

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.

B. Capital Projects Fund

~~The fund contains the proceeds from the sale of bonds, 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, rental or lease proceeds, and proceeds from the sale of property. Permissible expenditures from the sale of bonds including the interest earnings, thereof, 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 proposition approved by the voters authorizing the raising of such moneys includes these items. 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 and capital improvements and major items of equipment and furniture. 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.~~

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, improvements 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 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 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.

C. Debt Service Fund

The fund is for the redemption of outstanding bonds and the payment of bond interest. **The fund is not a warrant fund.** 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.** The proceeds from the sale of real property may be placed in this fund or in the capital projects fund, except for the amount required to be expended for the costs associated with the sale of such property. **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.**

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 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 a staff member to act as the associated student body for any school which contains no grade higher than grade six. ASB funds 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 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 nonassociated 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 transportation 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 debt and interest incurred by the transportation vehicle fund. Such a transfer does not constitute a transfer of moneys from the transportation vehicle fund within 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 who 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.
- D. Private Trust Fund Depository Account.

Cross References:	Policy 3510 Policy 6030	Associated Student Bodies Financial Reports
Legal References:	Wash. Const., Article VII RCW 28A.320.320 RCW 28A.320.330 RCW 28A.325.010 RCW 28A.325.020 RCW 28A.325.030 RCW 28A.335.060 RCW 28A.505.140 RCW 39.44 RCW 28A.530.010 RCW 28A.530.020 RCW 28A.530.080 RCW 42.17.130 RCW 43.09.200 RCW 43.09.210 RCW 84.52.053 RCW 84.52.056 WAC 392-123 WAC 392-138 State Auditor Bulletin #301, III(E), Petty Cash	2 Voted bond proceeds and capital levy proceeds - Uses Investment of funds of district – Service fee School funds enumerated — Deposits — Uses Fees for optional noncredit extracurricular events—Disposition Associated student bodies — Powers and responsibilities affecting Associated student body program fund — Fund – raising activities – Nonassociated student body program fund moneys Surplus school property – Rental, lease or use of – disposition of moneys received from Rules and regulations for budgetary procedures — Review by superintendent – Notice of irregularity – Budget revisions Bonds – Form, Terms of sale, Payment Directors may borrow money, issue bonds Bond issuance – Election – Resolution to specify purposes Additional authority to contract indebtedness - Notice Use of public office or agency facilities in campaigns – Prohibition – Exceptions (as of January 2012 recodified at 42.17A.555) Local Government Accounting – Uniform system of accounting Local Government Accounting Separate accounts for each fund or activity – Exemption for agency surplus personal property Levies by school districts authorized – When – Procedure Excess levies for capital purposes authorized Finance — School District Budgeting Finance — ASB Moneys