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● Commonwealth of Kentucky ●
EDUCATIONAL BULLETIN

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Ky. DEPARTMENT OF EDUCATION
JAMES H. RICHMOND,
Superintendent of Public Instruction

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AN IMPROVED PLAN OF FISCAL ADMINISTRATION

The most difficult problem faced by school administrators during recent years has been that of effecting substantial economies without seriously impairing efficiency or curtailing service necessary to the welfare of the children. That they have succeeded in doing this to a remarkable degree is amply demonstrated by the fact that during 1932-33 the schools of Kentucky were able to remain in session for virtually the normal school year, despite a reduction in income of approximately fifteen per cent from that of the previous year. When one remembers that school costs were not inflated even during the boom period, it is apparent that only the most courageous efforts could have made this splendid record possible. For the coming school year the situation is even more serious, for it is estimated that the common schools will suffer a further reduction of approximately sixteen per cent and the institutions of higher learning a reduction of approximately thirty per cent. Once more the educational system must take steps to "tighten its belt."

Realizing that a successful retrenchment program must be based on sound budgetary practices in the local school districts, the Subcommittee on Financial Administration of the Kentucky Educational Commission has made an extensive study of school finance and has devised a new uniform financial accounting system for use by all school districts in the Commonwealth. This new system, which is outlined in this bulletin, has been adopted by the State Board of Education and is being put into operation at once. Its use will provide a basis for constructive planning and will enable school administrators to show the public where every dollar of school money is going.

Public education in Kentucky has not tried to shield itself by calling attention to the shortcomings of others, a practice which has been all too common during the past three years. It has tried to face its problems squarely and courageously and to solve them by the simple but unpopular expediency of "putting its own house in order." The schools have "gone the limit" to cooperate in a needed program of retrenchment and will continue to do so. In their attempts to serve adequately the seven hundred thousand children of Kentucky at a minimum of expense, they welcome legitimate criticism; but they would remind those who contemplate criticism of the schools that the biblical injunction is "Let him who is without sin cast the first stone."

JAMES H. RICHMOND,
Superintendent of Public Instruction

State Department Inaugurates New Financial Accounting System for Schools

By F. D. PETERSON, Director of Finance

In presenting the facts set out in this Bulletin, it is desired to direct the attention of the public, as well as that of school officials, to the imperative need of sounder financial policies and a more efficient system of accounting. Justice to all parties concerned demands the same fundamental principles in educational administration as in any carefully managed financial or commercial institution.

Candor forces the admission that there has been too much laxity in the records of expenditures for public education. Because of the lack of a uniform accounting system, it has been almost impossible to obtain accurate financial statistics. For example, the reports filed in the State Department of Education for 1931-32 showed an expenditure of \$3,000,000. more than the amount actually disbursed for public schools. This does not mean that so much money was wasted, lost or misappropriated; but it does mean that, through an inadequate and imperfect system of accounting, millions of dollars under the head of "temporary loans" have been charged twice as disbursements, making it appear that school costs were much greater than was actually the case. Additional imperfections are shown by the fact that County Boards of Education exceeded their budgeted income \$1,526,-239, in 1931, and approximately \$1,000,000, in 1932.

To correct erroneous impressions, to avoid duplications, to simplify the system, to make possible closer supervision of administration, to secure accuracy and to establish a uniform standard for the allocation of receipts and expenditures in all basic financial records and reports, the State Department of Education, through its Division of Finance, has undertaken a careful revision of the entire system of accounting for public school funds. Many of the approved financial systems employed in the United States have been studied, including those recommended by the National Education Association and the United States Office of Education. A carefully prepared "Handbook" outlining in detail the revised system, is being published for the use of administrators and boards of education throughout the State.

The chief purposes of this new procedure are three-fold: First, to enable local school officials to determine their exact financial status and the more intelligently to formulate their programs; second, to simplify their own work and that of auditors and inspectors in checking all financial records; third, to enable those handling the funds to determine more definitely the value and the cost of various elements of their respective systems.

With these purposes in mind, with a desire to assist local school people in recording all business transactions in such a way as to inspire the deserved confidence and support of their districts, and with the sincere hope of informing the public and enlisting their sympathetic support, we present these facts and solicit hearty cooperation in an effort toward greater efficiency in our educational work.

Errors in Estimating Income Necessitated New Budget System

In the year 1930-31 county boards of education of the State exceeded budget estimates of expenditures \$1,526,239. In 1931-32 the same boards of education exceeded budget estimates of expenditures \$831,688. During the years named county boards of education missed their estimates as high as 58.5 per cent or were less than half right, as revealed by Table I.

TABLE I
The Percentage of Errors Made by County Boards of Education in Estimating Budgets

| Item | Per cent error 1930-31 | Per cent error 1931-32 |
|--------------------------|---------------------------|---------------------------|
| General Control | 13 | 7 |
| Instruction | 14 | 2 |
| Operation | 19 | 3 |
| Maintenance | 15 | 4 |
| Auxiliary Agencies | 15 | 20 |
| Fixed Charges | 5 | 5 |
| Capital Outlay | 58.5 | 35 |
| Debt Service | 41 | 46 |

WHY THE OLD BUDGET SYSTEM WAS INADEQUATE.

First—Lack of emphasis. We have not looked upon the budget as a guide which, if properly used, will enable boards of education to keep their expenditures within their income. We have not used the budget to see what we can do and what we cannot do. We have been too busy adopting educational programs, revising curriculums, and improving instruction—all quite worthy activities indeed,—but in our enthusiasm to perfect the superstructure we have neglected to build a secure foundation which must be a safe, sound, and well-balanced financial policy.

Second—Lack of uniformity in the system used. Boards of education have been asked to budget estimated receipts and expenditures in one way under definite headings. They have classified expenditures in another way, and reported such information annually in a different way from either of the other two.

Third—Lack of uniformity in practice. County boards of education are required to submit budgets and salary schedules to the State Board of Education for approval. City boards of education have not been asked to submit either. Independent graded school boards have submitted budgets but not salary schedules.

Fourth—Lack of administration of the budget. Budgets have been prepared, adopted, approved, and forgotten; hence, they have not been administered.

WHEN BUDGETS ARE MADE.

Budget estimates made in the past were based upon inadequate and unreliable information. The estimates were made so far in advance of the time of beginning operation according to the budget that the most careful calculations were often found to be in error.

The facts given in Table II make it imperative to submit a preliminary budget, which in reality is a first estimate. The law governing budgets in county districts requires that it be *The Budget*; thus there is no chance to revise the first estimate. The majority of budgets now in use are prepared after February, before the period of operation begins in July. Attention is directed to the fact that for the school year 1932-33 five county budgets were adopted from seven to ten months in advance of the beginning of the fiscal year budgeted. Six years ago seventy-seven counties budgeted from seven to nine months in advance of the period budgeted.

TABLE II
Months in Which the Levies Asked by County Boards of Education Were Made by Fiscal Courts in Years 1927 to 1933

| Month | School Year 1927-28 | School Year 1928-29 | School Year 1929-30 | School Year 1930-31 | School Year 1931-32 | School Year 1932-33 |
|--------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Sept. | 0 | 0 | 0 | 0 | 0 | ('31) 1 |
| Oct. | (1926) 1 | ('27) 0 | ('28) 3 | ('29) 2 | ('30) 5 | ('31) 2 |
| Nov. | (1926) 1 | ('27) 0 | ('28) 0 | ('29) 1 | ('30) 0 | ('31) 1 |
| Dec. | (1926) 75 | ('27) 14 | ('28) 3 | ('29) 2 | ('30) 2 | ('31) 1 |
| Jan. | (1927) 1 | ('28) 0 | ('29) 8 | ('30) 6 | ('31) 5 | ('32) 6 |
| Feb. | (1927) 2 | ('28) 18 | ('29) 7 | ('30) 3 | ('31) 5 | ('32) 6 |
| Mar. | (1927) 7 | ('28) 37 | ('29) 10 | ('30) 12 | ('31) 4 | ('32) 35 |
| Apr. | (1927) 25 | ('28) 37 | ('29) 73 | ('30) 65 | ('31) 67 | ('32) 37 |
| May | (1927) 3 | ('28) 5 | ('29) 8 | ('30) 15 | ('31) 10 | ('32) 17 |
| June | (1927) 0 | ('28) 8 | ('29) 8 | ('30) 5 | ('31) 10 | ('32) 10 |
| July | (1927) 1 | ('28) 0 | ('29) 0 | ('30) 2 | ('31) 3 | ('32) 0 |
| Aug. | (1927) 1 | ('28) 1 | ('29) 0 | ('30) 3 | ('31) 2 | ('32) 2 |
| Sept. | (1927) 0 | ('29) 0 | ('28) 0 | ('30) 2 | ('31) 1 | ('32) 2 |
| Totals | 117 | 120 | 120 | 120 | 114 | 120 |

TRENDS IN FINANCIAL ACCOUNTING IN OTHER STATES

Twelve states, Indiana, Alabama, Virginia, New Jersey, Iowa, South Carolina, Arkansas, Oklahoma, Michigan, Wisconsin, Pennsyl-

vania, and Minnesota, answered a request for forms and records used as a basis of financial accounting in the respective states having a state accounting system. These state setups were studied in order that prevailing practices in financial administration might be determined. The eight functional divisions accepted by all states were found to be sub-divided by the thirteen states studied, including Kentucky, into 396 different classifications as follows:

| | | | |
|-----------------------------|-------------|------------------|-------------|
| General Control | 79 sub-div. | Auxiliary Agency | 59 sub-div. |
| Instruction | 90 sub-div. | Fixed Charges | 15 sub-div. |
| Operation of School Plant | 38 sub-div. | Capital Outlay | 55 sub-div. |
| Maintenance of School Plant | 41 sub-div. | Debt Service | 99 sub-div. |
| TOTAL—396 | | | |

Thus it is revealed that little uniformity of sub-divisions under the main headings prevails among the states studied. The classification of expenditures of the eight main headings ranges all the way from eleven found in Kentucky to more than one hundred found in New Jersey.

The most frequent classifications used by the twelve states studied and those used by Kentucky were compared with the classification suggested by the United States Office of Education. From this table of comparison a classification for Kentucky's new financial accounting system was worked out by a sub-committee of the Kentucky Educational Commission on "Financial Administration" composed of F. D. Peterson, Director of Finance, State Department of Education, Chairman, J. L. Foust, Superintendent City Schools, Owensboro, Kentucky, L. E. Meece, Assistant, Bureau of School Service, University of Kentucky, Lexington, Kentucky, (former County Superintendent Pulaski County), and A. D. Owens, Superintendent City Schools, Newport, Kentucky. The report was submitted to and adopted by the State Board of Education and is shown in Table III.

TABLE III
Financial Classification of Receipts and Disbursements
For Use by Public School Districts

| Code No. | Receipts |
|----------|---|
| 1000 | State per capita apportionment |
| 1050 | Other State Aid (Smith-Hughes, etc.) |
| 1100 | Revenue from property tax |
| 1110 | Revenue from bank shares |
| 1120 | Revenue from taxpaying franchise corporations |
| 1130 | Revenue from capitation tax |
| 1150 | Revenue from special subdistrict tax |
| 1200 | Revenue from tuition |
| 1250 | Revenue from interest on deposits |
| 1300 | Revenue from all other sources |
| 1400 | Non-revenue from loans and sale of serial bonds |
| 1450 | Non-revenue from sale of property and insurance adjustments |
| 1500 | Non-revenue from all other sources |

Disbursements

- 100-199 **General Control:**
- 101-129 **Educational Administration**
 - 101 Salary of Superintendent
 - 105 Salary of Assistant Superintendent
 - 110 Clerks and stenographers
 - 115 Office supplies and equipment
 - 120 Other expenses of educational administration
- 130-139 **Business Administration:**
 - 130 School Board per diem and expenses
 - 132 Surety bonds and expenses of officials
 - 136 Operation and maintenance of administrative offices
- 140-149 **Other Administrative Officers and Employees**
 - 140 Census enumeration
 - 144 Other expenses of business administration
- 200-299 **Instruction:**
- 201-209 **Salaries of Supervisors and Principals**
 - 201 Elementary Schools
 - 205 High Schools
- 210-219 **Supplies and other Expenses of Supervisor and Principal**
 - 210 Elementary Schools
 - 215 High Schools
- 220-259 **Salaries of Teachers**
 - 225 Elementary Schools—Men
 - 230 Elementary Schools—Women
 - 245 High Schools—Men
 - 250 High Schools—Women
- 260-269 **Educational Supplies**
 - 262 Elementary
 - 266 High Schools
- 270-279 **Library and supplementary books.**
 - 272 Elementary Schools
 - 276 High Schools
- 280-289 **Other Expenses of Instruction**
 - 282 Elementary Schools
 - 286 High Schools
- 300-399 **Operation of School Plant**
 - 301 Wages of janitors and engineers
 - 311 Janitors' and engineers' supplies
 - 321 Fuel
 - 331 Water, light and power
 - 341 Other expenses
- 400-499 **Maintenance of School Plant**
 - 401 Upkeep of Grounds; Repair of buildings and service system
 - 421 Repair and replacement of furniture and equipment
- 500-599 **Fixed Charges:**
 - 501 Insurance Premiums
 - 511 Rent
 - 521 Contributions and Contingencies
- 600-699 **Auxiliary Agencies:**
 - 601 Promotion of health
 - 611 Cost of school athletics and play grounds
 - 621 Enforcement of attendance
 - 631 Transportation of pupils
 - 641 Free lunch service
 - 651 Other Auxilliary Agencies
 - 661 Transfer tuition to other districts

700-799 **Capital Outlay:**

- 701 New grounds and new buildings
- 711 New furniture and new equipment
- 721 Alteration of old buildings

800-899 **Debt Service:**

- 801-819 Redemption of serial or funding bonds and loans
 - 802 From current funds
 - 812 From sinking fund
- 820-839 Interest on indebtedness
 - 821 From current funds
 - 831 From sinking fund
- 840-849 Sinking fund purposes
 - 840 Transfers to school sinking fund

PURPOSE OF THE NEW ACCOUNTING SYSTEM.

The chief purposes of an efficient system of accounting as employed in our revised forms and procedure are the following:

First, to enable administrators and boards of education to determine their exact financial status at any time, and thus to aid them in the formulation of educational programs.

Second, to facilitate the work of accountants and representatives of the State Department in auditing and inspecting all books and records of financial transactions. This not only safeguards the interests of the public, but protects the reputation of those who handle public funds.

Third, to enable school administrators more efficiently to demonstrate their programs and to determine more accurately the real value of various agencies employed in the system, thus eliminating the more expensive or less efficient elements.

The New Accounting System

The accounting system comprises two parts, to-wit:

Part I. BUDGET.

1. *Definition.*

A recent issue of the American School Board Journal says, "The tendency—is to scrutinize public expenditure with an eye to the *achievement of economy without impairing efficiency.* This scrutiny finds expression in a *budget* which has been systematically and judiciously constructed and which reflects economy and efficiency in the light of the funds at command."

A definition by Buck and Reeder is as follows: "The *budget*, in the strict sense of that term, is a complete financial plan for a definite period, which is based upon careful estimates both of expenditure needs and of probable income."

A *school budget* is the financial plan for a school system, large or small, for the ensuing fiscal year. It is to the administrator what

blue prints are to the builder. It is the most important of all financial statements and is the basis of financial control. "A school budget," says Dr. C. A. DeYoung in a recent publication, "is a complete educational and financial forecast, based on *past* experiences, *present* conditions, and *future* needs."

A budget is made in compliance with the law pertaining to the particular school district for which a levy is to be made. The "Working Sheet" of the budget, which is a close estimate, is to be filed with the State Department of Education after the close of the fiscal year June 30th. This part of the budget is due on or before the 10th day of July of each year.

2. *Principles.*

Underlying the process of budget-making and budget-using are certain fundamental principles, which may be considered under the following classification: Preparation, Presentation, Adoption, Administration.

a) *Preparation.*

The preparation of a school budget is not a simple task to be performed in a few minutes. It requires time, abundant information, accurate data as to needs and financial ability of the district, scrupulous care, and the hearty, intelligent cooperation of the administrator and the Board. Advice and assistance of public-spirited citizens would be helpful and should be welcomed.

It is noted that in county systems the law provides, "It shall be the *duty* of the county board . . . to prepare . . . an itemized and detailed school budget" . . . "on and with the *advice* of the *county superintendent.*" Another section reads thus: "The *county superintendent* of schools shall take the initiative in the *preparation* and *presentation* of the annual school budget."

As the professional adviser and executive officer of the board, the superintendent is held responsible for the success of the system. It is, therefore, his duty and responsibility to see that this important task is performed with the utmost care.

It should be borne in mind that "*no activity involving expenditure of public funds can be legally carried out unless provided for in the budget.*"

b) *Presentation.*

It is very essential that, in presentation of the budget, every request, especially for increased appropriations, should be justified. Demands for larger levies should always be accompanied by valid reasons for such demands. Care should be exercised also in the matter of favorable publicity, as it is usually helpful in creating public sentiment. Here again the superintendent can generally be of great assistance, because of his familiarity with the educational needs of his

system and the financial ability of the district—city, graded or county.

In many communities, rural and urban, throughout the country, school officials prepare a large number of copies of the budget for the use of the public, or of such citizens and taxpayers as might desire the information contained therein. Others furnish copies to the press, while some advertise in the newspapers that copies of the budget are available for those who desire to call for them. There is a marked tendency on the part of the public to expect public officials to take the people into their confidence. This procedure is worthy of thoughtful consideration.

c) *Adoption.*

When properly prepared and legally presented, the adoption is usually a mere matter of routine. On this particular point the law is clear. Sec. 4399a-8, Ky. Stat. provides that, "When such budget has been submitted to the fiscal court as herein provided, *it shall be the duty* of the fiscal court to make the *levy* therein recommended and demanded."

Citations: Co. Board of Marshall Co. v. Fiscal Court of Marshall Co., 229 Ky. 774; McCreary Co. Fiscal Court v. McCreary Board of Education, 236 Ky. 149; Elliott Co. Fiscal Court v. Co. Board of Education, 192 Ky. 66; Fiscal Court of Pendleton Co. v. Co. Board of Education, 240 Ky. 589; Elliott v. Fiscal Court of Pike Co., et al., 237 Ky. 797.

d) *Administration.*

The real test of any system is in the administration of the budget. It may be prepared with care and precision, presented with skill and diplomacy, adopted without discord or delay,—and then wrecked by blunders of administration. Legally there may be a divided responsibility; but, as the administrative and executive head of the system, the superintendent himself must bear the burden. He is responsible directly to the board that employs him, and through them indirectly to the public.

It is the duty of the Superintendent to guard carefully the expenditure of every dollar, to keep accurate account of the same, and to endeavor to maintain the highest standards possible with the funds available. An exact system of accounting, the revised forms and procedures, the code numbers, and the complete monthly financial reports will enable boards and administrators the more easily to keep within the law and the limits of the budget.

As no money can be legally expended without the approval of the board, that body is itself responsible for the exercise of authority delegated to the superintendent. Education is universally recognized as a State function, and a considerable portion of the school revenue is derived from state per capita. Therefore, it logically follows that

the State Department of Education also bears a share of the responsibility in administering school budgets and school systems. The law wisely clothes the Superintendent of Public Instruction and his assistants with "power to examine the management of public schools."

The more faithfully local boards and superintendents discharge their duties in administering the budget, the less necessity there is for the exercise of inspection on the part of the State, or by the State Superintendent and his assistants.

Part II. FINANCIAL RECORD BOOK.

Receipts and Expenditures. This book is a detailed record of money received and distributed as to revenue receipts and non-revenue receipts, and of costs and expenditures properly allocated, as required by law and rules and regulations of the State Board of Education. Receipts and expenditures are placed in the same book, in order to eliminate separate accounts and the confusion and additional labor incident to the use of separate books. Receipts are classified as explained above. Expenditure forms for each of the standard groups used in school accounting are as follows:

- | | |
|--------------------------------|-----------------------|
| 1. General Control | 5. Fixed Charges |
| 2. Instruction | 6. Auxiliary Agencies |
| 3. Operation of School Plant | 7. Capital Outlay |
| 4. Maintenance of School Plant | 8. Debt Service |

New Forms in the New System

Within recent years public school accounting has developed to such an extent that it necessitates the revising and enlarging of Kentucky's financial accounting system, in keeping with more efficient state systems of the Union. The budgeting system has been divided in a Budget and a Working Sheet of the Budget. Monthly financial reports provide for budget control statements. Budgets and monthly and annual financial reports have been made uniform with the new financial ledger of receipts and expenditure classifications.

Budget Form, F-1. This form permits the estimated budget to be made according to functional headings. The functional divisions of the Budget provide for the total estimated expenditures for each major heading. Two extra columns are provided for two previous years' expenditures for comparative purposes. This form has been prepared for use by *county* and *city* school districts.

Subdistrict Budget, Form F-1-3. This is prepared for use by county school administrators for the purpose of budgeting consolidated or subdistrict special taxes. It is intended to be flexible enough to meet the needs of such subdistricts which have voted a special tax levy to supplement school costs therein.

Independent Graded School Budget, Form F-5. Such districts are granted permission, by law, to make their own levy. This form is similar to Form F-1 with changes sufficient to give independent graded school districts levying authority not granted to county and city school districts.

Working Sheet of the Budget, Form F-10. This form provides for a close estimate of the Budget, or an Operating Budget, based upon more definite information than is possible to be secured before the beginning of the fiscal period. The Working Sheet affords an opportunity for the administrator to take into account losses which necessarily come after receipts are estimated. Allowances can be made for delinquencies, duplications, exonerations, etc. Because of legal reasons this cannot be done when preparing The Budget. If assessments are further reduced or revenue falls under the original income estimates, expenditure estimates may be scaled down or up as the case may be, so that "the cloth will fit the pattern." The Working Sheet affords an excellent opportunity for comparisons, in that, receipts and expenditures for the two preceding years are given. This feature introduces a new step to most budget makers in this State. This form is due after July 1, each year.

Salary Schedule, Form F-10-4. This form is a supplement for Form F-10 and is proposed as a single salary schedule for county school district teachers. So far it does not apply to teachers in city and independent graded school districts.

Receipt Ledger, Form F-15. This is a part of the new financial record book. Receipts are coded and divided as to sources. Revenue receipts and non-revenue receipts are separated.

Disbursement Ledger, Form F-20 (1), (2), (3). Functional accounts for the eight generally accepted divisions—General Control, Instruction, Operation, Maintenance, Fixed Charges, Auxiliary Agencies, Capital Outlay and Debt Service are consolidated into Form F-20, in order named, thereby eliminating the necessity of having separate ledgers for each major division. (For sub-divisions see Table III.)

Receipt Summary, Form F-25. This is a part of the financial record and provides for condensing to a monthly total, daily receipts from the various sources. Revenue receipts and non-revenue receipts are summarized separately.

Disbursement Summary, Form F-30. This likewise is a part of the financial record and permits monthly expenditures to be reduced to totals for each sub-classification throughout the fiscal year.

Recapitulation, Form F-35. This form is the consolidated sum-

mary to the system for recording monthly transactions. It reduces all totals to grand totals received and disbursed, recording monthly balances.

Treasurer Order Blank, Form F-40. The minutes of the board of education reveal that claims properly presented were legally authorized to be paid. The treasurer is sufficiently notified and ordered to pay recipients appearing on the treasurer order sheet when received properly signed by the Secretary and Chairman of the particular board of education. Such order sheet is the treasurer's authority and protection for disbursing school funds.

Treasurer's Monthly Report, Form F-45. This is a monthly financial report to be made by the treasurer of each board of education, revealing the financial condition of the treasury.

Monthly Financial Report, Form F-50. The new monthly financial report carries five columns. The items reported are the same as those budgeted and recorded in the financial record book. It is a budget control statement.

Column two of the monthly report is for reporting expenditures made for the current month; column three is for the budgeted allowance for the particular item at the beginning of the school year, as revealed by Working Sheet approved; column four is for the accumulated or total amount expended to and including the month reported; column five is for reporting the difference between column three and column four, thus giving the unexpended balance in each budgeted item. Such report will reveal to board members monthly the true condition of unexpended budgeted allowances. It will enable the State Department of Education to check monthly on boards of education as to whether or not their expenditures for any items are exceeding budget appropriations.

Annual Financial Report, Form F-55. This form will take the place of the present annual audit report. It is an annual summary of the monthly financial reports made during the year. The major part of this report may be made by copying summaries of Receipts and Disbursements found on Form F-25 and F-30. It further provides for a balance sheet, together with a list of unpaid accounts, etc.

Business Forms

Requisition Form, F-65. In the matter of requisition, as in other forms herein enumerated, two essentials are simplicity and "workability". This form is designed to facilitate accuracy in general accounting and also to enable administrators to determine the "overhead" in any unit of the system. This will check waste of materials or extravagance in expenditures.

Purchase Order, Form F-70. The purchase order is another aid to administrators. It possibly contributes as much toward the success or failure of the system as the proper selection, assignment and supervision of teachers. No order for any type of quantity of school supplies, furniture or equipment should be made except by this means. Every order should be made in duplicate, the original being forwarded to the vendor and a copy retained and filed in the administrator's office. These should be numbered and kept in chronological order. Such forms and practices will be of great value in the auditing of the accounts, the settlement of bills, and for reference in future orders.

Claim Form, F-75. This form is recommended and issued in an attempt to secure uniformity in claims filed in the office of the proper official. Legally a claim must be filed with the board of education "in writing, itemized and verified." Claims should be numbered consecutively and arranged in proper order for systematic presentation to the board for payment and filing purposes. The practice of accepting claims made on "backs of used envelopes" and blank "checks" is indefensible and should not be permitted to continue.

Other Forms. Voucher jacket and inventory sheet forms will be standardized and submitted along with the above forms as soon as possible.

Monthly Inspection of Budget to be Made. It is the purpose of the State Department of Education to make a monthly check of expenditures against the adopted and approved budget. At the end of the ninth month of each fiscal year, and each month thereafter, a rigid examination of all monthly financial reports will be made. Boards of education which have exhausted their budgeted allowances for various items will be asked to stop expenditures for those purposes. If boards of education persist in disregarding their budgets and in exceeding items already exhausted, they will be called before the State Board of Education to show cause why their offices shall not be declared vacant.

Handbook of Instructions. The new financial accounting system of Kentucky will be uniform throughout. Boards will be asked to budget, record and report without changing classification of receipts and disbursements. Uniform classification for items of receipts and disbursements is paramount. A "Handbook of Instruction" designed to aid in securing desired uniformity in classifying expenditures, will be given to school administrators. County, city, and graded school districts will be asked to keep similar records thereby making valid comparisons possible. Forms may be changed at the end of the first fiscal year in order to eliminate objectionable features of the system, but such changes, it is felt, will not destroy uniformity of the system, which is adequate and practical.

THE KENTUCKY EDUCATION ASSOCIATION BEGINS PROGRAM OF INTERPRETING THE SCHOOLS

By HARPER GATTON,

Chairman K. E. A. Interpretation Committee

Public education in Kentucky is facing a crisis brought on by the present economic situation. Unless immediate action is taken, thousands of children, during the coming school year, will be denied the educational opportunities to which they are entitled. The problems of adjustment and retrenchment which are being met so courageously by our school forces, have been further complicated by unjustified attacks upon the schools made both by those who simply do not know the facts and by others who have a selfish interest in misrepresenting them.

The people are interested in education, and the Kentucky Education Association believes that they are entitled to know what is happening to our schools. It realizes that the public has no way of knowing which reports about the schools and school costs are true and which are false, unless some agency takes the responsibility of making the facts available. At the annual meeting of the Kentucky Education Association in Louisville, the Board of Directors authorized the appointment of a special committee to carry on the work of educational interpretation. The members of this committee are:

D. Y. Dunn, Lexington, president-elect of the Kentucky Education Association.

James H. Richmond, Frankfort, Superintendent of Public Instruction and chairman of the Kentucky Educational Commission.

P. H. Hopkins, superintendent Somerset city schools.

Honorable Huston Quin, Louisville.

Harper Gatton, Madisonville, president of the Kentucky Education Association, chairman.

Plans which have been adopted for the work of the committee include (1) an organization of committees throughout the state to carry on the work locally; and (2) the setting up, at the offices of the Association in Louisville, of a central information bureau, through which facts about the schools will be released to the press and to the people.

The Interpretation Committee will cooperate with the Division of Public Relations of the Department of Education and with other agencies in assembling, correlating and distributing significant facts about the school. This whole program of interpreting the schools to the people must not be thought of as publicity in the ordinary sense of the term. It is the duty of school administrators and teachers to provide for an efficient school program, and a vital part of this program is the work of telling the public about the schools.

The Kentucky Educational Commission has been engaged for more than a year in a study of public education in Kentucky, and its findings and recommendations will point the way toward a better school system—efficiently operated, adequately supported, and with equality of educational opportunity for every child.

If the work of this Commission is to be of real benefit to the state, its findings must be made available to every citizen. The Kentucky Education Association, through its Interpretation Committee, has accepted the responsibility of seeing that this is done.

WORK OF KENTUCKY EDUCATIONAL COMMISSION REACHES FINAL STAGE

By JAMES W. CAMMACK, JR.,
Secretary, Kentucky Educational Commission

Reports of all committees, with the exception of one, have been submitted to and considered by the Educational Commission, and the work of coordinating them into the complete report is now well under way. This report in its final form will be considered by the Commission at its July meeting, and will be submitted later to a nationally known educator for review. It is hoped that the report will be in the hands of the printer by September.

Those who have been following the work of the Commission and who are looking forward to a comprehensive survey, will not be disappointed. All of the committees have gone about their work with a thoroughness and a willingness which should merit the commendation of every citizen in the state.

The final report of the Commission will be organized so that any subject can be found readily. There will be a number of tables and charts which will make it easy for the reader to determine the facts at a glance.

Educators who have examined the various committee reports from the point of view of the student, say that these reports will constitute splendid reference sources for those engaged in educational work. Many problems brought to light by the studies will furnish excellent material for future research in the colleges of the state.

The Kentucky Education Association, cooperating with the Division of Public Relations in the State Department of Education, has begun the work of interpreting the Commission's findings to the people. If the Commission's program is to become a reality, it must be made known to the public, and this is a job which will require the full cooperation of every teacher, administrator, and friend of the schools.

A CATECHISM OF PUBLIC EDUCATION

By L. N. TAYLOR,

State School Agent, Department of Education

1. Does the United States Constitution provide for public schools?
No. The matter of public schools is left to the states.
2. Do all of the states maintain public schools?
Yes, they do now, but have not from the beginning.
3. How long did Kentucky carry on without public schools?
For nearly fifty years we had no system of public schools.
4. Were there private schools then?
Yes, there were many private schools.
5. Why did we change to public schools?
To give all the children some schooling rather than a few of them all of it.
6. How many years of school training does a pupil get?
Eight in elementary, four in secondary, four or more in college.
7. Why are schools called public schools?
They are maintained by the public for the public.
8. Who are the public that own these schools?
We, the people, are the state. The schools belong to the state.
9. Don't the schools belong to the boards of education?
No. Each public school belongs to the state.
10. Who has title to the school property in each home district?
The board of education as trustees for the state.
11. Why are trustees, board members, and teachers state officers?
They are agents of the state for the schools in their districts.
12. Are people in other districts concerned with the schools in our district?
Yes. The entire state carries on each of these schools.
13. Why do we have our school districts?
To help the state carry on good schools in each community.
14. Are we in our district concerned with schools in other districts?
Yes. We help provide schools, roads, courts, prisons and hospitals throughout the state.
15. Could we (the state) carry on our schools without school districts?
Yes, but they are convenient when strong and well administered.

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16. What is necessary for a good strong school district?
It must have enough pupils to carry on a well-balanced school.
 17. How many pupils are needed?
There should be many hundred pupils and many in high school.
 18. Why many?
For social contacts and varied courses, academic, vocational, cultural.
 19. What else is necessary for a good strong school district?
It must have tax resources and a strong supporting citizenship.
 20. Have we any one-teacher school districts in Kentucky?
No. Most county districts have some one-teacher subdistricts.
 21. Do all counties have subdistricts?
No, but most counties do. Our laws authorize them.
 22. What kinds of subdistricts are there?
Consolidated, regular, and emergency.
 23. What is a consolidated subdistrict?
It has a school of several teachers and pupil transportation.
 24. What is a regular subdistrict?
It has one or more small schools, generally no transportation.
 25. What is an emergency subdistrict?
It has fewer than fifty pupils and operates temporarily on State permit.
 26. Is the number of subdistricts increasing?
The number is decreasing with consolidation
 27. Is the number of school districts changing?
Some independent districts merge with their county districts.
 28. What are independent school districts?
Graded districts and city districts are independent.
 29. Why are they called independent districts?
They are withdrawn from their county school systems.
 30. How many county school districts have we?
120. Each county is one, not including independent districts.
 31. How many independent districts have we?
63 city districts and 182 graded districts. We have 365 districts.
 32. Does each district have a board of education (trustees)?
Yes. Five have two each, white and colored.
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33. Should we have more districts, or fewer?
Fewer, for better schools and equality of opportunity.
 34. Should our county be consolidated into one school?
No. A number of schools should be carried on.
 35. Should our county be merged into one district?
That may be desirable.
 36. In that case, how many boards of education would we have?
One board of education for the county.
 37. Doesn't each town need a separate board of education and superintendent?
Just as much as it needs a separate fiscal court and county judge.
 38. Why is part of a county made into independent districts?
To give differences in school terms, tax rates, and levels of opportunity.
 39. Is it to our advantage to make these differences?
No, it is unfair.
 40. Then why do we keep on doing it?
Just because we are used to it.
 41. What is the largest school district in Kentucky?
Louisville city district has more pupils than twenty-five little counties including their ten city and thirty-two graded districts.
 42. What is the largest district in any state?
New York city has more than twice as many pupils as Kentucky with her 365 districts.
 43. How long a term of school do these large districts have?
Ten months.
 44. Ought all districts to have the same length of term?
We Kentuckians should provide equal, even justice in all our courts, equally good roads in all our counties, and equal school opportunity for all our children.
 45. Do we provide these things by state tax or county tax?
We pay for our highways and state courts by state tax.
 46. How do we pay for our schools?
We pay a small part by state tax and leave the rest to local tax.
 47. Does this give all the children good schools and equal chance?
No. We discriminate in favor of some and against others.
 48. What children do we discriminate against?
Those in the poorer sections and in rural county districts.
 49. How can we deal fairly with the poorer sections?
Provide a standard term for all, paying teachers' salaries from the State Treasury.
 50. How can we deal fairly with the rural county districts?
By having the same laws for all districts, giving our county boards the same powers we give our city boards.
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TRENDS IN THE DISBURSEMENT OF STATE REVENUE

This chart is designed to show relatively how each dollar disbursed for the State for each of the years ended June 30, 1922, to 1931, inclusive, was allocated with reference to:

1. Education. 2. Roads. 3. All other purposes.

It is made up of ten vertical bars, each bar showing relatively the part of the dollar disbursed for each of the three purposes.

Read bar No. 11—Revenue disbursed during the fiscal year ended June 30, 1931, was distributed relatively as follows:

- | | | |
|--------------------------|-----|--|
| 1. To education | 27c | (Shaded part of bar, lines "A" to "C") |
| Common schools | 14c | (Heavily shaded part of bar, lines "A" to "B") |
| 2. To roads | 47c | (Non-shaded part of bar, lines "C" to "D") |
| 3. To all other purposes | 25c | (Hatched part of bar, lines "D" to "E") |

Bar No. 2:

- | | | |
|--------------------------|-----|--|
| 1. To education | 30c | (Shaded part of bar, lines "A" to "C") |
| Common schools | 22c | (Heavily shaded part of bar, lines "A" to "B") |
| 2. To roads | 34c | (Non-shaded part of bar, line "C" to "D") |
| 3. To all other purposes | 35c | (Hatched part of bar, lines "D" to "E") |

Note No. 1: This bar graph or chart is based upon information included in the annual report of the Auditor of Public Accounts for each of the fiscal years ended June 30, 1922, to 1931, inclusive.

Note No. 2: Bar No. 1 shows relatively the receipts of state revenue for education and for all other purposes. Read bar No. 1—State revenue receipts for the fiscal year ended June 30, 1906, were distributed relatively as follows:

| | |
|----------------------|-------------------------------|
| To education.....42c | To all other purposes.....58c |
|----------------------|-------------------------------|

