

III School children - Transportation

262A-532TR

STATE OF IOWA
DEPARTMENT OF PUBLIC INSTRUCTION
PAUL F. JOHNSTON, SUPERINTENDENT
DES MOINES 19
IOWA

PUPIL AND FINANCIAL ACCOUNTING
FOR
SCHOOL TRANSPORTATION

TR-B-5-454

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OF
DEPARTMENT OF
PUBLIC INSTRUCTION
DES MOINES, IOWA

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INTRODUCTION

This bulletin is presented for the purpose of providing some help to the school administrator in the matter of keeping complete records for pupil and financial accounting in school transportation.

It is a recognized fact that the scope of pupil transportation has increased tremendously in the last decade. Transportation costs now represent approximately 5% of the total school budget for current expenditures. This figure indicates the stewardship responsibility which falls upon school officials in administering a transportation program.

Any system of accounting should be a servant and not a master. It is useful only insofar as it provides essential records. Following is a recommended minimum list of essential information which should be provided by a system of records and reports for school transportation:

1. List of pupils transported on each bus, with scheduled time for loading and unloading at each stop.
2. Any change of status of any pupil during the school year.
3. All necessary pupil information for filing State Transportation Aid Application (Form TR-F-20 Revised) (PB-26416) and for billing districts for pro rata cost of transporting non-resident pupils.
4. Complete monthly and annual record of operating costs for each bus.
5. Monthly and annual record of total mileage of each bus.
6. Record of mileage of each bus on extracurricular activities, field trips and excursions.
7. A permanent index record on each bus showing make, model, specifications, cost, depreciation base, and also essential annual figures such as operating and maintenance cost, depreciation, mileage, etc.
8. A grouping of all transportation expenditures in one ledger, in addition to the regular record of all expenditures in the Warrant Distribution Register.
9. Records giving complete information regarding school bus accidents.

A number of sample forms are included in this bulletin. In most cases, a brief explanation is given on the same page of the illustration. It is not presumed that every school will use all the forms shown or that they would be used exactly as shown. Neither is it presumed that all forms which might be used are shown here.

Except for those which relate directly to the Uniform Financial Accounting System and the State Transportation Aid Application, the use of these forms is optional with each local school district.

DEPRECIATION

Iowa law provides that one-seventh of the cost of school buses shall be figured as depreciation each year in computing the pro rata cost of pupil transportation. This does not mean that a bus must be kept for seven years, nor does it necessarily mean that a bus cannot be used more than seven years. The practical life of a school bus is bound to vary somewhat among districts, depending upon such local factors as road conditions, annual mileage, and maintenance practices.

However, since total operating and maintenance costs are charged off each year, regardless of age, it stands to reason that the depreciation charge should be terminated at the end of the seventh year. In other words, a bus used more than seven years should never be depreciated out at more than 100% of its original net cost.

On the other hand, if local conditions make it advisable to trade in a bus on less than seven years, and if the trade-in allowance does not equal the uncollected depreciation, the district should be entitled to accrue the difference of "loss" to the depreciation base on the new bus.

Following are the two general procedures to use in computing school bus depreciation:

1. If a bus is used seven years or more:

Depreciate the cost of the bus at 1/7 each year for seven years only.

When the bus is traded in, start out with a new depreciation base in the amount of the net cost of the new bus (actual price less trade-in allowance.)

Note that if a bus is used more than seven years, no depreciation is charged on it after the seventh year.

2. If a bus is used less than seven years:

Figure what this bus still "owes" you in uncollected depreciation. Add this amount to the net cost of the new bus. The sum of these two figures should then be used as the depreciation base on the new bus. However, the depreciation base on any bus shall not be allowed to exceed an amount equal to 125% of the gross cost of the bus.

A school should make every effort to establish a maintenance program which will ensure a school bus life of at least seven years. If buses are consistently traded in on less than seven years, the depreciation base will eventually build up to a point where pro rata costs become excessive. This is the reason for the 125% "ceiling" mentioned above.

The actual amount paid out for an additional bus should be recorded under Capital Outlay in the General Fund. Actual cost of replacement buses (cost of replacement bus minus trade-in-allowance) should be charged to maintenance of transportation system. The amount of the depreciation base should be carried as a notation on the Equipment Index and Cost Record for that bus. (See p. 13)

If a school district rents school bus garage or storage facilities, the actual amount of the rent should be used in computing pro rata costs.

If a school district owns its school bus garage, it should charge off 3% of the original cost in computing pro rata costs. Tools and other maintenance equipment should be charged off at one-seventh per year for seven years.

BILLING FOR TRANSPORTATION COSTS

Iowa law provides that the actual pro rata cost of transportation shall be collected from sending districts for transportation furnished to non-resident

pupils. The law further provides that when the pupils from the sending district are transported by the receiving district the state aid shall be paid to the receiving district and will then constitute a credit to the sending district. In other words, the sending district should be billed only for the difference between the pro rata cost and the state aid.

Form TR-13, Estimated Cost of Transportation, must be filed with the County Board of Education each summer before school starts. The amount of the estimated cost will then be the basis for the first semester billing. The second semester bills should be sent out at the end of the school year after the actual transportation cost for the year has been computed.

Transporting school districts which use their equipment for activity trips or educational excursions must deduct the cost of operation for such trips from the total annual transportation costs. In other words, such costs may not be included in the pro rata costs which determine the charge to sending districts. Accurate and complete accounting records must be kept so that the cost of transportation to and from school may be ascertained.

The following examples will illustrate the procedure to be followed in billing sending districts at the end of each semester:

First Semester

Estimated pro rata cost \$60.00 per year (\$30.00 per semester)

Estimated state aid 26.00 per year (\$13.00 per semester)

\$30.00 less \$13.00 equals \$17.00 per pupil

An adjustment (debit or credit) should also be made on this bill for any error in estimating state aid in the billings for the previous year.

Second Semester

Actual pro rata cost \$62.00 per year (\$31.00 per semester)

Estimated State aid 26.00 per year (\$13.00 per semester)

\$31.00 less \$13.00 equals \$18.00 per pupil

A debit adjustment of \$1.00 per pupil should also be added to the second semester bill to adjust for the under-estimate on the pro rata cost used in the first semester bill.

Note that the bill for the first semester is based on the estimated cost of transportation and the estimated amount of state aid. An adjustment is then made on this bill for any error in the estimate of state aid on the previous year's billings.

The bill for the second semester is based on the actual cost of transportation and the estimated state aid. An adjustment is then made on this bill for any error in the estimate of transportation cost in the first semester billing.

It is, of course, impossible to estimate exactly how much state aid a given district will receive. This depends upon the number of pupils transported and the extent to which the state appropriation will pay the total of all claims.

Sending districts may be billed for both tuition and transportation on a form such as NR-5.1 illustrated on page 14.

FEDERAL EXCISE TAX EXEMPTION

A state or political subdivision thereof, such as a public school district, is exempt from the payment of federal excise taxes. Such exemption would apply to the purchase of gasoline, oil, tires, tubes, parts and accessories for school-owned buses. As of this writing, the federal excise tax is 4¢ per gallon on gasoline, 6¢ per gallon on lubricating oil, 10¢ per lb. on highway vehicle tires, 10¢ per lb. on tubes, and 8% of the manufacturer's sale price on parts and accessories.

Note that such exemption would apply only on purchases made for SCHOOL-OWNED equipment. The exemption is not allowed in cases where the purchases are made by a privately-owned and operated bus line even though the bus is used exclusively for transporting public school pupils.

When the bill is received from the dealer at the end of the month, the school official should fill out an EXEMPTION CERTIFICATE (see p. 16), itemize the purchases on the back of the certificate, and compute the total amount of tax. The check for payment should be for the net amount (all federal excise taxes deducted) and the EXEMPTION CERTIFICATE should be presented to the dealer along with the check. In other words, filing of the EXEMPTION CERTIFICATE entitles the school to refuse to pay the federal tax. (Please note: you do not get a refund for this tax; you simply do not pay it in the first place.)

The dealer then obtains a credit or refund of the tax which he has paid by filing an AFFIDAVIT OF ULTIMATE VENDOR (see p. 17) with the producer or manufacturer.

ACCIDENT REPORTS

Under Iowa statutes, the driver of a vehicle involved in an accident resulting in injury or death of any person, or total property damage to an apparent extent of one-hundred dollars (\$100.00) or more, shall, within twenty-four (24) hours after each accident forward a written report to the Department of Public Safety. In certain instances, the driver is also required to file a copy of the report with the local police department. The form used for these reports is the "Driver's Confidential Report of Motor Vehicle Accident, State of Iowa". These forms are made available through all police departments and sheriff's offices.

To make it possible for the Department of Public Instruction to plan and

effect a safety program for school transportation, it is essential that a copy of the above report also be sent to the Division of Transportation, Department of Public Instruction, for any school bus accident involving personal injury or property damage.

These reports are confidential and are used only for statistical purposes and for the purpose of studying cause-and-effect relationships in school bus accidents.

BUS ROUTE SCHEDULE

Bus No. _____

Driver _____

Stop No.	Time A. M.	Pupil	Grade	Time P. M.	Dates Pupil Transported	
					First Date	Last Date

This form should be filled out after the first few days of school so that the time schedule may be fairly well-established in terms of normal road and weather conditions. One copy should be posted in the bus and one copy filed in the superintendent's office.

Parents should be notified of the loading and unloading times for their children.

SCHOOL BUS DRIVER'S REPORT

(To be filed, when necessary, with Superintendent)

School _____

Driver _____

Bus No. _____ Date _____

1. Names of non-cooperative pupils:

a. _____

d. _____

b. _____

e. _____

c. _____

f. _____

2. Pupils riding bus first time:

Date of first trip:

a. _____

b. _____

c. _____

d. _____

3. Pupils no longer riding bus:

Date of last trip:

a. _____

b. _____

c. _____

d. _____

4. Remarks: _____

This form may be filed at irregular intervals, as necessary, or it may be used as a weekly bus driver's report.

SPECIAL TRIP AUTHORIZATION AND DRIVER REPORT

This is authorization for Bus No. _____ driven by _____
_____ to make the following trip(s).

Superintendent or Principal

Date

Destination	Date of Trip	Nature and Purpose of Trip	Miles Round Trip	Number Transported
1	2	3	4	5

I certify that the above trips were made as authorized and reported.

Driver

(Authorization and columns 1, 2, and 3 of form are filled in by the superintendent's office and given to driver. Driver fills in columns 4 and 5 and submits the form after completion of trips.)

The use of this form provides for control by the administrator over the use of school buses for purposes other than transporting pupils to and from school. It also provides for an accurate record of extra-curricular mileage on each bus.

TR-F-30

MONTHLY BUS OPERATING RECORD

School District _____

Bus No. _____

Month _____, 19 ____

Speedometer Reading First of Month _____

Day	Miles	Gasoline		Oil & Gr.		Repairs	Tires	Other Expense	Total
		Gal.	Amt.	Qts.	Amt.				
1									
2									
3									
29									
30									
31									
Total									

Total Bus Expense _____

Speedometer Reading End of Month _____

Total Mileage _____

Average Cost Per Mile _____

Average Miles per Gallon _____

Driver _____

This form should be carried on a clip board in the bus and the driver or mechanic should make the daily entry for items purchased or installed. This provides a record for unit cost accounting on each individual bus.

TR-F-32

ANNUAL SUMMARY OF MONTHLY BUS OPERATING RECORD

School Year _____ Driver(s) _____

Bus No. _____ Make _____ License No. _____

Month	Miles	Gasoline		Oil & Gr.		Repairs	Tires	Other Expense	Total
		Gal.	Amt.	Qts.	Amt.				
1st									
2nd									
3rd									
9th									
10th									
Total									

This form is to be used as an annual summary of the nine or ten monthly records on that particular bus. These totals will be used in compiling the information for the lower part of the EQUIPMENT INDEX AND COST RECORD.

TR-F-31

EQUIPMENT INDEX AND COST RECORD

School District _____

Transportation Division

Make of Chassis _____

Make of Body _____

Year Model _____

Bus No. _____

Motor No. _____

Date Received _____

Front Tire Size _____

Rear Tire Size _____

Purchase Order No. _____

Order Date _____

Purchased from _____

Voucher No. _____

Total Cost _____

Sold to _____

Depreciation base _____

Sale Price _____

School Year	Operation and Maintenance Cost	Depreciation	Total Cost	Miles Operated	Cost Per Mile	Remarks

This form provides for a permanent record of essential information on each bus. Depreciation base should be computed and recorded on the form at the time the bus is purchased. The lower part of the form provides for an annual record of costs and mileage throughout the life of the bus.

EXEMPTION CERTIFICATE

(For use by States, Territories, or political subdivisions thereof, or the District of Columbia.)

_____, 19____
(Date)

The undersigned hereby certifies that he is _____
(Title of officer)

of _____
(State, Territory, or political subdivision, or District of Columbia)

and that he is authorized to execute this certificate and that the articles specified in the accompanying order or on the reverse side hereof are purchased from _____ for
(Name of company)

the exclusive use of _____ of _____
(Governmental unit)

(State, Territory, or political subdivision, or District of Columbia)

It is understood that the exemption from tax in the case of sales of articles under this exemption certificate to the States, etc., is limited to the sale of articles purchased for their exclusive use, and it is agreed that if articles purchased tax free under this exemption certificate are used otherwise or are sold to employees or others, such fact will be reported by me to the manufacturer of the article or articles covered by this certificate. It is also understood that the fraudulent use of this certificate to secure exemption will subject the undersigned and all guilty parties to a fine of not more than \$10,000.00 or to imprisonment for not more than five years, or both, together with costs of prosecution.

(Title of officer) (Signature)

(Over)

Date of Purchase

Item Purchased

Quantity

Amount of Tax

Total amount of tax _____

AFFIDAVIT OF ULTIMATE VENDOR

_____, being duly sworn, deposes and says:
(Name of individual)

that he is the _____ of the _____
(Title) (Name of company)

or is himself the ultimate vendor of the articles specified below or on the reverse side hereof;

That the articles specified below were purchased by him tax paid and resold for use by his vendee for the nontaxable purposes indicated and not for resale;

That he has in his possession, all of the exemption certificates, properly executed, required by the law and regulations, to cover the sale of the articles specified herein;

That the certificates and supporting data (1) are retained by him, (2) will be preserved for a period of four years, and (3) will, upon request, be forwarded to the manufacturer any time within the period for use in establishing to the satisfaction of internal-revenue officers that a refund or credit is justly due; and

That he hereby consents to the allowance of a credit or refund to the

(Name and address of manufacturer)

in the amount of the tax paid by such manufacturer with respect to the sale of such articles and that he has not heretofore given his consent to the allowance of a credit or refund to any other manufacturer and has not made application for a refund or credit of such Federal Tax from any other source.

The undersigned understands that the fraudulent use of this affidavit to secure credit or refund will subject him and all guilty parties to a fine of not more than \$10,000, or to imprisonment for not more than 10 years, or both, under section 35 of the Criminal Code of the United States, as amended by Act approved April 4, 1938 (52 Stat., 197).

(Name)

(Address)

Subscribed and sworn to before me this _____ day of _____ 19____.

Vendor's Invoice	Articles	Date of Resale	Quantity	Purpose or use	Tax claimed
:	:	:	:	:	:
:	:	:	:	:	:
:	:	:	:	:	:

Form TR-13 (continued)

Number of children to be transported _____

Per pupil cost = $\frac{\text{Total cost of all buses}}{\text{Total No. pupil transportation}}$ = Cost per pupil per year.

$\frac{\text{Cost per pupil per year}}{9 \text{ mo.}}$ = Cost per pupil per mo.

Established hereby on this _____ day of _____, 19____

President, Board of Education

School District

Submitted to County Board of Education _____ 19____

Yes _____
Approved _____ County Board of Education _____ 19____
No _____

Comments: _____

Chairman, County Board of Education

Filed State Department of Public Instruction _____, 19____

Yes _____
Approved _____ Department of Public Instruction _____, 19____
No _____

Comments: _____

Director of Transportation

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