affected.	Cr. GL 291 - Budget Clearing Account.
		Dr. with Balance of account at close of year.		Cr. GL 291 - Budget Clearing Account.
GL 287	Inter-Account Credits	Cr. with Amount of authorized inter-account credits.	Enter deduct in "Non-Cash Items" column of E Ledger accounts affected.	Dr. GL 244 - Non-Cash Expenditures against Allotments. Or For inter-account bills between funds: Dr. GL 201 - Cash in Banks.
		Dr. with Reductions or cancellations of authorizations.	Enter in "Non-Cash Items" column of E Ledger accounts affected.	Cr. GL 244 - Non-Cash Expenditures Against Allotments.
		Dr. with Balance of account at close of year.		Cr. GL 291 - Budget Clearing Account.
GL 291	Budget Clearing Account	Cr. with Amount of estimated revenues.		Dr. GL 241 - Estimated Revenues.
		Dr. with Amount of allotments.		Cr. GL 286 - Allotments.
		Cr. with Purchases of equipment parts received for stock, at end of month.		Dr. GL 223 - Inventory of Equipment Parts.
		Dr. with Amount of equipment parts issued from stock, at end of month.		Cr. GL 223 - Inventory of Equipment Parts.
		Cr. with Balances of the following accounts at close of year: GL 282 Accrued Revenues Unrealized. GL 283 Revenue Receipts. GL 284 Inter-Fund Credits. GL 286 Allotments.		Dr. GL 282 - Accrued Revenues Unrealized. Dr. GL 283 - Revenue Receipts. Dr. GL 284 - Inter-Fund Credits. Dr. GL 286 - Allotments.
		GL 287 Inter-Account Credits.		Dr. GL 287 - Inter-Account Credits.
		Dr. with Balances of the following accounts at close of year: GL 241 Estimated Revenues. GL 242 Authorized Disbursements Against Allotments.		Cr. GL 241 - Estimated Revenues. Cr. GL 242 - Authorized Disbursements Against Allotments.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		GL 243 Inter-Fund Charges.		Cr. GL 243 - Inter-Fund Charges.
		GL 244 Non-Cash Expenditures Against Allotments.		Cr. GL 244 - Non-Cash Expenditures Against Allotments.
		GL 245 Encumbrance Charges Against Allotments.		Cr. GL 245 - Encumbrance Charges Against Allotments.
		Cr. with Balance of Budget Clearing Account, <u>if it is a debit balance</u> , after all other closing entries have been made at the end of the year.		Dr. GL 281 - Surplus.
		Dr. with Balance of Budget Clearing Account, <u>if it is a credit balance</u> , after all other closing entries have been made at the end of the year.		Cr. GL 281 - Surplus.

GENERAL LEDGER ACCOUNTS

HIGHWAY BRIDGE BOND SINKING FUND

DEBITS

401 Cash in Banks
405 Cash with Fiscal Agent

CREDITS

451 Warrants Authorized
477 Available for Payment of Bonds and Interest

DESCRIPTION OF GENERAL LEDGER
ACCOUNTS

HIGHWAY BRIDGE BOND SINKING FUND

GL 401 -- Cash in Banks is charged with cash received from all sources, and is credited with checks issued. The debit balance represents the cash available for retirement of bonds and payment of interest which is on hand in the depository.

The bank account maintained in the Treasurer's office agrees with the balance in this account, with allowance for any treasury permits in transit. The bank account in the Treasurer's office agrees with the statement received monthly from the depository, with reconciliation for any checks outstanding and deposits in transit.

The charges in this account equal the entries in the "Receipts" column of the control card of the Revenue and Receipts Ledger.

GL 405 -- Cash with Fiscal Agent is charged with disbursements authorized for deposits to be made with the fiscal agent for the retirement of bonds called for payment and the payment of matured bond interest, and is credited with the payments reported by the fiscal agent. The debit balance represents the unexpended cash on hand with the fiscal agent for the payment of bonds called and interest coupons due which have not yet been presented for payment.

The charges in this account equal the entries in the "Disbursements Authorized" column of the control card of the Expenditure and Encumbrance Ledger.

GL 451 -- Warrants Authorized is credited with disbursements authorized by the Division of Accounts and Control, and is charged with checks issued. The credit balance, if any, represents the liability for unpaid warrants authorized.

The warrants issued as reported by the Auditor's office equal the credits in this account, with allowance for any voucher transmittals in transit.

The credits in this account equal the entries in the "Disbursements Authorized" column of the control card of the Expenditure and Encumbrance Ledger.

GL 477 -- Available for Payment of Bonds and Interest is credited with cash received from revenue sources, and is charged with payments reported by the fiscal agent. The credit balance represents the amount available for the retirement of bonds and the payment of bond interest.

The credits in this account equal the entries in the "Receipts" column of the control card of the Revenue and Receipts Ledger.

CHART OF GENERAL LEDGER ACCOUNTS

HIGHWAY BRIDGE BOND SINKING FUND

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 401	Cash in Banks	Dr. with Revenue receipts. Cr. with Checks issued by Treasurer.	Enter in "Receipts" column of R Ledger accounts affected.	Cr. GL 477 - Available for Payment of Bonds and Interest. Dr. GL 451 - Warrants Authorized.
GL 405	Cash with Fiscal Agent	Dr. with Disbursements authorized in payment of bonds called and matured bond interest. Cr. with Payments reported by Fiscal Agent.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Cr. GL 451 - Warrants Authorized. Dr. GL 477 - Available for Payment of Bonds and Interest.
GL 451	Warrants Authorized	Cr. with Disbursements authorized by Division of Accounts and Control. Dr. with Checks issued by Treasurer.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL 405 - Cash with Fiscal Agent. Cr. GL 401 - Cash in Banks.
GL 477	Available for Payment of Bonds and Interest	Cr. with Revenue receipts. Dr. with Payments reported by Fiscal Agent.	Enter in "Receipts" column of R Ledger accounts affected.	Dr. GL 401 - Cash in Banks. Cr. GL 405 - Cash with Fiscal Agent.

GENERAL LEDGER ACCOUNTS
NATIONAL INDUSTRIAL RECOVERY ACT HIGHWAY FUND

DEBITS

501 Cash in Banks
517 Estimated Federal Grants to be Received
542 Authorized Disbursements Against Allotments
545 Encumbrance Charges Against Allotments

CREDITS

551 Warrants Authorized
567 Advance from Federal Government
571 Outstanding Contracts and Other Encumbrance Obligations
586 Allotments
588 Unallotted Federal Project Authorizations

DESCRIPTION OF GENERAL LEDGER
ACCOUNTS

NATIONAL INDUSTRIAL RECOVERY ACT HIGHWAY FUND

GL 501 -- Cash in Banks is charged with cash received from all sources, and is credited with checks issued for all purposes. The debit balance represents the cash available for disbursement which is on hand in the depository.

The bank account maintained in the Treasurer's office agrees with the balance in this account, after giving consideration to treasury permits in transit. The bank account in the Treasurer's office is reconciled with the statement received monthly from the depository by deducting checks outstanding and adding deposits in transit to the bank's balance.

The charges in this account equal the entries in the "Receipts" column of the control card of the Revenue and Receipts Ledger.

GL 517 -- Estimated Federal Grants to be Received is charged with the estimated cost of projects for road construction approved, and to be contributed when disbursed, by the Federal Government, and is credited with cash received from the Federal Government and with underruns on these projects. The debit balance represents the amount of projects approved for Federal grants which have not been received in cash or written off.

The debit balance in this account equals the entries in the "Balance of Accrued Revenues Outstanding" column of Revenue and Receipts Ledger account #3100, Federal Grants for Highways.

GL 542 -- Authorized Disbursements Against Allotments is charged with expenditures approved for payment which are chargeable against allotments, and is credited with total disbursements on projects when they are completed and with transfers received from the Road Fund for disbursements disallowed by the Federal Government. The debit balance represents the net disbursements authorized in payment of expenditures on uncompleted projects.

The debit balance in this account equals the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #7600.

GL 545 -- Encumbrance Charges Against Allotments is charged with approved contracts and miscellaneous encumbrance requisitions issued, and is credited with liquidations and cancellations of these encumbrances, including underruns on contracts. The debit balance represents commitments authorized and reserved against the allotments which have not yet been authorized for disbursement.

The debit balance of this account equals the amount in the "Balance of Encumbrances Outstanding" column of Expenditure and Encumbrance Ledger account #7600.

GL 551 -- Warrants Authorized is credited with disbursements authorized for all purposes by the Division of Accounts and Control, and is charged with all checks issued. The credit balance represents the liability for unpaid warrants authorized.

The total of the warrants issued as reported by the Auditor's office equals the credits in this account after allowing for voucher transmittals in transit.

The credits in this account equal the entries in the "Disbursements Authorized" column of the control card of the Expenditure and Encumbrance Ledger, with the exception of transfers from the Road Fund for disbursements disallowed by the Federal Government, which are deducted in the "Disbursements Authorized" column.

GL 567 -- Advance from Federal Government is credited with the advance received from the Federal Government to provide for the payment of expenditures prior to reimbursement, and is charged with disbursements authorized in repayment of this advance. The credit balance represents the liability to the Federal Government for the repayment of the balance of the advance.

The credits in this account equal the entries in the "Receipts" column of Revenue and Receipts Ledger account #3111, Advance from Federal Government. The charges in this account equal the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #7610, Repayment of Advance from Federal Government.

GL 571 -- Outstanding Contracts and Other Encumbrance Obligations is credited with approved contracts and miscellaneous encumbrance requisitions issued, and is charged with liquidations and cancellations, including contract underruns, on these encumbrances. The credit balance represents the liability for authorized commitments reserved against the allotments which have yet not been authorized for disbursement.

The credit balance in this account equals the amount in the "Balance of Encumbrances Outstanding" column of Expenditure and Encumbrance Ledger account #7600.

GL 586 -- Allotments is credited with the amounts made available for expenditure by the Department of Finance, and is charged with total disbursements authorized on projects when they are completed. The credit balance represents the allotments on uncompleted projects.

The credits in this account equal the entries in the "Allotments or Receipts" column of Expenditure and Encumbrance Ledger account #7600, and also the balance in the Allotment Ledger account.

GL 588 -- Unallotted Federal Project Authorizations is credited with the amount of projects for road construction approved by the Federal Government, and is debited with allotments granted by the Department of Finance and with underruns on the projects. The credit balance represents the portion of projects approved by the Federal Government which have not yet been allotted.

The credits in this account equal the entries in the "Accruals" column of Revenue and Receipts Ledger account #3100, Federal Grants for Highways.

CHART OF GENERAL LEDGER ACCOUNTS
NATIONAL INDUSTRIAL RECOVERY ACT HIGHWAY FUND

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 501	Cash in Banks	Dr. with Receipts of Federal grants for reimbursement of expenditures.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #3100.	Cr. GL 517 - Estimated Federal Grants to be Received.
		Dr. with Receipts of transfers from Road Fund for disbursements disallowed by Federal Government.	Enter in "Receipts" column of R Ledger account #3122. Also Enter deduct in "Disbursements Authorized" column of E Ledger account #7600.	Cr. GL 542 - Authorized Disbursements Against Allotments.
		Dr. with Receipt of advance from Federal Government.	Enter in "Receipts" column of R Ledger account #3111.	Cr. GL 567 - Advance from Federal Government.
		Cr. with Checks issued by Treasurer.		Dr. GL 551 - Warrants Authorized.
GL 517	Estimated Federal Grants to be Received	Dr. with Estimated cost of projects approved by Federal Government.	Enter in "Accruals" column of R Ledger account #3100.	Cr. GL 588 - Unallotted Federal Project Authorizations.
		Cr. with Receipts of Federal grants.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #3100.	Dr. GL 501 - Cash in Banks.
		Cr. with Underruns on projects.	Enter in "Collections or Cancellations" column of R Ledger account #3100.	Dr. GL 588 - Unallotted Federal Project Authorizations.
GL 542	Authorized Disbursements Against Allotments	Dr. with Budget disbursements authorized by Division of Accounts and Control.	Enter in "Disbursements Authorized" column of E Ledger account #7600.	Cr. GL 551 - Warrants Authorized.
		Cr. with Reductions or cancellations of authorizations.	Enter deduct in "Disbursements Authorized" column of E Ledger account #7600.	Dr. GL 551 - Warrants Authorized.
		Cr. with Receipts of transfers from Road Fund for disbursements disallowed by Federal Government.	Enter deduct in "Disbursements Authorized" column of E Ledger account #7600. Also Enter in "Receipts" column of R Ledger account #3122.	Dr. GL 501 - Cash in Banks.
		Cr. with Total disbursements on projects when completed.	Enter deduct in "Disbursements Authorized" column of E Ledger account #7600.	Dr. GL 586 - Allotments.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 545	Encumbrance Charges Against Allotments	Dr. with Amount of contracts and miscellaneous encumbrance requisitions issued.	Enter in "Encumbrances Issued" column of E Ledger account #7600.	Cr. GL 571 - Outstanding Contracts and Other Encumbrance Obligations.
		Cr. with Encumbrance liquidations or cancellations, including contract under-runs.	Enter in "Encumbrances Liquidated" column of E Ledger account #7600.	Dr. GL 571 - Outstanding Contracts and Other Encumbrance Obligations.
GL 551	Warrants Authorized	Cr. with Disbursements authorized by Division of Accounts and Control.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL 542 - Authorized Disbursements Against Allotments Or Dr. GL 567 - Advance from Federal Government.
GL 567	Advance from Federal Government	Dr. with Checks issued by Treasurer.		Cr. GL 501 - Cash in Banks.
		Cr. with Cash received from Federal Government as advance for working capital.	Enter in "Receipts" column of R Ledger account #3111.	Dr. GL 501 - Cash in Banks.
GL 571	Outstanding Contracts and Other Encumbrance Obligations	Dr. with Repayment of advance from Federal Government.	Enter in "Disbursements Authorized" column of E Ledger account #7610.	Cr. GL 551 - Warrants Authorized.
		Cr. with Amount of contracts and miscellaneous encumbrance requisitions issued.	Enter in "Encumbrances Issued" column of E Ledger account #7600.	Dr. GL 545 - Encumbrance Charges Against Allotments.
GL 586	Allotments	Dr. with Encumbrance liquidations or cancellations, including contract under-runs.	Enter in "Encumbrances Liquidated" column of E Ledger account #7600.	Cr. GL 545 - Encumbrance Charges Against Allotments.
		Cr. with Amount of allotments.	Enter in "Allotments or Receipts" column of E Ledger account #7600.	Dr. GL 588 - Unallotted Federal Project Authorizations.
GL 588	Unallotted Federal Project Authorizations	Dr. with Total disbursements on projects when completed.	Enter deduct in "Disbursements Authorized" column of E Ledger account #7600.	Cr. GL 542 - Authorized Disbursements Against Allotments.
		Cr. with Amount of projects approved by Federal Government.	Enter in "Accruals" column of R Ledger account #3100.	Dr. GL 517 - Estimated Federal Grants to be Received.
		Dr. with Allotments granted.	Enter in "Allotments or Receipts" column of E Ledger account #7600.	Cr. GL 586 - Allotments.
		Dr. with Underruns on projects.	Enter in "Collections or Cancellations" column of R Ledger account #3100.	Cr. GL 517 - Estimated Federal Grants to be Received.

GENERAL LEDGER ACCOUNTS

COUNTY ROAD TRUST FUND

DEBITS

601 Cash in Banks

CREDITS

651 Warrants Authorized

666 Donations from Counties Held in Trust

DESCRIPTION OF GENERAL LEDGER ACCOUNTS

COUNTY ROAD TRUST FUND

GL 601 -- Cash in Banks is charged with cash received and credited with checks issued. The debit balance represents cash on hand in the depository.

The bank account maintained in the Treasurer's office agrees with the balance in this account, with allowance for any treasury permits in transit. The bank account in the Treasurer's office agrees with the statement received monthly from the depository, after reconciliation for any checks outstanding and deposits in transit.

The charges in this account for the fiscal year equal the entries in the "Receipts" column of the control card of the Revenue and Receipts Ledger.

GL 651 -- Warrants Authorized is credited with disbursements authorized by the Division of Accounts and Control, and is charged with checks issued. The credit balance, if any, represents the liability for unpaid warrants authorized.

The warrants issued as reported by the Auditor's office equal the credits in this account, with allowance for any voucher transmittals in transit.

The credits in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of the control card of the Expenditure and Encumbrance Ledger.

GL 666 -- Donations From Counties Held in Trust is credited with cash received as donations from counties for road construction or maintenance, and is charged with disbursements authorized for transfers to the Road Fund on completion of work or for repayment to the counties upon non-performance. The credit balance represents the donations from counties held in trust until completion of agreed road construction or maintenance work.

The credits in this account for the fiscal year equal the entries in the "Receipts" column of the control card of the Revenue and Receipts Ledger. The charges in this account equal the entries in the "Disbursements Authorized" column of the control card of the Expenditure and Encumbrance Ledger.

CHART OF GENERAL LEDGER ACCOUNTS

COUNTY ROAD TRUST FUND

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 601	Cash in Banks	Dr. with Receipts of donations from counties for road construction or maintenance. Cr. with Checks issued by Treasurer.	Enter in "Receipts" column of R Ledger account #5100.	Cr. GL 666 - Donations From Counties Held in Trust.
GL 651	Warrants Authorized	Cr. with Disbursements authorized by Division of Accounts and Control. Dr. with Checks issued by Treasurer.	Enter in "Disbursements Authorized" column of E Ledger account #7700 or #7710.	Dr. GL 651 - Warrants Authorized. Dr. GL 666 - Donations From Counties Held in Trust.
GL 666	Donations From Counties Held in Trust	Cr. with Receipts of donations from counties for road construction or maintenance. Dr. with Disbursements authorized for transfers to Road Fund on completion of work or for repayment to counties.	Enter in "Receipts" column of R Ledger account #5100. Enter in "Disbursements Authorized" column of E Ledger account #7700 or #7710.	Cr. GL 601 - Cash in Banks. Dr. GL 601 - Cash in Banks. Cr. GL 651 - Warrants Authorized.

GENERAL LEDGER ACCOUNTS
SPECIAL DEPOSIT TRUST FUND

DEBITS

701 Cash in Banks

CREDITS

751 Warrants Authorized

765 Liability for Guaranty Deposits

DESCRIPTION OF GENERAL LEDGER ACCOUNTS
SPECIAL DEPOSIT TRUST FUND

GL 701 -- Cash in Banks is charged with cash received and credited with checks issued. The debit balance represents cash on hand in the depository.

The bank account maintained in the Treasurer's office agrees with the balance in this account, with allowance for any treasury permits in transit. The bank account in the Treasurer's office agrees with the statement received monthly from the depository, after reconciliation for any checks outstanding and deposits in transit.

The charges in this account for the fiscal year equal the entries in the "Receipts" column of the control card of the Revenue and Receipts Ledger.

GL 751 -- Warrants Authorized is credited with disbursements authorized by the Division of Accounts and Control, and is charged with checks issued. The credit balance represents the liability for any unpaid warrants authorized.

The total of the warrants issued as reported by the Auditor's office equals the credits in this account, with allowance for any voucher transmittals in transit.

The credits in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of the control card of the Expenditure and Encumbrance Ledger.

GL 765 -- Liability for Guaranty Deposits is credited with cash received as deposits for guarantee of performance or for indemnifying against possible damages, and is charged with disbursements authorized in repayment or for forfeiture upon non-performance. The credit balance represents the liability for the repayment of guaranty deposits.

The credits in this account for the fiscal year equal the entries in the "Receipts" column of the control card of the Revenue and Receipts Ledger. The charges in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of the control card of the Expenditure and Encumbrance Ledger.

CHART OF GENERAL LEDGER ACCOUNTS
SPECIAL DEPOSIT TRUST FUND

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 701	Cash in Banks	Dr. with Receipts of guaranty deposits. Cr. with Checks issued by Treasurer.	Enter in "Receipts" column of R Ledger accounts affected.	Cr. GL 765 - Liability for Guaranty Deposits. Dr. GL 751 - Warrants Authorized.
GL 751	Warrants Authorized	Cr. with Disbursements authorized by Division of Accounts and Control. Dr. with Checks issued by Treasurer.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL 765 - Liability for Guaranty Deposits. Cr. GL 701 - Cash in Banks.
GL 765	Liability for Guaranty Deposits	Cr. with Receipts of guaranty deposits. Dr. with Disbursements authorized for repayments or forfeits of guaranty deposits.	Enter in "Receipts" column of R Ledger accounts affected. Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL 701 - Cash in Banks. Cr. GL 751 - Warrants Authorized.

GENERAL LEDGER ACCOUNTS
STATE FIRE AND TORNADO INSURANCE FUND

DEBITS

801 Cash in Banks
819 Recoveries Receivable from Insurance Companies - Current Year
820 Recoveries Receivable from Insurance Companies - Prior Years
824 Investments
825 Unamortized Premiums on Investments
826 Unamortized Discounts on Investments*
827 Accrued Interest Purchased on Investments
828 Accrued Interest on Investments - Current Year
829 Accrued Interest on Investments - Prior Years
842 Disbursements Authorized
845 Encumbrance Charges
846 Claims for Losses

* Represents credit account deducted from assets.

CREDITS

851 Warrants Authorized
868 Advance from General Fund
871 Outstanding Encumbrance Obligations - Current Year
872 Reserve for Prior Year Encumbrances
875 Reserve for Claims for Losses
876 Reserve for Prior Year Claims for Losses
881 Surplus
882 Accrued Revenues Unrealized
883 Revenue Receipts
886 Available for Expenditure

DESCRIPTION OF GENERAL LEDGER
ACCOUNTS
STATE FIRE AND TORNADO INSURANCE FUND

GL 801 -- Cash in Banks is charged with cash received from all sources, and is credited with checks issued for all purposes. The debit balance represents the cash available for disbursement which is on hand in the depository.

The bank account maintained in the Treasurer's office agrees with the balance in this account, with allowance for any treasury permits in transit. The bank account in the Treasurer's office is reconciled with the statement received monthly from the depository by deducting checks outstanding and adding deposits in transit to the bank's balance.

The charges in this account for the fiscal year equal the entries in the "Receipts" column of the control card of the Revenue and Receipts Ledger.

The charges in this account for the fiscal year also equal the entries during the year in the "Allotments or Receipts" column of the control card of the Expenditure and Encumbrance Ledger, after allowing for cancellations of prior year claims which are entered in the "Allotments or Receipts" column and charged to GL 876, Reserve for Prior Year Claims for Losses.

GL 819 -- Recoveries Receivable from Insurance Companies - Current Year is charged with the portion of claims for losses incurred from fire or tornado which are accepted for payment during the current fiscal year by reinsuring companies, and is credited with collections of these recoveries during the same fiscal year. The debit balance represents the recoveries on fire or tornado losses incurred by the various departments and agencies which were approved for payment by insurance companies during the current fiscal year but which have not yet been collected. This balance is transferred at the close of the year to GL 820, Recoveries Receivable from Insurance Companies - Prior Years.

The sum of the charges in this account and GL 828, Accrued Interest on Investments - Current Year, equals the entries in the "Accruals" column of the control card of the Revenue and Receipts Ledger. The sum of the credits in this account and GL 828, Accrued Interest on Investments - Current Year, equals the entries in the "Collections or Cancellations" column of the control card of the Revenue and Receipts Ledger.

GL 820 -- Recoveries Receivable from Insurance Companies - Prior Years is charged at the beginning of the fiscal year with the uncollected balance of recoverable claims for losses approved in the previous fiscal year, and is credited with collections of prior year recoveries receivable from insurance companies. The debit balance represents the recoveries receivable from insurance companies on claims for losses approved in previous fiscal years which have not yet been collected.

The credits in this account for the fiscal year equal the entries in the "Receipts" column of Revenue and Receipts Ledger account #6031, Collections of Prior Year Recoveries from Insurance Companies.

GL 824 -- Investments is charged with par value of bonds purchased for investment of cash, and is credited with the par value of bonds sold or redeemed. The debit balance represents the par value of bond investments owned.

The charges in this account for the fiscal year are included in the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #8050, Investments. The credits in this account for the fiscal year are included in the entries in the "Receipts" column of Revenue and Receipts Ledger account #6041, Proceeds from Sale of Investments.

GL 825 -- Unamortized Premiums on Investments is charged with the excess of the purchase price of bond investments over the sum of the par value and accrued interest purchased, and is credited with the premiums amortized monthly and with the unamortized balance upon the sale of bonds or redemption prior to their maturity. The premiums written off monthly are computed by dividing the premiums at the date of purchase by the number of months to the maturity of the various bond investments. The debit balance represents a deferred charge against revenues for premiums on bond investments which have not yet been written off.

The charges in this account for the fiscal year are included in the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #8050, Investments.

GL 826 -- Unamortized Discounts on Investments is credited with the excess of the par value of bonds and accrued interest purchased over the purchase price of bond investments, and is charged with discounts amortized monthly and with the unamortized balance upon the sale of bonds or redemption prior to their maturity. The discounts written off monthly are computed by dividing the discounts at the date of purchase by the number of months to the maturity of the various bond investments. The credit balance represents a deferred credit to revenues for discounts on bond investments which have not yet been written off.

The credits in this account for the fiscal year are included in the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #8050, Investments.

GL 827 -- Accrued Interest Purchased on Investments is charged with the interest accrued from the previous interest payment date when bonds are purchased for investment, and is credited with this portion of the first receipts for interest on bond investments. The debit balance represents a deferred charge for interest acquired but not earned on bond investments which is to be written off against the interest received.

The charges in this account for the fiscal year are included in the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #8050, Investments. The credits in this account for the fiscal year equal the entries in the "Receipts" column of Revenue and Receipts Ledger account #6051, Collection of Accrued Interest Purchased on Investments.

GL 828 -- Accrued Interest on Investments - Current Year is charged monthly with interest earned on bond investments, and is credited with collections of matured interest which was accrued during the current fiscal year. The debit balance represents interest receivable on bond investments accrued during the current fiscal year which has not yet been collected, and is transferred at the end of the year to GL 829, Accrued Interest on Investments - Prior Years.

The sum of the charges in this account and GL 819, Recoveries Receivable from Insurance Companies - Current Year, equals the entries in the "Accruals" column of the control card

of the Revenue and Receipts Ledger. The sum of the credits in this account and GL 819, Recoveries Receivable from Insurance Companies - Current Year, equals the entries in the "Collections or Cancellations" column of the control card of the Revenue and Receipts Ledger.

GL 829 -- Accrued Interest on Investments - Prior Years is charged at the beginning of the fiscal year with the uncollected balance of interest accrued on bond investments at the close of the previous fiscal year, and is credited with collections of bond interest matured which was accrued in the previous fiscal year. The debit balance represents interest receivable on bond investments accrued in the previous fiscal year which has not been collected.

GL 842 -- Disbursements Authorized is charged with expenditures approved for payment during the current fiscal year. The debit balance is closed out at the end of the year to GL 886, Available for Expenditure.

The charges in this account equal the credits for the fiscal year in GL 851, Warrants Authorized, after allowing for warrants authorized for disbursements which are not operating expenditures. (See section of Expenditure Classification dealing with disbursements not otherwise classified).

The charges in this account equal the entries in the "Disbursements Authorized" column of the control card of the Expenditure and Encumbrance Ledger after allowing for the entries for disbursements not otherwise classified.

GL 845 -- Encumbrance Charges is charged with approved purchase orders, contracts, and miscellaneous encumbrance requisitions issued during the current fiscal year, and is credited with liquidations and cancellations of these encumbrances during the same year. The debit balance represents commitments which have not yet been authorized for disbursement, and is closed at the end of the year to GL 886, Available for Expenditure.

The sum of the debit balances in this account and GL 847, Claims for Losses, equals the amount in the "Balance of Encumbrances Outstanding" column of the control card of the Expenditure and Encumbrance Ledger.

GL 846 -- Claims for Losses is charged with claims for fire or tornado losses approved during the current fiscal year by the Division of Insurance and with cancellations of encumbrances issued for replacements of current year losses, and is credited with encumbrances issued for replacement of losses and with liquidations and cancellations on these claims during the same fiscal year. The debit balance represents the extent to which departmental claims for losses approved in the current fiscal year have not been obligated by the respective departments. This balance is closed out at the end of the year to GL 886, Available for Expenditure.

The sum of the debit balances in this account and GL 845, Encumbrance Charges, equals the amount in the "Balance of Encumbrances Outstanding" column of the control card of the Expenditure and Encumbrance Ledger.

GL 851 -- Warrants Authorized is credited with disbursements authorized for all purposes by the Division of Accounts and Control, and is charged with all checks issued. The credit balance represents the liability for unpaid warrants authorized.

The total of the warrants issued as reported by the Auditor's office agrees with the credits in this account after allowing for voucher transmittals in transit.

The credits in this account for the fiscal year equal the charges in GL 842, Disbursements Authorized, with the addition of warrants issued for disbursements which are not operating expenditures. (See section of Expenditure Classification dealing with disbursements not otherwise classified.)

The credits in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of the control Card of the Expenditure and Encumbrance Ledger.

GL 868 -- Advance from General Fund is credited with cash received from the General Fund to serve as working capital, and is charged with disbursements authorized for repayment of this advance. The credit balance represents the liability to the General Fund for the repayment of the advance.

The credits in this account for the fiscal year equal the entries in the "Receipts" column of Revenue and Receipts Ledger account #6061, Advance from General Fund. The charges in this account for the fiscal year equal the entries in the "Disbursements Authorized" column of Expenditure and Encumbrance Ledger account #8060, Repayment of Advance from General Fund.

GL 871 -- Outstanding Encumbrance Obligations -- Current Year is credited with approved purchase orders, contracts, and miscellaneous encumbrance requisitions issued during the current fiscal year, and is charged with liquidations and cancellations of these encumbrances made during the same year. The credit balance represents a reserve for authorized commitments which have not yet been authorized for disbursement. This balance is transferred at the end of the year to GL 872, Reserve for Prior Year Encumbrances.

The sum of the credit balances in this account and GL 875, Reserve for Claims for Losses, equals the amount in the "Balance of Encumbrances Outstanding" column of the control card of the Expenditure and Encumbrance Ledger.

GL 872 -- Reserve for Prior Year Encumbrances is credited at the beginning of the fiscal year with the balance of unliquidated encumbrance obligations outstanding at the close of the previous fiscal year, and is charged when disbursements are authorized in payment and with cancellations of these encumbrances. The credit balance represents a reserve to provide for the payment of authorized commitments incurred in the previous fiscal year which have not yet been authorized for disbursement.

GL 875 -- Reserve for Claims for Losses is credited with claims by the various departments and agencies for fire or tornado losses approved by the Division of Insurance during the current fiscal year and with cancellations of encumbrances issued for replacements of current year losses, and is charged with encumbrances issued for replacements of losses and with liquidations and cancellations on these claims for losses during the same year. The credit balance represents a reserve to provide for the payment of claims for losses approved in the current fiscal year on which encumbrance documents have not yet been issued. The balance is transferred at the end of the year to GL 876, Reserve for Prior Year Claims for Losses Approved.

The sum of the credit balances in this account and GL 871, Outstanding Encumbrance Obligations -- Current Year, equals the amount in the "Balance of Encumbrances Outstanding" column of the control card of the Expenditure and Encumbrance Ledger.

GL 876 -- Reserve for Prior Year Claims for Losses is credited at the beginning of the fiscal year with the balance of unencumbered claims for losses outstanding at the close of the previous fiscal year and with cancellations of prior year encumbrances issued for replacements of prior year losses, and is charged with disbursements authorized in payment and with cancellations of these claims. The credit balance represents a reserve to provide for the payment of claims for losses approved in previous fiscal years on which encumbrance documents have not yet been issued.

GL 881 -- Surplus is charged during the fiscal year with receipts made available for expenditure, and is credited with reductions in the amount available for expenditure, such as when losses are incurred on the sale or redemption of bond investments. At the close of the fiscal year the account is credited with the balances of the revenue accounts, namely, GL 882, Accrued Revenues Unrealized, and GL 883, Revenue Receipts. At the end of the fiscal year the credit balance represents the accrued revenues not realized in cash, and therefore not yet available for expenditure.

The charges in this account during the fiscal year equal the entries in the "Receipts" column of the control card of the Revenue and Receipts Ledger, after allowing for the entries for proceeds from sale of investments exclusive of profits, interest purchased on investments, and the advance from the General Fund.

The charges in this account during the fiscal year also equal the entries during the year in the "Allotments or Receipts" column of the control card of the Expenditure and Encumbrance Ledger, after allowing for the entries for cancellations of prior year claims which are charged to GL 876, Reserve for Prior Year Claims for Losses.

GL 882 -- Accrued Revenues Unrealized is credited with interest accrued monthly on bond investments and with the portion of claims for losses covered by reinsurance policies approved for payment during the current fiscal year, and is charged when cash is collected on these receivables in the same fiscal year. The credit balance represents revenues earned during the current fiscal year which have not yet been received in cash, and is closed out at the end of the year to GL 881, Surplus.

The credits in this account equal the entries in the "Accruals" column of the control card of the Revenue and Receipts Ledger. The charges in this account equal the entries in the "Collections of Cancellations" column of the control card of the Revenue and Receipts Ledger.

GL 883 -- Revenue Receipts is credited with cash transferred from other funds for fire and tornado insurance premiums assessed against the various departments and agencies and with collections on bond interest accrued and reinsurance recoveries receivable for the current fiscal year. The account is credited and charged respectively with discounts and premiums amortized monthly on bond investments, and with profits or losses realized from the sale or redemption of bond investments. The credit balance represents the revenues for the current fiscal year received in cash, and is closed at the end of the year to GL 881, Surplus.

The credit balance in this account equals the entries in the "Receipts" column of the control card of the Revenue and Receipts Ledger, after allowing for the entries for non-revenue receipts exclusive of profits or losses from the sale or redemption of bond investments, and premiums and discounts amortized on bond investments which are entered in this account but not in the Revenue and Receipts Ledger.

The credit balance in this account equals the entries during the year in the "Allotments or Receipts" column of the control card of the Expenditure and Encumbrance Ledger after allowing for: (a) entries for collections on prior year recoveries receivable and accrued interest on warrants, which are credited to GL 820, Recoveries Receivable from Insurance Companies - Prior Years, and GL 829, Accrued interest on Investments - Prior Years; (b) entries for cancellations of prior year claims, which are entered as credits to GL 876, Reserve for Prior Year Claims for Losses; and (c) entries in the account for discounts and premiums amortized on bond investments, which are not entered in the Expenditure and Encumbrance Ledger.

GL 886 -- Available for Expenditure is credited during the fiscal year when cash is received and automatically made available for expenditure, namely, when premium assessments are transferred from other funds, when prior year recoveries receivable and accrued interest on investments are collected, and when profits are realized from the sale or redemption of bond investments, and is charged during the year when losses are incurred from the sale or redemption of bond investments. The account is also credited during the year when portions of claims for losses approved in previous fiscal years are cancelled, these released amounts also being automatically made available for expenditure. At the end of the fiscal year the account is credited with the balances in the expenditure accounts, namely, GL 842, Disbursements Authorized, GL 845, Encumbrance Charges, GL 846, Claims for Losses.

During the fiscal year the credit balance represents the cash receipts and cancellations of prior year claims made available for expenditure. At the close of the fiscal year the credit balance represents the unencumbered balance which is available for expenditure in subsequent fiscal years.

The credits in this account during the fiscal year equal the entries during the year in the "Allotments or Receipts" column of the control card of the Expenditure and Encumbrance Ledger.

The credits in this account during the fiscal year equal the entries in the "Receipts" column of the control card of the Revenue and Receipts Ledger after allowing for: (a) entries for non-revenue receipts exclusive of collections on prior year recoveries receivable and accrued interest on investments and profits from the sale or redemption of bond investments, which are credited in this account; and (b) cancellations of prior year claims which are credited in this account and not entered in the Revenue and Receipts Ledger.

CHART OF GENERAL LEDGER ACCOUNTS
STATE FIRE AND TORNADO INSURANCE FUND

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 801	Cash in Banks	Dr. with Revenue receipts not previously billed or accrued.	Enter in "Receipts" column of R Ledger accounts affected. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%).	Cr. GL 883 - Revenue Receipts. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
		Dr. with Non-revenue receipts.	Enter in "Receipts" column of R Ledger accounts affected.	Cr. Asset, liability, or other accounts affected.
		Dr. with Collections of current interest matured on bond investments.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #6011. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%).	Cr. GL 828 - Accrued Interest on Investments - Current Year. <u>Also</u> Dr. GL 882 - Accrued Revenues Unrealized. Cr. GL 883 - Revenue Receipts. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
		Dr. with Collections or prior year interest matured on bond investments.	Enter in "Receipts" column of R Ledger account #6032. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%).	Cr. GL 829 - Accrued Interest on Investments - Prior Years. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
		Dr. with Collections of current losses covered by reinsurance with insurance companies.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #6021. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger account #8000 (100%).	Cr. GL 819 - Recoveries Receivable from Insurance Companies - Current Year. <u>Also</u> Dr. GL 882 - Accrued Revenues Unrealized. Cr. GL 883 - Revenue Receipts. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
		Dr. with Collections on prior year losses covered by reinsurance with insurance companies.	Enter in "Receipts" column of R Ledger account #6031. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger account #8000 (100%).	Cr. GL 820 - Recoveries Receivable from Insurance Companies - Prior Years. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
		Cr. with Checks issued by Treasurer.		Dr. GL 851 - Warrants Authorized.
GL 819	Recoveries Receivable from Insurance Companies - Current Year.	Dr. with Portion of losses covered by reinsurance policies.	Enter in "Accruals" column of R Ledger account #6021.	Cr. GL 882 - Accrued Revenues Unrealized.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Cr. with Receipts of current recoveries from insurance companies.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #6021. Also Enter in "Allotments or Receipts" column of E Ledger account #8000 (100%).	Dr. GL 801 - Cash in Banks. Also Dr. GL 882 - Accrued Revenues Unrealized. Cr. GL 883 - Revenue Receipts. Also Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
		Cr. with Balance of account at close of year.		Dr. GL 820 - Recoveries Receivable from Insurance Companies - Prior Years.
GL 820	Recoveries Receivable from Insurance Companies - Prior Years	Dr. with Uncollected recoveries at end of year.		Cr. GL 819 - Recoveries Receivable from Insurance Companies - Current Year.
		Cr. with Receipts of prior year recoveries from insurance companies.	Enter in "Receipts" column of R Ledger account #6031. Also Enter in "Allotments or Receipts" column of E Ledger account #8000 (100%).	Dr. GL 801 - Cash in Banks. Also Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
GL 824	Investments	Dr. with Par value of bonds purchased.	Enter expenditure in "Disbursements Authorized" column of E Ledger account #8050.	Cr. GL 851 - Warrants Authorized. Dr. GL 825 - Unamortized Premiums on Investments. Or Cr. GL 826 - Unamortized Discounts on Investments. Dr. GL 827 - Accrued Interest Purchased on Investments.
		Cr. with Par value of bonds sold or redeemed at a profit.	Enter proceeds from sale in "Receipts" column of R Ledger account #6041. Also Enter current interest earned in "Collections or Cancellations" column of R Ledger account #6011. Also Enter profits from sale and current interest earned in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%).	Dr. GL 801 - Cash in Banks. Dr. GL 882 - Accrued Revenues Unrealized. Cr. GL 825 - Unamortized Premiums on Investments. Or Dr. GL 826 - Unamortized Discounts on Investments. Cr. GL 828 - Accrued Interest on Investments - Current Year. Cr. GL 883 - Revenue Receipts. Also Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Cr. with Par value of bonds sold or redeemed at a loss.	Enter proceeds from sale in "Receipts" column of R Ledger account #6041. <u>Also</u> Enter current interest earned in "Collections or Cancellations" column of R Ledger account #6011. <u>Also</u> Enter losses from sale, less current interest earned, deduct in "Allocation or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%).	Dr. GL 801 - Cash in Banks. Dr. GL 882 - Accrued Revenues Unrealized. Dr. GL 883 - Revenue Receipts. Cr. GL 825 - Unamortized Premiums on Investments. <u>Or</u> Dr. GL 826 - Unamortized Discounts on Investments. Cr. GL 828 - Accrued Interest on Investments - Current Year. <u>Also</u> Dr. GL 886 - Available for Expenditure. Cr. GL 881 - Surplus.
GL 825	Unamortized Premiums on Investments	Dr. with Excess of purchase price over par value of bonds and accrued interest purchased.	Enter expenditure in "Disbursements Authorized" column of E Ledger account #8050.	Cr. GL 851 - Warrants Authorized. Dr. GL 826 - Investments. Dr. GL 829 - Accrued Interest Purchased on Investments. Dr. GL 883 - Revenue Receipts.
		Cr. with Premiums amortized at end of month. (Premiums amortized are computed by dividing excess of purchase price over par value of bond purchases by number of months to maturity).		
		Cr. with Premiums unamortized upon sale, or redemption prior to maturity, of bonds.	Enter proceeds from sale in "Receipts" column of R Ledger account #6041. <u>Also</u> See GL 824.	Dr. GL 801 - Cash in Banks. <u>Also</u> See GL 824.
GL 826	Unamortized Discounts on Investments	Cr. with Deficiency of purchase price from par value of bonds and accrued interest purchased.	Enter expenditure in "Disbursements Authorized" column of E Ledger account #8050.	Cr. GL 851 - Warrants Authorized. Dr. GL 826 - Investments. Dr. GL 827 - Accrued Interest Purchased on Investments. Cr. GL 883 - Revenue Receipts.
		Dr. with Discounts amortized at end of month. (Discounts amortized are computed by dividing deficiency of purchase price from par value of bond purchases by number of months to maturity.)		

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Dr. with Discounts unamortized upon sale, or redemption prior to maturity of bonds.	Enter proceeds from sale in "Receipts" column of R Ledger account #6041. <u>Also</u> See GL 824.	Dr. GL 801 - Cash in Banks. <u>Also</u> See GL 824.
GL 827	Accrued Interest Purchased on Investments	Dr. with Accrued interest when bonds purchased.	Enter expenditure in "Disbursements Authorized" column of E Ledger account #8050.	Cr. GL 851 - Warrants Authorized. <u>Also</u> See GL 824.
		Cr. with Receipt of interest accrued when bonds purchased.	Enter in "Receipts" column of R Ledger account #6051.	Dr. GL 801 - Cash in Banks.
GL 828	Accrued Interest on Investments - Current Year	Dr. with Interest accrued on bond investments, at end of month.	Enter in "Accruals" column of R Ledger account #6011.	Cr. GL 882 - Accrued Revenues Unrealized.
		Cr. with Collections of current interest matured on bond investments.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #6011. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%).	Dr. GL 801 - Cash in Banks. <u>Also</u> Dr. GL 882 - Accrued Revenues Unrealized. Cr. GL 883 - Revenue Receipts. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
		Cr. with Collections of current interest earned included in proceeds from sale or redemption of bond investments.	Enter proceeds from sale in "Receipts" column of R Ledger account #6041. <u>Also</u> Enter current interest earned in "Collections or Cancellations" column of R Ledger account #6011. <u>Also</u> Enter profits, or losses deduct, and current interest earned in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%).	Dr. GL 801 - Cash in Banks. <u>Also</u> Dr. GL 882 - Accrued Revenues Unrealized. Cr. GL 883 - Revenue Receipts. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
GL 829	Accrued Interest on Investments - Prior Years	Cr. with Balance of account at close of year.		Dr. GL 829 - Accrued Interest on Investments - Prior Years.
		Dr. with Uncollected interest accrued on bond investments, at end of year.		Cr. GL 828 - Accrued Interest on Investments - Current Year.
		Cr. with collections of prior year interest matured on bond investments.	Enter in "Receipts" column of R Ledger account #6032. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%).	Dr. GL 801 - Cash in Banks. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Cr. with Collections of prior year interest earned included in proceeds from sale or redemption of bond investments.	Enter proceeds from sale in "Receipts" column of R Ledger account #6041. <u>Also</u> Enter profits, or losses deduct, and prior year interest earned in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%).	Dr. GL 801 - Cash in Banks. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
GL 842	Disbursements Authorized	Dr. with Disbursements authorized in payment of current year claims for losses, administration expense, and re-insurance premiums.	Enter in "Disbursements Authorized" column of E Ledger accounts affected. <u>Also</u> For disbursements authorized in payment of insurance premiums, enter deduct in "Allotments or Receipts" column of E Ledger account #8000 and enter add in "Allotments or Receipts" column of E Ledger account #8020. <u>Also</u> For disbursements authorized in payment of current year losses replaced without previous encumbrance, enter in "Encumbrances Liquidated" column of E Ledger account #8000.	Cr. GL 851 - Warrants Authorized. <u>Also</u> For disbursements authorized in payment of current year losses replaced without previous encumbrance: Dr. GL 875 - Reserve for Claims for Losses. Cr. GL 846 - Claims for Losses.
		Cr. with Reductions or cancellations of authorizations.	Enter deduct in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL 851 - Warrants Authorized.
		Cr. with Balance of account at close of year.		Dr. GL 886 - Available for Expenditure.
GL 845	Encumbrance Charges	Dr. with Purchase orders, contracts, and miscellaneous encumbrance requisitions issued.	Enter in "Encumbrances Issued" column of E Ledger accounts affected. <u>Also</u> For encumbrances issued for replacements of current year losses, enter in "Encumbrances Liquidated" column of E Ledger account #8000.	Cr. GL 871 - Outstanding Encumbrance Obligations - Current Year. <u>Also</u> For encumbrances issued for replacements of current year losses: Dr. GL 875 - Reserve for Claims for Losses. Cr. GL 846 - Claims for Losses.
		Cr. with Encumbrance liquidations.	Enter in "Encumbrances Liquidated" column of E Ledger accounts affected.	Dr. GL 871 - Outstanding Encumbrance Obligations - Current Year.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Cr. with Encumbrance cancellations.	Enter in "Encumbrances Liquidated" column of E Ledger accounts affected. Also For full or partial cancellations of encumbrances issued for replacements of current year losses, enter in "Encumbrances Issued" column of E Ledger account #8000.	Dr. GL 871 - Outstanding Encumbrance Obligations - Current Year. Also For full or partial cancellation of encumbrances issued for replacements of current year losses: Dr. GL 846 - Claims for Losses. Cr. GL 875 - Reserve for Claims for Losses.
		Cr. with Balance at close of year.		Dr. GL 886 - Available for Expenditure.
GL 846	Claims for losses	Dr. with Amount of claims for fire or tornado losses approved.	Enter in "Encumbrances Issued" column of E Ledger account #8000.	Cr. GL 875 - Reserve for Claims for Losses.
		Cr. with Encumbrances issued for replacements of current year losses.	Enter in "Encumbrances Liquidated" column and in "Encumbrances Issued" column of E Ledger account #8000.	Dr. GL 875 - Reserve for Claims for Losses. Also Dr. GL 845 - Encumbrance Charges. Cr. GL 871 - Outstanding Encumbrance Obligations - Current Year.
		Cr. with Disbursements authorized for replacement of current year losses not previously encumbered.	Enter in "Encumbrances Liquidated" column and in "Disbursements Authorized" column of E Ledger account #8000.	Dr. GL 875 - Reserve for Claims for Losses. Also Dr. GL 842 - Disbursements Authorized. Cr. GL 851 - Warrants Authorized.
		Dr. with Full or partial cancellation of encumbrances issued for replacements of current year losses.	Enter in "Encumbrances Issued" column and in "Encumbrances Liquidated" column of E Ledger account #8000.	Cr. GL 875 - Reserve for Claims for Losses. Also Dr. GL 871 - Outstanding Encumbrance Obligations - Current Year. Cr. GL 845 - Encumbrance Charges.
		Cr. with Portion of current approved claims cancelled.	Enter in "Encumbrances Liquidated" column of E Ledger account #8000.	Dr. GL 875 - Reserve for Claims for Losses.
		Cr. with Balance at close of year.		Dr. GL 886 - Available for Expenditure.
GL 851	Warrants Authorized	Cr. with Disbursements authorized by Division of Accounts and Control.	Enter in "Disbursements Authorized" column of E Ledger accounts affected.	Dr. GL 842 - Disbursements Authorized or other accounts affected.
		Dr. with Checks issued by Treasurer.		Cr. GL 801 - Cash in Banks.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 868	Advance from General Fund	Cr. with Advance for working capital received from General Fund. Dr. with Repayment of advance received from General Fund.	Enter in "Receipts" column of R Ledger account #6061. Enter in "Disbursements Authorized" column of E Ledger account #8060.	Dr. GL 801 - Cash in Banks. Cr. GL 851 - Warrants Authorized.
GL 871	Outstanding Encumbrance Obligations - Current Year	Cr. with Purchase orders, contracts, and miscellaneous encumbrance requisitions issued. Dr. with Encumbrance liquidations. Dr. with Encumbrance cancellations. Dr. with Balance at close of year.	Enter in "Encumbrances Issued" column of E Ledger accounts affected. <u>Also</u> For encumbrances issued for replacements of current year losses, enter in "Encumbrances Liquidated" column of E Ledger account #8000. Enter in "Encumbrances Liquidated" column of E Ledger accounts affected. Enter in "Encumbrances Liquidated" column of E Ledger accounts affected. <u>Also</u> For full or partial cancellations of encumbrances issued for replacements of current year losses, enter in "Encumbrances Issued" column of E Ledger account #8000.	Dr. GL 845 - Encumbrance Charges. <u>Also</u> For encumbrances issued for replacement of current year losses: Dr. GL 875 - Reserve for Claims for Losses. Cr. GL 846 - Claims for Losses. Cr. GL 845 - Encumbrance Charges. Cr. GL 845 - Encumbrance Charges. <u>Also</u> For full or partial cancellations of encumbrances issued for replacements of current year losses: Dr. GL 846 - Claims for Losses. Cr. GL 875 - Reserve for Claims for Losses. Cr. GL 872 - Reserve for Prior Year Encumbrances.
GL 872	Reserve for Prior Year Encumbrances	Cr. with Encumbrances unliquidated at close of year. Dr. with Disbursements authorized in payment of prior year encumbrances. Dr. with Full or partial cancellation of prior year encumbrances, except those issued for replacement of prior year losses. Dr. with Full or partial cancellation of encumbrances issued prior to close of year for replacements of prior year losses.	Enter in "Disbursements Authorized" column of E Ledger account #8040. Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Dr. GL 871 - Outstanding Encumbrance Obligations - Current Year. Cr. GL 851 - Warrants Authorized. Cr. GL 886 - Available for Expenditure. Dr. GL 876 - Reserve for Prior Year Claims for Losses.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
GL 875	Reserve for Claims for Losses	Cr. with Amount of claims for fire or tornado losses approved.	Enter in "Encumbrances Issued" column of E Ledger account #8000.	Dr. GL 846 - Claims for Losses.
		Dr. with Encumbrances issued for replacement of current year losses.	Enter in "Encumbrances Liquidated" column and in "Encumbrances Issued" column of E Ledger account #8000.	Cr. GL 846 - Claims for Losses. Also Dr. GL 845 - Encumbrance Charges. Cr. GL 871 - Outstanding Encumbrance Obligations - Current Year.
		Dr. with Disbursements authorized for replacement of current year losses not previously encumbered.	Enter in "Encumbrances Liquidated" column and in "Disbursements Authorized" column of E Ledger account #8000.	Cr. GL 846 - Claims for Losses. Also Dr. GL 842 - Disbursements Authorized. Cr. GL 851 - Warrants Authorized.
		Cr. with Full or partial cancellation of encumbrances issued for replacements of current year losses.	Enter in "Encumbrances Issued" column and in "Encumbrance Liquidated" column of E Ledger account #8000.	Dr. GL 846 - Claims for Losses. Also Dr. GL 871 - Outstanding Encumbrance Obligations - Current Year. Cr. GL 845 - Encumbrance Charges.
		Dr. with Portion of current approved claims cancelled.	Enter in "Encumbrances Liquidated" column of E Ledger account #8000.	Cr. GL 846 - Claims for Losses.
		Dr. with Balance at close of year.		Cr. GL 876 - Reserve for Prior Year Claims for Losses.
GL 876	Reserve for Prior Year Claims for Losses	Cr. with Balance of GL 875, Reserve for Claims for Losses, at close of year.		Dr. GL 875 - Reserve for Claims for Losses.
		Dr. with Disbursements authorized for replacement of prior year losses.	Enter in "Disbursements Authorized" column of E Ledger account #8040.	Cr. GL 851 - Warrants Authorized.
		Dr. with Portion of prior year approved claims cancelled.	Enter in "Allotments or Receipts" column of E Ledger account #8000 (100%).	Cr. GL 886 - Available for Expenditure.
		Cr. with Full or partial cancellation of encumbrances issued prior to close of year for replacements of prior year losses.		Dr. GL 872 - Reserve for Prior Year Encumbrances.
GL 881	Surplus	Dr. with Revenue receipts not previously billed or accrued.	Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%). Also Enter in "Receipts" column of R Ledger accounts affected.	Cr. GL 886 - Available for Expenditure. Also Dr. GL 801 - Cash in Banks. Cr. GL 883 - Revenue Receipts.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Dr. with Collections of current interest matured on bond investments.	Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%). <u>Also</u> Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #6011.	Cr. GL 886 - Available for Expenditure. <u>Also</u> Dr. GL 801 - Cash in Banks. Cr. GL 828 - Accrued Interest on Investments - Current Year. <u>Also</u> Dr. GL 882 - Accrued Revenues Unrealized. Cr. GL 883 - Revenue Receipts.
		Dr. with Collections of prior year interest matured on bond investments.	Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%). <u>Also</u> Enter in "Receipts" column of R Ledger account #6032.	Cr. GL 886 - Available for Expenditure. <u>Also</u> Dr. GL 801 - Cash in Banks. Cr. GL 829 - Accrued Interest on Investments - Prior Years.
		Dr. with Collections on current losses covered by reinsurance with insurance companies.	Enter in "Allotments or Receipts" column of E Ledger account #8000 (100%). <u>Also</u> Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #6021.	Cr. GL 886 - Available for Expenditure. <u>Also</u> Dr. GL 801 - Cash in Banks. Cr. GL 819 - Recoveries Receivable from Insurance Companies - Current Year. <u>Also</u> Dr. GL 882 - Accrued Revenues Unrealized. Cr. GL 883 - Revenue Receipts.
		Dr. with Collections on prior year losses covered by reinsurance with insurance companies.	Enter in "Allotments or Receipts" column of E Ledger account #8000 (100%). <u>Also</u> Enter in "Receipts" column of R Ledger account #6031.	Cr. GL 886 - Available for Expenditure. <u>Also</u> Dr. GL 801 - Cash in Banks. Cr. GL 820 - Recoveries Receivable from Insurance Companies - Prior Years.
		Dr. with Profits on sales or redemption of bond investments.	Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%). <u>Also</u> See GL 824.	Cr. GL 886 - Available for Expenditure. <u>Also</u> See GL 824.
		Cr. with Losses on sales or redemption of bond investments.	Enter deduct in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%). <u>Also</u> See GL 824.	Dr. GL 886 - Available for Expenditure. <u>Also</u> See GL 824.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Cr. with Balances of following accounts at close of year: GL 882 - Accrued Revenues Unrealized. GL 883 - Revenue Receipts.		Dr. GL 882 - Accrued Revenues Unrealized. Dr. GL 883 - Revenue Receipts.
GL 882	Accrued Revenues Unrealized	Cr. with Interest accrued on bond investments, at end of month.	Enter in "Accruals" column of R Ledger account #6011.	Dr. GL 828 - Accrued Interest on Investments - Current Year.
		Cr. with Portion of losses covered by reinsurance policies.	Enter in "Accruals" column of R Ledger account #6021.	Dr. GL 819 - Recoveries Receivable from Insurance Companies - Current Year.
		Dr. with Collections of current interest matured on bond investments.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #6011. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%).	Cr. GL 883 - Revenue Receipts. <u>Also</u> Dr. GL 801 - Cash in Banks. Cr. GL 828 - Accrued Interest on Investments - Current Year. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
		Dr. with Collections on current losses covered by reinsurance with insurance companies.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #6021. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger account #8000 (100%).	Cr. GL 883 - Revenue Receipts. <u>Also</u> Dr. GL 801 - Cash in Banks. Cr. GL 819 - Recoveries Receivable from Insurance Companies - Current Year. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
		Dr. with Balance at close of year.		Cr. GL 881 - Surplus.
GL 883	Revenue Receipts	Cr. with Transfers of cash from other funds for fire and tornado insurance premiums assessed.	Enter in "Receipts" column of R Ledger account #6000. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%).	Dr. GL 801 - Cash in Banks. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
		Cr. with Collections of current interest matured on bond investments.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #6011. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%).	Dr. GL 882 - Accrued Revenues Unrealized. <u>Also</u> Dr. GL 801 - Cash in Banks. Cr. GL 828 - Accrued Interest on Investments Current Year. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Cr. with Collections on current losses covered by reinsurance with insurance companies.	Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #6021. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger account #8000 (100%).	Dr. GL 882 - Accrued Revenues Unrealized. <u>Also</u> Dr. GL 801 - Cash in Banks. Cr. GL 819 - Recoveries Receivable from Insurance Companies - Current Year. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
		Cr. with Collections of interest on bank deposits.	Enter in "Receipts" column of R Ledger account #6012. <u>Also</u> Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%).	Dr. GL 801 - Cash in Banks. <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
		Cr. with Amortized discounts on bond investments, at end of month.		Dr. GL 826 - Unamortized Discounts on Investments.
		Dr. with Amortized premiums on bond investments, at end of month.		Cr. GL 825 - Unamortized Premiums on Investments.
		Cr. with Excess of receipts from sale or redemption of bonds over par value and unamortized premiums, or less unamortized discounts, and accrued interest.	Enter proceeds from sale in "Receipts" column of R Ledger account #6041. <u>Also</u> Enter profits from sale and interest earned in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%). <u>Also</u> For collection of current interest earned through sale or redemption, enter in "Collections or Cancellations" column of R Ledger account #6011.	Dr. GL 801 - Cash in Banks. Dr. GL 882 - Accrued Revenues Unrealized. Cr. GL 824 - Investments. Cr. GL 825 - Unamortized Premiums on Investments. <u>Or</u> Dr. GL 826 - Unamortized Discounts on Investments. Cr. GL 828 - Accrued Interest on Investments - Current Year <u>Also</u> Dr. GL 881 - Surplus. Cr. GL 886 - Available for Expenditure.
		Dr. with Deficiency of receipts from sale or redemption of bonds from par value and unamortized premiums, or less unamortized discounts, and accrued interest.	Enter proceeds from sale in "Receipts" column of R Ledger account #6041. <u>Also</u> Enter losses from sale less interest earned deduct in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%). <u>Also</u> For collection of current interest earned through sale or redemption, enter in "Collections or Cancellations" column of R Ledger account #6011.	Dr. GL 801 - Cash in Banks. Dr. GL 882 - Accrued Revenues Unrealized. Cr. GL 824 - Investments. Cr. GL 825 - Unamortized Premiums on Investments. <u>Or</u> Dr. GL 826 - Unamortized Discounts on Investments. Cr. GL 828 - Accrued Interest on Investments - Current Year.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
			tions or Cancellations" column of R Ledger account #6011.	<u>Also</u> Cr. GL 881 - Surplus Dr. GL 886 - Available for Expenditure.
		Dr. with Balance at close of year.		Cr. GL 881 - Surplus.
GL 886	Available for Expenditure	Cr. with Revenue receipts not previously billed or accrued.	Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%). <u>Also</u> Enter in "Receipts" column of R Ledger accounts affected.	Dr. GL 881 - Surplus. <u>Also</u> Dr. GL 801 - Cash in Banks. Cr. GL 883 - Revenue Receipts.
		Cr. with Collections of current interest matured on bond investments.	Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%). <u>Also</u> Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #6011.	Dr. GL 881 - Surplus. <u>Also</u> Dr. GL 801 - Cash in Banks. Cr. GL 828 - Accrued Interest on Investments - Current Year. <u>Also</u> Dr. GL 882 - Accrued Revenues Unrealized. Cr. GL 883 - Revenue Receipts.
		Cr. with Collections of prior year interest matured on bond investments.	Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%). <u>Also</u> Enter in "Receipts" column of R Ledger account #6032.	Dr. GL 881 - Surplus. <u>Also</u> Dr. GL 801 - Cash in Banks. Cr. GL 829 - Accrued Interest on Investments - Prior Years.
		Cr. with Collections on current losses covered by reinsurance with insurance companies.	Enter in "Allotments or Receipts" column of E Ledger account #8000 (100%). <u>Also</u> Enter in "Collections or Cancellations" column and in "Receipts" column of R Ledger account #6021.	Dr. GL 881 - Surplus. <u>Also</u> Dr. GL 801 - Cash in Banks. Cr. GL 819 - Recoveries Receivable from Insurance Companies - Current Year. <u>Also</u> Dr. GL 882 - Accrued Revenues Unrealized. Cr. GL 883 - Revenue Receipts.
		Cr. with Collections on prior year losses covered by reinsurance with insurance companies.	Enter in "Allotments or Receipts" column of E Ledger account #8000 (100%). <u>Also</u> Enter in "Receipts" column of R Ledger account #6031.	Dr. GL 881 - Surplus. <u>Also</u> Dr. GL 801 - Cash in Banks. Cr. GL 820 - Recoveries Receivable from Insurance Companies - Prior Years.
		Cr. with Profits on sales or redemption of bond investments.	Enter in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%). <u>Also</u> See GL 824.	Dr. GL 881 - Surplus. <u>Also</u> See GL 824.

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA GENERAL LEDGER ENTRIES
		Dr. with Losses on sale or redemption of bond investments.	Enter deduct in "Allotments or Receipts" column of E Ledger accounts #8000 (90%) and #8010 (10%). <u>Also</u> See GL 824.	Cr. GL 881 - Surplus. <u>Also</u> See GL 824.
		Cr. with Portion of prior year approved claims cancelled.	Enter in "Allotments or Receipts" column of E Ledger account #8000 (100%).	Dr. GL 876 - Reserve for Prior Year Claims for Losses.
		Cr. with Prior year encumbrances cancelled, except those issued for replacements of prior year losses.	Enter in "Allotments or Receipts" column of E Ledger accounts affected.	Dr. GL 872 - Reserve for Prior Year Encumbrances.
		Dr. with Balances of following accounts at close of year:		
		GL 842 - Disbursements Authorized		Cr. GL 842 - Disbursements Authorized.
		GL 845 - Encumbrance Charges		Cr. GL 845 - Encumbrance Charges.
		GL 846 - Claims for Losses		Cr. GL 846 - Claims for Losses.

FIXED ASSET ACCOUNTS

DEBITS

1001 Land
1002 Buildings
1003 Machinery and Equipment

CREDITS

1011 Investment in Fixed Assets

DESCRIPTION OF FIXED ASSET
ACCOUNTS

FA 1001 -- Land is charged with purchases at cost of land and permanent improvements to land, such as fences, sidewalks, and landscaping, and is credited with the cost of land and permanent improvements sold. The debit balance represents the cost value, or appraised value at date received if acquired by gift, of land and permanent improvements owned.

The sum of the debit balances in this account and FA 1002, Buildings, and FA 1003, Machinery and Equipment, equals the total in the control account of the Property Ledger.

The sum of the charges for the fiscal year in this account and FA 1002, Buildings, and FA 1003, Machinery and Equipment, equals the total of the entries in the capital outlay accounts of the Detailed Expenditure Analysis Ledgers for all funds, after allowing for the entries for permanent improvements, such as roads and bridges, which are not included in the fixed asset accounts but are entered in the capital outlay accounts of the Detailed Expenditure Analysis Ledgers.

FA 1002 -- Buildings is charged with purchases or additions at cost of buildings and attached improvements having considerable useful life, and is credited with the cost of buildings and permanent improvements sold or destroyed. The account is charged with increases in replacement cost over original cost of building and permanent improvements, and is credited with decreases in replacement cost from original cost. The debit balance represents the cost, or appraised value if acquired by gift, of buildings and permanent improvements owned.

The sum of the debit balances in this account and FA 1001, Land, and FA 1003, Machinery and Equipment, equals the total in the control account of the Property Ledger.

The sum of the charges for the fiscal year in this account and FA 1001, Land, and FA 1003, Machinery and Equipment, equals the total of the entries in the capital outlay accounts of the Detailed Expenditure Analysis Ledgers for all funds, after allowing for the entries for permanent improvements not included in fixed assets.

FA 1003 -- Machinery and Equipment is charged with purchases at cost of machinery and equipment and with increases in replacement cost of machinery and equipment over original cost, and is credited with the cost of machinery and equipment sold, retired, or destroyed, and with decreases in replacement cost of machinery and equipment from original cost. The debit balance represents the cost value of machinery and permanent equipment owned.

The sum of the debit balances in this account and FA 1001, Land, and FA 1002, Buildings, equals the total in the control account of the Property Ledger.

The sum of the charges for the fiscal year in this account and FA 1001, Land, and FA 1002, Buildings, equals the total of the entries in the capital outlay accounts of the Detailed Expenditure Analysis Ledgers for all funds, after allowing for the entries for permanent improvements not included in fixed assets.

FA 1011 -- Investment in Fixed Assets is credited with the cost, or appraised value if gifts, of fixed assets acquired, and with increases in replacement cost of fixed assets over original cost, and is charged with the cost of fixed assets sold, retired, or destroyed, and with decreases in replacement cost of fixed assets from original cost. The credit balance represents the cost value of fixed assets (appraised value in case of gifts) owned by the State.

CHART OF FIXED ASSET ACCOUNTS

ACCOUNT NUMBER	ACCOUNT TITLE	TRANSACTIONS	SUBSIDIARY LEDGER ENTRIES	CONTRA FIXED ASSET ENTRIES
FA 1001	Land	Dr. with Acquisitions or additions of land and permanent improvements at cost value.	Enter in "Increase" column of Property Ledger accounts affected.	Cr. FA 1011 - Investment in Fixed Assets.
		Cr. with Sales of land and permanent improvements at cost value.	Enter in "Decrease" column of Property Ledger accounts affected.	Dr. FA 1011 - Investment in Fixed Assets.
FA 1002	Buildings	Dr. with Acquisitions or additions of buildings and permanent improvements at cost value and with extent to which cost of replacement of such items exceeds original cost.	Enter in "Increase" column of Property Ledger accounts affected.	Cr. FA 1011 - Investment in Fixed Assets.
		Cr. with Sales or destruction of buildings and permanent improvements at cost value and with extent to which cost of replacement of such items is less than original cost.	Enter in "Decrease" column of Property Ledger accounts affected.	Dr. FA 1011 - Investment in Fixed Assets.
FA 1003	Machinery and Equipment	Dr. with Acquisitions of machinery and equipment at cost value and with extent to which cost of replacement of such items exceeds original cost.	Enter in "Increase" column of Property Ledger accounts affected.	Cr. FA 1011 - Investment in Fixed Assets.
		Cr. with Sales, retirements, or destruction of machinery and equipment at cost value and with extent to which cost of replacement of such items is less than original cost.	Enter in "Decrease" column of Property Ledger accounts affected.	Dr. FA 1011 - Investment in Fixed Assets.
FA 1011	Investment in Fixed Assets	Cr. with Acquisitions or additions of lands, buildings, machinery, and equipment at cost value and with extent to which cost of replacement of such items exceeds original cost.		Dr. Fixed Asset accounts affected.
		Dr. with Sales, retirements, or destruction of land, buildings, machinery, and equipment at cost value and with extent to which cost of replacement of such items is less than original cost.		Cr. Fixed Asset accounts affected.

Chapter XVI

CLASSIFICATIONS OF SUBSIDIARY LEDGER ACCOUNTS

This chapter contains the Expenditure Classification, the Subsidiary Classification of Expenditures, and the Revenue and Receipts Classification. These classifications show numbers and names of accounts in the Expenditure and Encumbrance Ledger, Detailed Expenditure Analysis Ledger, and Revenue and Receipts Ledger respectively.

The Expenditure Classification numbers identify the fund, State agency or function, and major expenditure class. Blocks of numbers are assigned to each fund (e.g., General Fund is 1 to 3999). The last digit of each account number indicates the major class of expenditure as follows: 0 - Unclassified; 1 - Personal Services; 2 - County Officials and Court Costs; 3 - Services Other Than Personal; 4 - Materials, Supplies, and Parts; 5 - Replacements and Other Current Expenses; 6 - Capital Outlay; and 7 - Debt and Interest. The numbers preceding the last digit indicate the budget unit in the General Fund and the Revolving, Trust, and Agency Funds; in the State Road Fund they indicate the function. The last two digits in the Highway Bridge Bond Sinking Fund indicate the project number.

The Subsidiary Classification of Expenditures furnishes a detailed analysis of expenditures and is subsidiary to the Expenditure Classification. The numbers in the detailed classification are designed to identify the major class of expenditures and the detailed breakdown of each major class. Blocks of numbers are assigned to each major expenditure class (e.g., Personal Services is 100 to 199), and the first digit indicates the expenditure class.

The Revenue and Receipts Classification numbers identify the fund and major source. Blocks of numbers are assigned to each fund (e.g., 1 to 999 indicates the General Fund), and groups of numbers within funds indicate the source (e.g., 101 to 149 indicates Excise Taxes (Other than Alcohol) credited to the General Fund). Where receipts are automatically credited as allotments to accounts in the Expenditure and Encumbrance Ledger, the number of the account in the latter Ledger is shown to the right of the revenue and receipts account in the column headed "Expenditure Account Credit". The Revenue and Receipts Classification is supplemented by Chapter XVII, which contains a chart that amplifies and explains the principal sources of revenue.

It should be noted that the Expenditure Classification is based upon the 1936 Appropriation Act; as subsequent appropriation acts are passed, it will undoubtedly be possible to simplify the classification.

EXPENDITURE CLASSIFICATION

1 - 3999 - GENERAL FUND

General Assembly \

10 Legislative Session

Legislative Council

20 Legislative Council

Lieutenant Governor

31 Personal Services

33 Services Other Than Personal

34 Materials, Supplies, and Parts

Legislative Investigating Committee

40 Legislative Investigating Committee

Judiciary and Court Costs

Court of Appeals

101 Personal Services

103 Services Other Than Personal

104 Materials, Supplies, and Parts

106 Capital Outlay

Clerk of Court of Appeals

111 Personal Services

113 Services Other Than Personal

114 Materials, Supplies, and Parts

116 Capital Outlay

Judicial Council

121 Personal Services

123 Services Other Than Personal

124 Materials, Supplies, and Parts

Clerks' Services

132 Personal Services

Criminal Prosecutions

142 Personal Services

Judiciary and Court Costs - Miscellaneous

150 Salaries - Judges and Commonwealth's Attorneys

162 Jury Commissioners

172 Jury Services

182 Commissions on Fines and Forfeitures

192 Return of Escaped Convicts (Expresses)

Governor

201 Personal Services

203 Services Other Than Personal
 204 Materials, Supplies, and Parts
 206 Capital Outlay
Executive Cabinet
 211 Personal Services
 213 Services Other Than Personal
 214 Materials, Supplies, and Parts
Governor - Miscellaneous
 220 Contingent Fund
 230 General Emergency Fund
Secretary of State
 301 Personal Services
 303 Services Other Than Personal
 304 Materials, Supplies, and Parts
Land Office
 311 Personal Services
 313 Services Other Than Personal
Department of Law
Attorney General
 351 Personal Services
 353 Services Other Than Personal
 354 Materials, Supplies, and Parts
 356 Capital Outlay
 360 Cost of Suits
Department of the Treasury
State Treasurer
 401 Personal Services
 403 Services Other Than Personal
 404 Materials, Supplies, and Parts
 406 Capital Outlay (New System)
 411 Custodian of Securities (Personal Services)
Auditor of Public Accounts
 451 Personal Services
 453 Services Other Than Personal
 454 Materials, Supplies, and Parts
 455 Replacements and Other Current Expenses
 456 Capital Outlay
Department of Finance
Commissioner of Finance
 501 Personal Services
 503 Services Other Than Personal
 504 Materials, Supplies, and Parts

- 505 Replacements and Other Current Expenses
- 506 Capital Outlay

Division of the Budget

- 511 Personal Services
- 513 Services Other Than Personal
- 514 Materials, Supplies, and Parts
- 516 Capital Outlay

Division of Personnel Efficiency

- 521 Personal Services
- 523 Services Other Than Personal
- 524 Materials, Supplies, and Parts

Division of Accounts and Control

- 531 Personal Services
- 533 Services Other Than Personal
- 534 Materials, Supplies, and Parts
- 535 Replacements and Other Current Expenses
- 536 Capital Outlay

Division of Post-Audit

- 541 Personal Services
- 543 Services Other Than Personal
- 544 Materials, Supplies, and Parts

Division of Purchases and Public Properties

- 551 Personal Services
- 553 Services Other Than Personal
- 554 Materials, Supplies, and Parts
- 555 Replacements and Other Current Expenses
- 556 Capital Outlay

Department of Finance - Miscellaneous

- 593 Public Printing
- 600 Public Record Books (Paper and Printing)
- 610 Registration Books
- 624 Paper - Materials and Supplies
- 630 Paper - Revolving
- 640 Postage - Revolving
- 655 Confederate Pensions
- 697 Interest on Warrants

Department of Revenue

Office of the Commissioner

- 701 Personal Services
- 703 Services Other Than Personal
- 704 Materials, Supplies, and Parts
- 706 Capital Outlay

Division of General Taxation

711 Personal Services
713 Services Other Than Personal
714 Materials, Supplies, and Parts
715 Replacements and Other Current Expenses
716 Capital Outlay

Division of Income Taxation

721 Personal Services
723 Services Other Than Personal
724 Materials, Supplies, and Parts
726 Capital Outlay

Division of Excises

731 Personal Services
733 Services Other Than Personal
734 Materials, Supplies, and Parts
735 Replacements and Other Current Expenses
736 Capital Outlay

Field Division

741 Personal Services
743 Services Other Than Personal
744 Materials, Supplies, and Parts
745 Replacements and Other Current Expenses
746 Capital Outlay

Division of Research and Statistics

751 Personal Services
754 Materials, Supplies, and Parts
755 Replacements and Other Current Expenses
756 Capital Outlay

Miscellaneous Revenue Agencies

County Tax Commissioners

802 Personal Services

County Boards of Supervisors

812 Personal Services

Board of Election Commissioners

850 Board of Election Commissioners
860 Presidential Electors Per Diem and Expenses

Department of Conservation

Office of the Director

1001 Personal Services
1003 Services Other Than Personal

1004 Materials, Supplies, and Parts

Division of State Parks

1011 Personal Services

Division of Forestry

1021 Personal Services

1023 Services Other Than Personal

1024 Materials, Supplies, and Parts

Division of Publicity

1033 Services Other Than Personal (To be used for advertising purposes only)

Military Department

Office of the Adjutant General

1051 Personal Services

1053 Services Other Than Personal

1054 Materials, Supplies, and Parts

1055 Replacements and Other Current Expenses

1056 Capital Outlay

Veterans' Division

1061 Personal Services

1063 Services Other Than Personal

1064 Materials, Supplies, and Parts

1065 Replacements and Other Current Expenses

Division of Armories

1071 Personal Services

1073 Services Other Than Personal

1074 Materials, Supplies, and Parts

1075 Replacements and Other Current Expenses

1076 Capital Outlay

Adjutant General - Emergency Fund and Prior Year Indebtedness

1081 Personal Services

1083 Services Other Than Personal

1084 Materials, Supplies, and Parts

1085 Replacements and Other Current Expenses

1086 Capital Outlay

1090 Prior Year Indebtedness

Department of Agriculture, Labor, and Statistics

Division of Agriculture - General

1101 Personal Services

1103 Services Other Than Personal

1104 Materials, Supplies, and Parts

1114 Materials, Supplies, and Parts

Division of Agriculture - Field Work, Special Premiums, etc.

- 1121 Personal Services
- 1123 Services Other Than Personal
- 1124 Materials, Supplies, and Parts
- 1125 Replacements and Other Current Expenses

Division of Agriculture - Rock Crushing

- 1131 Personal Services
- 1133 Services Other Than Personal
- 1134 Materials, Supplies, and Parts

Division of Agriculture - Corn Borer and Tobacco Warehouse Activities

- 1141 Personal Services
- 1143 Services Other Than Personal

Division of Agriculture - Kentucky Horticultural Society

- 1151 Personal Services
- 1153 Services Other Than Personal
- 1154 Materials, Supplies, and Parts

Division of Labor and Statistics

- 1181 Personal Services
- 1183 Services Other Than Personal
- 1184 Materials, Supplies, and Parts
- 1185 Replacements and Other Current Expenses

State Board of Agriculture - Per Diems and Expenses

- 1201 Personal Services
- 1203 Services Other Than Personal

State Board of Agriculture - Livestock Sanitary Board

- 1211 Personal Services
- 1213 Services Other Than Personal
- 1214 Materials, Supplies, and Parts

State Board of Agriculture - Diseases of Livestock

- 1225 Replacements and Other Current Expenses

State Board of Agriculture - Stud License Law Administration

- 1231 Personal Services

State Board of Agriculture - Bang's Disease

- 1241 Personal Services
- 1243 Services Other Than Personal
- 1244 Materials, Supplies, and Parts

State Board of Agriculture - Animal Licenses

- 1250 Animal Licenses

State Board of Agriculture - Kentucky State Fair

1260 Kentucky State Fair
State Board of Agriculture - State Fair Premiums
1270 Premiums - State Fair
State Board of Agriculture - M & M Building Bonds
1287 M & M Building Bonds
State Board of Agriculture - Boys' and Girls' Club
1290 Boys' and Girls' Club

Department of Health

1401 Personal Services
1403 Services Other Than Personal
1404 Materials, Supplies, and Parts
1405 Replacements and Other Current Expenses
1406 Capital Outlay
1410 Prevention of Blindness
1420 Laboratories
1430 Epidemics
1440 County Health
1460 Visiting Nurses

Hazelwood Sanitorium

1471 Personal Services
1473 Services Other Than Personal
1474 Materials, Supplies, and Parts
1487 Interest on Bonds

Kentucky Crippled Children's Commission

1491 Personal Services
1493 Services Other Than Personal
1494 Materials, Supplies, and Parts
1495 Replacements and Other Current Expenses
1496 Capital Outlay

Department of Welfare

Office of the Commissioner

1511 Personal Services
1513 Services Other Than Personal

Division of Administration

1531 Personal Services
1533 Services Other Than Personal
1534 Materials, Supplies, and Parts
1535 Replacements and Other Current Expenses
1536 Capital Outlay

Division of Hospitals and Mental Hygiene
Director's Office

1551 Personal Services
1553 Services Other Than Personal
1556 Capital Outlay

Eastern State Hospital

1561 Personal Services
1563 Services Other Than Personal
1564 Materials, Supplies, and Parts
1565 Replacements and Other Current Expenses
1566 Capital Outlay

Central State Hospital

1571 Personal Services
1573 Services Other Than Personal
1574 Materials, Supplies, and Parts
1575 Replacements and Other Current Expenses
1576 Capital Outlay

Western State Hospital

1581 Personal Services
1583 Services Other Than Personal
1584 Materials, Supplies, and Parts
1585 Replacements and Other Current Expenses
1586 Capital Outlay

Feeble-Minded Institute

1591 Personal Services
1593 Services Other Than Personal
1594 Materials, Supplies, and Parts
1595 Replacements and Other Current Expenses
1596 Capital Outlay

Home For Incurables

1601 Personal Services
1603 Services Other Than Personal
1604 Materials, Supplies, and Parts
1605 Replacements and Other Current Expenses

Colored Red Cross Hospital

1611 Personal Services
1613 Services Other Than Personal
1614 Materials, Supplies, and Parts
1615 Replacements and Other Current Expenses

Division of Corrections

Director's Office

1651 Personal Services

1653 Services Other Than Personal
1654 Materials, Supplies, and Parts

Houses of Reform

1661 Personal Services
1663 Services Other Than Personal
1664 Materials, Supplies, and Parts
1665 Replacements, and Other Current Expenses
1666 Capital Outlay

Reformatory

1671 Personal Services
1673 Services Other Than Personal
1674 Materials, Supplies, and Parts
1675 Replacements and Other Current Expenses
1676 Capital Outlay

Penitentiary

1681 Personal Services
1683 Services Other Than Personal
1684 Materials, Supplies, and Parts
1685 Replacements and Other Current Expenses
1686 Capital Outlay

Division of Child Welfare

Director's Office

1721 Personal Services
1723 Services Other Than Personal
1724 Materials, Supplies, and Parts
1725 Replacements and Other Current Expenses

Kentucky Children's Home Society, White

1731 Personal Services
1733 Services Other Than Personal
1734 Materials, Supplies, and Parts
1735 Replacements and Other Current Expenses

Kentucky Home Society for Colored Children

1741 Personal Services
1743 Services Other Than Personal
1744 Materials, Supplies, and Parts
1745 Replacements and Other Current Expenses

Division of Public Assistance

Director's Office

1761 Personal Services
1763 Services Other Than Personal

Public Assistance Grants

1775 Old Age Assistance Payments (Transfers to Acct. #4730)

1785 Aid to the Blind
1795 Aid to Dependent Children
1800 Confederate Veterans - Pewee Valley - Operation
1810 Confederate Cemetery

Division of Field Operations

Director's Office and Field Operations

1821 Personal Services
1823 Services Other Than Personal

Other Welfare Activities

1830 New Land and Building
1850 Emergency Relief
1860 Conveyance of Lunatics
1870 Pauper Idiots
1880 Julius Marx Sanatorium

Department of Education

Superintendent of Public Instruction

2001 Personal Services
2003 Services Other Than Personal
2004 Materials, Supplies, and Parts
2006 Capital Outlay

Superintendent of Public Instruction - Certifications

2011 Personal Services
2013 Services Other Than Personal
2014 Materials, Supplies, and Parts
2015 Replacements and Other Current Expenses

State Board of Education

2031 Personal Services
2033 Services Other Than Personal
2034 Materials, Supplies, and Parts

State Textbook Commission

2040 State Textbook Commission

Common Schools - Per Capita Fund

2050 Per Capita Fund

Common Schools - Free Textbooks

2061 Personal Services
2063 Services Other Than Personal
2064 Materials, Supplies, and Parts

War Orphans

2070 War Orphans

Vocational Education

2081 Personal Services
2083 Services Other Than Personal
2084 Materials, Supplies, and Parts

Vocational Rehabilitation

2091 Personal Services
2093 Services Other Than Personal
2094 Materials, Supplies, and Parts
2095 Replacements and Other Current Expenses

Kentucky State Industrial College

2101 Personal Services
2103 Services Other Than Personal
2104 Materials, Supplies, and Parts
2105 Replacements and Other Current Expenses
2106 Capital Outlay

Kentucky State Industrial College - Materials and Repairs

2110 Materials and Repairs

West Kentucky Industrial College

2121 Personal Services
2123 Services Other Than Personal
2124 Materials, Supplies, and Parts
2125 Replacements and Other Current Expenses
2126 Capital Outlay

West Kentucky Industrial College - Library

2130 Library

College Tuition for Negroes

2140 College Tuition for Negroes

Kentucky School for the Blind - White Department

2201 Personal Services
2203 Services Other Than Personal
2204 Materials, Supplies, and Parts
2205 Replacements and Other Current Expenses
2206 Capital Outlay

Kentucky School for the Blind - Colored Department

2211 Personal Services
2213 Services Other Than Personal
2214 Materials, Supplies, and Parts
2215 Replacements and Other Current Expenses

Kentucky School for the Blind - Workshop for the Adult Blind

2221 Personal Services
2223 Services Other Than Personal

2224 Materials, Supplies, and Parts
 2225 Replacements and Other Current Expenses
 Kentucky School for the Deaf - White Department
 2251 Personal Services
 2253 Services Other Than Personal
 2254 Materials, Supplies, and Parts
 2255 Replacements and Other Current Expenses
 2256 Capital Outlay
 Kentucky School for the Deaf - Colored Department
 2261 Personal Services
 2263 Services Other Than Personal
 2264 Materials, Supplies, and Parts
 2265 Replacements and Other Current Expenses
University of Kentucky
 Division of Colleges
 2301 Personal Services
 2303 Services Other Than Personal
 2304 Materials, Supplies, and Parts
 2305 Replacements and Other Current Expenses
 2306 Capital Outlay
 College of Agriculture
 2311 Personal Services
 Summer School
 2321 Personal Services
 Experiment Station
 2331 Personal Services
 2335 Replacements and Other Current Expenses
 Service Laboratories
 2341 Personal Services
 2343 Services Other Than Personal
 2345 Replacements and Other Current Expenses
 Nursery Inspection
 2351 Personal Services
 Princeton Sub-Station
 2361 Personal Services
 2364 Materials, Supplies, and Parts
 2365 Replacements and Other Current Expenses
 2367 Debt and Interest
 Quicksand Sub-Station
 2371 Personal Services

2373 Services Other Than Personal
2374 Materials, Supplies, and Parts
2375 Replacements and Other Current Expenses

Agricultural Extension

2381 Personal Services

Repairs

2390 Repairs

State Teachers' Colleges

Eastern State Teachers' College

2501 Personal Services
2503 Services Other Than Personal
2504 Materials, Supplies, and Parts
2505 Replacements and Other Current Expenses
2506 Capital Outlay

Morehead State Teachers' College

2511 Personal Services
2513 Services Other Than Personal
2514 Materials, Supplies, and Parts
2515 Replacements and Other Current Expenses

Murray State Teachers' College

2521 Personal Services
2523 Services Other Than Personal
2524 Materials, Supplies, and Parts
2525 Replacements and Other Current Expenses
2530 President's Home

Western Kentucky State Teachers' College

2541 Personal Services
2543 Services Other Than Personal
2544 Materials, Supplies, and Parts
2545 Replacements and Other Current Expenses

Department of Library and Archives

Law Librarian

2601 Personal Services
2603 Services Other Than Personal
2604 Materials, Supplies, and Parts
2605 Replacements and Other Current Expenses
2610 Purchase of Books
2620 Library Sales Account
2630 Distribution and Repair of Books

Library Extension Division

2641 Personal Services

2643 Services Other Than Personal
2644 Materials, Supplies, and Parts
2646 Capital Outlay

Kentucky State Historical Society

2651 Personal Services
2653 Services Other Than Personal
2654 Materials, Supplies, and Parts
2655 Replacements and Other Current Expenses

Department of Business Regulation

Division of Alcoholic Control

2701 Personal Services
2703 Services Other Than Personal
2704 Materials, Supplies, and Parts
2705 Replacements and Other Current Expenses
2706 Capital Outlay

Division of Athletic Control

2710 Athletic Control

Division of Banking

2721 Personal Services
2723 Services Other Than Personal
2724 Materials, Supplies, and Parts
2725 Replacements and Other Current Expenses

Division of Insurance

2731 Personal Services
2733 Services Other Than Personal
2734 Materials, Supplies, and Parts
2735 Replacements and Other Current Expenses
2736 Capital Outlay

Division of Securities

2741 Personal Services
2743 Services Other Than Personal
2744 Materials, Supplies, and Parts
2746 Capital Outlay

Department of Industrial Relations

Office of the Commissioner

2801 Personal Services
2803 Services Other Than Personal
2804 Materials, Supplies, and Parts

Workmen's Compensation Board

2811 Personal Services
2813 Services Other Than Personal

2814 Materials, Supplies, and Parts
2815 Replacements and Other Current Expenses
2816 Capital Outlay

Division of Unemployment Compensation - Employment Service

2821 Personal Services
2823 Services Other Than Personal
2824 Materials, Supplies, and Parts
2825 Replacements and Other Current Expenses

Department of Mines and Minerals

Division of Coal Mining

2831 Personal Services
2833 Services Other Than Personal
2834 Materials, Supplies, and Parts
2835 Replacements and Other Current Expenses

Division of Geology

2841 Personal Services
2843 Services Other Than Personal
2844 Materials, Supplies, and Parts
2845 Replacements and Other Current Expenses

Railroad Commission

2871 Personal Services
2873 Services Other Than Personal
2874 Materials, Supplies, and Parts

Allotments Not Otherwise Classified

3010 Hayes Appropriation
3020 Overton Appropriation
3030 Robinson Appropriation
3040 Rowland Appropriation
3100 Refunds - Gross Sales Tax
3110 Money Refunded
3120 Bonds of Elective Officers
3130 Audit and Survey
3140 Judgments
3150 Interest on Land Grant Bonds
3160 Jefferson Davis Statue
3170 Frankfort Cemetery
3180 Statutes and Codes for Courts

Jefferson County Fees

3200 Circuit Clerk
3210 County Court Clerk
3220 Jailer
3230 Sheriff.

Kenton County Fees

3250 Circuit Clerk
3260 County Court Clerk
3270 Jailer
3280 Sheriff

Disbursements Not Chargeable Against Allotments

3510 Petty Cash Advances
3520 Jury Service Advances
3530 Payment of Prior Year Interest on Warrants
3540 Payment on Account of Prior Year Encumbrances
3550 Interest on Bank Deposits - Paid to Other Funds
3551 Interest on Bank Deposits - Paid to Federal Government
3580 Inter-Bank Transfers - From Principal Depository
3590 Inter-Bank Transfers - To Principal Depository
3610 Gross Receipts Tax - Sheriff's Portion
3620 Payment of Advances to Other Funds

4000 - 5999 - REVOLVING, TRUST, AND AGENCY FUNDS

Judiciary and Court Costs

4000 State Board of Bar Examiners

Department of the Treasury

4100 Louisville Securities Office

Department of Finance

4130 Division of Post-Audit

Department of Revenue - Division of Motor Vehicles

4200 Gasoline Tax
4210 Motor Vehicle Licenses
4220 Operators' Licenses
4230 Tax on Motor Fuels (Except Gasoline)

Other Revenue Activities

4250 Revenue Agents
4260 Back Tax Section

Department of Conservation

4300 Division of State Parks
4310 Forestry (Federal)
4320 Forestry-State Fair (Federal)
4330 Federal Cooperative Inspection Service
4340 Game and Fish Commission
4350 My Old Kentucky Home Commission
4360 My Old Kentucky Home Commission - Special
4380 Division of Publicity
4390 Kentucky National Park Commission

Military Department

4450 Public Safety

Department of Agriculture, Labor, and Statistics

Division of Agriculture

4500 Dog Law Enforcement

State Board of Agriculture

4520 State Fair - Current Operating Expenses

4530 M and M Building Bond Interest

Department of Health

4550 Department of Health - General

4560 Hazelwood Sanatorium

4570 Kentucky Crippled Children's Commission

4580 Kentucky Crippled Children's Commission - Special

Department of Welfare

Division of Hospitals and Mental Hygiene

4600 Eastern State Hospital

4610 Central State Hospital

4620 Western State Hospital

4630 Feeble-Minded Institute

Division of Corrections

4640 Houses of Reform

4650 Reformatory

4660 Penitentiary

4670 Chair Company

4680 Prison Fund (Flour Mill)

4690 Metal Stamping Plant

Division of Child Welfare

4700 Federal Grants

Division of Public Assistance

4730 Old Age Assistance Payments - Trust Account

4740 Aid to Dependent Children

4770 Old Age Assistance Administration - Federal

Department of Education

4800 General Education Board

4810 Jeannes Fund

4820 Rosenwald Fund

4830 Slater Fund

4840 George-Ellzey Fund

4850 Smith-Hughes Fund

4860 Vocational Rehabilitation - Federal

4870 Vocational Rehabilitation - Private

Kentucky State Industrial College

4900 Operation and Maintenance
4910 Bankhead-Jones Fund
4920 Morrill-Nelson Fund
4930 Federal Fund
4940 Private Fund

4960 West Kentucky Industrial College

4970 Kentucky School for the Deaf - White Department

4980 Workshop for the Adult Blind

University of Kentucky

5000 Division of Colleges
5010 Experiment Station
5020 Bankhead-Jones Fund
5030 Morrill-Nelson Fund

State Teachers' Colleges

5050 Eastern Kentucky State Teachers' College
5060 Morehead State Teachers' College
5070 Murray State Teachers' College
5080 Western Kentucky State Teachers' College
5090 Western Kentucky State Teachers' College - Special

Department of Library and Archives

5150 Library Extension Division
5160 Kentucky Historical Society
5170 Kentucky Historical Society - Stephenson Fund

Department of Business Regulation

5200 Supervision of Professional Regulation
5210 State Board of Accountancy
5220 State Board of Examiners and Registration of Architects
5230 State Board of Barber and Beautician Examiners
5240 State Board of Chiropractic Examiners
5250 State Board of Dental Examiners
5260 State Board of Embalmers
5270 State Board of Pharmacy
5280 State Board of Examiners of Trained Nurses
5290 State Board of Veterinary Examiners
5300 Division of Motor Transportation
5310 Insurance Examiners Expense

Public Service Commission

5400 Salaries and Expenses

Department of Industrial Relations

Division of Unemployment Compensation

5500 Unemployment Compensation - Administration
5510 Employment Service

Jefferson County

5800 Jefferson County Master Commissioner

Not Otherwise Classified

5910 Counties' Share of Truck Licenses
5920 Truck License Refunds - Suspense
5930 Gross Receipts Tax - County Portion
5950 Payment on Account of Prior Year Encumbrances
5960 Fire Prevention and Rates Tax - Suspense
5970 Old Age Assistance Repayments - Suspense
5980 Non-Resident Income Tax - Suspense

7000-7399 - STATE ROAD FUND

7000 Engineering
7001 Highway Planning Surveys
7010 Construction
7011 Overruns - Old Contracts
7012 Overruns - New Contracts
7020 Locations
7030 Equipment
7031 Gas and Oil Contracts
7040 Maintenance
7050 Reconstruction
7060 Administration
7070 Toll Bridges
7080 Highway Patrol
7100 Workmen's Compensation
7120 Interest on Warrants
7130 Reserve Account
7190 Rural Highways

Disbursements Not Chargeable Against Allotments

7300 Truck License Refunds
7310 Automobile License Refunds
7330 Payment of Prior Year Interest on Warrants
7351 Toll Bridge Change Advances
7355 Payments to Counties on Truck Licenses
7356 Repayment of Contractors' Claim Deposits
7361 Payments on Account of Prior Year Contracts
7362 Payments on Account of Other Prior Year Encumbrances

7400- 7499 - HIGHWAY BRIDGE BOND FUND

7400 Highway Bridge Bond Fund

7500-7599 - HIGHWAY BRIDGE BOND SINKING FUND

7501 Project #1
7502 Project #2
7503 Project #3
7508 Project #8
7509 Project #9
7510 Project #10
7511 Project #11

7600-7699 - NIRA HIGHWAY FUND

7600 NIRA Highway Fund

Disbursements Not Chargeable Against Allotments

7610 Repayment of Advance From Federal Government

7700-7799 - COUNTY ROAD TRUST FUND

7700 County Road Trust Fund
7710 Special Trust Fund - Jefferson County

7900-7999 - SPECIAL DEPOSIT TRUST FUND

7900 Special Deposit Trust Fund

8000-8099 - STATE FIRE AND TORNADO INSURANCE FUND

8000 Fire and Tornado Losses
8010 Administration
8020 Reinsurance Premiums

Not Otherwise Classified

8040 Payment on Account of Prior Year Encumbrances and Claims for Losses
8050 Investments
8060 Repayment of Advance from General Fund

9000-9099 - UNEMPLOYMENT COMPENSATION FUND

9000 Benefits

Disbursements Not Chargeable Against Allotments

9050 Transfers to Federal Government

SUBSIDIARY CLASSIFICATION OF EXPENDITURES

100 to 199 PERSONAL SERVICES

- 100. Salaries and Wages
- 110. Per Diems - Legislators
- 120. Per Diems - Legislative Employees
- 130. Per Diems - Members of Boards and Commissions
- 140. Professional and Consulting Services (Other Than Regular Employees)
- 190. Personal Services N. O. C.

200 to 299 COUNTY OFFICIALS AND COURT COSTS

200 to 209 Jury Service

- 200. Jury Commissioners
- 201. Grand Jurors
- 202. Petit Jurors
- 203. Commissions to Circuit Clerks (As Trustees)
- 204. Fees to Circuit Clerks (Under Jury Law)

210 to 219 Arrests and Prosecutions

- 210. Sheriffs, Bailiffs, Constables, and Marshals (Excluding Court Services)
- 211. Examining Courts
- 212. Witnesses
- 213. Custody of Prisoners
- 214. Court Services
- 215. Conveyance of Convicts
- 216. Circuit Clerks - Felony Fees

220 to 229 Commissions on Fines and Forfeitures

- 220. Commonwealth Attorneys
- 221. County Attorneys
- 222. Circuit Clerks
- 223. Magistrates
- 224. County Treasurers
- 225. Department of Highways

230 to 239 Assessments and Tax Billing

- 230. Revenue Supervisors
- 231. County Tax Commissioners
- 232. County Clerks - Copying Omitted Lists
- 233. County Clerks - Preparing Tax Bills

300 to 399 SERVICES OTHER THAN PERSONAL

- 300. Postage
- 301. Telephone - Local
- 302. Telephone - Long Distance
- 303. Telegraph and Messenger Service
- 304. Freight, Express, and Drayage
- 310. Mileage Allowance - State Legislators

- 311. Automobile Mileage
- 312. Railway, Bus, and Other Fares
- 313. Cab Service and Other Local Transportation
- 314. Meals
- 315. Hotel Room or Lodging
- 316. Hospitalization
- 320. Printing, Binding, and Advertising
- 330. Utility Services for Building Operation
- 340. Repairs to Equipment
- 341. Building Repairs
- 342. Highway Repairs
- 343. Repairs to Other Structures
- 390. Services Other Than Personal N. O. C.

400 to 499 MATERIALS, SUPPLIES, AND PARTS

- 401. Agricultural and Horticultural Supplies
- 402. Chemicals, Drugs, and Laboratory Supplies
- 403. Clothing and Clothing Materials
- 404. Coal, Coke, and Fuel Oil
- 405. Educational and Recreational Supplies
- 406. Food
- 407. Household and Cleaning Supplies
- 408. Lubricants
- 409. Medical and Dental Supplies
- 410. Motor Fuels
- 411. Manufacturing Materials
- 412. Office Supplies
- 413. Tools

420 to 439 Construction Materials

- 420. Asphalt
- 421. Bituminous Road Materials
- 422. Cement
- 423. Explosives
- 424. Gravel
- 425. Iron and Steel Products
- 426. Lumber
- 427. Masonry Materials
- 428. Paint and Glass
- 429. Sand
- 430. Stone (Crushed)
- 439. Construction Materials N. O. C.

440 to 449 Parts for:

- 440. Agricultural Equipment
- 441. Building and Manufacturing Equipment
- 442. Construction and Automotive Equipment
- 443. Educational and Recreational Equipment

- 444. Household Furniture and Equipment
- 445. Laboratory, Medical, and Engineering Equipment
- 446. Office Equipment
- 449. Equipment N. O. C.
- 490. Materials, Supplies, and Parts N. O. C.

500 to 599 REPLACEMENTS AND OTHER CURRENT EXPENSES

500 to 509 Replacements of:

- 500. Agricultural Equipment
- 501. Buildings and Manufacturing Equipment
- 502. Construction and Automotive Equipment
- 503. Educational and Recreational Equipment
- 504. Household Furniture and Equipment
- 505. Laboratory, Medical, and Engineering Equipment
- 506. Office Equipment
- 509. Equipment N. O. C.

- 510. Rentals of Buildings and Lands
- 511. Rentals of Equipment
- 520. Insurance
- 521. Premiums on Official Bonds

530 to 549 Grants and Subsidies

- 530. Highway Grants to Counties
- 531. Per Capita School Grants
- 532. Old Age Assistance
- 533. Relief
- 534. Pension Grants
- 535. Hospitals, Homes, Institutions
- 536. Scientific and Historical Societies
- 537. Premiums, Prizes and Awards
- 538. War Orphans
- 539. Pauper Idiots
- 540. Tuition for Negro Students
- 541. Allowance to Discharged Prisoners
- 542. County Health Grants
- 543. Vocational Rehabilitation
- 544. Vocational Education
- 550. Workmen's Compensation
- 554. Unemployment Compensation
- 560. Refunds
- 570. Judgments and Indemnities
- 580. Rewards for Apprehension of Criminals
- 581. Return of Fugitives from Justice
- 590. Replacements and Other Current Expenses N. O. C.

600 to 699 CAPITAL OUTLAY

- 600 to 609 Equipment

- 600. Agricultural Equipment
- 601. Building and Manufacturing Equipment
- 602. Construction and Automotive Equipment
- 603. Educational and Recreational Equipment
- 604. Household Furniture and Equipment
- 605. Laboratory, Medical, and Engineering Equipment
- 606. Office Equipment
- 609. Equipment N. O. C.
- 610. Buildings and Improvements
- 620. Lands
- 630. Roads and Bridges

700 to 799 DEBT AND INTEREST

- 700. Bond Payments
- 710. Interest on Bonds
- 730. Interest on Warrants

REVENUE AND RECEIPTS CLASSIFICATION

1-999-GENERAL FUND

Property and Inheritance Taxes (Except Franchise Corporations)

- 1 Real Property Taxes
- 2 Tangible Personal Property Taxes
- 3 Intangible Personal Property Taxes
- 4 Tax on Bank Deposits
- 5 Tax on Bank and Trust Company Stock
- 11 Omitted Assessments and Back Tax Judgments
- 12 Omitted Tax Penalties (General Funds Portion of 20% Penalty)
- 21 Inheritance and Estate Taxes

Income and Special Corporation Taxes

- 51 Personal Income Taxes
- 52 Corporation Income Taxes
- 61 Tax on Building and Loan Associations
- 62 Tax on Foreign Life Insurance Companies (2%)
- 63 Tax on Foreign Fire Insurance Companies (2% and $\frac{1}{2}$ %)
- 64 Workmen's Compensation Insurance Tax-Insurance Carriers
- 65 Workmen's Compensation Insurance Tax-Self Carriers
- 71 Tax on Franchise Corporations-Real Property
- 72 Tax on Franchise Corporations-Tangible Personal Property
- 73 Tax on Franchise Corporations-Franchise Tax

Excise Taxes (Other than Alcohol)

- 101 Oil Production Tax
- 102 Motor Vehicle Usage Tax
- 111 Tax on Utility Receipts-Electricity
- 112 Tax on Utility Receipts-Gas
- 113 Tax on Utility Receipts-Telegraph
- 114 Tax on Utility Receipts-Telephone
- 115 Tax on Utility Receipts-Water
- 121 Cigarette Tax
- 122 Tax on Soft Drinks and Syrups
- 123 Tax on Candy, Chewing Gum, and Nuts
- 124 Tax on Ice Cream
- 125 Tax on Cosmetics
- 126 Amusement Tax
- 127 Tax on Race Track Admissions
- 141 Gross Receipts Tax (Prior Years)

Alcohol Taxes and Licenses

- 151 Production Tax on Distilled Spirits
- 152 Importers' Tax on Distilled Spirits
- 153 Tax on Spirits Withdrawn from Bonded Warehouses-Advalorem
- 161 Tax on Sale of Beer

- 162 Tax on Sale of Wine
- 163 Tax on Sale of Distilled Spirits
- 171 Manufacturers' Permits
- 172 Rectifiers' Permits
- 173 Wholesalers' Permits
- 174 Permits for Hotels, Restaurants, and Clubs
- 175 Dispensers' Permits
- 176 Roadhouse Permits

Licenses (Other than Alcohol)

- 201 Corporation License
- 202 Store License Tax
- 211 Occupational Licenses
- 212 Small Loan Company Licenses
- 213 Insurance Agents' Licenses
- 214 Security Dealers' Licenses
- 215 Security Salesmen's Licenses
- 216 Certificates of Compliance-Insurance Companies
- 221 Oleomargarine Licenses
- 222 Race Track Licenses
- 231 Stud Licenses (\$1.00)
- 232 Operators' Licenses (80% for General Fund)
- 233 Employment Agency Licenses

Departmental Fees, Sales, and Rentals

- 301 Clerk of Court of Appeals-Miscellaneous Fees
- 302 Secretary of State-Incorporation Fees (Organization Tax)
- 303 Secretary of State-Miscellaneous Fees
- 304 Auditor of Public Accounts-Miscellaneous Fees
- 312 Division of Purchases and Public Properties-Miscellaneous Sales
- 313 Division of Purchases and Public Properties-Rentals
- 316 Department of Revenue-Miscellaneous Sales
- 317 Division of Forestry-Miscellaneous Receipts
- 318 Military Department-Miscellaneous Fees
- 321 Department of Agriculture-Registration of Farm Names
- 322 Livestock Sanitary Board-Miscellaneous Receipts
- 323 State Fair Receipts
- 331 Department of Education-Certifications
- 332 Department of Education-Textbook Filing Fees
- 333 Department of Education-Textbook Sales
- 334 Kentucky School for the Deaf-Miscellaneous Receipts
- 336 Department of Library and Archives-Sales of Reports, Acts, etc.
- 337 Department of Library and Archives-Fines
- 341 Division of Athletic Control-Fees
- 342 Division of Banking-Bank Examination Fees
- 343 Division of Banking-Small Loan Examination Fees
- 344 Division of Banking Miscellaneous Receipts

346 Division of Insurance-Fire Prevention and Rates-Miscellaneous Fees
 347 Division of Insurance-Dry Cleaning Examination Fees
 348 Division of Insurance-Other Miscellaneous Fees
 349 Division of Insurance-Annual Statement Fees
 351 Division of Securities-Security Registration Fees
 352 Division of Alcoholic Control-Miscellaneous Receipts
 356 Department of Mines and Minerals-Inspection of Mines
 357 Department of Mines and Minerals-Examination of Mine Foremen
 358 Department of Mines and Minerals-Petroleum Laboratory Fees
 359 Department of Mines and Minerals-Miscellaneous Sales

<u>County and Court Fees</u>	<u>Expenditure Account Credit</u>
501 Jefferson County Fees-Circuit Clerk	3200(75%)
502 Jefferson County Fees-County Court Clerk	3210(75%)
503 Jefferson County Fees-Jailer	3220(75%)
504 Jefferson County Fees-Sheriff	3230(75%)
511 Kenton County Fees-Circuit Clerk	3250(75%)
512 Kenton County Fees-County Court Clerk	3260(75%)
513 Kenton County Fees-Jailer	3270(75%)
514 Kenton County Fees-Sheriff	3280(75%)
571 Fines and Forfeitures	
581 Tax on Legal Processes-Clerk of Court of Appeals	
582 Tax on Legal Processes-Circuit Clerks	
583 Tax on Legal Processes-County Clerks	
584 Tax on Legal Processes-Land Office	
591 Penalties and Interest Charged County Officials	

Miscellaneous Revenues

701 Interest on Deposits
 711 Escheats

Non-Revenue Receipts

901 Prior Year Tax Collections
 902 Prior Year Miscellaneous Accounts Receivable Collections
 911 Repayment of Advances for Jury Services-Current Year
 912 Repayment of Advances for Jury Services-Prior Year
 921 Refunds of Prior Year Disbursements
 922 Refunds of Current Year Disbursements
 930 Petty Cash Repayments-Current Year
 931 Petty Cash Repayments-Prior Year
 932 Inter-Depository Transfers-To Principal Depository
 933 Inter-Depository Transfers-To Other Depositories
 934 Fire Loss Recoveries
 935 1935-36 Receipts (Reported by Agencies now provided with Revolving Funds)
 951 Repayment of Advances to Other Funds

1000-1999 - REVOLVING, TRUST, AND AGENCY FUNDS

<u>Excise Taxes</u>	<u>Expenditure Account Credit</u>
1101 Gasoline Tax (Portion for Administration)	4200
1103 Bus Mileage Tax (Portion for Administration)	5300
1104 Truck Mileage Tax (Portion for Administration)	5300
 <u>Licenses (Other Than Alcohol)</u>	
1201 Operators' Licenses (Portion for Administration)	4220
1202 Motor Vehicle Licenses (Portion for Administration)	4210
1211 Hunting and Fishing Licenses	4340
1212 Dog Licenses	4500
1231 Operators' Licenses (Portion for Public Safety)	4450
 <u>Departmental Fees, Sales and Rentals</u>	
<u>Examination Fees</u>	
1301 State Board of Bar Examiners	4000
1302 State Board of Accountancy	5210
1303 State Board of Examiners and Registration of Architects	5220
1304 State Board of Barber and Beautician Examiners	5230
1305 State Board of Chiropractic Examiners	5240
1306 State Board of Dental Examiners	5250
1307 State Board of Embalmers	5260
1308 State Board of Pharmacy	5270
1309 State Board of Examiners of Trained Nurses	5280
1310 State Board of Veterinary Examiners	5290
<u>Registration and Other Fees</u>	
1321 State Board of Bar Examiners	4000
1322 State Board of Accountancy	5210
1323 State Board of Examiners and Registration of Architects	5220
1324 State Board of Barber and Beautician Examiners	5230
1325 State Board of Chiropractic Examiners	5240
1326 State Board of Dental Examiners	5250
1327 State Board of Embalmers	5260
1328 State Board of Pharmacy	5270
1329 State Board of Examiners of Trained Nurses	5280
1330 State Board of Veterinary Examiners	5290
<u>Tuition Fees</u>	
1341 Kentucky State Industrial College	4900
1342 West Kentucky Industrial College	4960
1343 University of Kentucky	5000
1344 Eastern Kentucky State Teachers College	5050
1345 Morehead State Teachers College	5060
1346 Murray State Teachers College	5070
1347 Western Kentucky State Teachers College	5080

	Expenditure Account Credit
Board and Room	
1351 Kentucky State Industrial College	4900
1352 West Kentucky Industrial College	4960
1353 University of Kentucky	5000
1354 Eastern Kentucky State Teachers College	5050
1355 Morehead State Teachers College	5060
1356 Murray State Teachers College	5070
1357 Western Kentucky State Teachers College	5080
Other Fees, Sales, and Rentals	
1361 Division of State Parks-Miscellaneous Receipts	4300
1362 Game and Fish Commission-Miscellaneous Receipts	4340
1363 My Old Kentucky Home Commission-Fees and Sales	4350
1365 Division of Publicity-Fees and Sales	4380
1366 Division of Post Audit-County Share of Costs of Audit	4130
1371 M and M Building-Rentals and Miscellaneous	4530
1381 Department of Health-Fees and Sales	4550
1382 Hazelwood Sanatorium-Fees	4560
1383 Kentucky Crippled Children's Commission-Miscellaneous Receipts	4570
1391 Eastern State Hospital-Miscellaneous Fees	4600
1392 Central State Hospital-Miscellaneous Fees	4610
1393 Western State Hospital-Miscellaneous Fees	4620
1394 Feeble Minded Institute-Miscellaneous Fees	4630
1398 Houses of Reform-Miscellaneous Fees and Sales	4640
1399 Reformatory-Prison Labor	4650
1400 Reformatory-Other Miscellaneous Receipts	4650
1401 Penitentiary-Prison Labor	4660
1402 Penitentiary-Other Miscellaneous Receipts	4660
1403 Chair Company-Sales	4670
1404 Prison Fund (Flour Mill)	4680
1405 Metal Stamping Plant-Sales	4690
1411 Kentucky State Industrial College-Miscellaneous Receipts	4900
1412 West Kentucky Industrial College-Miscellaneous Receipts	4960
1413 Workshop for the Adult Blind-Sales and Miscellaneous Receipts	4980
1414 Kentucky School for the Deaf-White Department-Miscellaneous Receipts	4970
1421 University of Kentucky-Division of Colleges-Miscellaneous Receipts	5000
1422 University of Kentucky-Experiment Station-Miscellaneous Receipts	5010
1431 Eastern Kentucky State Teachers College-Miscellaneous Receipts	5050
1432 Morehead State Teachers College-Miscellaneous Receipts	5060
1433 Murray State Teachers College-Miscellaneous Receipts	5070
1434 Western Kentucky State Teachers College-Miscellaneous Receipts	5080
1441 Library Extension Division-Fees and Miscellaneous Receipts	5150
1442 Kentucky Historical Society-Miscellaneous Receipts	5160
1451 Division of Insurance-Examination Fees	5310

	Expenditure Account Credit
1452 Louisville Office of State Treasurer-Fees	4100
1461 Public Service Commission Assessments	5400
1471 Revenue Agents	4250
1501 Jefferson County Master Commissioner's Suspense	5800
<u>Subventions and Grants</u>	
1601 Forestry (Federal)	4310
1602 Forestry State Fair (Federal)	4320
1603 Federal Cooperative Inspection Service	4330
1604 Kentucky Crippled Children's Commission-Federal Grant	4570
1605 Department of Health-Federal Grant	4550
1608 Old Age Assistance-Federal Grant	4730(95%) and 4770(5%)
1611 Department of Education-General Education Board	4800
1612 Department of Education-Jeannes Fund	4810
1613 Department of Education-Rosenwald Fund	4820
1614 Department of Education-Slater Fund	4830
1615 Department of Education-George-Ellzey Fund	4840
1616 Department of Education-Smith-Hughes Fund	4850
1618 Vocational Rehabilitation-Federal	4860
1619 Vocational Rehabilitation-Private	4870
1621 Kentucky State Industrial College-Bankhead-Jones Fund	4910
1622 Kentucky State Industrial College-Morrill-Nelson Fund	4920
1623 Kentucky State Industrial College-Federal Fund	4930
1624 Kentucky State Industrial College-Private Fund	4940
1631 University of Kentucky-Bankhead-Jones Fund	5020
1632 University of Kentucky-Morrill-Nelson Fund	5030
1641 Western Kentucky State Teachers College-Special	5090
1651 Unemployment Compensation Administration-Federal	5500
1652 Employment Service Administration-Federal	5510
<u>Miscellaneous Revenues</u>	
1701 Kentucky Historical Society-Stephenson-Fund-Interest	5170
1711 Omitted Tax Penalties (Portion for Administration)	4260
<u>Non-Revenue Receipts</u>	
1902 Prior Year Miscellaneous Accounts Receivable Collections	Various
1903 Truck Licenses ($\frac{1}{2}$ for Counties)	5910
1905 Gross Receipts Tax-County Portion	5930
1921 Refunds of Prior Year Disbursements	Various
1922 Refunds of Current Year Disbursements	Various
1923 Old Age Assistance Repayments-Suspense	5970
1931 Petty Cash Repayments-Prior Years	Various
1932 Old Age Assistance-Transfers from General Fund	4730
1933 Money Borrowed on Notes	Various
1934 New Land and Buildings for Department of Welfare-Transfers from General Fund	4750

	Expenditure Account Credi
1935 Interest on Land Grant Bonds-Transfers from General Fund	Various
1938 Employment Service Administration- Transfers from General Fund	5510
1951 Non-Resident Income Taxes-Suspense	5980

2000-2999 - STATE ROAD FUND

Excise Taxes (Other than Alcohol)

2101 Gasoline Tax
 2102 Tax on Other Motor Fuels
 2103 Bus Mileage Tax
 2104 Truck Mileage Tax

Licenses and Permits

2202 Chauffeurs' licenses
 2211 Passenger Car Licenses
 2212 Truck Licenses ($\frac{1}{2}$)
 2213 Motorcycle Licenses
 2214 Dealers' Motor Licenses
 2215 Transfer of Motor Licenses
 2216 Special Motor Licenses
 2217 In Transit Motor Licenses
 2218 Penalties on County Clerks (Motor Vehicles Laws)
 2221 Bus Licenses (Except City)
 2222 City Bus Licenses
 2223 Common Carrier Certificates
 2224 Taxi Licenses
 2225 Truck Permits
 2226 Drivers' Certificates
 2232 Truck Permits Issued by Highway Department
 2241 Bridge and Ferry Licenses

Departmental Fees, Sales, and Rentals

2301 Highway Garage Service Fees
 2302 Pickup Service Fees
 2311 Sale of Specifications and Blueprints
 2312 Sale of Materials (Limedust, Rock, Lumber, etc.)
 2313 Sale of Tools
 2314 Sale of Junk
 2315 Sales Not Otherwise Classified
 2321 Leases of Rights of Way
 2322 Rental of Equipment
 2323 Rental of Buildings
 2324 Rentals Not Otherwise Classified

County and Court Fees

2501 Fines

Subventions and Grants

2601 Federal Flood Aid
2602 Federal Road Aid
2611 County Aid
2621 Grade Crossings - Railroad Companies Part of Cost
2622 Private Aid - Road Construction

Miscellaneous Revenues

2701 Interest on Road Fund Deposits
2711 Forfeits by Road Contractors

Non-Revenue Receipts

2801 Collections of Prior Year Federal Aid Receivable
2802 Collections of Prior Year Miscellaneous Accounts Receivable
2811 Collections from Closed Banks
2821 Refunds of Prior Year Disbursements
2822 Refunds of Current Year Disbursements
2823 Repayments of Toll Bridge Change Advances
2842 Deposits by Contractors Pending Settlement of Claims

3100-3199 - NATIONAL INDUSTRIAL RECOVERY ACT HIGHWAY FUND

3100 Federal Grant for Highways

Non-Revenue Receipts

3111 Advance from Federal Government
3122 Transfers from Road Fund for Refunds of Disbursements

3200-3299 - HIGHWAY BRIDGE BOND FUND

3201 Proceeds from Bond Sales (Not Including Premiums)
3202 Interest on Deposits

Expenditure
Account Credit

7400
7400

Non-Revenue Receipts

3222 Refunds of Disbursements

7400

4000-4199 - HIGHWAY BRIDGE BOND SINKING FUND

Project #1

4011 Tolls
4012 Interest on Deposits
4013 Transfers from Bond Fund
4014 Premium on Bonds Sold

7501
7501
7501
7501

Project #2

4021 Tolls
4022 Interest on Deposits
4023 Transfers from Bond Fund
4024 Premiums on Bonds Sold

7502
7502
7502
7503

Project #3

4031 Tolls

7503

	Expenditure Account Credit
4032 Interest on Deposits	7503
4033 Transfers from Bond Fund	7503
4034 Premiums on Bonds Sold	7503
<u>Project #8</u>	
4081 Tolls	7508
4082 Interest on Deposits	7508
4083 Transfers from Bond Fund	7508
4084 Premiums on Bonds Sold	7508
<u>Project #9</u>	
4091 Tolls	7509
4092 Interest on Deposits	7509
4093 Transfers from Bond Fund	7509
4094 Premiums on Bonds Sold	7509
<u>Project #10</u>	
4101 Tolls	7510
4102 Interest on Deposits	7510
4103 Transfers from Bond Fund	7510
4104 Premiums on Bonds Sold	7510
<u>Project #11</u>	
4111 Tolls	7511
4112 Interest on Deposits	7511
4113 Transfers from Bond Fund	7511
4114 Premiums on Bonds Sold	7511
<u>5100-5199 - COUNTY ROAD TRUST FUND</u>	
5100 Deposits by Counties	7700 or 7700
5110 Interest on Deposits	7700 or 77
<u>5200-5299 - SPECIAL DEPOSIT TRUST FUND</u>	
5200 Deposits by Road Contractors	7900
<u>6000-6099 - STATE FIRE AND TORNADO INSURANCE FUND</u>	
6000 Premium Revenues	8000(90%) and 8010(10%)
6011 Interest on Investments	8000(90%) and 8010(10%)
6012 Interest on Bank Deposits	8000(90%) and 8010(10%)
6021 Recoveries from Insurance Companies	8000
<u>Non-Revenue Receipts</u>	
6031 Collections of Prior Year Recoveries from Insurance Companies	8000
6032 Collections of Prior Year Interest on Investments	8000(90%) and 8010(10%)
6041 Proceeds from Sale of Investments	

6051 Collection of Accrued Interest Purchased on Investments
6061 Advance from General Fund

7000-7099 - UNEMPLOYMENT COMPENSATION FUND

7001 Contributions from Employers and Employees
7002 Fines and Penalties
7012 Interest on Deposits

Non-Revenue Receipts

7051 Transfers from Federal Government

PART IV

Chapter XVII

REVENUE SYSTEM OF THE COMMONWEALTH

This chapter presents a chart of the State's revenue system which shows the major sources of revenue, a brief description of related laws, the collecting agencies, and the disposition of the monies collected. The chart supplements and should be referred to in connection with the Revenue and Receipts Classification found in Chapter XVI. The account numbers and the various sources discussed follow the latter classification. It will be noted that the chart does not include those subventions and grants and departmental fees that are self-explanatory, and county and court fees that are described in Chapter XIII.

The chart embodies recent changes in the State's revenue system, including laws passed by the fourth Special Session of 1936 of the General Assembly. It was prepared in cooperation with the Department of Revenue.

Schedule of Occupational Licenses

The following are occupational license fees collected by county clerks and credited to account 211:

1. On each tavern or hotel, \$10; each additional room over ten, 50¢.
2. On each establishment for the bottling of proprietary and soft drinks, \$50.
3. On each soda fountain, \$5.
4. On each person or firm selling proprietary or soft drinks, natural or mineral waters not from a fountain, \$5.
5. On each circus, menagerie, or other exhibition displayed under canvas, \$1 for each 100 voters in the county and same for each separate exhibition to which an admission fee is charged: Provided, the tax shall not exceed \$50 for each exhibition; and each side show where a separate admission fee is charged shall pay a tax equal to one-half of the amount of tax paid by the main circus or principal performance.
6. On each exhibition of trained animals, not being a circus or menagerie, for each day or part of a day exhibited for fee charged or collected, \$5.
7. On each show, exhibition, concert, or other performance where a fee is charged or collected, and not devoted exclusively to religious, benevolent, or educational purposes, and not in a licensed hall, \$5.
8. On each theater for public exhibitions or performances, 20¢ per seat per annum, the minimum charge under this section to be \$10. A theater within the meaning of this act shall be construed to be any building wherein public exhibitions or performances, including moving picture shows, are given, and at which a charge is exacted for those attending same.
9. On each skating rink or room or place run for hire or profit as follows: In cities of the first class, \$75; in cities of the second class, \$50; in cities of the third class, \$25; in cities of the fourth class, \$10; in cities and towns of the fifth and sixth classes, \$5.
10. On each merry-go-round or like contrivance, \$10 in each county.
11. On nine pin or ten pin or bowling alley, \$10 for each alley way. If the population of the county exceeds 25,000, \$15 for each alley.
12. On billiard, pigeon hole, and pool tables, \$30 for first, and \$5 for each additional table.
13. On each cane rack, knife rack, artful dodger, ring board, or similar contrivance, by whatever name called, kept, or operated for profit, in each county, \$5.
14. On each shooting gallery, in each county, \$5.
15. On each solicitor or agent for the enlargement of pictures, or solicitors for picture frames or pictures, in each county, \$5.
16. On each transient vendor of spectacles or jewelry, whether offered for sale in the store of a licensed merchant or not, in each county, \$10.
17. On each transient vendor of iron or steel ranges or stoves, in each county, \$20.
18. On selling playing cards at retail, \$10.
19. On selling pistols at retail, \$100.
20. On selling at retail, bowie knives, dirks, brass knucks, or slung shots, \$100.
21. On engaging in the business of a pawnbroker, \$500.
22. On all resident or foreign stamp companies or corporations doing business in this State an annual license tax to be paid in each county wherein such business is conducted, \$350.
23. On selling at retail cigarettes or cigarette paper, whether the cigarette paper be sold or given away, attached to packages of tobacco, or thrown down or away, or so placed as to put the parties in possession of same by artifice or trick, \$10 per annum.
24. On each resident wholesale dealer or jobber of cigarettes, \$50 per annum.
25. On selling at retail petroleum, lubricating, or other oil, for each wagon used in transporting or retailing such oils, \$15 for each county in which each wagon is so used.

26. Peddler's licenses, one person with two-horse wagon, \$50; one person with one-horse wagon, \$40; one person on horse back, \$30; one person on foot, or each person who may accompany a peddler with a wagon, \$20. To peddle in one county in this State one-fourth of the tax required for the entire State.
27. On each lightning rod agent, in each county, \$50.
28. On each person, firm, or corporation selling patent medicines, except a merchant or druggist selling from his place of business, \$100. On each transient vendor or trader of patent, secret, or proprietary medicines or nostrums, by whatever name called whether traded or sold by another or otherwise, \$50.
29. On each piano and organ agent, \$5.
30. On each photograph, tintype, open air or tent gallery, set up in or outside of any city or town, in each county, \$5.
31. On each railroad eating house, \$25.
32. On each restaurant in any city or town, \$10.
33. On each auctioneer in each city, town, or village, \$5.
34. On bill posters, \$10.
35. On each wharfboat, \$10.
36. On each feather renovator in each county where operated, \$10.
37. On each agency for sewing machines, employing one agent, for each county, \$10. On each additional agent for sewing machines, in each county, \$5.
38. On each steam laundry, \$10; and each foreign laundry doing business in this State a license tax of \$10.
39. On each fortune teller, clairvoyant, and palmist, in each county, \$20.
40. On each regular hack, stage, or automobile line for public use, operated for not less than one month, and where a fare is charged and collected, \$10.
41. On each ice factory of a capacity of five tons or less per day, \$15; capacity of not more than ten tons per day, \$20; capacity of not more than fifteen tons per day, \$25; capacity of more than fifteen tons per day, \$30.
42. On each broker and commission merchant, \$25.
43. On commercial mercantile agency, \$100.
44. On each real estate agent, \$10.

COMMONWEALTH OF KENTUCKY
REVENUE SYSTEM

ACCT. NO.	REVENUE AND RECEIPTS CLASSIFICATION	STATUTORY REFERENCE*	COLLECTING AGENCY**	DISPOSITION OF RECEIPTS
	<u>GENERAL FUND</u>			
	<u>PROPERTY AND INHERITANCE TAXES (EXCEPT FRANCHISE CORPORATIONS)</u>			
1	<u>Real Property Taxes</u> State tax is 5% on each \$100 valuation. (Tax on real estate was repealed in 1936, but the constitutionality of this Statute is now being passed upon by the Court of Appeals.)	Sec. 4019(1934); 4019-1	Sheriffs	General Fund
2	<u>Tangible Personal Property Taxes</u> State tax is 50¢ per \$100 on the value of tangible personal property. Assessment is made by local authorities under supervision of Department of Revenue.	Sec. 4019-2; 4020; 4129	Sheriffs	General Fund
3	<u>Intangible Personal Property Taxes</u> State tax is 50¢ per \$100 on the value of intangible personal property generally, except bank deposits and bank and building and loan association stock. Assessment is made by local authorities under supervision of Department of Revenue.	Sec. 4019-2; 4019a-10; 4020; 4129	Sheriffs	General Fund
4	<u>Tax on Bank Deposits</u> State tax is 1/10 of 1% on deposits in any bank, trust company, or combined bank and trust company organized under laws of Kentucky, or in any national bank located in Kentucky. Depository reports and pays tax and deducts amount paid from depositor's account	Sec. 4019-2; 4019a-1 to 4	Department of Revenue	General Fund
5	<u>Tax on Bank and Trust Company Stock</u> State tax is 50¢ on each \$100 of cash value of stock of State bank and trust companies and national banks doing business in Kentucky	Sec. 4019a-10; 4092	Sheriffs	General Fund
11	<u>Omitted Assessments and Back Tax Judgments</u> Money, notes, bonds, accounts, other credits, and shares of stock which have been omitted from assessment may be assessed retroactively for ten years. Such intangible personal property is subject to a penalty of 100% of the amount of taxes that should have been paid, and also 6% interest per annum from the time such taxes should have been paid.	Senate Bill No.2, 4th 1936 Special Session	Sheriffs	General Fund
12	<u>Omitted Tax Penalties</u> Back taxes are subject to a 20% penalty in addition to other statutory penalties. Liability is determined by the Department of Revenue.	Senate Bill No.2, 4th 1936 Special Session	Department of Revenue through regular statutory collecting agents.	General Fund (25% of the 20% penalty is credited to the General Fund. The balance is credited to account 1711 to be used to pay expenses of administering the act.)
21	<u>Inheritance and Estate Taxes</u> a. Tax on property transferred by will, succession, or in contemplation of death. Tax is from 2% to 16% of value of inheritance and is graduated for value of inheritance and nearness of kin. Bequests to Kentucky charitable, educational, and State institutions are exempt from tax. b. Estate tax equals the amounts by which credits for State death taxes allowable under the Federal Estate Tax Law exceeds the inheritance taxes levied by the State.	Sec. 4281a-12 to 54	Department of Revenue	General Fund

*Unless otherwise indicated, all section references are to Baldwin's 1936 Revision of Carroll's Kentucky Statutes.

**The statutes provide that where any tax administration functions are performed by other State agencies, such activities shall be subject to supervision by the Department of Revenue (Sec. 4618-91).

ACCT. NO.	REVENUE AND RECEIPTS CLASSIFICATION	STATUTORY REFERENCE	COLLECTING AGENCY	DISPOSITION OF RECEIPTS
	<u>INCOME AND SPECIAL CORPORATION TAXES</u>			
51	<u>Personal Income Taxes</u> Tax on net income of individuals, estates, trusts, and fiduciaries. Rate of tax is 2% on income not exceeding \$3,000; 3% over \$3,000 up to \$4,000; 4% over \$4,000 up to \$5,000; 5% on all over \$5,000	Sec. 4281b-1 et. seq.	Department of Revenue	General Fund
52	<u>Corporation Income Taxes</u> Tax of 5% on net income of corporation.	Sec. 4281b-1 et. seq.	Department of Revenue	General Fund
61	<u>Tax on Building and Loan Associations</u> a. Tax applicable to building and loan associations incorporated under laws of Kentucky and making loans to members only. Tax equal to \$1.00 on each \$1,000 valuation of paid-in capital stock. Valuation includes surplus, undivided profits, and amount paid in on stock except that shares of borrowing members whose loans are equal to or exceed the amounts paid in by these members shall be deducted. b. Tax of \$2.00 on each \$100. of gross receipts of foreign building and loan associations on business done in Kentucky. c. Tax of \$3.00 on each \$100. of the excess of payments by resident shareholders over loans to resident shareholders applicable only to foreign building and loan associations.	a. Sec. 4019a-6 and 7 b. Sec. 4227; 4228 c. Sec. 876d	a. Department of Revenue b. Department of Revenue c. Division of Banking of the Department of Business Regulation	a. General Fund. b. General Fund. c. General Fund.
62	<u>Tax on Foreign Life Insurance Companies</u> Tax of 2% on dollars of premiums and renewals on business done in Kentucky.	Sec. 4226; 637	Division of Insurance of the Department of Business Regulation	General Fund
63	<u>Tax on Foreign Life Insurance Companies</u> a. Tax of 2% on net premiums and assessments arising from business done in Kentucky. b. Tax of 1/2 of 1% of net premiums	a. Sec. 4229; 4234; 4236; 4237; 637 b. 762b-5	a. Division of Insurance of the Department of Business Regulation b. Division of Insurance of the Department of Business Regulation	a. General Fund b. General Fund (See opinion of Attorney General dated March 4, 1937.)
64	<u>Workmen's Compensation Insurance Tax - Insurance Carriers</u> A tax of 2% on net premiums received on account of employee liability insurance, such tax to be in lieu of any other tax on such premiums.	Sec. 4968 1, 4, 7 and 9	Division of Insurance of the Department of Business Regulation	General Fund (See opinion of Attorney General dated March 3, 1937.)
65	<u>Workmen's Compensation Insurance Tax - Self Carriers</u> Employer carrying his own employee liability risks must pay 2% of the basic premiums chargeable against the same or most similar industry or business, taken from manual insurance rates for compensation then in force in Kentucky.	Sec. 4968-8 and 9	Division of Insurance of the Department of Business Regulation	General Fund (See opinion of Attorney General dated March 3, 1937.)
71	<u>Tax on Franchise Corporations - Real Property</u> State tax is 5% on each \$100. valuation. Assessment is made by Kentucky Tax Commission. (Tax on real estate was repealed in 1936, but the constitutionality of this Statute is now being passed upon by the Court of Appeals.)	Sec. 4019(1934); 4019-1; 4077	Department of Revenue	General Fund
72	<u>Tax on Franchise Corporations - Tangible Personal Property</u> State tax is 50% on each \$100. valuation of tangible personal property. Assessment is made by Kentucky Tax Commission.	Sec. 4019-2; 4019a-10; 4129; 4077	Department of Revenue	General Fund

ACCT. NO.	REVENUE AND RECEIPTS CLASSIFICATION	STATUTORY REFERENCE	COLLECTING AGENCY	DISPOSITION OF RECEIPTS
73	<u>Tax on Franchise Corporations - Franchise Tax</u> State tax is 50¢ on each \$100. valuation of intangible property employed in public utility business. Measure of tax is total value of capital stock in excess of tangible property. Assessment is made by Kentucky Tax Commission	Sec. 4017-2; 4077 to 4091 inc.	Department of Revenue	General Fund
<u>EXCISE TAXES (OTHER THAN ALCOHOL)</u>				
101	<u>Oil Production Tax</u> Tax of 1/2 of 1% of the market value of crude petroleum produced. Assessment is made by Kentucky Tax Commission.	Sec. 4223c-1 to 8 inc.	Department of Revenue	General Fund
102	<u>Motor Vehicle Usage Tax</u> Tax is equal to 3% of the retail price for car with standard equipment.	Sec. 4281j-1 et seq.	County Clerks	General Fund (County Clerks receive 2% of tax collected as payment for services.)
111	<u>Tax on Utility Receipts - Electricity</u>	Sec. 4281j-1 et seq.	Department of Revenue	General Fund
112	<u>Tax on Utility Receipts - Gas</u>			
113	<u>Tax on Utility Receipts - Telegraph</u>			
114	<u>Tax on Utility Receipts - Telephone</u>			
115	<u>Tax on Utility Receipts - Water</u> Tax is 3% of gross receipts from sale of above services			
121	<u>Cigarette Tax</u> Tax is 1¢ on each 10¢ or fractional part thereof of the retail price.	Sec. 4281e-1 et seq.	Department of Revenue	General Fund (Wholesalers who are required to affix cigarette stamps receive 10% of the face value of such stamps in additional stamps as compensation for their services.)
122	<u>Tax on Soft Drinks and Syrups</u>	Sec. 4281d-1 et seq. (These taxes have been repealed effective as of April 16, 1937)	Department of Revenue	General Fund (Bottlers deduct 3% of tax to cover breakage and leakage.)
123	<u>Tax on Candy, Chewing Gum, and Nuts</u>			
124	<u>Tax on Ice Cream</u>			
125	<u>Tax on Cosmetics</u> Varying tax as follows: bottled drinks - 1¢ for each 5¢ or fraction thereof; syrups - 76¢ per gallon; candy - 20% of retail price; chewing gum - 1¢ on each 5¢ or fraction thereof; nuts - 20% of retail price; ice cream - 7¢ per quart; cosmetics - 20% of invoice price to retailer plus transportation			
126	<u>Amusement Tax</u> Tax is on admissions to places of amusement and/or entertainment and is graduated as follows: 1¢ on charges of 11¢ to 18¢; 2¢ on charges of 19¢ to 28¢; 3¢ on charges of 29¢ to 38¢; on charges in excess of 38¢, 3¢ plus 1¢ for each additional 5¢ or fraction thereof. In places that furnish food and entertainment, the charge for admission is deemed to be the cover charge, if any, or 25% of the total charge, whichever is greater.	Sec. 4281f-1 et seq.	Department of Revenue	General Fund
127	<u>Tax on Race Track Admissions</u> Tax of 15¢ per day for each person entering ground of race track for purpose of attending races excepting employees of race track, owners or trainers of horses, or jockeys or their employers.	Sec. 4223b - 8 to 12 inc.	Department of Revenue	General Fund
141	<u>Gross Receipts Tax (Prior Years)</u> Tax of 3% on all retail sales. Repealed January 15, 1936, but some delinquent taxes are still being collected.	Sec. 4281v-1 et seq. (1934 Special Session)	Department of Revenue	2/3 to General Fund and 1/3 to Revolving Fund as counties' portion. (Merchants deduct 3% as payment for their services in reporting the tax.)

ACCT. NO.	REVENUE AND RECEIPTS CLASSIFICATION	STATUTORY REFERENCE	COLLECTING AGENCY	DISPOSITION OF RECEIPTS
	ALCOHOL TAXES AND LICENSES			
151	<u>Production Tax on Distilled Spirits</u> Tax of 5¢ for each proof gallon of distilled spirits blended, rectified, or mixed	Sec. 4214a-12 et. seq.	Department of Revenue	General Fund
152	<u>Importers' Tax on Distilled Spirits</u> Tax of 5¢ for each proof gallon of distilled spirits imported.	Sec. 4214a-16 and 17	Department of Revenue	General Fund
153	<u>Tax on Spirits Withdrawn from Bonded Warehouses - Advalorem</u> Tax of 50¢ per \$100. on the value of distilled spirits kept in bonded warehouse, due when the Federal Government tax becomes due or is paid, or when the spirits are withdrawn from the warehouse.	Sec. 4105 et seq.	Auditor of Public Accounts	General Fund
161	<u>Tax on Sale of Beer</u> Tax on sale or gift of beer at rate of \$1.50 on each barrel of 31 gallons and a proportional rate on beer sold or distributed in any container of more or less than 31 gallons.	Sec. 4281c-2 and 24	Department of Revenue	General Fund (Brewers and wholesalers of beer deduct 3% to cover expenses incidental to reporting and remitting taxes.)
162	<u>Tax on Sale of Wine</u> Tax on sale or gift of wine at rate of 25¢ per gallon and a proportional rate on wine sold or distributed in any container of more or less than a gallon.	Sec. 4281c-3 and 24	Department of Revenue	General Fund
163	<u>Tax on Sale of Distilled Spirits</u> Tax on sale or gift of distilled spirits at rate of \$1.04 on each gallon and a proportional rate on distilled spirits sold or distributed in any container of more or less than a gallon. However, tax is 7¢ if sold in half-pint containers, and 2¢ if in 2 oz. containers or smaller.	Sec. 4281c-4, 24, and 25; 2554b-16	Department of Revenue	General Fund
171	<u>Manufacturers' Permits</u> Annual permit fee of \$1,000. for each and every plant manufacturing or distilling spirituous, vinous or intoxicating malt liquors.	Sec. 2554b-57	Division of Alcohol Control of the Department of Business Regulation	General Fund
172	<u>Rectifiers' Permits</u> Annual fee of \$1,500. for each and every plant rectifying, blending, or flavoring spirituous liquors.	Sec. 2554b-58	Division of Alcohol Control of the Department of Business Regulation	General Fund
173	<u>Wholesalers' Permits</u> Annual fee of \$700. for each separate and distinct wholesale establishment for storing, transporting, and selling liquors	Sec. 2554b-59	Division of Alcohol Control of the Department of Business Regulation	General Fund
174	<u>Permits for Hotels, Restaurants, & Clubs</u> Annual fee for selling spirituous, vinous, or intoxicating malt liquors by drink or glass as follows: \$700. in counties containing cities of first class. \$600. in counties containing cities of second class. \$500. in counties containing cities of third class. \$400. in counties containing cities of fourth class. \$300. in all other counties.	Sec. 2554b-61	Division of Alcohol Control of the Department of Business Regulation	General Fund
175	<u>Dispensers' Permits</u> Annual fee for permit to operate a spirituous, vinous, or intoxicating malt liquor dispensary as follows: \$500. in counties containing cities of the first class. \$400. in counties containing cities of the second class.	Sec. 2554b-60	Division of Alcohol Control of the Department of Business Regulation	General Fund

ACCT. NO.	REVENUE AND RECEIPTS CLASSIFICATION	STATUTORY REFERENCE	COLLECTING AGENCY	DISPOSITION OF RECEIPTS
	\$300. in counties containing cities of the third class. \$200. in counties containing cities of the fourth class. \$100. in all other counties.			
176	<u>Roadhouse Permits</u> Roadhouse or other place for eating or entertainment located outside of corporate limits of any incorporated village or town must pay annual fee of \$5.00 for a license granted by the county court.	Sec. 2554d-1 et seq.	Auditor of Public Accounts through County Clerks	General Fund
	<u>LICENSES (OTHER THAN ALCOHOL)</u>			
201	<u>Corporation Licenses</u> Tax on every corporation owning property or doing business in Kentucky, except foreign insurance companies, foreign and domestic building and loan associations, banks and trust companies, and corporations which pay franchise tax. Tax is 70¢ on each \$1,000 of asset value of capital stock represented by property owned and business transacted in Kentucky.	Sec. 4189-1 et seq.	Department of Revenue	General Fund
202	<u>Store license Tax</u> Annual license fee for all stores for privilege of operating business. "Filling or Service" stations, 70% of whose business is in gasoline, lubricating oil, and grease are exempt. Fees are as follows: \$2.00 for one store. Up to five stores, \$2.00 plus \$25.00 for each store in excess of one. Six to ten stores, \$102.00 plus \$50.00 for each store in excess of five. Eleven to twenty stores, \$352.00 plus \$100. for each store in excess of ten. Twenty-one to fifty stores, \$1,352 plus \$200.00 for each store in excess of twenty. On all chains in excess of fifty stores, \$7,352. plus \$300. for each store in excess of fifty.	Sec. 4202a-13 et seq.	Department of Revenue	General Fund
211	<u>Occupational Licenses</u> Annual tax for privilege of doing business. Varies with value or nature of business. (See schedule of occupational licenses at end of this chart.)	Sec. 4191-1 to 3; 4214d-1 et seq; 4224	Auditor of Public Accounts through County Clerks	General Fund
212	<u>Small Loan Company Licenses</u> \$250. annual license fee.	Sec. 8831-5	Division of Banking of the Department of Business Regulation	General Fund
213	<u>Insurance Agents' Licenses</u> Annual license required before agent may sell insurance in Kentucky. Amount varies with type of insurance sold.	Sec. 762a-14 et seq; 761; 637	Division of Insurance of the Department of Business Regulation	General Fund
214	<u>Security Dealers' Licenses</u> \$50.00 for initial registration and \$25.00 for each annual renewal.	Sec. 165a-33	Division of Securities of the Department of Business Regulation	General Fund
215	<u>Security Salesmen's Licenses</u> \$50.00 for initial registration and \$5.00 for each annual renewal.	Sec. 165a-33	Division of Securities of the Department of Business Regulation	General Fund
216	<u>Certificates of Compliance - Insurance Companies</u> \$1.00 annual fee for seal of office with certificate. However, under retaliatory law, if, fee in an-	Sec. 637; 761 752	Division of Insurance of the Department of Business Regulation	General Fund

ACCT. NO.	REVENUE AND RECEIPTS CLASSIFICATION	STATUTORY REFERENCE	COLLECTING AGENCY	DISPOSITION OF RECEIPTS
	other state is higher for foreign companies, companies organized under law of that state and operating in Kentucky must pay the same fee to Kentucky as the other state imposes upon foreign companies.			
221	<u>Oleomargarine Licenses</u> Annual license fee for manufacturer or seller: Manufacturer - \$5.00 Jobber - \$3.00 Retail merchant - \$2.00 Annual license fee for place serving oleomargarine: Hotel - \$3.00 Restaurant, etc. - \$2.00 Boarding House - \$1.00	Sec. 422d-1 et seq.	Department of Revenue	General Fund
222	<u>Race Track Licenses</u> Tax for each day of racing varying as follows: \$2,500. per day in counties of over 200,000. \$1,000. per day in counties of over 72,000. \$500. per day in all other counties.	Sec. 4223b-6 to 12	Department of Revenue	General Fund
231	<u>Stud Licenses</u> \$1.00 annual registration license for animal to be used for breeding purposes. In addition must pay a sum equal to 20% of the greatest sum charged for the services of the animal, whether same be for a season or to insure a get. However, minimum for any stud horse is \$10.00, for any jack \$10.00, and for any bull \$1.00.	Sec. 4223d-1	Department of Agriculture through County Clerks	General Fund
232	<u>Operators' Licenses</u> Annual license fee of \$1.00 for motor vehicle operators.	Sec. 2739m-33 et seq.	Department of Revenue through Circuit Court Clerks	80% of money collected is credited to General Fund. 15% is retained by Circuit Court Clerk. 5% is credited to Revolving Fund for administration of law.
233	<u>Employment Agency Licenses</u> Annual license fee of \$25.00	Sec. 1599d et seq.	Division of Labor & Statistics of Department of Agriculture	General Fund
	<u>DEPARTMENTAL FEES, SALES AND RENTALS</u>			
302	<u>Secretary of State - Incorporation Fees (Organization Tax)</u> Tax of 1/10% on authorized capital stock and any subsequent increases thereof.	Sec. 4225	State Treasurer	General Fund
323	<u>State Fair Receipts</u> Sec. 4281w-1 specifically lists those receipts that are to be credited to other than the General Fund. Since the 1936 Appropriation Act makes no provision for setting up a revolving fund out of State Fair Receipts, the receipts are credited to the General Fund.	Sec. 4281w-1 1936 Appropriation Act.	State Board of Agriculture	General Fund
331	<u>Department of Education - Certifications</u> Certificates issued to teachers. Fee is \$2.00 for each registration and \$1.00 for each renewal.	Sec. 4502-8	Department of Education.	General Fund
332	<u>Department of Education - Textbook Filing Fees.</u> A fee of \$5.00 for each book filed with State Textbook Commission, except where a series of books is filed, in which case the fee is \$5.00 for the first book and one dollar for each additional book. Fees to be paid each time books are con-	Sec. 4421a-37(c)	Department of Education.	General Fund

ACCT. NO.	REVENUE AND RECEIPTS CLASSIFICATION	STATUTORY REFERENCE	COLLECTING AGENCY	DISPOSITION OF RECEIPTS
	sidered for adoption by Textbook Commission.			
333	<u>Department of Education - Textbook Sales</u> Books submitted as samples may be claimed by bidder within 30 days after adoption, after which period they may be sold.	Sec. 4421a-45	Department of Education	General Fund
342	<u>Division of Banking - Bank Examination Fees.</u> Division required to make annual examination and charge following fees: \$25.00 for each bank having assets of not more than \$300,000. \$30.00 for each bank having assets of \$300,000 but not more than \$600,000. \$40.00 for each bank having assets of \$600,000 but not more than \$1,000,000. \$60.00 for each bank having assets of \$1,000,000. but not more than \$2,000,000. \$100.00 for each bank having assets of \$2,000,000. but not more than \$4,000,000. \$200.00 for each bank having assets of \$4,000,000. or more. In addition each bank shall pay for each examination 3/4 for each \$1,000. of assets or fraction thereof excluding bonds, mortgages, and purchase lien notes deposited as security for bonds issued, in hands of trustee, and all assets held in a fiduciary capacity.	Sec. 165a-1 et seq.	Division of Banking of the Department of Business Regulation	General Fund
343	<u>Division of Banking - Small Loan Examination Fees</u> Required to make annual examination of small loan companies and charge same fees as for examination of banks.	Sec. 8831-25	Division of Banking of the Department of Business Regulation	General Fund
347	<u>Division of Insurance - Dry Cleaning Examination Fees</u> Fee of \$25. for examination of dry cleaning establishment when application for initial permit is made. \$5.00 fee for renewal.	Sec. 274lg - 4 and 6	Division of Insurance of the Department of Business Regulation	General Fund
349	<u>Division of Insurance - Annual Statement Fees</u> Fee of \$5.00 paid by insurance companies when filing annual statement.	Sec. 761	Division of Insurance of the Department of Business Regulation	General Fund
351	<u>Division of Securities - Security Registration Fees</u> Fee of 1/10 of 1% of the aggregate par value of securities registered to be sold in Kentucky, with a minimum fee of \$10. or \$25. and a maximum fee of \$100. or \$200 depending upon the type of registration.	Sec. 165a-28 and 29	Division of Securities of the Department of Business Regulation	General Fund
356	<u>Department of Mines and Minerals - Inspection of Mines</u> Fee of \$7.50 to be paid for each mine scale inspection.	Sec. 2739 - 46a	Department of Mines and Minerals	General Fund
357	<u>Department of Mines and Minerals - Examination of Mine Foremen</u> Fee of \$2.50 paid by any person before he is permitted to take examination for district mine inspector, mine foreman, or fire boss.	Sec. 2739 - 45	Auditor of Public Accounts	General Fund

ACCT. NO.	REVENUE AND RECEIPTS CLASSIFICATION	STATUTORY REFERENCE	COLLECTING AGENCY	DISPOSITION OF RECEIPTS
	<u>REVOLVING, TRUST AND AGENCY FUNDS</u> <u>EXCISE TAXES</u>			
1101	<u>Gasoline Tax (Portion for Administration)</u> Tax of 5¢ per gallon of gasoline received by dealer for distribution, sale, or delivery within Kentucky.	Sec. 4281g-3	Gasoline Tax Section of the Division of Motor Vehicles of the Department of Revenue	Revolving Fund (maximum of \$45,000 of receipts from this tax is appropriated for the expenses of administration of the tax by the Gasoline Tax Section. Balance is credited to account 2101.)
1103	<u>Bus Mileage Tax (Portion for Administration)</u> Tax per mile which varies with seating capacity of bus.	Sec. 2739j-78	Division of Motor Transportation of the Department of Business Regulation	Revolving Fund (See account 1104.)
1104	<u>Truck Mileage Tax (Portion for Administration)</u> Tax per mile which varies with weight of truck.	Sec. 2739j-78	Division of Motor Transportation of the Department of Business Regulation	Revolving Fund (From this tax and the Bus Mileage Tax portions of the proceeds are used to pay the expenses of administration of the Division of Motor Transportation. The balances of receipts are credited to accounts 2103 and 2104. The maximum for expenses of administration has been set at \$50,000. by the General Assembly.
	<u>LICENSES (OTHER THAN ALCOHOL)</u>			
1201	<u>Operators' Licenses (Portion for Administration)</u> 5¢ of every dollar paid for a license is used for administrative expenses. (See account 232.)	Sec. 2739m-34	Automobile Section of Division of Motor Vehicles of Department of Revenue through Circuit Court Clerks	Revolving Fund to pay expenses of administering the law by the Automobile Section.
1202	<u>Motor Vehicle Licenses (Portion for Administration)</u> Portion of proceeds from motor vehicle licenses. (See account 2211.)	Chapter 1, Acts of 1936, 2nd Special Session	Automobile Section of Division of Motor Vehicles of Department of Revenue through County Clerks	Revolving Fund to pay expenses of administering motor vehicle licenses by Automobile Section. Maximum of proceeds from this tax to be used for administrative purposes has been set at \$85,000. by the General Assembly.
1211	<u>Hunting and Fishing Licenses</u> Hunting license is \$1.00 for resident and \$10.50 for non-resident. Fishing license is \$1.00 for resident and \$10.50 for non-resident.	Sec. 1954c-24 to 27	Division of Game and Fish of the Department of Conservation through County Clerks	Revolving Fund for administration of game and fish protection laws. (County Clerks retain 15¢ for each resident license issued and 50¢ for each non-resident license issued.)
1212	<u>Dog Licenses</u> 6% of fees collected under Dog Law are turned into State Treasury by sheriffs.	Sec. 68b-32	Department of Agriculture through Sheriffs	Revolving Fund for administration of Dog Law.
1231	<u>Operators' Licenses (Portion for Public Safety)</u> One-half of proceeds from operators' licenses under old law. This account will become inactive as soon as all old settlements are made with Circuit Court Clerks.	Sec. 2739m-2 (1934 Special Session)	Department of Revenue through Circuit Court Clerks	Revolving Fund to be expended in manner determined by the Governor for the purpose of enforcing State motor vehicle laws.

ACCT. NO.	REVENUE AND RECEIPTS CLASSIFICATION	STATUTORY REFERENCE	COLLECTING AGENCY	DISPOSITION OF RECEIPTS
	sidered for adoption by Textbook Commission.			
333	<u>Department of Education - Textbook Sales</u> Books submitted as samples may be claimed by bidder within 30 days after adoption, after which period they may be sold.	Sec. 4421a-45	Department of Education	General Fund
342	<u>Division of Banking - Bank Examination Fees.</u> Division required to make annual examination and charge following fees: \$25.00 for each bank having assets of not more than \$300,000. \$30.00 for each bank having assets of \$300,000 but not more than \$600,000. \$40.00 for each bank having assets of \$600,000 but not more than \$1,000,000. \$60.00 for each bank having assets of \$1,000,000. but not more than \$2,000,000. \$100.00 for each bank having assets of \$2,000,000. but not more than \$4,000,000. \$200.00 for each bank having assets of \$4,000,000. or more. In addition each bank shall pay for each examination 3¢ for each \$1,000. of assets or fraction thereof excluding bonds, mortgages, and purchase lien notes deposited as security for bonds issued, in hands of trustee, and all assets held in a fiduciary capacity.	Sec. 165a-1 et seq.	Division of Banking of the Department of Business Regulation	General Fund
343	<u>Division of Banking - Small Loan Examination Fees</u> Required to make annual examination of small loan companies and charge same fees as for examination of banks.	Sec. 2831-25	Division of Banking of the Department of Business Regulation	General Fund
347	<u>Division of Insurance - Dry Cleaning Examination Fees</u> Fee of \$25. for examination of dry cleaning establishment when application for initial permit is made. \$5.00 fee for renewal.	Sec. 2741g - 4 and 6	Division of Insurance of the Department of Business Regulation	General Fund
349	<u>Division of Insurance - Annual Statement Fees</u> Fee of \$5.00 paid by insurance companies when filing annual statement.	Sec. 761	Division of Insurance of the Department of Business Regulation	General Fund
351	<u>Division of Securities - Security Registration Fees</u> Fee of 1/10 of 1% of the aggregate par value of securities registered to be sold in Kentucky, with a minimum fee of \$10. or \$25. and a maximum fee of \$100. or \$200 depending upon the type of registration.	Sec. 165a-28 and 29	Division of Securities of the Department of Business Regulation	General Fund
356	<u>Department of Mines and Minerals - Inspection of Mines</u> Fee of \$7.50 to be paid for each mine scale inspection.	Sec. 2739 - 46a	Department of Mines and Minerals	General Fund
357	<u>Department of Mines and Minerals - Examination of Mine Foremen</u> Fee of \$2.50 paid by any person before he is permitted to take examination for district mine inspector, mine foreman, or fire boss.	Sec. 2739 - 45	Auditor of Public Accounts	General Fund

ACCT. NO.	REVENUE AND RECEIPTS CLASSIFICATION	STATUTORY REFERENCE	COLLECTING AGENCY	DISPOSITION OF RECEIPTS
	<u>REVOLVING, TRUST AND AGENCY FUNDS</u> <u>EXCISE TAXES</u>			
1101	<u>Gasoline Tax (Portion for Administration)</u> Tax of 5¢ per gallon of gasoline received by dealer for distribution, sale, or delivery within Kentucky.	Sec. 4281g-3	Gasoline Tax Section of the Division of Motor Vehicles of the Department of Revenue	Revolving Fund (maximum of \$45,000 of receipts from this tax is appropriated for the expenses of administration of the tax by the Gasoline Tax Section. Balance is credited to account 2101.)
1103	<u>Bus Mileage Tax (Portion for Administration)</u> Tax per mile which varies with seating capacity of bus.	Sec. 2739j-78	Division of Motor Transportation of the Department of Business Regulation	Revolving Fund (See account 1104.)
1104	<u>Truck Mileage Tax (Portion for Administration)</u> Tax per mile which varies with weight of truck.	Sec. 2739j-78	Division of Motor Transportation of the Department of Business Regulation	Revolving Fund (From this tax and the Bus Mileage Tax portions of the proceeds are used to pay the expenses of administration of the Division of Motor Transportation. The balances of receipts are credited to accounts 2103 and 2104. The maximum for expenses of administration has been set at \$50,000. by the General Assembly.
	<u>LICENSES (OTHER THAN ALCOHOL)</u>			
1201	<u>Operators' Licenses (Portion for Administration)</u> 5¢ of every dollar paid for a license is used for administrative expenses. (See account 232.)	Sec. 2739m-34	Automobile Section of Division of Motor Vehicles of Department of Revenue through Circuit Court Clerks	Revolving Fund to pay expenses of administering the law by the Automobile Section.
1202	<u>Motor Vehicle Licenses (Portion for Administration)</u> Portion of proceeds from motor vehicle licenses. (See account 2211.)	Chapter 1, Acts of 1936, 2nd Special Session	Automobile Section of Division of Motor Vehicles of Department of Revenue through County Clerks	Revolving Fund to pay expenses of administering motor vehicle licenses by Automobile Section. Maximum of proceeds from this tax to be used for administrative purposes has been set at \$85,000. by the General Assembly.
1211	<u>Hunting and Fishing Licenses</u> Hunting license is \$1.00 for resident and \$10.50 for non-resident. Fishing license is \$1.00 for resident and \$10.50 for non-resident.	Sec. 1954c-24 to 27	Division of Game and Fish of the Department of Conservation through County Clerks	Revolving Fund for administration of game and fish protection laws. (County Clerks retain 15¢ for each resident license issued and 50¢ for each non-resident license issued.)
1212	<u>Dog Licenses</u> 6% of fees collected under Dog Law are turned into State Treasury by sheriffs.	Sec. 68b-32	Department of Agriculture through Sheriffs	Revolving Fund for administration of Dog Law.
1231	<u>Operators' Licenses (Portion for Public Safety)</u> One-half of proceeds from operators' licenses under old law. This account will become inactive as soon as all old settlements are made with Circuit Court Clerks.	Sec. 2739m-2 (1934 Special Session)	Department of Revenue through Circuit Court Clerks	Revolving Fund to be expended in manner determined by the Governor for the purpose of enforcing State motor vehicle laws.

ACCT. NO.	REVENUE AND RECEIPTS CLASSIFICATION	STATUTORY REFERENCE	COLLECTING AGENCY	DISPOSITION OF RECEIPTS
	<u>DEPARTMENTAL FEES, SALES, AND RENTALS:</u>			
1366	<u>Division of Post-Audit - County Share of Costs of Audit</u> Annual post-audit must be made of the accounts of each county, and the latter is required to bear the actual expense of the audit.	Sec. 4636-1 to 4	Division of Post Audit of the Department of Finance	Revolving Fund to pay expense of audits.
1451	<u>Division of Insurance - Examination Fees</u> Division of Insurance required to examine companies at least once in four years, and companies must bear cost of such examination.	Sec. 752	Division of Insurance of Department of Business Regulation	Revolving Fund to pay cost of salaries and expenses of insurance examiners.
1452	<u>Louisville Office of State Treasurer - Fees</u> Fee of 25¢ for each \$1,000. of securities deposited or withdrawn by insurance companies from the Department of the Treasury.	Sec. 762-16 et seq; 4618-12	Division of Insurance of the Department of Business Regulation.	Revolving Fund to defray expenses incurred in connection with the custody of the securities.
1461	<u>Public Service Commission Assessments</u> Public Service Commission annually assesses utilities under its jurisdiction, in proportion to gross earnings or receipts from intrastate business, for operating expenses of Commission. Aggregate assessments may not exceed \$75,000. in any one year; but if an amount in excess of \$2,000 remains unexpended at the end of any fiscal year, such amount shall be prorated in reducing assessments for the ensuing year.	Sec. 3952-53 et seq.	Public Service Commission	Revolving Fund to pay expenses of Public Service Commission. (Maximum of \$75,000. has been appropriated out of receipts of this assessment.)
	<u>STATE ROAD FUND</u>			
	<u>EXCISE TAXES (OTHER THAN ALCOHOL)</u>			
2101	<u>Gasoline Tax</u> Tax of 5¢ per gallon of gasoline received by dealer for distribution, sale, or delivery within Kentucky.	Sec. 4281g-1 et seq.	Gasoline Tax Section of the Division of Motor Vehicles of the Department of Revenue	Road Fund after portion has been deducted for expenses of administration of this act and credited to account 1101.
2102	<u>Tax on Other Motor Fuels</u> Tax of 5¢ per gallon of fuel other than gasoline used to propel vehicles over public highways of Kentucky. In addition a permit fee of \$1.00 is required of users.	Sec. 4281h-1 et seq.	Gasoline Tax Section of the Division of Motor Vehicles of the Department of Revenue	Road Fund
2103	<u>Bus Mileage Tax</u> Tax per mile which varies with seating capacity of bus.	Sec. 2739j-78	Division of Motor Transportation of the Department of Business Regulation	Road Fund after portion has been deducted for expenses of Division of Motor Transportation and credited to account 1103.
2104	<u>Truck Mileage Tax</u> Tax per mile which varies with weight of truck.	Sec. 2739j-78	Division of Motor Transportation of the Department of Business Regulation	Road Fund after portion has been deducted for expenses of Division of Motor Transportation and credited to account 1104.
	<u>LICENSES AND PERMITS</u>			
2211	<u>Passenger Car Licenses</u> Annual license fee of \$4.50 required for passenger cars, including taxis and busses of less than seven passenger capacity.	Sec. 2739g-2c (1)	Automobile Section of Division of Motor Vehicles of Department of Revenue through County Clerks	Road Fund after crediting portion to account 1202 for expenses of administering the license law.
2212	<u>Truck Licenses</u> Annual license fee varying with truck capacity required of all trucks including common and contract carriers and city busses. Fee for farmers' trucks of 3,000 pound capacity or less is \$4.50. 1/2 is credited to Road Fund and 1/2 distributed to counties.	Sec. 2739	Automobile Section of Division of Motor Vehicles of Department of Revenue through County Clerks	Road Fund (Does not include the 1/2 distributed to counties.)

ACCT. NO.	REVENUE AND RECEIPTS CLASSIFICATION	STATUTORY REFERENCE	COLLECTING AGENCY	DISPOSITION OF RECEIPTS
2213	<u>Motorcycle Licenses</u> Annual license fee of \$2.00 plus \$1.00 for each sidecar	Sec. 2739g-2c (2)	Automobile Section of Division of Motor Vehicles of Department of Revenue through County Clerks	Road Fund
2214	<u>Dealers' Motor Licenses</u> Manufacturers and dealers pay \$25. for registration certificate and one license plate; pay varying amount for additional license plates.	Sec. 2739g-6	Automobile Section of Division of Motor Vehicles of Department of Revenue through County Clerks	Road Fund
2215	<u>Transfer of Motor Licenses</u> Fee of \$1.00 for transfer of ownership and license of car at time of sale.	Sec. 2739g-13	Automobile Section of Division of Motor Vehicles of Department of Revenue through County Clerks	Road Fund
2216	<u>Special Motor Licenses</u> Fees paid for duplicate license plates in case of loss of original	Sec. 2739g-12	Automobile Section of Division of Motor Vehicles of Department of Revenue through County Clerks	Road Fund
2217	<u>In Transit Motor Licenses</u> \$1.00 deposited for plates loaned for transporting car not previously licensed in State. After 15 days, if plate is not returned, \$1.00 deposit is forfeited.	Sec. 2739g-6	Automobile Section of Division of Motor Vehicles of Department of Revenue through County Clerks	Road Fund
2218	<u>Penalties on County Clerks (Motor Vehicle Laws)</u> 10% penalty imposed upon county clerks for failure to report fees collected under motor vehicle laws within seven days after such reports are due.	Sec. 2739g-62	Division of Motor Vehicles of the Department of Revenue	Road Fund
2221	<u>Bus Licenses (Except City)</u> Bus license tag fee varying with seating capacity plus fee per passenger seat and 50¢ per 100 pounds gross weight.	Sec. 2739j-1	Division of Motor Transportation of the Department of Business Regulation	Road Fund
2222	<u>City Bus Licenses</u> \$1.50 for each passenger seat	Sec. 2739j-27 and 27a	Division of Motor Transportation of the Department of Business Regulation	Road Fund
2223	<u>Common Carrier Certificates</u> Busses carrying seven passengers or less pay \$10.00; all other busses and common carrier trucks pay \$25.00	Sec. 2739j-69	Division of Motor Transportation of the Department of Business Regulation	Road Fund
2224	<u>Taxi Licenses</u> Fee of \$1.50 for each passenger seat.	Sec. 2739j-27	Division of Motor Transportation of the Department of Business Regulation	Road Fund
2225	<u>Truck Permits</u> Fee of \$20. for contract carriers.	Sec. 2739j-69	Division of Motor Transportation of the Department of Business Regulation	Road Fund
2226	<u>Drivers' Certificates</u> Annual fee of \$2.00 for drivers of motor vehicles for hire.	Sec. 2739j-73 (modifies 2739j-32); 2739i-12	Division of Motor Transportation of the Department of Business Regulation	Road Fund
2232	<u>Truck Permits Issued by Department of Highways</u> Permits issued by Department of Highways for driving truck carrying excess weight over State maintained roads.	Sec. 4346a-3	Department of Highways	Road Fund

ACCT. NO.	REVENUE AND RECEIPTS CLASSIFICATION	STATUTORY REFERENCE	COLLECTING AGENCY	DISPOSITION OF RECEIPTS
2241	<u>Bridge and Ferry Licenses</u> Annual license fee of \$5.00 required of every ferry carrying passengers and each toll bridge.	Sec. 4224; 4356 za-14	Department of Highways	Road Fund
	<u>COUNTY AND COURT FEES</u>			
2501	<u>Fines</u> All fines collected for violations under Chapter 106, Acts of 1932 (Motor Vehicle Laws).	Sec. 2739g-93, 95, and 100	Department of Highways	Road Fund
	<u>SUBVENTIONS AND GRANTS</u>			
2601	<u>Federal Flood Aid</u> Federal aid for repair of roads damaged by floods.	Sec. 317; 4356 to 4 (Editorial Note)	Department of Highways	Road Fund to be used for specific purposes for which money was granted.
2602	<u>Federal Road Aid</u> Grants from Federal government for maintenance and construction of roads.	Sec. 317; 4356t-4	Department of Highways	Road Fund to be used for specific purposes for which money was granted.
2611	<u>County Aid</u> Grants by counties to aid in construction and maintenance of specific roads.	Sec. 4356t-5	Department of Highways	Road Fund to be used for specific purposes for which money was granted.
2621	<u>Grade Crossings-Railroad Companies' Part of Cost</u> Railroads' portion of cost of grade crossing eliminations ordered by Department of Highways.	Sec. 4356z-6,7, 9, and 10	Department of Highways	Road Fund to be used for cost of eliminating grade crossings.
2622	<u>Private Aid-Road Construction</u> Contributions by other than Federal Government, counties, and cities to aid in maintenance and construction of roads and bridges.	Sec. 4356t-5	Department of Highways	Road Fund
	<u>UNEMPLOYMENT COMPENSATION FUND</u>			
7001	<u>Contributions from Employers and Employees</u> Contributions from employers and employees subject to the Unemployment Compensation Law.	Unemployment Compensation Law enacted at 4th Special Session of 1936 of the General Assembly.	Division of Unemployment Compensation of the Department of Industrial Relations	Unemployment Compensation Fund

PART V
Chapter XVIII.
ORGANIZATION AND EQUIPMENT FACILITIES
of the
DIVISION OF ACCOUNTS AND CONTROL

The organization chart of the Division of Accounts and Control indicates generally how the various activities of the Division are distributed among sections and individual employees. This chapter supplements the chart by describing more specifically the work performed by each of the units and explaining the application of accounting and addressing machines to the Division's activities. The duties are not intended as inclusive definitions of the scope of work performed by the various employees.

The sectional grouping of employees having similar duties should not be regarded as indicative of a highly formalized set up. On the contrary, the size of the Division makes it unnecessary to vest supervisory responsibilities in other than the Controller and Assistant Controller, with the result that all employees work under the direct supervision of these two officials. However, when the assumption of additional functions results in significant increases in the number of employees, certain intermediate supervision will undoubtedly have to be provided.

Controller

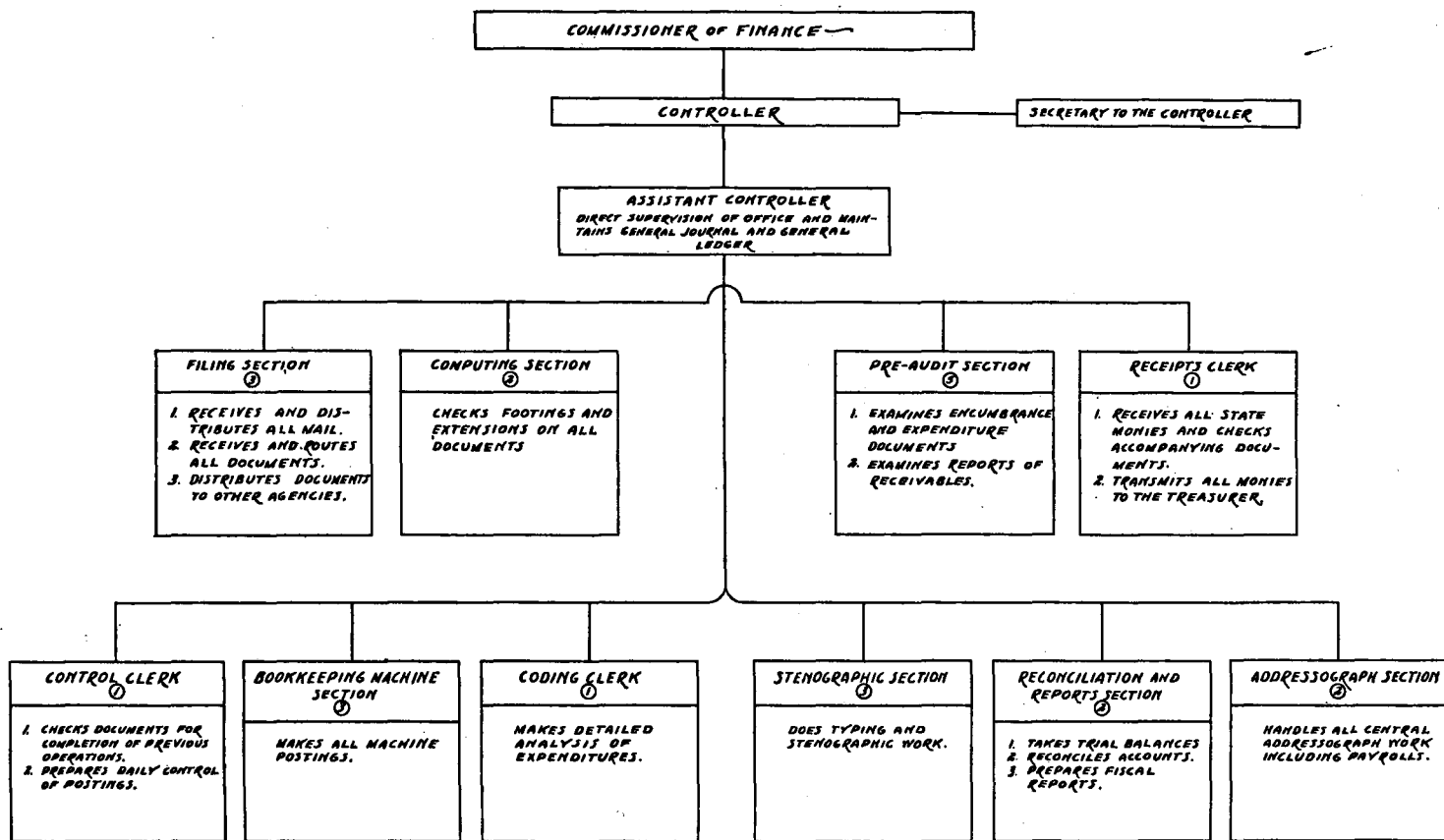
The Controller is the administrative head of the Division and is directly responsible to the Commissioner of Finance for the supervision of all its activities, and for performing certain functions on behalf of the Commissioner. The following are some of the duties involved in the discharge of these responsibilities:

1. Give general direction to the maintenance of centralized accounting records, which include both proprietary and budget accounts.
2. Collaborate with Division of the Budget in the determination of allotments.
3. Review and approve encumbrance and expenditure documents after they have been pre-audited.
4. Approve all appointments to the State service and all salary increases as to conformity to the budget plan.
5. Authorize the issuance of all warrants and designate those to be issued as interest-bearing.
6. Review and approve financial reports and statements.
7. Pass upon journal vouchers correcting errors in accounts.
8. Authorize changes in methods and procedures within the Division.
9. Review correspondence and inter-office memoranda prepared by subordinates and submitted for signature.
10. Authorize all out of state travel.
11. Confer with other officials relative to the State's financial operations.
12. Make recommendations to the Commissioner of Finance regarding the transfer, promotion, and dismissal of employees within the Division.

Assistant Controller

The Assistant Controller is responsible for the immediate supervision of all employees and for the handling of the more difficult phases of the accounting work. This includes the following duties:

ORGANIZATION
OF THE
DIVISION OF ACCOUNTS AND CONTROL
COMMONWEALTH OF KENTUCKY



CIRCLED NUMERAL INDICATES NUMBER OF EMPLOYEES.

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1. Directly supervise and coordinate the work of the employees in the Division.
2. Confer with employees relative to flow of work, office procedures, and tasks to be performed.
3. Prepare all Journal vouchers.
4. Make daily entries to the General Journal from the Daily Summary of Financial Transactions.
5. Monthly post the General Journal to the General Ledger.
6. Monthly prepare a trial balance of General Ledger accounts.
7. Review all statements and reports before they are submitted to the Controller for final approval, and prepare the more technical statements and reports.
8. Maintain control over financial stationery.

Filing Section

Employees in the Filing Section perform the following duties in connection with the receipt, routing, and filing of documents and correspondence:

1. Receive, open, time stamp, and distribute all mail.
2. Receive all documents (except those accompanying money delivered directly to the Receipts Clerk) and time stamp all Accounts and Control copies.
3. Block stamp Accounts and Control copies of all documents that are to be pre-audited.
4. Match documents received with related documents.
5. Sort documents by account number charged before routing them within the Division.
6. File documents in pending and permanent files.
7. Distribute documents to the other State agencies.
8. Furnish messenger service to the Division.

Computing Section

The clerks in the Computing Section perform the necessary calculating work incidental to the examination of documents; this comprises the following operations:

1. Check extensions and footings on all documents.
2. Check the listing of documents and amounts on Encumbrance Transmittal Sheets and Voucher Transmittal Sheets.
3. Compute cash discounts allowed on invoices.
4. Prepare adding machine tapes for encumbrance documents by subsidiary and fund control groups.

Pre-Audit Section

The employees in the Pre-Audit Section perform the following duties in connection with the examination of encumbrance and expenditure documents:

1. Review all documents to check for the proper form used, correctness and completeness of entries, adequacy of supporting documents, allowability of items, proper name and number of the account, and signatures of authorized persons.
2. Insert amounts of encumbrance liquidations in the space provided on expenditure documents.
3. Assign consecutive voucher numbers to all expenditure documents.
4. Enter amounts of invoices covering deliveries on contracts on the reverse side of related Notices of Award of Contract.
5. Prepare adding machine tapes of the amounts of encumbrance liquidations and amounts

- of expenditures for each group of expenditure documents chargeable to one account.
6. Assign Voucher Transmittal Sheet numbers to all expenditure documents, except Inter-Account Bills, from a serially numbered Voucher Transmittal Register, and enter the date and amount of each Voucher Transmittal Sheet in the Voucher Transmittal Register.

Within the Pre-Audit Section, employees are assigned to the specialized task of pre-auditing county claims; they perform the following duties:

1. Check all reports and remittances submitted by county and court officials.
2. Check all claims to see that they meet legal requirements and are consistent with the information kept on file in the Pre-Audit Section.
3. Prepare Standard Invoices covering approved claims.
4. Keep special records of monies received from and payments made to county and court officials.

Receipts Clerk

The Receipts Clerk receives and currently audits all monies that are covered into the State Treasury through the Department of Finance; he performs the following duties:

1. Receive from the Filing Section Pay-In Vouchers and accompanying monies that are mailed to the Division of Accounts and Control.
2. Receive Pay-In Vouchers and accompanying monies that are delivered personally, and time stamp Accounts and Control copies of such vouchers.
3. Count monies received and prepare adding machine tapes to compare amounts transmitted with each Pay-In Voucher with the total as shown on the voucher.
4. Enter account numbers credited on the face of checks. (This is necessary so that the correct account may be charged if the check is not paid by the bank against which it is drawn.)
5. Examine Pay-In Vouchers for completeness and correctness of information entered, including account numbers.
6. Prepare adding machine tapes totaling amounts of Pay-In Vouchers by funds.
7. Assign Treasury Permit numbers.
8. Personally deliver Treasurer's copies of Permits and Pay-In Vouchers, together with monies, and send other copies to the Filing Section for distribution.
9. Maintain a record of the pre-numbered Pay-In Vouchers distributed to departments and other agencies.

Control Clerk

The Control Clerk performs the following duties in connection with maintaining a control over postings made to the accounting records:

1. Check all documents for the completion of previous operations within the Division of Accounts and Control.
2. Separate copies of various documents and place other than Accounts and Control copies in separate baskets to be held until the posting operations are completed.
3. Prepare adding machine tapes by subsidiary control accounts and funds for encumbrance liquidations, disbursements authorized, non-cash charges, inter-account credits, and allotments.
4. Enter postings on Daily Summary of Financial Transactions.
5. Prepare adding machine tapes by subsidiary control accounts and funds for revenues

- accrued, reductions in revenue accruals, and receipts.
6. Enter postings on Summaries of Daily Receipts, Revenue Accruals, and Reductions in Revenue Accruals.

Bookkeeping Machine Section

The bookkeeping machine operators, who post financial transactions to all ledgers other than the General Ledger, perform the following duties:

1. Post documents to the Revenue and Receipts Ledger, Expenditure and Encumbrance Ledger, and Detailed Expenditure Analysis Ledger.
2. Proof-check the accuracy of postings.

Subsequent portions of this chapter deal with the accounting equipment used by this Section.

Coding Clerk

The Coding Clerk, who analyzes expenditures by detailed types of commodities or services purchased, performs the following duties:

1. Code expenditure vouchers according to the Subsidiary Classification of Expenditures
2. Enter the code numbers and related amounts in the spaces provided on the expenditure vouchers.

Reconciliation and Reports Section

The Reconciliation and Reports Section performs the following duties in connection with the reconciliation of accounts and the preparation of financial reports:

1. Semi-monthly reconcile warrants authorized by the Division of Accounts and Control with warrants issued by the Auditor.
2. Monthly balance detailed accounts in the Expenditure and Encumbrance Ledger with subsidiary control accounts, and balance the latter with chief fund control accounts.
3. Monthly balance accounts in Detailed Expenditure Analysis Ledger with related Expenditure and Encumbrance Ledger accounts.
4. Monthly balance detailed accounts in Revenue and Receipts Ledger with subsidiary control accounts, and balance the latter with chief fund control accounts.
5. Monthly reconcile controls in subsidiary ledgers with related accounts in the General Ledger.
6. Monthly reconcile related General Ledger accounts such as "Revenue Receipts" with "Allotments" in the Revolving, Trust, and Agency Funds.
7. Monthly reconcile cash in banks as shown by the Accounts and Control records with that indicated by the Treasurer's records.
8. Prepare periodic fiscal statements and reports.

Stenographic Section

The employees in the Stenographic Section perform the following duties:

1. Take and transcribe dictation.
2. Type documents and reports.
3. Prepare stencils.
4. Maintain correspondence file.

The duties of the secretary to the Controller are as follows:

1. Perform all stenographic work for the Controller.
2. Check payrolls of the Division.
3. Supervise maintenance of office supply room.
4. Supervise maintenance of correspondence file.
5. Maintain a file of all financial reports.

Addressograph Section

The Addressograph Section does all addressing machine work required by the Departments of Finance and Treasury and also serves other State agencies. Its activities include the following:

1. Prepare payroll and old age assistance vouchers.
2. Maintain Addressograph plate files for State employees and recipients of old age assistance.
3. Prepare payroll, old age assistance, and Confederate pension checks.
4. Imprint departmental forms.

The equipment used by this Section is described in detail in the following portion of this chapter.

Application of Accounting and Addressing Machines

The application of mechanical methods to accounting problems not only reduces the cost of such work, but also expedites the various operations and affords greater assurance of accuracy. The procedures installed in the Division of Accounts and Control utilize two distinct types of mechanical office equipment: bookkeeping machines for making postings to the subsidiary ledgers and addressing machines for the preparation of payrolls, old age assistance lists, and similar types of vouchers. The following sections explain the essential features of this equipment with particular reference to the specific uses made of these machines in the Division of Accounts and Control.

Machines Used for Posting Revenue and Expenditure Ledgers

Two bookkeeping machines are used for the posting of the Revenue and Receipts and Expenditure and Encumbrance Ledgers. These have a standard typewriter keyboard with additional numerical keys and tabulating bars which together control the arithmetical mechanism of the machine. The keyboard is so arranged that the operator may develop a touch system for the posting operation, thus enabling the operator to watch the posting media at all times and thereby obtain maximum speed of operation.

The typewriter keyboard is used to write any descriptive data on the ledger cards at the time entries are posted. The carriage is shifted to the column in which the posting is to be made and amounts are then entered by depressing the required numerical keys and striking the motor tabulating bar. The machine is so built that it can automatically add or subtract both vertically and horizontally, "cross foot" i.e., print the machine tabulated sub-totals of the balance columns provided on the form, and "cross balance" i.e., compute and print balances showing the effect of the vertical, columnar totals. This automatic action is controlled by a removable bar at the back of the machine which is set up for the particular computations to be performed. By changing control bars the operator can use the same machine for different applications. It is through this feature that the machines can be used for posting either the Revenue and Receipts Ledger or the Expenditure and Encumbrance Ledger.

The equipment permits the preparation of a journal or proof sheet simultaneously with the posting of the ledger cards. The cards are sufficiently flexible to fit readily around

the cylindrical platen, or striking surface of the machine, so that by placing carbon and the proof sheet of the form under them, a clear carbon copy of all postings to the ledger cards is made on the proof sheet. The latter form and the carbon when placed next to the platen of the machine remain in position without being affected by the insertion or removal of the ledger cards. The proof sheet is automatically spaced after each linear posting, and furnishes a consolidated record of all transactions arranged in the order in which they were entered on the ledger cards. In addition, certain totals are printed on the proof sheet when the machine totals are cleared, and these are used for proof-checking purposes.

Method for Posting Revenue and Expenditure Ledgers

A detailed explanation of the process employed for the posting of each document to the Revenue and Receipts and Expenditure and Encumbrance Ledgers would be of considerable length and would be of particular interest to only the bookkeeping machine operators. In order to acquaint the reader generally with the machine posting procedure, this section describes how the machine is adjusted for postings to the Expenditure and Encumbrance Ledger and how a voucher is posted to that record.

The register control bar for postings to the Expenditure and Encumbrance Ledger is so set that amounts entered in the various columns of the machine are automatically added to or subtracted from the old balances previously put into the machine. For example, after the "pick up" or "brought forward" balances have been entered, the entries in the encumbrance liquidation column are automatically subtracted from the "pick up" balance of encumbrances outstanding.

The procedure for posting a voucher is as follows:

1. The carriage is placed in position for posting to the first column of the journal by depressing the "return carriage" key.
2. The old encumbrance balance shown on the ledger card is picked up by depressing the corresponding numerical keys and then the "motor-tab" bar, thereby printing the amount on the journal. The carriage automatically shifts after the "motor-tab" bar is depressed.
3. The old balances of expenditures, total allotments or receipts, and the old unencumbered balance are similarly entered in the machine and printed on the journal sheet.
4. The carriage is lifted, the ledger card inserted, and the carriage lowered.
5. The number of the encumbrance document to be liquidated is typed in and the "tab" bar depressed twice to bring the carriage to the liquidation column.
6. The amount of encumbrance liquidation is put into the machine and the "motor-tab" bar depressed.
7. The "date" key is depressed and then the "balance" key in order to record the new balance of encumbrances outstanding.
8. The "tab" bar is depressed once, and then the voucher number is typed in and the "tab" bar depressed again.
9. The amount of the voucher is put into the machine, the "motor-tab" bar depressed, and the "tab" bar depressed once.
10. The "register total" key is depressed, thus recording the new net expenditure total, and the "tab" bar is then depressed.
11. The "register total" key is depressed again for the allotment total to date.
12. The "balance" key is depressed for the new unencumbered balance.
13. The "carriage return" key is depressed, the carriage lifted, and the ledger card

removed.

14. When all postings have been made to a single control group, the register totals are cleared and printed on the journal by setting the carriage at the "pick up unencumbered old balance" column, "encumbrances liquidated" column, and "unencumbered new balance" column respectively and then depressing the "register total" key at each position. The resultant totals are used for proof-checking purposes.

The number of steps listed above might convey the impression that such a posting requires considerable time, whereas the entire operation is completed at a surprising rate of speed.

The posting of the Revenue and Receipts Ledger is usually much simpler than such a posting as that described above, since it ordinarily consists of posting simply the date, reference, and amount of the receipt, and securing the cumulative total. However, where a receipt represents an item previously accrued, the total accruals shown on the ledger card must be reduced accordingly. As has already been indicated, a different register control bar is used when posting to this Ledger. In posting to the Revenue and Receipts Ledger it is necessary for proof purposes to pick up the old balance of the receipts on the journal both before and after posting the amount of the receipt.

Posting Detailed Expenditure Analysis Ledger

The machine used for posting the Detailed Expenditure Analysis Ledger differs in many respects from the equipment described above. There are, however, certain similarities:

1. This machine is also provided with a cylindrical platen.
2. It has an automatic shifting carriage and other automatic features such as adding and subtracting both vertically and horizontally, cross-footing, and cross-balancing.
3. The proof sheet in this machine is also held in position making possible the insertion and removal of the ledger card without affecting the sheet.

This machine has, what may be termed, an "adding machine" keyboard with keys, bars, and levers for operating the arithmetical calculation and registration devices, and an additional group of keys for posting the date and numbers of the vouchers. Since all the keys representing items to be printed are visible, it is possible to check the accuracy of keys struck before depressing the bar which actuates the printing mechanism. The date keys may be depressed and locked so that the same date will be printed automatically with each posting; reference number and amount keys are automatically released after each posting.

The carriage of the machine permits front feed insertion and alignment of forms. The movement of the carriage is entirely automatic; columns where no entries are to be made may be skipped, and the carriage automatically returns upon the completion of each line's posting. When more than one item is to be posted to a ledger card, the spacing on both the card and proof sheet may be controlled from the keyboard.

Since the entire operation consists only of picking up the old balance, and entering the date, reference number, amount, and new balance on the card, the operation requires very little time. The speed is somewhat increased by the fact that the proof sheet is a continuous form, which makes it unnecessary to insert new sheets during the course of the posting. A cutting edge provided on the carriage is used to cut the proof sheet in sections after the postings have been completed.

Use of Addressing Equipment

Addressing equipment is used for the preparation of payroll, old age assistance, and other vouchers, the individual items of which are repeated periodically with a relatively small number of changes. The equipment is also employed for preparing checks in payment of these vouchers and addressing and filling in departmental forms. Instead of typing this information every time it is required, it is embossed, or typed, once on a metal plate by means of the graphotype machine described below. These metal plates serve as permanent media for transcribing all or any part of the information recorded thereon.

A complete plate consists of: (a) a frame; (b) two embossed inserts, one for the amounts and the other for the name and other information; and (c) an index card which is imprinted from the name plate. Such a plate is prepared for each employee or other person receiving periodic payments of like amounts from the State. These plates are prepared by and filed in the Addressograph Section, which through the use of two different types of addressing machines prepares the necessary vouchers and checks.

Preparation of Plates

The plates are embossed by means of the electrically driven graphotype machine, which is equipped with a standard typewriter keyboard. The plate to be embossed is inserted and held in place by a vise-like clamp which automatically spaces in the same manner as a typewriter.

The embossing is done by means of punches and dies contained in a revolving die head, which is controlled by the keyboard. When any key is depressed, the respective character is embossed by motor power. If the wrong key is depressed, the back-space lever is used to move the plate so that the correct character can be inserted. This machine is also equipped with a plate roller which moves across the embossed plate, rolling embossed characters to an even height and thereby assuring uniformity of printing.

Listing Machine

The following are some of the more important features of the machine used for the printing of lists and such individual items as are not run through the check writing machine described in the next section:

1. Two adjustable and removable guides are provided to direct the forms into the desired printing area.
2. A detachable lister for sheets automatically spaces and lists names, figures, or other data from the embossed plates.
3. Carbon copies are made by inserting special carbon paper between sheets of the forms.
4. The platen on this machine is a geared, rubber-covered roller which presses the blank form into contact with the ribbon-covered type of the addressing plate, thereby printing the impression on the form.
5. The rubber facing of platens is so cut as to print only the particular information desired. A metal ribbon guard is used to cover the portion of the embossed information that is not needed.
6. The pressure of the platen against the plates can be regulated for the different thicknesses of the forms used and number of copies desired.
7. An automatic numbering device is provided that can be disconnected as required.
8. The machine can be set to make single, duplicate, or repeated impressions

from a plate.

When ready to run the machine, the operator empties a drawer of plates into the magazine at the rear of the machine, places the empty filing drawer underneath the table-top in the space provided therefor, and presses the power button. The feeding of the plates is automatically timed with the action of the impression arm, which is actuated by a foot pedal. Another pedal is used to pass plates through the machine without printing. The plates are automatically refilled according to their original order in the filing drawer placed underneath the table-top. A small metal tab can be inserted in the frame of the plate so that when the plate reaches the printing position further printing is stopped until a lever is released. This feature is used to assure that either the particular plate is not printed or that the printing is continued on another form. The lever may also be set to skip automatically those plates which have metal tabs attached to the frame.

Check Writing Machine

A high speed machine is used for the preparation of checks issued on the basis of payroll and other vouchers run off on the addressing equipment. This machine not only inserts the payee's name, address (omitted on salary checks), amount, date, and warrant number, but also signs the checks with a ribbon-print signature. This latter attachment may also be used for signing checks not prepared on this machine.

The plates may be placed in the feeding magazine without stopping the operation of the machine. The name and address of the payee are printed on the check from the lower section of the plate; while the amount items are printed from the top section. As was true with the listing machine, any of the information on the plate may be blocked out by adjustments in the platen and ribbon guard. The printing of the date is effected through a small plate, which can easily be inserted and removed from the machine whenever it is necessary to change the date.

After the checks have been imprinted with data from the plates, the signature and the warrant number are printed on the checks by a separate mechanism contained in the machine. A facsimile electrotype and a ribbon are used for printing the signature, which affords an added protection against forgery since it cannot be easily duplicated by hand methods. The electrotype signature plate is removed when not in use and placed in the vault for safe-keeping. The warrant numbering device is set to repeat the number for each group of checks covered by the same warrant.

A third printing unit is provided for printing any other data, such as the name of the bank on which the check is to be drawn.

The machine automatically stops when it exhausts the supply of forms or addressing plates, or when the forms fail to go through the machine properly. This prevents the plates or the forms from passing the printing position without impressions being made. Should the operator fail to remove the addressing plates from the chute, the machine stops automatically when the chute is filled.

Through this process checks are prepared at the rate of approximately seven thousand per hour. This speed makes it possible to have payroll, old age assistance, and similar checks ready for distribution shortly after the Treasurer has received the respective warrants.

PART VI

Chapter XIX

FINANCIAL TERMINOLOGY

This chapter presents definitions of the terminology used in this Handbook. The wording of these definitions seeks to convey the meaning of each item as it is employed in the Kentucky State Government. In the formulation of these definitions, considerable use was made of the publication, "Municipal Accounting Statements", issued by the National Committee on Municipal Accounting. Certain of the Committee's definitions had to be revised in order to adapt them to the requirements of the State of Kentucky. Those definitions marked with an asterisk represent statements taken verbatim from the Statutes.

Definitions of the various General Ledger accounts have not been included herein inasmuch as these are covered fully in Chapter XV, which sets forth and describes these accounts.

Abatement

Cancellation of a part or the whole of a charge made in the form of taxes or for services rendered.

Accounts Receivable

Amounts owing from private persons, firms or corporations, or from other governmental bodies but not including amounts owing from other funds.

Accrual Basis

When revenues are accounted for when earned or due, even though not collected, and when expenditures are accounted for as soon as liabilities are incurred, whether paid or not, the system of accounting is said to be on the accrual basis.

Accrued Assets

Revenues earned but not yet received, such as accrued interest on investments.

Accrued Expenses

Expenses which have been incurred up to a given date, but have not been paid and, in some cases, are not payable until a future date.

Accrued Liabilities

Amounts representing expenditures applicable to a period up to and including a given date, but not yet payable, e.g., accrued interest on interest-bearing warrants.

Accrued Revenue

Revenue which has been earned up to a given date, but has not been collected.

Adjustment

A correcting entry made in an account.

Advice of Allotment (Form B-1)

Form used to inform department heads of their quarterly allotments and any changes or

transfers in allotments.

Advice of Change in Purchase Order (Form P-3)

An encumbrance document issued by the Division of Purchases and Public Properties whenever it proves necessary to change an order or contract after it has been released to the vendor.

Agency Fund

A fund consisting of resources received and held by the State as an agent for certain individuals or governmental units. For example, the portion of truck licenses collected and held by the State for counties.

Allotment

A portion of an appropriation or special fund set aside to cover expenditures and encumbrances for a certain period and purpose.

Amortization

Gradual reduction, redemption, or liquidation of the balance of an account according to a specified schedule of times and amounts.

*Appropriation

An authorization by the General Assembly to a budget unit to expend from public funds, a sum of money not in excess of the sum specified, for the purposes specified in such authorization, under the procedure specified by statute.

*Appropriation Act

An act of the General Assembly that authorizes the expenditure of State money.

Assessed Valuation

A valuation set upon real estate or other property by the County Tax Commissioners or the Kentucky Tax Commission as a basis for levying taxes.

Assessment

The process of making the official valuation of property for the purpose of taxation.

Assets

The entire property of the State, including both current assets and fixed assets.

Audit (Verb)

To examine financial documents and records for the purpose of verifying their accuracy and the legality of the financial transactions involved.

See Current Audit, Post-Audit, and Pre-Audit.

Authorization for Out of State Travel (Form A-11)

A document used to request the authorization of the Commissioner of Finance for travel out of Kentucky on State business, which after approval becomes an encumbrance document.

Available Cash

The excess of cash of a given fund in the Treasury over immediate demands and reserves against cash; that is, the actual cash in the Treasury belonging to a given fund after

deducting the amount of unpaid vouchers, outstanding non-interest bearing warrants, and reserve accounts for definite purposes.

Balance Sheet

A statement showing the financial position of a fund or the State, as of a given date, the necessary data being secured from the General Ledger.

Bond Discount

The excess of the par value of a bond over the price for which it is acquired or sold.

Bond Premium

The excess of the price at which a bond is acquired or sold, over its par value.

Bonded Debt

That portion of the indebtedness of the State represented by outstanding bonds.

Book Value

Value, as set up on the books, regardless of whether such value is understated or overstated.

Note: In the case of assets which are being depreciated, book value refers to cost or stated value less the reserve for depreciation.

Books of Original Entry

Those books in which the various transactions are formally recorded for the first time.

Bridge Bond Sinking Fund

The fund provided by law for the segregation of revenue derived from tolls on bridges to be used for the payment of principal and interest on bridge bonds.

*Budget

The complete financial plan for each fiscal year as proposed in the budget report and modified and adopted by means of the appropriation and revenue acts.

*Budget Class

One of the kinds of expenditure denoting a class of services or commodities purchased or properties acquired as specified in the classification of expenditures prescribed as provided by statute, for use in expenditure accounting, in the making of budget estimates, and in the budget reports and budgets.

*Budget Estimates

The statements with accompanying explanations, as provided by statute, in which a budget unit states its financial requirements and requests appropriations.

*Budget Report

The recommendations of the Governor to the General Assembly, as to financial plans and expenditures to be authorized, with the accompanying statements and explanations, prepared as provided by statute.

*Budget Unit

A department or other unit of organization, for which separate appropriations are made

from those for any other organization unit.

Budgetary Accounts

Those accounts necessary to set up the budget plan and to reflect the effect of financial transactions upon such plan, such as: Estimated Revenue, Appropriations, Appropriation Allotments, Encumbrance Charges Against Allotments, etc.

Budgetary Control

The control or management exercised by the responsible fiscal officials for the purpose of executing the State's budget plan.

Capital Outlay

Expenditures which result in the acquisition of or additions to fixed assets. (This is somewhat broader than the term as defined by statute.)

Cash Basis

When revenues are recognized only when received in cash, and expenditures are recognized only when paid, the system of accounting is said to be on the cash basis.

Cash Discount

An allowance made on an invoice if paid within a stated period.

Character

As applied to an expenditure classification, this term refers to the relationship of expenditures to current, prior, and future fiscal periods, i.e., whether the expenditure is an expense, provision for the retirement of debt, or a capital outlay.

See also Function and Object.

Codification

Numbering, or otherwise designating accounts, entries, vouchers, etc., in such a manner that the symbol used reveals certain facts relative to the items so coded.

Cold Check

A check which has been refused for payment by the bank upon which it is drawn, usually because of insufficient funds.

Commitment

See Encumbrances.

Confirming Order (Form P-5)

An encumbrance document prepared by the Division of Purchases and Public Properties to confirm a purchase previously made by a department or other agency of the State. After the Confirming Order has been approved as to availability of funds, it becomes an authorization for the vendor to bill the State.

Controlling Account

An account which shows in summary form data which concurrently are shown elsewhere in detail.

County Road Trust Fund

The fund consisting of contributions deposited in advance by counties and municipalities to aid in the construction and maintenance of specific State roads. The money is held in trust by the State and is transferred to the State Road Fund after the work for which the deposit was made is completed.

Current Assets

Those assets of the State which are available to meet the cost of operations or to pay liabilities of the State. The term includes such assets as cash, taxes receivable, accounts receivable, temporary investments, and supplies or stores.

Current Audit

The checking of receipts by the Division of Accounts and Control when money is transmitted to it; such examination is made in order to ascertain that the amounts as reported are correct, and that all collections are accounted for.

Current Liabilities

Liabilities which are payable immediately or in the near future out of current resources, such as outstanding warrants.

Current Surplus

The excess of current assets over current liabilities and reserves.

Daily Summary of Financial Transactions (Form A-8)

Daily control sheet used for summarizing all postings to the Expenditure and Encumbrance Ledger, and also used as a medium for daily entries to the General Journals.

Debt Limit

The maximum amount of debt which the State may incur.

Deferred Charges

Expenditures which are not chargeable to the period in which they were made, but are set up as assets which are to be amortized, although they may have no market value or tangible existence. They may include such items as premiums on bonds purchased and other charges held in suspense until distribution is accomplished.

Deficit

The excess of liabilities and reserves of a fund over its assets; or the excess of the obligations, reserves, and unencumbered appropriations of a fund over its resources.

Delinquent Taxes

Taxes remaining unpaid after the last date upon which they may be paid before a penalty for non-payment is attached.

Departmental Purchase Order (Form P-12)

An encumbrance document prepared by the ordering department or other agency; it may be used only for the purchase of library books and scientific equipment, which are exempt from statutory provisions relative to centralized purchasing. After the order has been approved as to availability of funds, it becomes an authorization for the vendor to furnish

the items ordered.

Depreciation

Loss in value of fixed assets due to wear and tear and obsolescence.

Detailed Expenditure Analysis Ledger (Form A-13)

A ledger in which expenditures chargeable to each account in the Expenditure and Encumbrance Ledger are classified by detailed types of commodity or service.

Disbursements

Cash actually paid out for any or all purposes.

Double Entry

A system of bookkeeping based on the fundamental theory that every business transaction has a two-fold aspect and, therefore, a complete record is obtained by entering equal amounts to the debit of one or more accounts and to the credit of another account or accounts.

Encumbrance Documents

Those documents on the basis of which encumbrances are recorded.

Encumbrances

Amounts set aside from allotments when commitments are incurred in order to assure the availability of a sufficient balance when the respective expenditure is made.

Encumbrance Transmittal Sheet (Form P-13)

A list showing the serial numbers and amounts of encumbrance documents transmitted by the Division of Purchases and Public Properties to the Division of Accounts and Control and the Auditor of Public Accounts.

Entry

The record of a financial transaction in its appropriate book of account. The act of recording a transaction upon the financial records.

Equipment

Physical property which may be subjected to repeated use without readily impairing its physical condition, but not including land and buildings. Examples are machinery, trucks, cars, and furniture.

Estimated Revenue

The amount of revenue estimated to accrue or to be received during a given period.

Exhibits

The accounts, statements, and other papers that accompany and are a part of a financial report.

Expenditure and Encumbrance Journal (Form A-2)

A sheet prepared simultaneously with and reflecting all postings to the Expenditure and Encumbrance Ledger, and used to check the accuracy of such postings.

Expenditure and Encumbrance Ledger (Form A-1)

A subsidiary ledger containing a record of each allotment account, showing the amount allotted, the expenditures, the encumbrances, and the unencumbered balance of each allotment account.

Expenditure Classification

A codification of allotment and other accounts by numbers within funds showing the code number designating each account against which encumbrances and expenditures are charged.

Expenditure Documents

Those documents constituting original evidence of liabilities incurred by the State, which when approved and passed for payment become vouchers in support of the expenditures.

Expenditures

Amounts approved for payment by the Division of Accounts and Control on the basis of its pre-audit of invoices and all other expenditure documents.

Fiscal Year

The period at the end of which the State closes its books in order to determine its financial condition and the results of its operations. Begins July 1 and ends June 30 for all departments and other agencies except the Department of Highways, the fiscal year of which begins April 1 and ends March 31.

Fixed Assets

Assets of a permanent character having continuing value, such as land, buildings, machinery, furniture, and other equipment.

Fixed Charges

Those expenditures of the current period which are more or less inevitable and continuous.

Floating Debt

Obligations (except bonds) payable on demand or at an early date. The latter are usually in the form of accounts payable and interest-bearing warrants.

See Current Liabilities.

Forfeiture

The confiscation by the State of deposits held in trust for the purpose of enforcing contracts or of compensating against damages or losses.

Function

A group of services aimed at accomplishing a certain purpose or end, e.g., protection to persons and property.

See also Character and Object.

Fund

A sum of money or other resources (gross or net) set aside for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regula-

tions, restrictions, or limitations. A fund is a distinct financial or fiscal entity.

Fund Group

A group of funds of a similar character which are brought together for administrative and reporting purposes, e.g., Revolving, Trust, and Agency Funds.

General Fund

The fund which secures all resources not allocated for specific purposes.

General Journal General Fund (Form A-31)
 Revolving, Trust, and Agency Funds (Form A-32)
 State Road Fund (Form A-33)
 N.I.R.A. Highway Fund (Form A-34)
 Miscellaneous Funds (Form A-30)

A record for summarizing daily transactions which serves as a basis for monthly postings to the General Ledger.

General Ledger

The accounting record containing accounts which reflect in summary form all financial transactions of the State Government.

Grants

Contributions received by the State from or granted by it to another governmental unit, institution, or association for carrying on a designated activity. Examples are: Federal grant for Old Age Assistance and State Per Capita School grants.

Highway Bridge Bond Fund

The fund provided by law for financing the construction of bridges through the sale of revenue bonds.

Interest-Bearing Warrants

Warrants upon the Treasurer which bear interest and are issued to a claimant in lieu of cash when there is insufficient cash in the fund against which the claim is chargeable.

Inter-Account Bill (Form P-15)

Document used for charging one State agency and crediting another for commodities or services furnished to the former by the latter.

Inter-Account Credit

A deduction from an agency's expenditures resulting from a reimbursement for furnishing of materials, supplies, or services to another State agency.

Interest-Bearing Warrant Record (Form A-27)

A record of each interest-bearing warrant issued, showing interest accruals and payments of principal and interest.

Inter-Fund Charge

A transfer of cash to another fund other than in the nature of an advance.

Inter-Fund Credit

A transfer of cash from another fund other than in the nature of a loan.

Inventory

A record of commodities, equipment, or structures showing quantities, descriptions and values.

Investments

Securities or other property in which the State's money is invested either temporarily or permanently.

Journal Voucher (Form A-21)

A document of original entry provided for recording entries which cannot be handled through the regular encumbrance, expenditure, and receipt documents. For example, an entry to correct a posting to the wrong account.

Lapse (Verb)

As applied to appropriations, it denotes expiration of an appropriation at the end of the fiscal year, provided, however, that expenditures in payment of obligations incurred prior to the end of the fiscal year may be made for a period of ninety (90) days thereafter.

Liabilities

Obligations incurred by the State which have not been paid. In certain instances these may represent amounts due by one fund to another.

Liquidation

The cancellation of an encumbrance at the time that the claim is approved for payment and recorded as an expenditure.

Lump Sum Appropriation

An appropriation made for a stated purpose, or for a named department, without specifying further the amounts that may be spent for particular functions, activities, or objects of expenditure.

Miscellaneous Encumbrance Requisition (Form A-12)

Encumbrance document for payrolls, rent, travel expense (other than out of state travel), utility services, and other items for which it is not practical to use the regular encumbrance documents.

Monthly Statement of Expenditures, Encumbrances and Available Balances

A statement issued to department heads by the Department of Finance as of the end of every month showing for each division or institution the status of allotment and revolving accounts in the Expenditure and Encumbrance Ledger.

Monthly Statement of State Depository (Form A-28)

Report required by statute to be issued as of the end of each month by each State depository to the Commissioner of Finance and to the Auditor showing deposits, withdrawals, and balances of the State in the particular depository.

National Industrial Recovery Act Highway Fund

The fund established for segregating funds provided for highway construction financed by the Federal Government in connection with the Emergency Public Works Program.

Non-Cash Charge

An expenditure resulting from the furnishing of materials, supplies, or services by one State agency to another and not involving any cash payment.

Non-Revenue Receipts

Collections, other than revenue, such as receipts from the sale of assets, from loans, recoverable expenditures, or collections of prior year receivables.

Notice of Award of Contract (Form P-16)

An encumbrance document prepared by the Division of Purchases and Public Properties which becomes an authorization for a vendor to furnish services or commodities after the Contract has been approved as to availability of funds. The Notice of Award of Contract differs from a regular Purchase Order in that it involves a purchase that is to be delivered over a period of time as requested by the agency for which the purchase is made.

Notice of Award of Price Contract (Form P-18)

A document used by the Division of Purchases and Public Properties for entering into price agreements with vendors.

Object

As used in an expenditure classification, it applies to the article purchased or the service obtained (as distinguished from the results obtained from expenditures), e.g., Personal Services, Materials, Supplies, and Parts.

See also Character and Function.

*Operating Receipts

Cash received by a budget unit for services rendered or from the sale of materials, goods, or supplies created by the budget unit.

Pay-In Voucher (Form A-5)

Form used by collecting agencies for reporting collections and transmitting money to the State Treasury through the Department of Finance.

Payroll Voucher (Form PE-6)

Expenditure document used to report personal services rendered by State employees and to authorize payment therefor.

Petty Cash

A sum of money advanced to a State agency for the purpose of making disbursements requiring prompt cash outlay, but not in any case to exceed \$5,000.00 for a budget unit.

Post-Audit

An examination of financial records, documents, etc. usually made after the termination

of the fiscal year for the purpose of verifying the accounts and discovering any irregularities.

Posting

The act of entering in an account the data contained in a record or document.

Pre-Audit

The examination of an encumbrance or expenditure document by the Division of Accounts and Control before a commitment or expenditure is approved and recorded.

Proprietary Accounts

Those accounts necessary to reflect the assets and liabilities, and which display the results of operations in terms of revenue, expenditure, and surplus or deficit.

Purchase Order (Form P-2)

An encumbrance document prepared by the Division of Purchases and Public Properties which becomes an authorization for a vendor to furnish services or commodities after the Purchase Order has been approved as to availability of funds.

Purchase Requisition (Form P-1)

A request made by a State agency upon the Division of Purchases and Public Properties for the furnishing of commodities or services.

Quietus

A certificate, issued by the Auditor to a sheriff at the time when the latter reports in detail on his revenue collections for the prior year, which discharges the sheriff from any further obligation for the year for which settlement is made.

Receipts

Cash actually received from any and all sources.

Reconciliation

A statement prepared periodically by comparing the balances of related accounts and/or statements and explaining any discrepancies in order to verify the accuracy of the postings to the accounts and/or statements compared.

Record of Criminal Prosecutions (Form A-36)

A record maintained in the Division of Accounts and Control showing payments of fees to county officials in connection with the arrest, custody, and prosecution of persons charged with felonies.

Record of Pauper Idiots (Form A-35)

A record maintained in the Division of Accounts and Control showing payments by the State for each pauper idiot.

Record of Receipt and Distribution of Fines and Forfeitures (Form A-38)

A record of fines and forfeitures transmitted by each circuit court clerk and their subsequent distribution by the Division of Accounts and Control.

Receiving Report and Departmental Authorization for Payment (Form P-7)

Document used to report receipt of commodities or services ordered, showing the order number, count and description of items, signature of receiving employee, and signature of department head as authorization for payment. Ordinarily a copy of the order is used for this purpose; however, in the case of contracts or utility services a separate form is used.

Refund

An amount paid back or credit allowed on account of an over-collection, or an amount received on account of an over-payment.

Replacements

Expenditures made to replace a part or all of a fixed asset. If the expenditure does not increase the original value of the asset, it is a part of maintenance. If it increases the original value of the asset, it is a capital outlay to the extent of the increase.

Report on Receipts and Disbursements of Jury Fund (Form A-37)

A record maintained in the Division of Accounts and Control showing receipts and disbursements of circuit court clerks in connection with the payment of jurors.

Reserve

An amount set aside out of the surplus of a fund to provide for estimated future expenditures or losses, for working capital, or for other specified purposes.

Revenue and Receipt Documents

Those documents used for reporting the accrual of revenue and the collection of State monies.

Revenue and Receipts Journal (Form A-4)

A sheet prepared simultaneously with and reflecting all postings to the Revenue and Receipts Ledger, and used to check the accuracy of such postings.

Revenue and Receipts Ledger (Form A-3)

A subsidiary ledger containing an account for each source of revenue and non-revenue receipts, showing the estimated amounts, the accruals, and actual collections.

Revenue and Receipts Classification

Arrangement of revenue and non-revenue receipts by source within funds, showing the number designating each account to which receipts are to be credited. The Revenue and Receipts Ledger is arranged according to this Classification.

*Revenues

Values accruing without resultant increase in liabilities or decrease in assets, whether such values are represented by cash actually received or by amounts due and payable, or partly by each.

Revenue Receipts

Revenue collected.

Revolving Fund

A fund consisting of operating and related receipts of a budget unit which has been given specific statutory authorization to expend such receipts as may be received by it. In many cases this fund is authorized in addition to regular appropriation made for such purpose. In a few instances the statutes use the term "Revolving Fund" in accordance with accepted practice, i.e., a fund established for carrying on an activity the receipts of which reimburse the fund for the amounts previously disbursed.

*Revolving Fund Account

A State Treasury account accruing to the credit of a budget unit from operating receipts, fees, gifts or appropriations which may be used in defraying maintenance and operating expenses of activities and agencies which are in whole or in part self-supporting.

Schedule of Petty Cash Disbursements (Form A-15)

An expenditure document used for reporting disbursements from a petty cash fund and requesting reimbursement of the fund to the extent of such disbursements.

Schedules

The explanatory or supplementary statements that accompany the balance sheet and other exhibits contained in a financial report.

Signature Card (Form A-9)

A record of signatures of persons authorized by department heads to sign the documents indicated on such cards.

Special Deposit Trust Fund

The fund provided by law for segregating money deposited with the State and held in trust as guarantee for the performance of specific acts.

Special Revenue Fund

A fund used to finance particular activities from the collections of specific revenues. Such a fund is created through statutory provisions to provide certain activities with definite revenues. The Kentucky Statutes designate such funds as "Revolving Funds."

Standard Invoice (Form P-8)

An expenditure document which is a standard form used in billing the State for commodities or services furnished by vendors.

State Depository

A bank recommended by the Treasurer and approved by the Commissioner of Finance to receive deposits of State money.

State Fire and Tornado Insurance Fund

The fund provided by law for the purpose of having the State underwrite its own fire and tornado risk on the buildings and personal property belonging to it.

State Road Fund

The fund provided by law for financing the construction and maintenance of the State highway system, except for those special phases falling within the scope of the other highway funds.

Statement of Appropriations, Allotments, and Unallotted Balances

A quarterly statement issued to departments by the Department of Finance showing the appropriations, allotments to date, and unallotted balances of appropriations.

Statement of Revenue and Charges

A statement prepared for a State fund, setting forth the revenues, the charges incurred, and the excess or deficiency of revenue compared with charges.

Statements

Formal written presentations setting forth financial information. The term includes exhibits, schedules, and written reports.

Subsidiary Accounts

A group of related accounts supporting a controlling account and classifying the data in greater detail than in the controlling account.

Subsidiary Classification of Expenditures

List of detailed expenditure analysis accounts showing the code numbers and names.

Subsidiary Ledger

An accounting record containing subsidiary accounts in which are recorded in greater detail the same information entered in a controlling account.

Summary of Daily Receipts

Revolving, Trust, and Agency Funds (Form A-22)
General Fund (Form A-23)
State Road Fund (Form A-24)
All Other Funds (Form A-26)

Sheets for summarizing and controlling daily postings of receipts to the Revenue and Receipts Ledger.

Surplus

The excess of assets over liabilities and reserves. The term should not be used without a properly descriptive adjective.

Surplus Receipts

Receipts which increase the surplus of a fund but are not properly a part of the normal revenue either because they belong to a prior period or were not contemplated in the budget.

Taxes

Compulsory charges levied by the State against the income or wealth of persons, natural or corporate, for the common benefit of all the residents of the State.

The term does not include charges for specific services, benefits, or privileges, such as licenses, fees, sales, and rentals.

Trade Discount

Allowances, usually varying in percentage with volume of transactions, made to those engaged in certain businesses and allowable irrespective of the time when the invoice is paid. The term is not to be confused with cash discount.

Travel Expense Voucher (Form A-10)

Expenditure document used to report travel expense incurred by State employees and to request reimbursement.

Treasury Permit (Form A-6)

Form used by the Department of Finance for transmitting all State money to the State Treasurer and authorizing such amounts to be credited to the accounts indicated.

Trial Balance

A list of the balances of all ledger accounts with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal, the ledger is said to be "in balance."

Trust Fund

A fund consisting of resources received and held by the State as trustee to be expended or invested in accordance with the conditions of the trust.

Unallotted Appropriation

Appropriation balances available for allotment.

Unencumbered Balance of Allotment

That portion of an allotment not yet expended or encumbered.

Unexpended Balance of Allotment

That portion of an allotment which has not yet been expended.

Unliquidated Encumbrances

Encumbrances which have not yet been paid or approved for payment.

Voucher

A document that serves as authorization by the Department of Finance for a disbursement by the State. In most cases the voucher consists of a Standard Invoice together with supporting documents.

Voucher for Old Age Assistance (Form OA-30)

Expenditure document issued by the Department of Welfare certifying the names of persons to whom the old age assistance payments are to be made and authorizing such payments.

Voucher Transmittal Register (Form A-25)

A record of vouchers transmitted to the Auditor; it is the basis for reconciling total vouchers transmitted with total warrants issued by the Auditor.

Voucher Transmittal Sheet (Form A-7)

Form used by the Department of Finance to authorize the Auditor to issue warrants on the Treasurer for the payment of the vouchers transmitted therewith.

Warrant

An order upon the State Treasurer authorizing him to pay a duly approved claim against the State.