

MANAGEMENT SUPPORT

System of Funds and Accounts

The district will maintain a system of funds with the county treasurer in accordance with state law and the accounting manual approved by the State Superintendent of Public Instruction (OSPI). The funds are:

1. General Fund, including the Local Subfund
2. Capital Projects Fund,
3. Transportation Vehicle Fund,
4. Debt Service Fund,
5. Expendable and Non-Expendable Trust Funds
6. Associated Student Body Fund,

General Fund (GF)

The fund is financed primarily from the following sources:

- Local tax collections;
- County administered funds;
- State support funds; and
- Federal grants

These revenues are used specifically for financing the ordinary and legally authorized operations of the district for all grades.

The fund includes moneys which have been segregated for the purpose of providing education to all students enrolled in the district. The fund is managed in accordance with special regulations, restrictions, and limitations and constitutes an independent fiscal and accounting entity.

No later than the 2019-2020 school year, the district will create a local revenue subfund (the Local Subfund) of its general fund to account for financial operations paid from local revenues. The district will deposit into the Local Subfund all revenues from the following sources:

- Enrichment levies,
- Transportation vehicle enrichment levies,
- Local effort assistance funding,
- Grants, donations, and state and federal payments in lieu of taxes (but not including other federal funds); and

- All other district local revenues (but not including local revenues that operate as an offset to the district's basic education allocation).

The district will track expenditures from the Local Subfund separately to account for the expenditure of each of these revenue streams by source and will provide any supplemental expenditure schedules required by OSPI or the State Auditor's Office.

Capital Projects Fund (CPF)

The capital projects fund is one of two capital funds used by school districts (the other being the transportation vehicle fund). The capital projects fund is created by RCW 28A.320.330.

The capital projects fund contains:

- Proceeds of sale of bonds (unlimited tax general obligation bonds) and non-voted bonds (limited general obligation bonds), and the interest earned on such proceeds (except accrued interest paid for bonds);
- State of Washington financing assistance (state match money);
- Transfers from the district's basic education allotment;
- Proceeds of special levies earmarked for building purposes;
- Earnings from capital projects fund investments, growth management impact fees, state environmental protection act mitigation payments;
- Rental or lease proceeds and proceeds from the sale of property (other than proceeds from the sale of property that are deposited into the Debt Service Fund); and
- Other sources permitted or required by state law to be deposited in the capital projects fund.

Permissible expenditures from the proceeds derived from the sale of voted bonds, including the investment earnings thereon, is governed expressly by state law and, may include the acquisition of land or existing facilities, improvements to buildings and/or grounds, design and construction and/or remodeling of buildings, or initial equipment. Proceeds of a particular voted bond issue must be spent on the specific purposes set forth in the applicable bond election resolution. The Washington Constitution prohibits the use of voted bond proceeds to replace equipment.

Proceeds from other sources are also governed by state law and may be used for major renovation and replacement including but not limited to roofing, heating and ventilating systems, floor covering and electrical systems; renovation of play fields and other district real property; energy audits, capital improvements and major items of equipment, furniture and implementing technology systems, facilities and projects, including acquiring hardware, licensing software and on-line applications that are an integral part of the district's technology systems.

Any money from the sale of voted bonds and investment earnings thereon remaining after the authorized capital improvements have been completed, or when changed circumstances warrant an alteration to the specific capital projects set forth in the bond election resolution, may be used to: (a) acquire, construct, install, equip and make other capital improvements to the district's facilities; or (b) retire and/or defease a portion of voted bonds, all as the school board may determine by resolution after holding a public hearing pursuant to RCW 28A.530.020.

Investment earnings derived from other sources in the CPF should be retained in the CPF and used for statutorily authorized purposes. The district may transfer investment earnings in the CPF, which have not been derived from voted bond proceeds, to a different fund; provided that, such investment earnings may only be expended for instructional supplies, equipment or capital outlay purposes.

Debt Service Fund (DSF)

The Debt Service Fund (DSF) is for the payment of principal of and interest on outstanding voted and non-voted bonds. Disbursements are made by the county treasurer by means of treasurer's checks. Provision will be made annually for the making of a levy sufficient to meet the annual payments of principal and semiannual payments of interest. To the extent not necessary for payment of debt service on school district bonds, state forestland revenues, if any, that are deposited into the district's debt service fund may be transferred from the DSF to the CPF.

Non-voted bonds are required to be repaid from the school district's DSF, rather than the fund that actually received the non-voted bond proceeds. As a result, to pay principal of and interest on the non-voted bond, an operating transfer must be used from the CPF (or other fund) to the DSF. The school district should create a separate account within the DSF to repay the non-voted bond. The district should internally segregate the money pledged to repay the non-voted bond from any excess property taxes deposited in the DSF for the repayment of voted bonds.

Prior to the issuance of a non-voted bond the superintendent or a designee will review the repayment process with the board and the county treasurer. The proceeds from the sale of real property may be placed in the DSF or CPF, except for the amount required to be expended for the costs associated with the sale of such property.

Associated Student Body Program Fund

Since associated student body financial resources are public resources or a public trust, the board is responsible for the protection and control of student body financial resources just as it is for other public funds placed in its custody. The financial resources of the Associated Student Body Program Fund (ASB Fund) are for the benefit of students. Student involvement in the decision-making processes related to the use of this money is an integral part of the associated

student body, except that the board may delegate the authority to a staff member to act as the associated student body for any school which contains no grade higher than grade six.

Money in the ASB Fund is public money and may not be used to support or oppose any political candidate or ballot measure. Money raised by students through recognized student body organizations will be deposited in and disbursed from the fund which is maintained by the county treasurer. The ASB Fund is subject to management and accounting procedures which are similar to those required for all other district moneys. ASB constitutions will provide for participation by ASB representatives in the decisions to budget for and disburse ASB Fund money. Private non-associated student body fund moneys raised for scholarships, student exchanges and charitable purposes will be held in trust by the district and used only for the intended purpose.

Transportation Vehicle Fund (TVF)

The transportation vehicle fund (TVF) includes:

- The proceeds from the sale of transportation vehicles;
- Lease, rental, or occasional use of surplus buses;
- Depreciation reimbursement for district-owned buses;
- Proceeds of TVF levies; optional transfers from the GF; and
- Investment funds coming from the TVF.

The TVF may be used to purchase and/or rebuild buses on a contract or cash basis. Money may be transferred from the TVF to the DSF exclusively for the payment of principal of and interest on non-voted debt incurred by the TVF. Such a transfer does not constitute a transfer of money from the TVF within the meaning of RCW 28A.160.130.

Account Management

The district will maintain a system of bank accounts as follows:

- A district depository and/or transmittal bank account;
- An associated student body imprest bank account for each school having an associated student body organization approved by the board; and
- Petty cash accounts in such numbers as are necessary to meet the petty cash needs of the schools and divisions of the district.

The board may authorize the establishment of such accounts. Each petty cash account will be approved by the board. A custodian will be appointed for these accounts who will be independent of invoice processing, check signing, general accounting and cash receipts functions. If this separation of functions is not feasible, another employee who is independent of those functions will be responsible for reviewing the management of each account.

Cross References:

6030 – Financial Reports
3510 - Associated Student Bodies

Legal References:

Wash.Const., Article VII, 2 Voted bond proceeds and capital levy proceeds — Uses
RCW 28A.320.320 Investment of funds of district—Service fee
RCW 28A.320.330 School funds enumerated — Deposits — Uses
RCW 28A.325.010 Fees for optional noncredit extracurricular events — Disposition
RCW 28A.325.020 Associated student bodies — Powers and responsibilities affecting
RCW 28A.325.030 Associated student body program fund — Fund raising activities — Nonassociated student body program fund moneys
RCW 28A.335.060 Surplus school property — Rental, lease or use of — disposition of moneys received from
RCW 28A.505.140 Rules and regulations for budgetary procedures — Review by superintendent — Notice of irregularity — Budget revisions
RCW 28A.530.010 Directors may borrow money, issue bonds
RCW 28A.530.020 Bond issuance — Election — Resolution to specify purposes
RCW 28A.530.080 Additional authority to contract indebtedness--Notice
RCW 42.17.130 Use of public office or agency facilities in campaigns — Prohibition — Exceptions (as of January 2012 recodified at 42.17A.555)
RCW 43.09.200 Local Government Accounting — Uniform system of accounting
RCW 43.09.210 Local Government Accounting Separate accounts for each fund or activity — Exemption for agency surplus personal property
RCW 84.52.053 Levies by school districts authorized — When — Procedure
RCW 84.52.056 Excess levies for capital purposes authorized
WAC 392-123 Finance — School District Budgeting
WAC 392-138 Finance — ASB Moneys
State Auditor Bulletin #301, III(E), Petty Cash, (PT 3, Ch 3, Pg 8)

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