

SYSTEM OF FUNDS AND ACCOUNTS

Funds

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. The funds are:

General Fund

The General Fund (GF) is financed primarily from local taxes, state support funds, federal grants, local receipts, and investment earnings. These revenues are used specifically for financing the ordinary and legally authorized operations of the district for all grades. The GF includes money which has been segregated for the purpose of carrying on specific activities such as the basic education program, the program for the handicapped, and day-to-day operations. The GF is managed in accordance with special regulations, restrictions and limitations and constitutes an independent fiscal and accounting entity.

Capital Projects Fund

The Capital Projects Fund (CPF) contains:

- proceeds from the sale of voted bonds (unlimited tax general obligation bonds) and non-voted bonds (limited general obligation bonds);
- State of Washington financing assistance (state matching money);
- transfers from the district's basic education allotment;
- the 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.

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 buildings, improvement to buildings and/or grounds, design and construction and/or remodeling of buildings, or initial equipment; provided that, the bond election resolution and ballot proposition approved by the voters authorizing the bonds includes these items. 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 renovations 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 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. The superintendent should consult the board and appropriate district staff prior to altering the use of voted bond proceeds and transferring investment earnings out of the CPF.

Debt Service Fund

The Debt Service Fund (DSF) is for the payment of principal of and interest on outstanding voted and non-voted bonds. Disbursements are made annually for the making of a levy sufficient to meet the annual payments of principal and semiannual payments of interest. The district may transfer surplus investment earnings from the DSF to any other school district fund; provided that, such investment earnings are spent only for instructional supplies, equipment or capital outlay purposes. The district may transfer such investment earnings to other school district funds unless the resolution authorizing the voted bonds requires investment earnings to remain in the DSF to secure payment of voted bonds, thereby reducing future tax collections and corresponding tax levy rate. The superintendent should consult with the board and appropriate staff member prior to transferring interest earnings out of the DSF.

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 shall 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

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 (except student fundraising for charitable purpose, Policy 3511) and may not be used to support or oppose any political candidate or ballot measure. Moneys raised by students through recognized student body organizations shall 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 shall provide for participation by ASB representatives in the decisions to budget for and disburse ASB Fund moneys. Private non-associated student body fund moneys raised for scholarships, student exchanges and charitable purposes shall be held in trust by the district.

Transportation Vehicle Fund

The transportation vehicle fund (TVF) includes the proceeds from the sale of transportation vehicles; lease, rental, non-voted bonds, 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.

Skill Center Minor Repair and Maintenance Capital Account

A host district of a cooperative skill center must maintain a separate minor repair and maintenance capital account for facilities constructed or renovated with state funding. Participating districts must make annual deposits into the account to pay for future minor repair and maintenance costs of those facilities. The host district has the authority to collect those deposits by charging participating districts an annual per-pupil facility fee.

Trust and Agency Fund

Trust and Agency Funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. This fund may be used specifically to account for the transactions and record the assets and liabilities of the district's vision and dental self-insurance programs and any other employee self-insurance programs that may be approved in the future. Since proceeds from the designated self-insurance programs are considered to be funds which belong to the employees as individuals engaged in such programs and not the district, these funds are not accounted for in the district's General Fund or any other fund.

Bank Accounts

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

- District Depository and/or Transmittal Bank Account
- Associated Student Body Imprest Bank Accounts
Associated student body imprest bank accounts for each school having an associated student body organization approved by the board.
- General Fund Imprest Bank Account
- Petty Cash Accounts
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 shall be responsible for reviewing the management of each account.
- Change Funds
Change funds may be established for making change at district programs, activities, and fundraisers.

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.

All imprest bank accounts, petty cash and change fund amounts, and custodians will be approved annually by the board.

Legal References:	Wash.Const., Article VII, §2	Voted bond proceeds and capital levy proceeds – Uses
	RCW 28A.320.320	Investment of funds of district
	RCW 28A.320.330	School funds enumerated — Deposits in—Uses
	RCW 28A.325.010	Fees for optional noncredit extra curricular 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 for budgetary procedures — Review when superintendent [SPI] determines budget irregularity — Revised budget, state board's financial plan until adoption
	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
	RCW 42.17A.555	Use of public office or agency facilities in campaigns – Prohibition - Exceptions
	RCW 43.09.200	Division of municipal corporations — Uniform system of accounting
	RCW 43.09.210	Division of municipal corporations — Separate accounts for each fund or activity
	RCW 84.52.053	Levies by school districts authorized – When – Procedure
	RCW 84.52.056	Excess levies for capital purposes authorized

WAC 392-123
WAC 392-138
WAC 392-138-055
WAC 392-138-060

Finance — School District Budgeting
Finance — ASB Moneys
Imprest bank checking account
Petty cash funds

State Auditor Bulletin #301, III(E), Petty Cash

Management Resources:

Policy News, July 2017

Adoption Date: April 11, 1991
Revised and Renumbered: June 16, 2004
Revised: February 15, 2006
March 21, 2007
June 15, 2016
July 17, 2019