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. Below is a description of the district's system of funds.

A. General Fund

The General 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 money that has been segregated for the purpose of carrying on specific activities including, but not limited to, the basic and special education programs. The fund constitutes an independent fiscal and accounting entity.

As a part of its General Fund, the district has a local revenue subfund to account for the district's operations that are paid for with local revenues.

The following local revenues will be deposited in the district's local revenue subfund:

- Enrichment levies and transportation levies collected under RCW 82.52.053;
- Local assistance funding received under RCW 28A.500; and
- Other local revenues such as, but not limited to, grants, donations, and state and federal payment in lieu of taxes, or local revenues that operate as an offset to the district's basic education allocation under RCW 28A.150.250.

The district will track expenditures from the subfund to account for the expenditures based on each of the streams of revenue described above.

B. Capital Projects Fund

The Capital Projects Fund 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; and
- Rental or lease proceeds and proceeds from the sale of property.

The district may use proceeds from the sale of voted bonds, including the interest earnings thereof, for capital purposes including, but not limited to, the following purposes:

- Funding outstanding indebtedness or bonds already issued;
- Purchasing sites for buildings, playgrounds, physical education, and athletic facilities;
- Erecting buildings and furnishing those buildings with the necessary furniture, apparatuses, and equipment;

- Improving the energy efficiency of the district's buildings and/or installing systems and components to utilize renewable and/or inexhaustible energy resources;
- Making major or minor structural changes and structural additions to buildings, structures, facilities, and sites necessary or proper to carry out the functions of the district; and
- Paying for an installment purchase contract for school plant facilities or a financing lease, the terms of which are ten years or longer and that contains an option by the district to purchase the leased property for nominal consideration, but only to the extent such payment constitutes a capital expenditure.

All other money deposited into the Capital Projects Fund may be used for the purposes described above and the following purposes:

- Making major renovations to and replacing facilities and systems where periodical repairs are no longer economical or to extend the useful life of the facility or system beyond its original planned useful life, including but not limited to replacing or refurbishing roofs, exterior walls, windows, heating and ventilating systems, floor covering in classrooms and public common areas, and electrical and plumbing systems;
- Renovating and rehabilitating playfields, athletic fields, and other district real property;
- Conducting preliminary energy audits and energy audits of district buildings and making energy capital improvements that are identified as being cost-effective in the audits;
- Purchasing or installing additional major items of equipment and furniture;
- Paying the costs associated with implementing technology systems, facilities, and projects – including acquiring hardware licenses, licensing software, and online applications – and paying the costs associated with training related to the installation of such systems, facilities, and projects;
- Paying the costs associated with the application and modernization of technology systems for operations and instruction – including, but not limited to, the ongoing fees for online applications, subscriptions, or software licenses, including upgrades and incidental services – and paying for ongoing training related to the installation and integration of such products and services (to the extent funds are used for this purpose, the district will transfer the portion of the capital project funds used to the district's general fund; and
- Repairing major equipment, painting facilities, and performing other preventative maintenance (to the extent funds are used for this purpose, the district will transfer the portion of the capital project funds used to the district's general fund).

After holding a public hearing, the board may determine by resolution to use any money from the sale of voted bonds and investment earnings thereon remaining after the authorized capital improvements have been completed to acquire, construct, install, equip and make other capital improvements to the district's facilities or to retire and/or defease a portion of voted bonds.

Investment earnings derived from other sources in the Capital Projects Fund should be retained in the Capital Projects Fund and used for statutorily authorized purposes. The district may transfer investment earnings in the Capital Projects Fund that have not been derived from voted bond proceeds to a different fund if the earnings are used only for instructional supplies, equipment, or capital outlay purposes. The superintendent or designee should consult the

board and appropriate district staff prior to altering the use of voted bond proceeds and transferring investment earnings out of the Capital Projects Fund.

C. Debt Service Fund

The money in the Debt Service Fund is used to pay for the 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 Debt Service Fund to any other district fund as long as such earnings are spent only for instructional supplies, equipment, or capital outlay purposes. The district may transfer such investment earnings to other funds unless the resolution authorizing the voted bonds requires investment earnings to remain in the Debt Service Fund to secure payment of voted bonds, thereby reducing future tax collections and the corresponding tax levy rate. The superintendent or designee should consult with the board and appropriate staff prior to transferring interest earnings out of the Debt Service Fund.

Non-voted bonds are required to be repaid from the district's Debt Service Fund, rather than the fund that actually received the nonvoted bond proceeds. As a result, to pay the principal of and interest on the non-voted bonds, an operating transfer must be used from the Capital Projects Fund (or other fund) to the Debt Service Fund. The district should create a separate account within the Debt Service Fund 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 Debt Service Fund for repayment of voted bonds.

Prior to the issuance of a non-voted bond, the superintendent or 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 Debt Service Fund or Capital Projects Fund, 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 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 money 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 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, but is not limited to, deposits identified in RCW 28A.160.130. The Transportation Vehicle Fund may be used to purchase school buses; to pay for major repairs to school buses; to complete a feasibility plan to transition from gas or diesel school buses to electric or zero emission school buses; to purchase, install, and repair electric school bus charging stations and other zero emission school bus fueling stations and for other costs necessary for station installation; and to convert or repower existing gas or diesel school buses to electric or zero emission school buses. Generally, the district may not transfer funds or make temporary interfund loans from the Transportation Vehicle Fund to any other fund of the district. However, there are several exceptions:

- Money may be transferred from the Transportation Vehicle Fund to the Debt Service Fund exclusively for the payment of debt and interest associated with purchase agreements for school buses, including lease purchase agreements.
- If, due to changing student populations or transportation needs, the district chooses to reduce its overall fleet of student transportation vehicles by forgoing vehicle replacement, the district may petition OSPI for permission to transfer depreciation payments and earned interest from a fully depreciated vehicle to another fund for alternative use.
- If the district is in binding conditions pursuant to RCW 28A.505.110 or under enhanced financial oversight pursuant to RCW 28A.315.221, it may take a temporary interfund loan from the Transportation Vehicle Fund to the conditions described in RCW 28A.320.340.
- If the district is under enhanced financial oversight pursuant to RCW 28A.315.221, it may petition OSPI to transfer money from the Transportation Vehicle Fund to another school fund. If the district has taken a temporary interfund loan from the Transportation Vehicle Fund under RCW 28A.320.340, the petition may include a request to convert the temporary interfund loan to a permanent transfer of funds with no requirement for repayment.

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 repairs and maintenance costs of those facilities. The host district has authority to collect those deposits by charging participating districts an annual per-pupil facility fee.

Bank Accounts
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 school 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 receipt 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.

Legal References:	RCW 28A.245.100	Minor repair and maintenance capital accts
	RCW 28A.160.130	Transportation Vehicle Fund – deposits in – use - rules for establishment
	RCW 28A.320.330	School funds enumerated — Deposits
	RCW 28A.320.320	Investment of funds of district – Service fee
	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	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 29B.45.010	Use of public office or agency facilities - campaigns
	RCW 39.44	Bonds — Form, Terms of sale, Payment
	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
	RCW 84.52.056	Excess levies for capital purposes authorize
	WAC 392-123	Finance — School District Budgeting
	WAC 392-138	Finance — ASB Moneys
	WAC 392-138-055	Imprest bank checking account
	WAC 392-138-060	Petty cash funds
	WAC 392-142-260	Allowable use of transportation vehicle fund
	WAC 392-142-255	Deposit of payments in the transportation vehicle fund
	State Auditor Bulletin #301, III(E), Petty Cash	