UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

REA BULLETIN 1770-1
RD-GD-1992-10

SUBJECT: **REA Work Order Procedure**

TO: All Telephone Borrowers
REA Telephone and Accounting Staff

EFFECTIVE DATE: Date of Approval

EXPIRATION DATE: Three years from effective date

OFFICE OF PRIMARY INTEREST: Borrower Accounting Division

PREVIOUS INSTRUCTIONS: This Bulletin replaces Telephone Operations Manual (TOM) Section 1860, Suggested Work Order Procedure.

FILING INSTRUCTIONS: Discard Telephone Operations Manual (TOM) Section 1860 and replace it with this bulletin.

PURPOSE: To provide a uniform system for accumulating and distributing work order construction costs and to recognize the effects of the revision of the Federal Communications Commission Uniform System of Accounts.

Disclaimer: The contents of this guidance document does not have the force and effect of law and is not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

James B. Huff, Sr. — Administrator

07-16-92 — Date

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1. GENERAL: The function of plant accounting is to record the various elements of construction and retirement costs in a manner that satisfies the requirements of Part 32, the Federal Communications Commission's Uniform System of Accounts, as supplemented by 7 CFR Part 1770, Accounting Requirements for REA Telephone Borrowers (Part 1770), and to form the basis for recording plant additions and retirements.

1.1 The telecommunications plant accounts are designed to show the investment in the entity's tangible and intangible telecommunications plant that has an estimated service life of more than one year.

1.2 The account numbers used in this bulletin are subaccounted to four digits after the decimal place. The first two digits after the decimal place are used to satisfy the requirements of Part 32 and Part 1770.

1.2.1 The third digit after the decimal place is used to indicate the type of cable or wire as follows:

0 - Not Applicable
1 - Nonmetallic
2 - Metallic

1.2.2 The fourth digit after the decimal place is used to signify the expense matrix category as follows:

1 - Salaries and Wages
2 - Benefits
3 - Rents
4 - Other Expenses
5 - Clearances

2. CONTRIBUTIONS: The telecommunications plant accounts do not include the cost or other value of plant contributed to the company.

2.1 Contributions in the form of money or its equivalent toward the construction of telecommunications plant are credited to the accounts charged with the cost of such construction.

2.2 Contributions that are to be repaid, either wholly or in part, are credited to Account 4360, Other Deferred Credits, until final determination of the amount to be refunded has been made. Any unrefunded contributions are credited to the accounts charged with the cost of the associated construction.

3. EQUIPMENT: The cost of individual items of equipment classifiable to the following plant accounts, costing $500 or less or having an estimated useful service life of less than one

year, should be charged to the appropriate Plant Specific Operations Expense account:

a. Account 2112, Motor Vehicles;
b. Account 2113, Aircraft;
c. Account 2114, Special Purpose Vehicles;
d. Account 2115, Garage Work Equipment;
e. Account 2116, Other Work Equipment
f. Account 2122, Furniture;
g. Account 2123, Office Equipment; and
h. Account 2124, General Purpose Computers.

3.1 **If the aggregate investment** in the individual equipment items is relatively large at the time of acquisition, the investment may be recorded in Account 1220.1000, Materials and Supplies, until the items have been installed. At the time of installation, Account 1220.1000 is credited and the appropriate Plant Specific Operations Expense account is debited.

4. WORK ORDER PROCEDURE: The work order procedure may be used to estimate construction requirements, to budget funds, and to accumulate the costs of additions and retirements of telecommunications plant.

4.1 **Costs incurred on individual construction projects** should be accumulated in a systematic manner in order to comply with Part 32 and to substantiate disbursements. Account 2003.3000, Telecommunications Plant Under Construction - Short-Term - Work Orders, and Account 2004.3000, Telecommunications Plant Under Construction - Long-Term - Work Orders, have been established to accumulate all work order construction costs. Work orders serve as the support for advances of REA loan funds.

4.2 **Costs incurred in retiring plant from service** should be charged to a retirement work order and accounted for in Account 3100.X000, Retirement Work in Progress. The cost of maintenance activities performed in connection with a work order should be charged directly to the appropriate operations expense accounts.

5. ESTIMATED WORK ORDERS: Estimated work orders should be prepared, as necessary, to meet management's needs. The estimated work order form should provide space for a diagram and/or description of the work to be performed together with the justification or reasons why the work is necessary. A staking sheet (Exhibit A) may be used instead of a sketch. The form should provide a section for listing the quantity of each construction unit to be installed. Unit costs are based upon engineering estimates and are multiplied by the quantities involved to determine the total estimated cost of the new construction.

5.1 For a retirement work order, the number of property record units to be retired and the original installed cost of each should be entered in a section of the form entitled "Units to be Retired". By multiplying the unit cost by the quantities and adding the products, the total original cost of units retired is obtained. To complete the work order costing, the cost of removal and the salvage value of reusable material should be estimated.

6. **CONSTRUCTION WORK ORDERS:** A construction work order should accumulate, in one record, all costs assignable to a specific addition of telecommunications plant. The cost of all completed work orders should be cleared to the telecommunications plant accounts on a monthly basis.

7. **BLANKET WORK ORDERS:** In order to eliminate many small work orders, a system of blanket work orders may be used. Through the use of blanket work orders, many projects for which individual work orders were previously prepared may be merged, decreasing the number of work orders necessary to record plant changes.

7.1 In normal operations, certain types of new construction and certain replacements of retirement units recur frequently due to the necessity of adding new subscribers and maintaining and improving service to existing subscribers. When it is not necessary to maintain a record of the individual costs of each job, blanket construction and retirement work orders are often used to accumulate the costs of similar jobs performed within a given period of time. Blanket work orders may be closed to plant on a quarterly basis.

8. **JOB ORDERS:** The term "job order" usually refers to maintenance activities chargeable to expense. The term, however, may be used to identify small construction jobs that are not considered large enough to require a separate work order. Under the blanket work order system, job order numbers may be assigned to individual construction projects covered by one blanket work order and maintenance job order numbers may be assigned to individual maintenance jobs.

8.1 A job order is used to provide documentation for subscribers' requests for service and is not used to accumulate the costs of any associated construction or maintenance activity. The cost of construction related job orders should, therefore, be accumulated on a blanket work order.

9. **RETIREMENT WORK ORDERS:** Three cost elements are involved in a retirement work order:

a. The original cost of the property being retired;

b. The cost of removing that property from service; and
c. The salvage value, if any, of materials recovered.

These three elements are accumulated on the retirement work order and the net amount of these items (original cost plus the cost of removal less salvage) is charged to the appropriate subaccount of Account 3100, Accumulated Depreciation.

9.1 **To avoid undue refinement** in accounting for additions, retirements, and replacements of telecommunications plant, all property should be considered as consisting of either retirement units or minor items of property.

9.1.1 When a replacement involves a retirement unit, the original cost of the unit is credited to the appropriate plant account and the cost of replacing the item is capitalized.

9.1.2 When the replacement involves a minor item of property, the cost of replacing it is charged to the appropriate Plant Specific/Plant Nonspecific Operations Expense account.

9.2 **To eliminate the need for many small work orders,** blanket retirement work orders may be used. An individual or blanket retirement work order, as appropriate, should be prepared for all retirements consisting of retirement units.

9.3 **When construction of plant also includes plant retirements,** separate construction and retirement work orders should be prepared, cross-referenced, and listed on the same Summary of Work Orders, REA Form 771 (Exhibit M).

10. WORK ORDER REGISTER OR LOG: Borrowers should maintain a register or control record in which work orders are assigned a number and listed in numerical order. As subsequent stages of the work order are completed, the completion dates are entered in the Work Order Register. The Work Order Register, therefore, provides the status of incomplete work orders, provides a permanent record of the dates and other data relative to the work accomplished, and serves as a means of internal control to assure that all stages of each work order are properly completed.

10.1 **The content of the register** may be expanded or reduced to meet the organizational and control needs of each company; however, the following items are typical of those required:

a. The work order number (it may include the year, exchange, tax district, or other pertinent information);

b. The job order number, when identifying individual projects under a blanket work order;

c. A description of the work or other identification;

d. The location of the work:

e. The date the work began; and

f. The date work was completed.

10.2 The date on which a right-of-way is secured for plant additions requiring an easement, the date staking is completed, and the date work orders are posted to a summary of work orders may be information of interest to management.

11. LABOR:

11.1 **The Daily Work Report** (Exhibit B) is prepared each day by the personnel responsible for the work being performed. It is the basic accounting record for payroll hours, plant additions, and plant retirements. Accuracy in reporting, attention to detail, and promptness in preparing the Daily Work Report are essential, therefore, to the validity of the final costs reflected in the primary plant accounts.

The step-by-step procedure for completing the Daily Work Report is as follows:

11.1.1 Labor: Enter each employee's name and provide a description of the work performed. In the same column as the description, enter the work order number, if any, and the appropriate account number for the work performed. Enter the hours worked by each employee under the description of the work performed on the same line as the employee's name. The report should be prepared daily by each crew member or the foreman, or by an individual when working alone. An employee's time should be reported by hours, with no attempt made to segregate overtime, if any, from the regular hours. This segregation is made on the Payroll Distribution Sheet (Exhibit C).

A separate "Description of Work" column should be used for each type of work that includes costs chargeable to separate accounts. If work is performed on more than one work order in a day, the time spent on each work order should be recorded separately. For example, time might be reported as "Installing Poles, Blanket W.O. #6", and "Installing Poles, W.O. #14."

Each person responsible for preparing a Daily Work Report should be knowledgeable in the various categories of work in which time is reported so that a proper analysis can be made for accounting purposes. The determination of the proper account on the Daily Work Report is the responsibility of the accounting department. The foreman or the individual workmen, however, are responsible for furnishing adequate information so that a proper determination may be made.

11.1.2 Material Used: The Daily Work Report is the original record of material used. If a telecommunications entity does not employ a storekeeper to control materials, non-exempt materials and supplies taken from stock for either construction or maintenance activities should be reported on the Daily Work Report under the Heading "Material Used". The kind of material, size or material code, and unit of measurement, such as "each", "pound", or "foot", should be entered in the spaces provided. The quantity used should be reported, by work order number, in the column under the appropriate description of the work performed.

11.1.3 Plant Removed or Abandoned: This section of the Daily Work Report is used to record the kind of material removed from service, its unit of measurement, and the quantity of units removed. The quantity should be reported, by work order number, in the column under the appropriate description of the work performed. The "Condition of Material" removed should be reported as "G" if good and reusable, or as "W" if worthless or nonusable. Materials representing major components of property record units that have been abandoned should also be reported in this section.

11.1.4 Motor Vehicle: The foreman, or the individual workmen when working alone, should distribute the total hours a vehicle was used during the day under the same columnar heading on the Daily Work Report as the labor and material. If a vehicle made one trip to a job on which several types of work were performed, distribution of the vehicle time is made on the same basis as the direct labor hours for each type of work. This distribution should be made by the foreman or individual plant employees so that the accounting department can properly distribute costs.

11.2 **Payroll Distribution Sheet:** The hours worked by each employee, as reported on the Daily Work Report (Exhibit B), should be posted to the individual employee's Payroll Distribution Sheet (Exhibit C) to calculate payroll and distribute labor costs to the appropriate accounts.

11.2.1 Although individual plant account numbers are shown on the Daily Work Report, all labor costs applicable to work order construction or retirement are charged first to the respective construction (2003.3000/2004.3000) and retirement work in progress (3100.X000) accounts.

11.2.2 Upon completion of the work order, the costs are then cleared to the appropriate telecommunications plant in service and accumulated depreciation accounts. Time chargeable to maintenance is distributed directly to the appropriate Plant Specific/Plant Nonspecific Operations Expense accounts on the Payroll Distribution Sheet.

11.2.3 The payroll Distribution Sheet may be designed to accommodate payrolls calculated on a weekly, biweekly, semi-

monthly, or monthly basis. Exhibit C illustrates a form designed for a semi-monthly or monthly payroll period.

11.2.4 Each Payroll Distribution Sheet should show the employee's name, occupation, regular pay rate, overtime rate, social security number, period covered, and any other information pertinent to issuing payroll checks and maintaining payroll records. Each day's labor hours should be posted on the appropriate lines at the bottom of the form to show the amount of time to be calculated at the regular pay rate and the amount to be calculated at the overtime rate. These total daily labor hours should be classified by accounts in the center section of the form.

11.2.5 The labor cost for each account may be calculated by applying the hourly pay rate to the total hours associated with each account. The lower portion of the employee's Payroll Distribution Sheet is used to summarize the regular and overtime hours for the pay period to determine total compensation due for the period and to accumulate all regular and overtime labor hours within the month. The final distribution on each employee's Payroll Distribution Sheet should be posted to a Monthly Labor Cost Summary (Exhibit D).

11.3 Monthly Labor Cost Summary: The accounting distribution of each employee's gross pay should be posted from the individual Payroll Distribution Sheets to the Monthly Labor Cost Summary (Exhibit D).

11.3.1 All labor costs chargeable directly to construction and retirement work orders should be entered in the columns designated as "Direct" under Accounts 2003.3000, 2004.3000, and 3100.X000.

11.3.2 Labor costs that are chargeable to construction and retirements, but which are not related to a specific work order are classified as indirect labor and are entered in the column entitled "Overhead". Columns have been provided for the various expense accounts, as necessary.

11.3.3 By using a Payroll Distribution Sheet and a Monthly Labor Cost Summary, it is possible to immediately post payroll checks to the Check Register without determining the accounting distribution of the payments. This distribution is usually determined after the end of the month. As payments are made to the employees, gross wages are charged to Account 4010.2500, Accounts Payable - Payroll.

11.3.4 After all Payroll Distribution Sheets have been completed and posted to the Monthly Labor Cost Summary, a journal entry is made, based upon the totals thereon, charging the appropriate general ledger accounts and crediting the payroll clearing account.

11.3.5 If gross earnings are debited to Account 4010.2500 when the payroll checks are issued, the account balance at the end of the month represents the total accrued unpaid labor costs, if any. A balance in the account usually indicates that the last payroll period in the month did not end on the last day of the month. This condition usually exists when a weekly or biweekly pay period is used.

11.3.6 This form may also be used to determine and distribute costs for payroll taxes, payroll insurance, vacation and holiday time, and other employee benefits such as pension, group life insurance, and health insurance. To simplify the determination of the cost of workmen's compensation and public liability insurance, employee labor costs may be tabulated by rate groups and subtotaled.

11.3.7 Employee benefits are listed in the employee column of the Payroll Distribution Sheet. The total benefit accrual is calculated by multiplying the rates for each benefit item by each employee's total earnings. The total benefits chargeable to the various plant, retirement, and expense accounts are calculated by multiplying the rates for each benefit item by the employees' earnings charged to those accounts.

12. MATERIAL:

12.1 **Material Used:** The type of material used should be posted from the Material Used section of the Daily Work Report (Exhibit B) and Service Orders to the Material Used sheet (Exhibit F). The various types of material used should be grouped by account number. Quantities of each item used should be entered in a column headed with the date of usage. The columns should be added to obtain the "Total" quantity used for each item. The total should be multiplied by the "Price" (average unit value from the stock record cards) to obtain the "Amount" for the last column. The amounts should then be totalled by plant account.

12.1.1 Separate Material Used sheets should be used for each Work Order. All material used for maintenance should be classified by account number and recorded on one sheet.

12.1.2 If an exempt material procedure is in effect, only non-exempt material items should be reported on the Daily Work Report and tabulated on the Material Used sheet.

12.1.3 The employee responsible for keeping the cost records should determine that the materials posted from the Daily Work Report agree with those materials required for each particular job as shown by the staking sheet (Exhibit A) or work sketch. The totals of the individual Material Used sheets should be posted to the Materials Register (Exhibit I), and the material

costs should be posted to the construction Work Order Ledger (Exhibit L) by plant account.

12.2 **Material Recovered and Plant Displaced:** A separate Material Recovered and Plant Displaced report (Exhibit G) should be used for each work order. This report is used for recording plant retired and non-exempt material salvaged. Plant removed or abandoned as shown on the Daily Work Report (Exhibit B) should be posted to this summary by primary plant account and its condition should be rated as "G" for Good, if reusable; or "W" for Worthless, if nonusable. Quantities should be extended to the "Total" column adjacent to the account number. Items of material that are reported as good and considered reusable should be priced at original cost, estimated if not known. Reusable material (non-exempt) comprising minor items that, when installed or in service, were neither retirement units nor principal components of assemblies that were retirement units, should be priced at replacement cost new.

12.3 **Summary of Material Items Used and Recovered:** The quantities of material used each month are posted to the stock record cards from the Material Used form. If the various non-exempt material items used and salvaged are summarized on a Summary of Material Items Used and Recovered form (Exhibit H), only one entry should be made to the individual stock record cards for each month.

12.4 **Materials Register:** The Materials Register (Exhibit I) is used to summarize the amount of all non-exempt materials used and recovered so that only one journal entry is required for posting to the general ledger accounts. The Materials Register should list all Material Used and Material Recovered Summaries in numerical order, for a given month.

12.4.1 The total of each Material Used sheet is credited to Account 1220.1000, Materials and Supplies. The debit is dependent upon the use. If the materials were used on a construction work order, the amount is charged to either Account 2003.3000 or Account 2004.3000. Any materials used in connection with maintenance activities should be charged to the appropriate operations expense accounts in the miscellaneous columns of the register.

12.4.2 The salvage value of material shown on the Material Recovered and Plant Displaced report (Exhibit G) should be debited to Account 1220.1000, and credited to Account 3100.X000. If material is salvaged during maintenance work, the credit is to the appropriate operations expense account. The net non-exempt materials charged out and salvaged each month should agree with the total shown on the Summary of Material Items Used and Recovered (Exhibit H).

12.4.3 If the Materials Register is a permanent record, the totals in the account columns for Material and Supplies

(Account 1220.1000), Telecommunications Plant Under Construction-Work Orders (Accounts 2003.3000 and 2004.3000), Retirement Work in Progress (Account 3100.X000), and the various operations expense accounts may be posted directly to the general ledger.

13. OVERHEAD:

13.1 **Employees' Time and Overhead Distribution Form:** The Employees' Time and Overhead Distribution Form (Exhibit J) is used to distribute the labor and overhead costs charged to the construction and retirement work in progress accounts to the primary plant and accumulated depreciation accounts. A separate form is used to distribute the labor and overhead charges for construction and retirement activities. The work order numbers, account numbers, and hours are posted to this form from the Daily Work Report. The hours should be posted separately for each work order by account number. The total for the month, divided by the associated "Total Labor Hours" results in an average hourly rate. This rate multiplied by the total labor hours applicable to each account provides the labor value charged to the individual plant accounts and accumulated depreciation accounts.

13.1.1 Direct costs are those that can be readily identified and associated with specific work orders.

13.1.2 Indirect or overhead costs are those pertaining to construction, but not readily identifiable with specific projects, such as:

a. Plant operations and administrative expense;
b. Engineering expense;
c. Motor vehicle expense;
d. Aircraft expense;
e. Special purpose vehicle expense;
f. Other work equipment expense;
g. Payroll taxes;
h. Employee benefits; and
i. Insurance expense.

13.1.3 Total overhead costs may be determined by analyzing charges and credits to Accounts 2003.3000 and 2004.3000, and Account 3100.X000, Retirement Work in Progress (Exhibit K). These various overhead costs should be totalled separately for Accounts 2003.3000, 2004.3000, and 3100.X000.

13.1.4 Overheads may be distributed on the basis of labor hours by dividing the total overhead costs charged to each account by the "Total Labor Hours," and by multiplying the resulting dollar amount per hour by the total number of labor hours applicable to each account. The total of the two columns entitled "Labor Value" and "Overhead" should equal the total of the costs in Accounts 2003.3000 and 2004.3000, and the similar totals for retirement work orders should equal those in Account 3100.X000.

This reconciliation should be made prior to posting labor and overhead to the work order forms.

13.1.5 These costs are transferred to the Work Order Ledger sheet for the work orders involved and are entered in the columns entitled "Labor" and "Overhead" opposite the appropriate account number. This form requires only one posting to each work order for a given month, and should, therefore, reduce the possibility of error in labor and overhead distribution and simplify the process of reverifying, when necessary.

13.2 Summary and Distribution of Transportation Costs and Special Machine Services: All costs associated with the operations and maintenance of motor vehicles (cars, trucks, vans, buses) should be charged to Account 6112, Motor Vehicle Expense; costs incurred in operating and maintaining aircraft (airplanes, helicopters) should be charged to Account 6113, Aircraft Expense; costs incurred for special purpose vehicles (boats, motor scooters, snowmobiles) should be charged to Account 6114, Special Purpose Vehicles Expense; and costs incurred for other work equipment (bulldozers, fork lifts, all-terrain vehicles, back hoes, trenchers, and tractors) should be charged to Account 6116, Other Work Equipment Expense.

13.2.1 Clearances from these accounts should be charged to construction, retirement (accumulated depreciation), and the other Plant Specific Operations Expense accounts on the basis of the direct labor hours of the employees operating the vehicles and equipment.

13.2.2 A separate calculation should be made for each classification of plant (motor vehicles, aircraft, special purpose vehicles, and other work equipment). Exhibit E demonstrates the calculation and subsequent distribution of motor vehicle expense. This same method may be used for the other types of vehicles and equipment. The totals in the "Amount" column for Account 2003.3000, Account 2004.3000, and Account 3100.X000 are distributed to the various telecommunications plant and accumulated depreciation accounts with other overhead charges on the Employees' Time and Overhead Distribution forms (Exhibit J).

13.2.3 Depreciation charges on the vehicles and equipment detailed above should be charged to Account 6561, Depreciation Expense-Telecommunications Plant in Service.

14. ACCOUNT ANALYSIS: To verify the accuracy of the Work Order Ledger sheets, a complete and current running analysis of the charges and credits in general ledger control Accounts 2003.3000, 2004.3000, and 3100.X000 should be maintained. This analysis may be maintained on the ledger sheet itself or on a fly-sheet inserted in the general ledger immediately preceding the account.

A column should be provided for each column included in the Work Order Ledger. Exhibit K contains sample account analyses.

14.1 After all postings have been made to Accounts 2003.3000, 2004.3000, and 3100.X000, and to the Work Order Ledger sheets, the total of the individual Work Order Ledger sheets should equal the total of the general ledger control balances. Likewise, if an analysis of the general ledger control accounts has been prepared in a format similar to Exhibit K, the totals of all of the individual Work Order Ledger sheets for "Material", "Provisioning Expense", "Labor", "Overhead", and "Other Charges" should equal the totals of the corresponding columns on the general ledger control sheets. This analysis assists in locating differences when, after posting, the individual Work Order Ledger sheets do not immediately agree with the general ledger control account.

14.2 All completed construction work orders should be cleared monthly by crediting Accounts 2003.3000 and 2004.3000, and debiting the appropriate plant accounts. Completed retirement work orders should also be cleared monthly by crediting Account 3100.X000 and debiting the appropriate accumulated depreciation accounts. The information necessary to record this entry is taken directly from each work order or if there are several work orders, a summary may be prepared to clear the costs of the completed work from the control account.

14.3 After these entries are posted to the general ledger control accounts, the detail columns should be subtotaled and balanced with the individual Work Order Ledger sheets for incomplete work orders.

14.4 As work orders are completed and transferred from Accounts 2003.3000, 2004.3000, and 3100.X000, the individual Work Order Ledger sheets should be transferred to the "Completed Work Orders" section of the Work Order Ledger.

15. WORK ORDER LEDGER: The Work Order Ledger (Exhibit L) is used to accumulate the costs of a specific work order. A separate Work Order Ledger sheet should be prepared for each work order for each month work is in progress to show the monthly accumulation of charges to the plant accounts. A separate Work Order Ledger sheet may be used to summarize the costs of a single work order that has taken several months to complete.

15.0.1 Work Order Ledger sheets for incomplete work orders should show costs for each month in which any work is performed. Amounts posted to Work Order Ledger sheets for incomplete work orders should reconcile with the balances in Accounts 2003.3000, 2004.3000, and 3100.X000.

15.1 <u>The Construction Work Order portion</u> of the form is completed as follows:

15.1.1 Column 1 - The account numbers for all plant accounts affected by the work order are listed in this column.

15.1.2 Column 2 - The cost of materials used on a specific work order is posted in this column. All material charges, as shown on the Work order Ledger sheets for a given month, should equal the total in the "Debit" column under the heading "Construction Work In Progress (2003.3000, 2004,3000)" on the Materials Register (Exhibit I).

15.1.3 Column 3 - Provisioning expenses chargeable to the work order are recorded in this column.

15.1.4 Column 4 - The total of the amounts in columns 2 and 3 is extended to this column.

15.1.5 Column 5 - Labor costs, by individual plant account, are posted to this column from the Employees' Time and Overhead Distribution Form (Exhibit J).

15.1.6 Column 6 - Overhead costs, by individual plant account, are posted to this column from the Employees' Time and Overhead Distribution Form (Exhibit J).

15.1.7 Column 7 - If a work order includes charges specific to one work order only, such costs are shown in this column. Examples of such special charges include consulting engineering services and contract work relating to an individual work order and often to specific accounts.

15.1.8 Column 8 - The total of the amounts in Columns 5, 6, and 7 is extended to this column.

15.1.9 Column 9 - The total of the amounts in Columns 4 and 8 is extended to this column.

15.1.10 Column 10 - All amounts not required for advance are reported in this column, including loan funds previously advanced under the exempt material procedure and contributions in aid of construction.

15.1.11 When replacements or plant improvements are made that include plant retirements, a related retirement work order is prepared. When the retirement is performed in connection with construction activities, the retirement work order number should be the same as the corresponding construction work order number followed by an X. (Example: Construction Work Order No. 42; Retirement Work Order No. 42X).

15.1.12 Whenever there is a retirement work order related to a construction work order for a system improvement, the retirement work order should be completed and accounted for on the same Summary of Work Orders (Exhibit M) on which the construction work order is listed.

15.1.13 If an estimated work order has been prepared for the project, the estimated cost should be included in the space provided at the top of the Work Order Ledger sheet.

15.1.14 The journal entry transferring the costs of completed construction to the classified plant accounts is prepared by summarizing, by plant account, the amount shown in Column 9, Cumulative Total, of the Work Order Ledger sheets for all work orders completed and placed in service during the month.

15.2 Because the data necessary for recording plant retirements is different from that used for recording construction, a separate section at the bottom of the work order is provided. A separate Work Order Ledger sheet should be used to record the costs applicable to each retirement work order. When retirements relate to replacements or system improvements, a related construction work order exists, the number of which should be indicated in the space provided on the Work Order Ledger. The Retirement Work Order portion of the form is completed as follows:

15.2.1 Column 11 - The account numbers for all accumulated depreciation accounts affected by the work order are listed in this column.

15.2.2 Column 12 - Labor costs, by accumulated depreciation account, are posted to this column from the Employees' Time and Overhead Distribution Form (Exhibit J).

15.2.3 Column 13 - Overhead costs, by accumulated depreciation account, are posted to this column from the Employees' Time and Overhead Distribution Form (Exhibit J).

15.2.4 Column 14 - Other charges such as the rental of special or extra equipment necessary to remove certain items of telecommunications plant are entered in this column.

15.2.5 Column 15 - The total of the amounts in Columns 12, 13, and 14 is extended to this column.

15.2.6 Column 16 - The original cost of plant retired is posted in this column from the Material Recovered and Plant Displaced report (Exhibit G).

15.2.7 Column 17 - The salvage value of materials retired is posted in this column from the Material Recovered and Plant Displaced report.

15.2.8 Column 18 - The sum of the amounts in Columns 15 and 16 less the amount in Column 17 is extended to this column.

15.2.9 The journal entry transferring the net charges on all retirements for the month to Account 3100, Accumulated

Depreciation, is prepared by summarizing the amount shown in Column 18, "Net Charge to Reserve for Depreciation".

15.2.10 Property record units should be summarized on the reverse side of the final Work Order Ledger sheet of the construction work order.

15.2.11 In order to maintain continuing property records, however, it is also necessary to determine the number of property record units installed and removed. This information may be obtained from the Material Used sheet (Exhibit F), the Staking Sheet (Exhibit A), and the Material Recovered and Plant Displaced report (Exhibit G). The units of property retired do not appear on the Work Order Ledger. They are recorded on the Material Recovered and Plant Displaced report (Exhibit G) and are posted to the continuing property records from that report or a summary of these reports. Exhibit N of this bulletin contains a sample continuing property record.

16. SUMMARY OF WORK ORDERS: The Summary of Work Orders (Exhibit M) is used to summarize the costs of completed work orders and to requisition loan funds from REA. A Summary of Work Orders should be prepared each month. See 7 CFR Part 1753, Telecommunications System Construction Policies and Procedures, Subpart I, Minor Construction, for work order summary requirements.

16.1 Exhibit M reflects the actual cost of each work order in two categories - labor and overhead costs and material. These costs are obtained from the Work Order Ledger.

16.2 Whenever there is a retirement work order prepared in connection with a construction work order, both work orders should be completed and accounted for on the same Summary of Work Orders.

16.3 Any material or items for which advances have previously been made (except for amounts expended from the Work Order Fund) are deducted from the total cost of the applicable work order in order to determine the net advances required.

16.4 Before REA loan funds may be advanced, the Summary of Work Orders, with an attached schedule describing the work orders, should be dated and certified by the manager, dated and approved by the REA general field representative, and submitted to REA.

16.5 The "Net Advances Required", Column "h", may then be requested on the next Financial Requirement Statement.

16.6 All costs relating to work orders reported on the Summary of Work Orders are subject to verification by the REA field accountant during the performance of the Loan Fund and Accounting Review.

17. SAMPLE CASE: The remainder of this bulletin focuses on a sample case that illustrates the work order procedure and demonstrates the relationship of the exhibits included in this lesson. The forms contained the attached exhibits are designed for both overhead and underground construction and retirement activities. This sample case, however, illustrates only overhead construction and retirement activities because the construction and retirement is less technical and, as a result, easier to understand and illustrate.

17.1 This sample case is designed solely for the purpose of illustrating the concepts relating to work order construction and to show the interrelationship of the various forms. This sample is not designed to indicate what REA will finance, nor is it designed to promote the use of a specific form. Only the REA forms that are referenced are required to be used, all other forms are provided for illustrative purposes only. REA telephone borrowers are free to design their own forms provided such forms contain sufficient information so as to allow for the proper accumulation and distribution of work order construction costs.

17.2 In this sample case, the Mill Valley Telecommunications Company replaced three pairs of aerial wire and extended a pole line and circuits to serve two new subscribers on Pine Street. The construction crew completed the job in two days. The construction was included in Blanket Construction Work Order No. B5 and the related retirement in Blanket Retirement Work Order No. B5X. The costs incurred replaced three pairs of aerial wire and six pair aerial distribution wire, extended the pole line, and added three pair distribution wire to serve two new subscribers.

17.3 In this case, REA is primarily concerned with the accounting for the costs of the Pine Street construction. The costs of other job orders included in the blanket work order, however, appear on some of the forms to demonstrate the manner in which the costs of material, labor, and overhead are determined when several job orders are involved. It should be noted that additional maintenance and line construction activities may have been performed on the same days as the Pine Street construction and that work on a particular job may cover longer periods of time.

Sample Staking Sheet

Exhibit A illustrates the construction and retirement activities to be performed on the Pine Street extension and provides information relative to the rebuilding and extension of the line.

SEC.
TWP
RANGE
CO.

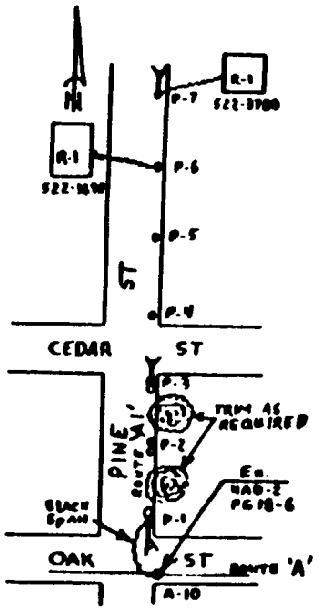
STAKED BY A. Wright
DATE May 4, 19X2
REVISED
REVISED

STAKING SHEET & PLANT RECORD

COMPANY Mill Valley Telecommunications
PROJECT NO.
WORK ORDER NO. BS

WIRE & WIRE SUPPORTS OR CABLE & STRAND

SHEET OF
ROUTE NO. A1
MAP REFERENCE
EXCHANGE Broadway



POLE NO.	POLE H/C	Back SPAN	R	FOREIGN POLE H/C	FOREIGN POLE SUPP.	POLE TOP UNITS	GUYS NO	GUYS PS	ANCHORS NO	ANCHORS SW	ANGLE LEAD	PM	Dw 6-19	Dw 3-19	3/4 109/135	5/6 109/135	7/8 109/135	PS	H	W	P	S	SW	MISCELLANEOUS
P-7	30/6	150					1	1-2	1	1-2								5-1		85'	1-7F	3	3	
P-6	30/6	150																5-1		85'	1-7F	1	3	
P-5	30/6	150																						
P-4	30/6	150																						
P-3	30/6	155				X3-1	1	W 1-2	1	EX 1-2								18-6	D-2					X 20/10
P-2	30/6	160				X3-1																		X 20/10
P-1	30/6	100				X3-1	1	W 1-2	1	EX 1-2														X 20/10
A-10	EX/6																							
TOTAL UNITS	7	30/6	1,015'			3X3-1	1 1-2 2 W1-2		1 1-2					109/135 2490'				2 5-1 1 18-6	1 D-2	170'	2 1-7F	2	2	3X 20/10

Dw 6-19 415'
Dw 3-19 600'

* Indicate the vertical distance that the telephone crossarm or cable attachment is to be placed below the lowest existing electric supply or communications facility. Distances are to be measured from the bottom of electric secondary supports, neutral supports, crossarms, transformers, etc.

FORM 00003 1061 10 A CR 020 - 0-021 TIPPECANOE PRESS INC., BRIDGEVILLE, IND.

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Exhibit A
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Sample Daily Work Report

Outside plant employee, John Johnson, completed the Daily Work Report and assigned the labor, truck usage, and material to the proper plant accounts. The company uses an exempt material procedure in which most minor material items are charged to the plant and maintenance accounts at the time of purchase. Therefore, only non-exempt material items were reported on the Daily Work Report. The sample Daily Work Report for May 9, the second day of the job, reports labor and truck usage, as well as all non-exempt material items used, all property units retired, and all materials salvaged. The Daily Work Report for May 8, not shown, reports only labor and truck usage for that day.

DAILY WORK REPORT

Mill Valley Telecommunications
Broadway

Speedometer Reading	Beg. Mi. / End Mi.
Poles	8116
Plant	8140
Miles Traveled	24

Accounting Department	
Report Checked	RED
Labor Posted	TVE
Material Used Posted	REK
Plant Removed Posted	AR

Description of Work	Setting Poles	Stringing Wire	Removing Poles	Removing Wire	Reclearing R/W	Service Order 24-25
Stock Order No.	RS	RS	RSX	RSX		
Code or Account	2411	2481	2411X	2481X	6411	6311

NAME OF EMPLOYEE	Hours						Total
John Johnson	5	1	1	1			8
Dennis Casson	4	1	1		2		8
Susan Olson	4					4	8
Al Anderson	5	1			2		8
TOTAL MAN HOURS	18	3	2	1	4	4	32
Car No. Hrs.	4	1	1		1	1	8
Car No. Hrs.							

MATERIAL USED

KIND OF MATERIAL	Size or Stock No.	Unit	Drawn From													Severance
Poles	30-6	EA	1													
Anchor Exp.	4M	EA	2													
Rods Anchor	½" x 7'	EA	2													
Strand, Guy	4M	Ft	40													
Distribution Wire	3-19	Ft.		615												
Distribution Wire	4-19	Ft		820												
Terminal Post	4 pr	EA		1												
Terminal Post	1 pr	EA		2												
Ready Access Enclosure	Type N			1												

PLANT REMOVED OR ABANDONED

Kind of Material	Size or Stock No.	Unit	Salvage Returned To													Severance
Pole	30-6	EA				3										
X-Arm	4 pin	EA				3										
Wire	109-135	Ft.					2400									

EXEMPT MATERIAL must be requested on Daily Work Report when USED, or SALVAGED and returned to stock, if the work is done under a Work Order, Job Order, or if severance is to be billed for the work.

Correct [signature] (Foreman) Approved RED Date May 9. 19X2

Sample Payroll Distribution Sheet

The Mill Valley Telecommunications Company uses a semi-monthly Payroll Distribution Sheet showing the earnings, deductions, and the amount paid for each half-month period. The total amount earned for the month is allocated to the various accounts, in the columns at the right, on the basis of the average hourly rate for the entire month. Total payroll costs are distributed by dividing gross pay ($3,680.00) by total work hours (184). The resulting average hourly rate ($20.00) is entered in the lower right-hand portion of the form. Since John Johnson reported no overtime for the month, his average hourly rate equaled his regular rate. The payroll hours assigned to each account are then multiplied by the average hourly rate ($20.00) to distribute gross pay for the month to the various accounts.

It should be noted that John Johnson's time is charged, in total, to Telecommunications Plant Under Construction - Short-Term - Work Orders (Account 2003.3000) on Exhibit C even though specific plant account numbers are shown on the Daily Work Report.

PAYROLL DISTRIBUTION SHEET

Division ..... Town ..... Employee Name Johnson, John ..... Co. No. ..... Month of May ..... 19X2 ..
S. S. Acct. Registration No. 123-45-6789
Occupation Plant Foreman ..... Regular Rate $20.00 Overtime Rate $30.00 Straight Rate

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	FIRST HALF Hours	FIRST HALF Amount	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	LAST HALF Hours	LAST HALF Amount	TOTAL Hours	TOTAL Amount	Accts Charged	Perc. Inj	REMARKS
2	8	8	3	5				6	4		5			3	44		6	8	4				4		4	4				5		3	38		82	1,640			
3								2	1						6				4						3	2						2	11		17	340			
			4	3			2				2				11									2			2					1	5		16	320			
							6								6					4				2			4			2			12		18	360			
									3	4					7									4			2						6		13	260			
										2				3	5		2						4		1							2	9		14	280			
			1							2	1			2	6					4						2				1			7		13	240			
3															3																				3	60			
																															8		8		8	160			
8	8	8	8	8			8	8	8	8	8			8	88	$1760	8	8	8	8			8	8	8	8	8			8	8H	8	96	$1920	184	3680	REG RATE		
																																					OVERTIME RATE		
																$																	$				TOTAL		

TOTAL EARNED -- FIRST HALF		$1,760.00	
DEDUCTIONS:			
OLD AGE BENEFIT (FICA)	$ 134.64		
GROUP INSURANCE	30.00		
RETIREMENT ANNUITY PLAN			
WITHHOLDING TAX	244.00		
State Tax	90.40		
TOTAL DEDUCTIONS	$ 499.04	$ 499.04	
NET AMOUNT PAID		$ 1,260.96	

TOTAL EARNED LAST HALF		$ 1,920.00	
DEDUCTIONS:			
OLD AGE BENEFIT (FICA)	$ 141.88		
GROUP INSURANCE	30.00		
RETIREMENT ANNUITY PLAN			
WITHHOLDING TAX	288.00		
State Tax	76.80		
TOTAL DEDUCTIONS	541.68	$ 541.68	
NET AMOUNT PAID		$ 1,378.32	

DIST HRS 184 RATE P/HR 20.00
PREPARED BY PG
AUDITED BY DR
APPROVED BY MED

Sample Monthly Labor Cost Summary

The accounting distribution of John Johnson's gross pay for the month of May and for each of the other employees is posted to the Monthly Labor Cost Summary from the individual Payroll Distribution Sheets (Exhibit C). The journal entry distributing labor costs for May is as follows:

2003.3000	Telecommunications Plant Under Construction - Short-Term - Work Orders	$ 6,147.82	
3100.X000	Retirement Work in Progress	1,113.59	
4120.6000	Other Accrued Liabilities-Accrued Vacation & Holidays	901.04	
6212.0001	Digital Electronic Expense - Salaries	802.40	
6311.0001	Station Apparatus Expense - Salaries	844.22	
6411.0001	Poles Expense - Salaries	1,076.20	
6421.0021	Aerial Cable Expense - Metallic - Salaries	1,415.51	
6431.0021	Aerial Wire Expense - Metallic - Salaries	841.58	
6512.0001	Provisioning Expense - Salaries	219.48	
6534.0001	Plant Operations Administration Expense - Salaries	2,569.60	
6535.0001	Engineering Expense - Salaries	4,792.16	
4010.2500	Accounts Payable - Payroll		$ 20,723.60

Journal entry to distribute labor costs for May 19X2, in accordance with the Monthly Labor Cost Summary.

In the sample case, Exhibit D is used to calculate, distribute, and summarize costs associated with payroll. The other items for which costs are to be determined are listed in the employee column. The rates for each item multiplied by the applicable portion of the total earnings provides the total accrual amount and the rate times the earnings applicable to the various accounts provides the charges to those accounts. As an example, the accrual of the employer's share of FICA taxes for the month of May is calculated as 7.65% of $20,723.60 or $1,585.35. The FICA taxes charged to construction (Account 2003.3000) are calculated as 7.65% of $6,147.82 or $470.31

Payroll insurance (workmen's compensation and general liability insurance) is computed by using a fixed rate per hundred dollars of total straight time payroll for each category of employees. A different rate is used for each employee group based upon their occupational risks. Exhibit D shows two categories, outside

employees, and inside employees, with the associated rates applied to each category.

Each employee accrues two weeks vacation and seven paid holidays each year. The seven percent rate used for accruing vacation and holidays is determined by dividing 17 non-work days by 243 work days. The accrual of $1,387.58 is calculated by applying seven percent to wages of $19,822.56 ($20,723.60 less $901.04 applicable to the holiday received by all employees on May 30). No accrual is made for wages applicable to paid holidays and leave taken.

The journal entry for the accrual and distribution of these associated payroll costs is as follows:

2003.3000	Telecommunications Plant Under Construction - Short-Term - Work Orders	$ 1,253.38	
3100.X000	Retirement Work in Progress	227.02	
6212.0002	Digital Electronic Expense - Benefits	163.54	
6311.0002	Station Apparatus Expense - Benefits	172.16	
6411.0002	Poles Expense - Benefits	219.38	
6421.0022	Aerial Cable Expense - Metallic - Benefits	288.55	
6431.0022	Aerial Wire Expense - Metallic - Benefits	171.63	
6512.0002	Provisioning Expense - Benefits	44.75	
6534.0002	Plant Operations Administration Expense - Benefits	484.86	
6535.0002	Engineering Expense - Benefits	904.18	
1310.0000	Prepaid Insurance		$ 272.62
4080.2000	Other Taxes Accrued - Employer's Portion - FICA		1,585.35
4080.3000	Other Taxes Accrued - Federal Unemployment		165.79
4080.4000	Other Taxes Accrued - State Unemployment		518.11
4120.6000	Other Accrued Liabilities - Accrued Vacation and Holidays		1,387.58

Journal entry to distribute payroll overhead costs for May 19X2, in accordance with the Monthly Labor Cost Summary.

SHEET NO. 1 of 2

MONTHLY LABOR COST SUMMARY

MONTH OF May, 19X2

EMPLOYEE	CREDIT TOTAL EARNINGS A/C	DEBIT ACCOUNTS ACCOUNT 2001.3000 OVER-HEAD	2001.3000 DIRECT	ACCOUNT 3100X OVER-HEAD	3100X DIRECT	6411	6421	6431	6212	6311	6512	6534
John Johnson	3,680.00		1,640.00		340.00	320.00	360.00	260.00	280.00	260.00	60.00	
Dennis Carson	3,422.40		1,608.53		294.32	274.02	379.69	205.31	253.26	174.96	83.51	
Susan Olson	3,238.40		1,564.15		278.79	266.52	369.29	199.70	168.40	207.78	42.97	
Al Anderson	2,686.40		1,335.14		200.48	215.66	306.53	176.57	100.14	201.48	33.00	
Subtotal	13,027.20		6,147.82		1,113.59	1,076.20	1,415.51	841.58	802.40	844.22	219.48	
Ronald Jones	5,010.00											
Margaret Hector	2,686.40											2,569.60
Subtotal	7,696.40											2,569.60
Total Salaries	20,723.60		6,147.82		1,113.59	1,076.20	1,415.51	841.58	802.40	844.22	219.48	2,569.60
Acct. No.												
FICA 7.65% 4080.2	1,585.35	470.31		85.19		82.33	108.29	64.38	61.38	64.58	16.79	196.57
FUTA .8% 4080.3	165.79	49.18		8.91		8.61	11.32	6.73	6.42	6.75	1.76	20.56
State Unemp. 2.5% 4080.4	518.11	153.70		27.84		26.91	35.39	21.04	20.06	21.11	5.49	64.24
WC & GL-Inside ① 1310	27.70											9.25
WC & GL-Outside ② 1310	244.92	115.58		20.94		20.23	26.61	15.82	15.09	15.87	4.13	
Rec. Vac & Holiday ③ 4120.6	1,387.58	430.35		77.95		75.33	99.09	58.91	56.17	59.10	15.36	179.87
Dist. A/c 4120.6 O/H Costs ④	0.00	34.26		6.19		5.97	7.85	4.75	4.42	4.75	1.22	14.37
Total Payroll Overhead	3,929.45	1,253.38		227.02		219.38	288.55	171.63	163.54	172.16	44.75	484.86
① .34/100												
② 1.88/100												
③ 7% (Excluding the $901.04 charged to Account 4120.6)												
④ Distribution is based on the percentage of direct labor costs.												
TOTALS												

MONTHLY LABOR COST SUMMARY

MONTH OF May, 19X2

EMPLOYEE	CREDIT	DEBIT ACCOUNTS										
	TOTAL EARNINGS A/C	ACCOUNT 2003.3009		ACCOUNT 3100X		6535	4120.6					
		OVER-HEAD	DIRECT	OVER-HEAD	DIRECT							
John Johnson							160.00					
Dennis Carson							148.80					
Susan Olson							140.80					
Al Anderson							116.80					
Subtotal							566.40					
Ronald Jones						4,792.16	217.84					
Margaret Hector							116.80					
Subtotal						4,792.16	334.64					
Total Salaries						4,792.16	901.04					
Acct. No.												
FICA 7.65% 4080.2						366.60	68.93					
FUTA .8% 4080.3						38.34	7.21					
State Unemp. 2.5% 4080.4						119.80	22.53					
WC & GL-Inside ① 1310						17.25	1.20					
WC & GL-Outside ② 1310							10.65					
Acc. Vac & Holiday ③ 4120.6						335.45						
Dist. % of 4120.6 O/H Costs ④						26.74	(110.52)					
Total Payroll Overhead						904.18	-0-					
① .36/100												
② 1.88/100												
③ 7% (Excluding the $901.04 charged to Account 4120.6)												
④ Distribution is based on the percentage of direct labor costs.												
TOTALS												

Calculation and Distribution of Motor Vehicle Expense

Direct labor hours associated with the operation of motor vehicles for the month of May 19X2, totalled 200 hours which were charged to the construction, retirement, and Plant Specific Operations Expense accounts as follows:

Account	Direct Labor Hours
2003.3000	92
3100.X000	17
6212	12
6311	12
6411	31
6421	20
6431	16
Total	200

Total motor vehicle expense incurred during the month of May 19X2, was $450.00, consisting of the following:

Labor	$ 175.00
Payroll overhead	75.00
Repairs, gas, etc.	200.00
Total	$ 450.00

Motor vehicle expenses incurred during the month of May 19X2, are distributed to construction, retirement, and Plant Specific Operations Expense Accounts at the rate of $2.25 per direct labor hour, calculated by dividing the total costs incurred ($450.00) by the total direct labor hours (200). The resulting allocation of vehicle expense is as follows:

Account	Hours	Rate	Amount
2003.3000	92	$2.25	$ 207.00
3100.X000	17	2.25	38.25
6212	12	2.25	27.00
6311	12	2.25	27.00
6411	31	2.25	69.75
6421	20	2.25	45.00
6431	16	2.25	36.00
Total	200		$450.00

The journal entry to record the distribution of motor vehicle expense for the month of May 19X2, is as follows:

2003.3000	Telecommunications Plant Under Construction - Short-Term - Work Orders	$ 207.00	
3100.X000	Retirement Work in Progress	38.25	
6212.0005	Digital Electronic Expense - Clearances	27.00	
6311.0005	Station Apparatus Expense - Clearances	27.00	
6411.0005	Poles Expense - Clearances	69.75	
6421.0025	Aerial Cable Expense - Metallic - Clearances	45.00	
6431.0005	Aerial Wire Expense - Metallic - Clearances	36.00	
6112.0001	Motor Vehicle Expense - Salaries		$ 175.00
6112.0002	Motor Vehicle Expense - Benefits		75.00
6112.0004	Motor Vehicle Expense - Other		200.00

Journal entry to distribute motor vehicle expenses incurred during the month of May 19X2.

Sample Material Used Sheet

The material used on the work order, as reported on the Daily Work Report (Exhibit B), are posted to the Materials Used sheet, by account, in a column headed May 9, the date of the Daily Work Report. A job order number or other identification may be used in place of the date. Materials used on four other job orders, all part of the same blanket work order, are recorded on the same sheet for illustrative purposes.

COMPANY Mill Valley Telecommunications

KIND OF MATERIAL	UNIT OF QUALITY	May 9	May 11	May 24	May 28	ACCOUNT NUMBER	TOTAL	VALUE PRICE	VALUE AMOUNT
Poles 30-6	EA	7				2411	7	63.00	441 00
Anchor, Expanding 4M	EA	2					2	13.00	26 00
Rods, Anchor ½×7	EA	2					2	13.50	27 00
Strand, Guy 6M	ft	60					60	.60	36 00
									530 00
Aerial Cable, Fig. 8, 25-22	ft		1256			2421.0020	1,256	4.20	5,275 20
Terminal Block-Pedestal 6pr.	EA		3	2			5	31.30	156 50
Ready Access Enclosure Type G	EA		3				3	38.50	115 50
Aerial Cable 12-22 P	ft			980			980	1.90	1,862 00
Ready Access Enclosure Type A	EA			2			2	47.40	94 80
Strand, Guy 6M	ft			970			970	.60	582 00
									8,086 00
Distribution Wire 3-19	ft	615				2431.0020	615	1.00	615 00
Distribution Wire 6-19	ft	430			890		1320	1.50	1,980 00
Terminal Block Ped 6pr	EA	1			1		2	31.30	62 60
Ready Access Enclosure Type N	EA	1			1		2	38.50	77 00
Terminal Ped 1pr.	EA	2			3		5	24.40	122 00
									2,856 60
								TOTAL	11,472 60

DISTRICT

ENTERED PG

APPROVED RED

MATERIAL USED

DISTRICT

DIVISION

STOREROOM Broadway

WORK ORDER B5

DATE May 19×2

EXCHANGE

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Exhibit F
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Sample Material Recovered and Plant Displaced Report

The materials reported under "Plant Removed or Abandoned" on the Daily Work Report (Exhibit B) are posted to the Material Recovered and Plant Displaced report, by account, in a column headed May 9. The reusable items are priced in the "Salvage Value" column. All of the items, except the transportation brackets, represent retirement units removed from plant and are priced in the "Original Cost in Plant" column at the average unit cost taken from the continuing property records.

Company Mill Valley Telecommunications

KIND OF MATERIAL	Unit of Quality	Condition	May 9	May 12	May 18	May 25	May 31	Account Number	Total	Salvage Value Price	Salvage Value Amount	Original Cost in Plant Price	Original Cost in Plant Amount
Poles 30'	EA	W	3		6			2411	9			38.00	342 00
X Arms 6 pin	EA	G	3		3		3	2411	9	8.50	76 50	17.75	248 50
X Arms 6 pin	EA	W			3		2	2411	5				
X Arms 10 pin	EA	W				5		2411	5			20.80	104 00
								2411	Total				694 50
Cable lead 18-22	ft.	W		1230				2421.0020	1230			.90	1,107 00
Terminal 10 pr.	EA.	W		2				2421.0020	2			64.00	128 00
								2421.0020	Total				1,235 00
Wire 1095	ft.	W	2490		1070	9500	5160	2431.0020	18220			.17	3,097 40
Bracket, Transp't	EA	G				3		2431.0020	3	8.00	24 00		
									Total				3,097 40

CORRECT	ENTERED	APPROVED	TOTAL			
	PG	RED		100 50		5,026 90

MATERIAL RECOVERED AND PLANT DISPLACED	DISTRICT	STORE ROOM Broadway	DATE May 19X2
	DIVISION	WORK ORDER BSX	EXCHANGE

Sample Summary of Material Items Used and Recovered

The material items recorded on the Material Used sheet (Exhibit F) and the Material Recovered and Plant Displaced report (Exhibit G) are posted to the Summary of Material Items Used and Recovered. It should be noted that the stock record cards could have been posted directly from these reports since only a few forms were involved.

SUMMARY OF MATERIAL ITEMS USED AND RECOVERED

MONTH May 19X2

MATERIAL ITEMS AS REPORTED DAILY	Number of Items Used on Day Indicated as Listed on Job Charge and Job Credit Tickets. Show Credits in Red																													Total Items Used	Total Items Retired	Item Price	Value Material Used	Value Material Retired
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31					
Poles 30-6									7																							7		63.00	441 00	
Anchor Expanding 4in									2																							2		13.00	26 00	
Rods, Anchor ½ x 7									2																							2		13.50	27 00	
Strand, Guy 6 M									60															970								1030		.60	618 00	
Crossarms 4 pin									(3)									(3)													(3)		9	8.50			76 50
Aerial Cable Fig 8 25-22											1256																					1,256		4.20	5,215 20	
Aerial Cable 12-22 P																								980								980		1.90	1,862 00	
Terminal Block Protection with Leads 4 pa									1		3													2				1				7		31.30	219 10	
Ready Access Enclosure Type G											3																					3		38.50	115 50	
Ready Access Enclosure Type A																								2								2		47.40	94 80	
Terminal Block Protection, 1 pa.															1																	1		4.40	4 40	
Terminal Block Protection No Leads 1 pa															1																	1		20.00	20 00	
Pedestal Terminal Housing BD 2															2																	2		89.00	178 00	
Buried Cable 4-24															1100																	1,100		1.50	1,650 00	
Distribution Wire 3-19									615																							615		1.00	615 00	
Distribution 4-19									330																			880				1,320		1.50	1,980 00	
Ready Access Enclosure Type N									1																			1				2		38.50	77 00	
Terminal Wire 1 pa									2																			3				5		24.40	122 00	
Tower Bracket 4 point																								(3)									3	8.00		24 00
																																		13,325 00	100 50

REA Bulletin 1770-1
Exhibit H
Page 36

Sample Materials Register

The Materials Register is used to summarize material transactions for the month. The totals from the Material Used sheet (Exhibit F) and Materials Recovered and Plant Displaced report (Exhibit G) are entered here.

MATERIALS REGISTER

DATE	TICKET NO.	MATERIAL DEBIT	MATERIAL CREDIT	CONSTRUCTION W In P 2300.3000 DEBIT	CONSTRUCTION W In P 2300.3000 CREDIT	CONSTRUCTION W In P 2400.3000 DEBIT	CONSTRUCTION W In P 2400.3000 CREDIT	3100.X000 CREDIT		A/C NO.	MISCELLANEOUS DEBIT	MISCELLANEOUS CREDIT
5 11	B12		1,852 40	1,852 40								
5 31	B5		11,472 60	11,472 60								
5 31	B5X	100 50						100 50				
		100 50	13,325 00	13,325 00				100 50				

Sample Employees' Time and Overhead Distribution Form

Labor hours are posted from the Daily Work Reports (Exhibit B) to the Employees' Time and Overhead Distribution sheets, by work order and plant account. The total man hours applicable to work orders reported on the Daily Work Reports for May 9 are posted in the "Date of the Month and Number of Hours Reported" column, Column 9, opposite the appropriate plant account numbers (page 42 for construction and page 43 for retirements). The labor hours of the other job orders comprising the blanket work order for the month of May and Work Orders 7, 12, and 14 are also posted. The hours are then totalled for each account.

The total direct labor costs ($6,147.82) and the total overhead costs ($1,460.38) applicable to construction work orders are then divided by the total direct labor hours (349) to arrive at the average rate per hour ($17.6155 for direct labor and $4.1845 for overhead). The charge to each primary plant account is determined by multiplying the labor hours applicable to each account by the average rates and entering the results in the appropriate column at the right hand side of the sheet. These costs are then transferred to the Work Order Ledger sheet (Exhibit L).

Distribution of labor and overhead for retirements (page 43) is accomplished in the same manner as above. These costs are then posted in the lower portion of the Work Order Ledger sheet.

Prepared By RED

EMPLOYEES' TIME AND OVERHEAD DISTRIBUTION

ACCOUNT 2003.3000 MAY (Month) 19X2 (Year)

Line No.	Work Order Number	Exchange Or Other	Code Or Account	DATE OF MONTH AND NUMBER OF HOURS REPORTED																											Line No.	Total Labor Hours	Labor Value	Overhead Value
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
1	B5	Broadway	2411								10	18													15	14								1	60	1,054.93	261.07
2	B5	Broadway	2421.0020											22												6	20	16							2	64	1,127.39	267.81
3	B5	Broadway	2431.0020									3																							3	3	52.85	12.55
4	B7	Baistow	2411				4	5							3					2															4	14	246.62	58.58
5	B7	Baistow	2421.0020				3	4			4									2	2					2	6							3	5	26	458.00	108.80
6	B7	Baistow	2431.0020				3	3			2										3											2		4	6	17	299.49	71.13
7	B12	Hoopse	2423.0020								5							16	15	25	5											14		7	7	87	1,532.55	364.05
8	B14	Carlisle	2423.0020	24	24	20	7	3																											8	78	1,374.01	326.39
9																																			9			
10																																			10			
11																																			11			
12																																			12			
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30																																			30			
31																																			31			
32																																			32			
33	Total Productive Hours																																		33	349	6,447.82	1,460.38
34	Total Unproductive Hours																																		34			

Prepared By BED

EMPLOYEES' TIME AND OVERHEAD DISTRIBUTION

ACCOUNT 3100.X000 May (Month) 19X2 (Year)

Line No.	Work Order Number	Exchange Or Other	Code Or Account	DATE OF MONTH AND NUMBER OF HOURS REPORTED																											Line No.	Total Labor Hours	Labor Value	Overhead Value
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
1	BSX	Broadway	2411.X								2	2									12													1	16	244.07	58.14
2	BSX	Broadway	2421.X												11																			2	11	167.80	39.97
3	BSX	Broadway	2431.X								3	1									10						7	8						12	3	41	625.44	148.99
4	B7X	Bristow	2411.X	2																															4	2	30.61	7.27
5	B7X	Bristow	2431.X	1																							2								5	3	45.77	10.90
6																																			6			
7																																			7			
8																																			8			
9																																			9			
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29																																			29			
30																																			30			
31																																			31			
32																																			32			
33	Total Productive Hours																																		33	73	1,113.59	265.27
34	Total Unproductive Hours																																		34			

Sample Account Analysis

In the sample case, the charges and credits to Account 2003.3000, Telecommunications Plant Under Construction - Short-Term - Work Orders, and Account 3100.X000, Retirement Work in Progress, are made through the general journal, check register, and other books of original entry. An analysis of these accounts in shown on pages 45 (construction) and 46 (retirement). The charges and credits for material are posted from the Materials Register (Exhibit I); labor costs are posted from the Monthly Labor Cost Summary (Exhibit D), which also shows the costs of payroll taxes, insurance, and vacations and holidays; motor vehicle expenses are posted from the Summary and Distribution of Transportation Costs (Exhibit E); and the original cost of plant retired is posted from the Material Recovered and Plant Displaced report (Exhibit G). Provisioning expense is posted directly from the provisioning expense account. The total charges to the provisioning expense account for the month are divided by the total materials issued, as reported on the Materials Register (Exhibit I). The resulting rate of 5.8% is applied to the dollar amount of materials issued during the month. Other charges of $500.00 represent a cash disbursement for plowing cable.

ACCOUNT ANALYSIS

ACCOUNT TPUC - Short-Term-Work Orders ACCT. NO. 2003.3000

Material	Provisioning Expense	Cost of Plant Retired	Labor	Overhead	Other Charges	Date	Description	Post Ref	Debits	Credits	Balance	
											Debit	Credit
12,456.00	747.40		826.98	621.42	1,500.00	19x2					16,151.80	
			6,147.82			5/31	Payroll	LCS-5	6,147.82			
				1,253.38		5/31	Payroll Taxes, Insur	LCS-5	1,253.38			
				207.00		5/31	Motor Vehicle Exp.	JE 5-16	207.00			
13,325.00						5/31	Material	MR-5	13,325.00			
	960.77					5/31	Provisioning Exp.	JE 5-17	960.77			
					500.00	5/31	Cable Plow Rental	GCD 12	500.00			
(11,472.60)	(665.41)		(2,237.17)	(531.43)		5/31	Completed W.O. B5	JE 5-27		14,906.61		
(13,548.40)	(785.81)		(2,351.64)	(1,034.94)	(1,000.00)	5/31	Completed W.O. B12	JE 5-28		18,720.79		
760.00	256.95		2,385.99	515.43	1,000.00	5/31	Balance *				4,918.37	
							* Balance relates					
							to open work					
							orders B7 and					
							B14.					

ACCOUNT ANALYSIS

ACCOUNT Retirement Work in Progress ACCT. NO. 3100.X000

Material	Provisioning Expense	Cost of Plant Retired	Labor	Overhead	Other Charges	Date	Description	Post Ref	Debits	Credits	Balance	
											Debit	Credit
						19X2						
			1,113.59			5/31	Payroll	LCS-5	1,113.59			
				227.02		5/31	Payroll Taxes, Ins.	LCS-5	227.02			
				38.25		5/31	Motor Vehicle Exp.	JE S-16	38.25			
(100.50)						5/31	Material Recovered	MR-5		100.50		
		5,026.90				5/31	Cost of Plant Retired	JE S-12	5,026.90			
100.50		(5,026.90)	(1,037.31)	(247.10)		5/31	Completed W.O. B5X	JE S-29		6,210.81		
			76.28	18.17		5/31	Balance *				94.45	
							* Balance relates to open work order B7X.					

Sample Work Order Ledger

Since a retirement work order was associated with the construction, both work orders are recorded on the same Work Order Ledger sheet. Labor and overhead costs are transferred to Columns 5 and 6 and Columns 12 and 13 on the Work Order Ledger sheet from the respective Employees' Time and Overhead Distribution Forms (Exhibit J). Column 2 data is posted from the Material Used sheet (Exhibit F). Provisioning expense is distributed in Column 3 on the basis (5.8%) of the material charges in Column 2. Columns 16 and 17 are posted from the Material Recovered and Plant Displaced report (Exhibit G). In the upper portion, Column 2 + Column 3 = Column 4; Columns 5 + 6 + 7 = Column 8; and Columns 4 + 8 = Column 9. Contributions in aid of construction, advances previously made, and other nonloan fund requirements are shown in Column 10. In the lower portion Columns 12 + 13 + 14 = Column 15; and Columns 15 + 16 - 17 = Column 18.

A journal entry is prepared from the Work Order Ledger sheets transferring the costs of the completed telecommunications plant to the classified plant accounts. The journal entry for Construction Work Order B5 completed on May 31 is as follows:

2411.0000	Poles	$ 1,868.74	
2421.0020	Aerial Cable - Metallic	9,950.19	
2431.0020	Aerial Wire - Metallic	3,087.68	
2003.3000	Telecommunications Plant Under Construction - Short-Term - Work Orders		$ 14,906.61

Journal entry to transfer the costs of completed work orders to the classified plant accounts.

The journal entry for Retirement Work Order B5X also completed on May 31 is:

3100.2411	Accumulated Depreciation - Poles	$ 920.21	
3100.24212	Accumulated Depreciation - Aerial Cable - Metallic	1,442.77	
3100.24312	Accumulated Depreciation - Aerial Wire - Metallic	3,847.83	
3100.X000	Retirement Work in Progress		$ 6,210.81

Journal entry to charge the net loss due to retirement to the appropriate accumulated depreciation accounts.

The property record units installed under the blanket construction work order are tabulated on the reverse side of the Work Order Ledger sheet. The quantities are taken from the Staking Sheet (Exhibit A), checked against the Material Used sheet (Exhibit F), and reported on the first line identified as A-1. Each of the staking sheets listed represents a job order and all of them comprise Blanket Work Order B5. The total property units installed are posted to the continuing property records.

WORK ORDER LEDGER

ESTIMATED WORK ORDER NO.

ESTIMATED COST $

CONSTRUCTION WORK ORDER NO. B5

RETIREMENT WORK ORDER NO. B5X

NAME OF EXCHANGE: Broadway

DESCRIPTION OF PROJECT: Blanket Work Order

DATE

PREPARED BY: RED

CONSTRUCTION WORK ORDER

ACCOUNT NO.

ACCOUNT NUMBER	MATERIAL	PROVISIONING EXPENSE	TOTAL MATERIAL & PROVISIONING EXPENSE	LABOR	OVERHEAD	OTHER CHARGES	TOTAL LABOR AND OTHER	CUMULATIVE TOTAL	ADVANCES NOT REQUIRED
1	2	3	4	5	6	7	8	9	10
2411	530 00	30 74	560 74	1,056 93	251 07		1 308 00	1 868 74	
2421.0020	8,086 00	468 99	8,554 99	1,127 39	267 81		1 395 20	9 950 19	
2431.0020	2,856 60	165 68	3,022 28	52 85	12 55		65 40	3 087 68	
TOTAL	11,472 60	665 41	12,138 01	2,237 17	531 43	-0-	2 768 60	14 906 61	-0-

RETIREMENT WORK ORDER

ACCOUNT NO.

ACCOUNT NUMBER	COST OF REMOVAL: LABOR	COST OF REMOVAL: OVERHEAD	COST OF REMOVAL: OTHER CHARGES	COST OF REMOVAL: TOTAL	ORIGINAL COST OF PLANT RETIRED	SALVAGE OR OTHER CREDITS	NET CHARGE TO RESERVE FOR DEPRECIATION (COL. 15 + 16 - 17)
11	12	13	14	15	16	17	18
2411X	244 07	58 14		302 21	694 50	76 50	920 21
2421X	167 80	39 97		207 77	1 235 00		1 442 77
2431X	625 44	148 99		774 43	3 097 40	24 00	3 847 83
TOTAL	1,037 31	247 10	-0-	1 284 41	5 026 90	100 50	6 210 81

TABULATION OF PROPERTY RECORD UNITS

CONSTRUCTION WORK ORDER NO. B5

ACCOUNT NO. 2411

STAKING SHEET NUMBER OR OTHER IDENTIFICATION	POLES				CROSS ARMS				ANCHOR-GUY	OVERHEAD GUY				ACCOUNT NO. CABLE SIZE & TYPE			ACCOUNT NO. TERMINALS			ACCOUNT NO. LOAD COILS					
	25 AND UNDER	30	35	40 AND OVER	2 PIN	6 PIN	10 PIN																		
A-1		7							2																
C-2																									
B-2																									
C-3																									
A-5																									
TOTAL		7							2																

STAKING SHEET NUMBER OR OTHER IDENTIFICATION	ACCOUNT NO. 2431.0020 WIRE SIZE & TYPE			TERMINALS			Account No. 2421.0020 TERMINALS												
	DW 3-19	DW 6-19		1 PAIR	6 PAIR		Fig. 8 Aerial Cable 25-22P	Aerial Cable 12-22P		6 PAIR									
A-1	600'	415'		2	1														
C-2							1,230'			3									
B-2																			
C-3								950'		2									
A-5		860'		3	1														
TOTAL	600'	1275'		5	2		1,230'	950'		5									

Sample Summary of Work Orders

In preparation for requisitioning funds from REA, the costs reported on the Work Order Ledger sheet (Exhibit L) are posted to the Summary of Work Orders, REA Form 771 (Exhibit M). In this case, construction work orders B12 and B5 and retirement work order B5X are reported. The REA Form 771 is certified by the manager and approved by the REA general field representative, as required, prior to submission to REA.

REA Form 771 is used by REA telephone borrowers having 3,000 or less main stations. Those telephone borrowers having more than 3,000 main stations are required to use Summary of Work Orders, REA Form 771a. The REA Form 771a is certified by a licensed consulting engineer or the borrower's staff engineer.

When minor contract construction is reported on the REA Form 771 or 771a, the contract costs should be supported by REA Form 773, Miscellaneous Construction Work and Maintenance Services Contract.

U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

Form Approved
OMB No. 0572-0065

SUMMARY OF WORK ORDERS
(Inspection By REA Field Engineer)

SYSTEM DESIGNATION: State 500

INSTRUCTIONS - *Prepare 3 copies. Original to be forwarded to Area Office of REA after REA Field Engineer has approved construction. For detailed instructions see REA Bulletin 382-2, Appendix B.*

SUMMARY NUMBER: X2-5

APPROVAL IS REQUESTED FOR THE ENCUMBRANCE OF LOAN FUNDS AS SHOWN IN COLUMN "h" FOR COMPLETED CONSTRUCTION OF SYSTEM IMPROVEMENTS AND EXTENSIONS OR FOR PURCHASES OF STATION APPARATUS AND EXEMPT MATERIALS.

WORK ORDER NO.	COST OF CONSTRUCTION			LESS ADVANCES NOT REQUIRED			NET ADVANCES REQUIRED
	LABOR AND OTHER	MATERIAL	TOTAL COST	REUSABLE MATERIALS SALVAGED	STATION APPARATUS & EXEMPT MAT'L.	OTHER *(Explain)*	
a	b	c	d	e	f	g	h
B12	$4,386.58	$14,334.21	$18,720.79				$18,720.79
B5	2,768.60	12,138.01	14,906.61				14,906.61
B5X	1,284.41		1,284.41	$ 100.50			1,183.91
TOTAL	$8,439.59	$26,472.22	$34,911.81	$ 100.50			$34,811.31

CERTIFICATION

I certify that, (1) the total costs and net requirements for the construction included above are the actual costs and net requirements for loan funds reflected in the permanent records of this organization, (2) construction, if any, which did not conform to the ACD or SLP approved by REA, has received REA approval, (3) construction of extensions, if any, to serve subscribers in areas not included in existing loans, has been approved by REA, (4) all the required acceptance tests have been made on the construction and the results were satisfactory, (5) any corrections required on the portions of construction that were field-inspected have been made on all the construction included in the summary, and (6) the requirements of the "Buy American" provision have been complied with where any foreign made materials or equipment were used in the construction. I further certify that regulatory body and other approvals required for this construction have been obtained and that there have been no previous requests for approval of the net advance required for the construction covered hereby.

John Stahl
AUTHORIZED SIGNATURE AND TITLE

June 8, 19X2
DATE

Mill Valley Telecommunications
NAME OF BORROWER

APPROVAL OF CONSTRUCTION

The above construction or purchase has been reviewed and is approved from an engineering standpoint.

June 15, 19X2
DATE

Robert A Gomez
REA FIELD ENGINEER

ACCOUNTING VERIFICATION (REA USE ONLY)

REA FORM 771 REV. 10-78

Sample Continuing Property Record

The Continuing Property Record for aerial cable is posted with the units installed taken from the reverse side of the Work Order Ledger sheet (Exhibit L) and the units retired from the Material Recovered and Plant Displaced report (Exhibit G).

CONTINUING PROPERTY RECORD

EXCHANGE Broadway

TAX DISTRICT

PERIOD

Mill Valley Telecommunications
(Company)

ACCOUNT 2421.0020 - Aerial Cable

ITEM	UNIT	BALANCE UNITS BEG. OF PERIOD		JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	TOTAL CHANGE	BALANCE UNITS END OF PERIOD	FINAL UNIT PRICE	TOTAL FINAL VALUE	YEARS THE ADDED UNITS	ALLOCATION OF DIFFERENCE	% ALLOCATED BOOK VALUE	ADJUSTED UNIT PRICE
			IN		1,410			980															
Cable: 12 pair	ft	42,550	OUT															.72					
			IN					1,230															
25 pair	ft	14,890	OUT															1.04					
			IN																				
100 pair	ft	3,840	OUT															2.14					
			IN																				
300 pair	ft	980	OUT															4.81					
			IN																				
			OUT																				
Cable lead			IN																				
18 pair	ft	1,230	OUT					1,230										.90					
			IN																				
Terminals: 1 pair	EA	50	OUT															13.50					
			IN		6			5															
6 pair	EA	120	OUT															16.00					
			IN																				
10 pair	EA	2	OUT					2										44.00					
			IN																				
			OUT																				
Load coils			IN																				
pair 1	EA	12	OUT															22.40					
			IN																				
3	EA	6	OUT															43.08					
			IN																				
12	EA	15	OUT															185.24					
			IN																				
18	EA	2	OUT															251.93					
			IN																				
			OUT																				
			IN																				
			OUT																				
			IN																				
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			IN																				
			OUT																				

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