

SYSTEM OF FUNDS AND ACCOUNTS

The district shall 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:

- A. **General Fund:** The fund is financed primarily from local taxes, state support funds, federal grants, and local receipts. 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 carrying on specific activities such as the basic education program, the program for the handicapped and so on. The fund is managed in accordance with special regulations, restrictions and limitations and constitutes an independent fiscal and accounting entity. In order to maintain a reasonable level of financial stability, the district shall end each year with the unreserved portion of the general fund balance at least equal to 4.0 percent (4%) of that year's general fund operating expenditures;
- B. **Capital Projects Fund (CPF) :** The fund contains the 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), state school construction matching moneys, 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, improvements to buildings and/or grounds, design and construction and/or remodeling of buildings, or initial equipment, provided the bond election resolution and ballot proposition approved by the voters authorizing the raising of such moneys includes these items. The Washington Constitution prohibits the use of voted bond proceeds to replace equipment. Proceeds from other sources 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; and 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. Any residue within the fund left over exclusively from an excess levy for a specific purpose must be transferred to the general fund and subsequent tax collections shall be credited to the general fund by the county treasurer. Any residue from the sale of bonds and interest on investments must be transferred to the debt service fund when no longer needed for the purpose for which it was raised; 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.

C. 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 by the county treasurer by means of treasurer's checks. Provision shall be 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 the corresponding tax levy rate. The superintendent should consult with the board and appropriate staff 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.

D. 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 these funds is an integral part of the associated student body, except that the board may delegate the authority to superintendent or designee to act as the associated student body for any school which contains no grade higher than grade six. Money in the ASB Fund are public funds 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 moneys.

Private non-associated student body fund moneys raised for scholarships, student exchanges, and charitable purposes shall be held in trust by the district.

E. Transportation Vehicle Fund

The transportation vehicle fund 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 transportation vehicle fund levies; optional transfers from the general fund; and investment funds coming from the transportation vehicle fund. The transporta-

tion vehicle fund may be used to purchase and/or rebuild buses on a contract or cash basis. Money may be transferred from the transportation vehicle fund to the debt service fund exclusively for the payment of principal of and interest on non-voted debt incurred by the transportation vehicle fund. Such a transfer does not constitute a transfer of moneys from the transportation vehicle fund with the meaning of RCW 28A.160.130.

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

- A. A district depository and/or transmittal bank account,
- B. An associated student body imprest bank account for each school having an associated student body organization approved by the board, and
- C. 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 shall be approved by the board. A custodian shall be appointed for these accounts that shall 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.

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—Use
	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 — Created — Source of funds- Expenditures — Budgeting — Care of other moneys received by students for private purposes
	RCW 28A.335.060	Sales of transportation vehicles

RCW 28A.505.140	Rules and regulations for budgetary procedures — Review when superintendent [SPI] determines budget irregularity — Revised budget, state board's financial plan until adoption
RCW 28A.530.010	Purposes for use of voted bond proceeds
RCW 28A.530.020	Bond issuance — Election — Resolution to specify purposes
RCW 28A.530.080	Additional authority to contract indebtedness
RCW 42.17.130	Forbids use of public office or agency facilities in campaigns
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	Finance — School District Budgeting
WAC 392-138	Finance — ASB Moneys

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