

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. The funds are:

General Fund

The General Fund (GF) 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 GF includes money which has been segregated for the purpose of carrying on specific activities such as the basic education program, and the program for students with disabilities. 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 the proceeds from:

1. The sale of voted bonds (unlimited tax general obligation bonds) and non-voted bonds (limited general obligation bonds);
2. State of Washington financing assistance (state matching money);
3. Transfers from the district's basic education allotment;
4. The proceeds of special levies earmarked for building purposes;
5. Earnings from capital projects fund investments;
6. Growth management impact fees;
7. State environmental protection act mitigation payments;
8. Rental or lease proceeds; and
9. 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.

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 will 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 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

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.

Transportation Vehicle Fund

The transportation vehicle fund (TVF) includes the proceeds from:

- 1. The sale of transportation vehicles;
- 2. The lease, rental, or occasional use of surplus buses;
- 3. Nonvoted bonds;
- 4. Depreciation reimbursement for district-owned buses; proceeds of TVF levies;
- 5. Optional transfers from the GF; and
- 6. 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.

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

- 1. A district depository and/or transmittal bank account;
- 2. An associated student body imprest bank account for each school having an associated student body organization approved by the board; and
- 3. 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 Reference:	Board Policy 3510 Board Policy 6030	Associated Student Bodies Financial Reports
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Legal References:	Wash.Const., Article VII , § 2 Voted bond proceeds and capital levy proceeds — Uses RCW 28A.320.320 28A.320.330 28A.325.010 28A.325.020 28A.325.030	Investment of funds of district—Service fee School funds enumerated — Deposits — Uses Fees for optional noncredit extra curricular events — Disposition Associated student bodies — Powers and responsibilities affecting Associated student body program fund — Fund — raising activities — Nonassociated student body program fund moneys
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28A.335.060	Surplus school property — Rental, lease or use of — disposition of moneys received from
28A.505.140	Rules and regulations for budgetary procedures —Review by superintendent — Notice of irregularity — Budget revisions
28A.530.010	Directors may borrow money, issue bonds
28A.530.020	Bond issuance — Election — Resolution to specify purposes
28A.530.080	Additional authority to contract indebtedness-- Notice
42.17.130	Use of public office or agency facilities in campaigns — Prohibition — Exceptions (as of January 2012 recodified at 42.17A.555)
43.09.200	Local Government Accounting — Uniform system of accounting
43.09.210	Local Government Accounting Separate accounts for each fund or activity — Exemption for agency surplus personal property
84.52.053	Levies by school districts authorized — When — Procedure
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

System of Funds and Accounts

The following guidelines will be used in managing bank accounts:

- A. The amount of the imprest fund of a school will be based on the highest amount of funds expended in one month. The amount will be approved by the board of directors.
- B. The board of directors will appoint a staff member to serve as custodian of the fund. A surety bond will be secured in the amount of the fund.
- C. Use of imprest funds and/or petty cash will be restricted to those obligations which cannot be handled by voucher.
- D. Imprest funds and/or petty cash may not be used to circumvent any laws related to purchasing.
- E. All receipts which are submitted for reimbursement will be dated and signed by the submitter.
- F. Imprest accounts will be replenished at least monthly by warrant payable to the custodian. The replenishment must be made by voucher with appropriate receipts attached.
- G. Whenever an individual's appointment as custodian is terminated the imprest fund must be replenished and turned over to the fiscal officer.
- H. Local audits of each imprest account by someone other than the custodian of the account will be made on a surprise and unscheduled basis at least twice per year.

Associated Student Body Fund

The following guidelines will be in effect in the operation of the respective associated student bodies:

- A. The principal will appoint the primary advisor to the ASB. He/she will be responsible for designating advisors to the various student subgroup organizations affiliated with the ASB. For schools with no grade higher than grade six, the board may delegate the authority to a staff member to act as the associated student body.
- B. The principal will be responsible for supervising the accounting functions to be performed at the building level. The building level accounting procedures will be consistent with the accounting functions performed at the district office level.
- C. At the beginning of each year, the ASB will submit a report which describes in summary those activities which constitute ASB programs.
- D. The ASB will participate in the determination of the purposes for which ASB financial resources will be budgeted and disbursed. Such purposes will be reflected in the ASB budget which is submitted to the board of directors for its approval.
- E. The ASB will approve all expenditures before money will be disbursed from the fund. In the event that an associated student body student group conducts fund raising or solicits donations for scholarships, student exchanges and charitable purposes, the associated student body group will approve all expenditures of money so raised.
- F. ASB funds may be used for purposes consistent with school district policy and approved by the governing body of the organization, subject to the provisions incorporated into the student body constitution and bylaws. Private non-associated student body fund money held by the district is limited to scholarships, charitable contributions, and student exchange programs, and is limited to funds denoted for that specific purpose, that have been so identified at the time of their collection, and that have been held in trust

exclusively for donative purpose. Such funds must be contributed and raised on a voluntary basis.

- G. Fundraising activities not associated with an ASB sponsored organization, including raising private non-associated student body funds, are not permitted by law to be done under the direction or supervision of staff nor with the use of district equipment, supplies, facilities or other district resources unless the district is fully reimbursed for all such costs. The principal will have the authority to arrange for non-ASB funds to be held in trust in separate accounts in the fund so long as students are informed in advance that a charge will be made to cover the full cost of the service.
- H. For schools with students in grade seven or above, evidence of student approval must appear on all vouchers supporting a disbursement of ASB money. This includes purchase orders and imprest fund check requests.
- I. ASB moneys must be on deposit with the county treasurer with the exception of an imprest banking account and petty cash. Such funds will be administered in the manner required by the regulations of the state board of education.

Management of District Bank Accounts

Moneys received for the district will be handled as follows:

- A. Receipts will be given for all moneys;
- B. All moneys received by the district, except those received by the county treasurer on behalf of the district, will be deposited in the district's transmittal account. Provisions will be made for individual buildings to have access to night depository. In no cases will money remain in a building for more than 24 hours;
- C. Receipts from special events will be deposited intact;
- D. All moneys in the transmittal account will be transmitted to the county treasurer no later than the first of each month. Such transmittals will be accompanied by a report indicating the sums to be credited to each of the district's funds;
- E. An accurate record will be kept of all expenditures from each imprest account. Reimbursement to the maximum permitted will be made to each imprest account by voucher each month; and
- F. Local audits of each imprest account will be made periodically. In addition, whenever there is a change of administrator, the imprest accounts which he/she administered will be audited by the district.