MT. DIABLO UNIFIED SCHOOL DISTRICT

BUSINESS SERVICES GUIDANCE

Revolving Cash Account

Definition

A revolving cash account is a specific amount of money reserve in an already established fund to be used for purchase of inexpensive items. It is not a separate entity and is part of MDUSD. Account balance plus any pending reimbursement from District must equal the account cash limit each month.

Purpose

A revolving cash account allows district employees to purchase inexpensive items (with prior approval of the principal/budget administrator) directly from vendors and be reimbursed by the revolving cash account at the school site.

Expenses

Allowable Expenditures from Revolving Cash Account (receipts must be provided):

- A single item under $200.
- A number of items on one receipt under $200.
- Materials and supplies not stored in the Warehouse which are purchased infrequently.
- Materials and supplies not offered through Office Depot.
- Refreshments and meals provided at in-service training workshops. The workshop must be for district employees only. An itemized receipt, along with a sign in sheet, and agenda for the workshop must be submitted with the revolving reimbursement request. Daily coffee for the office is not an allowable expenditure.

Expenditures NOT Allowed from Revolving Cash Account:

- Conference registrations, meals and lodging
- Consultant fees of any kind
- Daily beverage, i.e. coffee, tea, water, etc., for the office/employee lounge, etc.

- Decorations
- Flowers, candy, trophies, prizes, etc., that may be considered a "gift of public funds"
- Gift cards or purchase using gift cards
- Items orders frequently which quantity requisition is necessary
- Incentives rewards for employees and volunteers
- Membership dues of any kind
- Mileage claims
- Salaries of any kind
- Vendors already in P.O. system, e.g. Office Depot
- Excess of $200 per receipt and/or per item

Always obtain pre-approval from site administrator prior to making a purchase, keeping in mind the guidelines above on what is non-allowable items. Also, when in doubt regarding any questionable purchases, check with Accounts Payable to clarify if the expense is reimbursable through the revolving cash account. Questions(s) may be directed to the Accounting Supervisor at Fiscal Services. This will reduce the risk of the purchaser being personally held responsible for payment if the item is not a reimbursable expense.

Purchase items should be shipped to the district sites only, and not to the district employee's personal address.

If purchase is paid for with personal credit card and reimbursed through revolving cash account, the receipt must show amount paid in full. Quotes are not acceptable as receipts.

Some online sites like Amazon may use suppliers that are in competition with the District's contracted vendors, and as such, purchase from those sites are highly discouraged. Please check with Purchasing Department for further guidance.

Procedure

1. The establishment of a new revolving cash account must be authorized by any two of the following District staff:
    - Chief Business Officer
    - Executive Director of Budget & Fiscal Services
    - Director of Budget & Compliance

2. A separate bank account will be established for each site's revolving cash account, upon request. It shall be reimbursed by the district's General Fund. *No other money may be deposited to the revolving cash bank account.* For example, personal check cashing, parent club donations, etc.

3. Account maximum dollar amount limits:

Elementary Schools	$1,500.00
Middle Schools	$2,500.00
High Schools and Adult Education	$4,000.00
Alternative, Continuation or Departments	Varies

   Requests to transfer the fund from one principal to another are made on the same request form (copy attached) and submitted to the Fiscal Services department. Before the transfer can be completed, an audit of the fund must be done and a new signature card must be filed at the bank.

4. Payments from the revolving cash account shall only be for services or materials which are a legal charge against the district. *No expenditure shall be made unless an itemized receipt is obtained.*

5. A request for reimbursement should be submitted regularly to avoid depletion the revolving cash fund. For example, if revolving cash fund is $1,500, turn in receipts for reimbursement after $500 or more have been spent, or one-third (1/3) of cash limit. It may take approximately two weeks to be reimbursed through Fiscal Services. A good practice would be to submit reimbursements monthly, at the same time that monthly bank reconciliations are done.

6. Requests for reimbursement should be submitted to Accounts Payable at Fiscal Services as outlined below:

   a. A memo addressed to Accounts Payable at Fiscal Services from the principal or the administrator responsible for the account requesting reimbursement for revolving cash. The memo should indicate the date of the purchase, what was purchased, from where it was purchased, and the expenditure code to be charged (see templates attached below).

   b. Original itemized receipts should be taped to an 8½" x 11" piece of paper and attached to the memo requesting reimbursement.

7. At all times, the cash deposited in the bank plus the purchase receipts should equal the total revolving cash allotment. The bank statement can serve as the receipt for bank fees.

8. Any voided uncleared stales-dated checks (six months old or older) that have already been reimbursed by Fiscal should be netted against current or future reimbursement from Fiscal Services.

9. Revolving cash account reconciliation must be submitted to the Coodinator, Fiscal Compliance no later than the 20th of each month. Expenses will be audited periodically by the Internal Auditor. Refer to "Bank Account and Reconciliation" guide for further details.

   Reconciliation package must include the following:
   - Current reconciliation form
   - Current bank statement
   - Current transaction/register report or copy of checkbook page(s)
   - Pending reimbursement request to District (if any)

Reference

http://gamutonline.net
Click on *3000 Business and Non-Instructional Operations*
Scroll down to *3314.2 BP and 3314.2 AR Revolving Funds*

https://leginfo.legislature.ca.gov
Click on Education Code – EDC
Click on Title 2. Elementary and Secondary Education (33000-64100)
Scroll down to *Chapter 10. Revolving Funds* and *Article 1. Revolving Cash Fund*

Establishing or Changing Revolving Cash Account Request

Date: _____

To: Executive Director of Fiscal Services

From: _____

☐ Please issue a Revolving Cash Account in the amount of $ _____ for our use at _____ (school/department).

☐ Please increase the Revolving Cash Account at _____

(school/department) from $ _____ to $ _____.

☐ Please transfer the Revolving Cash Account in the amount of $ _____

from _____ (principal or administrator)

to _____ (principal or administrator)

for _____ (school/department).

I have read the instructions for the use of this fund and accept the responsibility for it as indicated, ***including opening and maintaining a separate bank account.***

_____

Print Name

_____

Signature & Date

Approvals

_____

Executive Director, Fiscal Services
Signature & Date

_____

Director, Budget and Fiscal Compliance
Signature & Date

cc: Coordinator, Fiscal Compliance

Revolving Cash Account Reimbursement Request

Date: _____

To: Accounts Payable of Fiscal Services

From: _____

Please issue a check in the amount of **$**_____ to reimburse _____ revolving cash account for the following expenses as listed below. Original itemized receipts are also attached as a backup to this request. Any voided stale-dated checks previously reimbursed, if any, are listed and netted against current expense reimbursements.

Program, Account Code			
Date	*Description*	*Amount*	*Check #*
	Total		

Program, Account Code			
Date	*Description*	*Amount*	*Check #*
	Total		

Program, Account Code			
Date	*Description*	*Amount*	*Check #*
	Total		

Prepared by: _____ Date: _____

Approved by: _____ Date: _____

Mt. Diablo Unified School District

Bank Account Reconciliation

School / Site _____ Beg. Date _____ - End Date _____

Revolving Cash
Type of Account

Bank Ending Balance: $ _____ **Book Ending Balance:** $ _____

Add: Deposits in Transit

Date	Reference #	Amount
		$ _____

Add: Interest / Error Correction

Date	Type	Amount
		$ _____

(Subtract): Uncleared Checks

Date	Check #	Amount
		$ _____

(Subtract): NSF Checks / Charges / Correction

Date	Check #	Amount
		$ _____

Adjusted Bank Balance: $ _____ **Adjusted Book Balance:** $ _____

Adjusted Bank Balance should equal Adjusted Book Balance

Include a copy of the top pages of any reimbursement memos to the district that haven't been paid yet.

Date	Reference / Check	Amount
Add: Pending Reimbursement Request from District		
Add: Prior Year's Disallowed Expenses to be Recouped		
(Subtract): Voided Uncleared Checks Already Reimbursed by District		
		$ _____

Prepared by: _____
Date: _____

Revolving Cash Balance $ _____

Approved by: _____
Date: _____

Revolving Cash Limit _____

Revolving Cash Balance should equal Revolving Cash Limit

Note: Reconciliation package is due to the Coordinator, Fiscal Compliance by the 20th of each month. Package must include signed reconciliation, bank statement, and copy of checkbook pages, Quicken transaction/register summary report or ASBWorks account statement report (whichever applicable). Also include memo to district for reimbursement. If no memo, list checks to be reimbursed. Submit to Andrea Rose (rosea@mdusd.org) via scan/email. Keep a copy for records.

Contact the Coordinator, Fiscal Compliance for the excel spreadsheet version of this reconciliation form.

Policy 3314.2: Revolving Funds

Status: ADOPTED

Original Adopted Date: 06/01/1988 | **Last Revised Date:** 05/11/2022 | **Last Reviewed Date:** 05/11/2022

The Governing Board has a fiduciary responsibility to effectively manage and safeguard the district's assets and resources. All revolving cash funds shall be subject to the internal control procedures established by the district to prevent and detect fraud, financial impropriety, or irregularity and shall be maintained in accordance with law and the California School Accounting Manual.

The Superintendent or designee shall provide regular reports to the Board regarding the use of revolving funds and the results of any audits conducted on the funds.

Standard Revolving Cash Fund

Pursuant to Education Code 42800, the Board has adopted a resolution establishing a revolving cash fund for use by the chief accounting officer. The fund shall be used only for the purposes specified in the Board's resolution which may include, but are not limited to, payment for services or supplies for which there is an urgent deadline or to reduce the need for issuing numerous small warrants.

The chief accounting officer shall be covered by an individual bond or insurance in the amounts specified in law. He/she shall ensure that payments from the fund are for services or materials that are a legal charge against the district and that a receipt is obtained setting forth the date, payee, purpose of the expenditure, and amount expended. (Education Code 41021, 42801, 42801.5, 42804)

The Board may at any time reduce or discontinue the revolving cash fund. (Education Code 42805)

Pre-Payment Revolving Cash Fund

Pursuant to Education Code 42820, the Board has adopted a resolution establishing a pre-payment revolving cash fund for use by the individual so designated in the Board's resolution.

The fund shall be established in a bank or other institution whose deposits are federally insured and shall be within the maximum limit specified in law. (Education Code 42820)

The designated individual shall be authorized to make payments from the fund for purchases in the amount of $1,000 or less, including freight or tax. He/she shall submit a monthly list of the payments to the Board for approval. (Education Code 42821)

Any person who issues a check drawn on the fund shall be personally liable for the amount of the check if the expenditure is in violation of the district's rules and regulations with respect to the fund. (Education Code 42821)

Alternative Revolving Cash Fund

Pursuant to Education Code 42810, the Board has adopted a resolution establishing a revolving cash fund for use by school principals and other administrative staff. The fund shall be used for services or materials related to classroom instruction or to correct an error in a classified employee's salary pursuant to Education Code 45167, as specified in the Board's resolution.

The revolving cash fund for supplies shall be subject to the bonding provisions of Education Code 42801.

The principal or administrative staff member in whose name the revolving cash fund is created shall be responsible for all fund expenditures, subject to Board regulation. (Education Code 42810)

EDUCATION CODE - EDC

TITLE 2. ELEMENTARY AND SECONDARY EDUCATION [33000 - 64100] *(Title 2 enacted by Stats. 1976, Ch. 1010.)*

DIVISION 3. LOCAL ADMINISTRATION [35000 - 45460] *(Division 3 enacted by Stats. 1976, Ch. 1010.)*

PART 24. SCHOOL FINANCE [41000 - 43052] *(Part 24 enacted by Stats. 1976, Ch. 1010.)*

CHAPTER 10. Revolving Funds, School Districts [42800 - 42850] *(Chapter 10 enacted by Stats. 1976, Ch. 1010.)*

ARTICLE 1. Revolving Cash Fund [42800 - 42806] *(Heading of Article 1 renumbered from Article 7 by Stats. 1979, Ch. 373.)*

42800. (a) The governing board of a school district may, with the consent of the county superintendent of schools, establish a revolving cash fund for the use of the chief accounting officer of the school district, by adopting a resolution setting forth the necessity for the revolving cash fund, the officer for whom and the purposes for which the revolving cash fund shall be available, and the amount of the fund. The purposes for which the revolving cash fund shall be available shall include the purposes specified in Section 45167. Three certified copies of the resolution shall be transmitted to the county superintendent of schools. If he or she approves the establishment of the fund, the county superintendent of schools shall endorse his or her consent on the resolution and return one copy to the governing board of the school district, and transmit one copy to the county auditor.

(b) The maximum amount allowed for revolving cash funds established pursuant to subdivision (a) shall be the lesser of:

(1) Two percent of the school district's estimated expenditures for the current fiscal year, or

(2) A dollar amount limit of seventy-five thousand dollars ($75,000) for any elementary school or high school district and one hundred fifty thousand dollars ($150,000) for any unified school district for fiscal year 1990–91. The dollar amount limit for each school district shall, through the 2012–13 fiscal year, be increased annually by the percentage increase in the school district's revenue limit established by Section 42238, as that section read on January 1, 2013. The dollar amount limit for each school district shall thereafter be increased annually by the percentage increase in the school district's local control funding formula allocation established pursuant to Section 42238.02, as implemented pursuant to Section 42238.03.

(Amended by Stats. 2015, Ch. 303, Sec. 83. Effective January 1, 2016.)

42801. (a) Except as otherwise provided in subdivision (b) of this section, the officer for whose use the revolving cash fund is created shall file with the governing body of the district a bond in favor of the district, executed by him as principal and by a surety company authorized under the laws of the state to execute bonds as surety, in an amount not less than double the amount of the revolving cash fund. The bond shall be conditioned upon the faithful administration of the revolving cash fund and upon the willingness and ability of the principal to account for and pay over the revolving cash fund at any time upon the demand of the governing board of the district. The premium on the bond shall be a legal charge against the district, payable from the funds of the district.

(b) In lieu of the bond required by subdivision (a) of this section, an officer may be bonded as provided by Section 41021.

(Enacted by Stats. 1976, Ch. 1010.)

42801.5. Notwithstanding the requirement to provide for indemnity bonds pursuant to Sections 42650 and 42801, the governing board of a school district may, in lieu thereof, insure against losses caused by an employee or an officer of a school district if the insurance gives the same or greater protection to the school district that a bond would provide in indemnifying the school district against any loss caused by the employee or officer of the district.

(Added by Stats. 1994, Ch. 330, Sec. 1. Effective January 1, 1995.)

42802.

No bond shall be required when the revolving cash fund does not at any time exceed twenty-five dollars ($25).

(Enacted by Stats. 1976, Ch. 1010.)

42803. The governing board of the district shall draw an order, on the form and in the manner required by law for order, requisition, and warrant for the payment of school moneys, payable from the county or special fund of the district, in favor of the officer for whose use the revolving cash fund is created, for the amount of the revolving cash fund, and transmit the order to the county superintendent of schools accompanied by the bond and a certified copy of the resolution. Upon his approving the order, the county superintendent of schools shall detach and retain the bond. Upon his allowing and signing the warrant, the county auditor shall detach and retain the certified copy of the resolution and the county treasurer shall pay the warrant.

(Enacted by Stats. 1976, Ch. 1010.)

42804. The person entrusted with the revolving fund shall not be authorized to expend any portion of the fund except for services or material, the securing or purchasing of which is a legal charge against the district, and no expenditure shall be made unless a receipt is obtained therefor setting forth the date and the purpose of the expenditure and the amount expended. The governing board of any school district may establish and account for the revolving fund in one or more banks. The account shall be known as "The Revolving Fund Account of (insert name of district) District" and shall be established in the custody of the officer for whose use the revolving cash fund is created who shall be responsible for the payment into the account or accounts of all moneys required to be reimbursed into the account or accounts, and for all expenditures therefrom, subject to such regulations as the governing board prescribes. A bill shall be presented to the district monthly, or oftener if necessary, for the reimbursement of the fund in the same manner as other bills are presented. Bills shall be supported by the receipts required. All sums received in payment of the bills shall be returned to the revolving cash fund or bank account or accounts and each person entrusted with the revolving cash fund shall, upon demand of the county superintendent of schools or the county auditor or of the governing board of the district, give an account of the fund.

(Enacted by Stats. 1976, Ch. 1010.)

42805. The governing board of the district may at any time reduce or discontinue any revolving cash fund established by its order. Whenever the fund is ordered reduced the person using it shall immediately return to the county treasury the amount necessary to reduce the fund, as ordered by the board. If the fund is discontinued, the person using it shall immediately refund the amount thereof to the county treasurer. In either event a reasonable time shall be allowed the person to reimburse himself by bills presented to the school district for expenditures legally made from the fund.

(Enacted by Stats. 1976, Ch. 1010.)

42806. The county superintendent of schools may, with the consent of the county board of education, establish a revolving cash fund for the use of the chief accounting officer of the county superintendent of schools, by adopting a resolution setting forth the necessity for the revolving cash fund, the officer for whom and the purposes for which the revolving cash fund shall be available, and the amount of the fund. The purposes for which the revolving cash fund shall be available shall include the purposes specified in Section 45167. The amount of the fund shall not be more than 2 percent of the estimated expenditures of the county superintendent of schools for the current fiscal year and shall not in any event exceed thirty thousand dollars ($30,000). Three certified copies of the resolution shall be transmitted to the county board of education. If the county board of education approves the establishment of the fund, the chairman shall endorse his consent on the resolution and return one copy to the county superintendent of schools and transmit one copy to the county auditor.

(Amended by Stats. 1981, Ch. 191, Sec. 1.)

EDUCATION CODE - EDC

TITLE 2. ELEMENTARY AND SECONDARY EDUCATION [33000 - 64100] *(Title 2 enacted by Stats. 1976, Ch. 1010.)*

DIVISION 3. LOCAL ADMINISTRATION [35000 - 45460] *(Division 3 enacted by Stats. 1976, Ch. 1010.)*

PART 24. SCHOOL FINANCE [41000 - 43052] *(Part 24 enacted by Stats. 1976, Ch. 1010.)*

CHAPTER 10. Revolving Funds, School Districts [42800 - 42850] *(Chapter 10 enacted by Stats. 1976, Ch. 1010.)*

ARTICLE 2. Alternative Revolving Cash Fund [42810- 42810.] *(Article 2 enacted by Stats. 1976, Ch. 1010.)*

42810. In addition to establishing or maintaining a revolving cash fund under Article 1 (commencing with Section 42800), the governing board of any school district or any county superintendent of schools may, by resolution, establish revolving cash funds for use by school principals and other administrative officials designated by the governing board and acting in accordance with regulations prescribed by the governing board, for services or matériel and for the purposes specified in Section 45167. The resolution shall set forth the necessity for the revolving cash funds, the principals of schools and other administrative officials of the school district designated by the governing board, the purposes for which the revolving cash funds shall be made available, and the amount of the funds. No funds maintained in any revolving cash fund established pursuant to this section shall be available for the purposes of attempting to influence government decisions, entertainment, or any other purpose not related to classroom instruction. The total amount of the funds for each district or county superintendent of schools shall not exceed 3 percent of the current year's instructional supply budget.

The governing board of any school district or any county superintendent of schools may establish a checking account for the revolving fund in one or more banks. The account shall be established in the custody of the principal or other administrative official designated by the governing board for whose use the revolving cash fund is created. The principal or administrative official in whose name the revolving cash fund is created shall be responsible for all expenditures therefrom, subject to regulations that the governing board prescribes. The governing board shall provide for an audit of the funds on a regular basis.

The revolving cash fund for supplies shall be subject to the bonding provisions of Section 42801.

(Amended by Stats. 1989, Ch. 1256, Sec. 11. Effective October 1, 1989.)

EDUCATION CODE - EDC

TITLE 2. ELEMENTARY AND SECONDARY EDUCATION [33000 - 64100] *(Title 2 enacted by Stats. 1976, Ch. 1010.)*

DIVISION 3. LOCAL ADMINISTRATION [35000 - 45460] *(Division 3 enacted by Stats. 1976, Ch. 1010.)*

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ARTICLE 3. Prepayment Funds [42820 - 42821] *(Article 3 enacted by Stats. 1976, Ch. 1010.)*

42820. The governing board of any school district may establish a revolving cash fund in any bank or other institution whose deposits are federally insured, for the purpose of paying bills as prescribed in Section 42821. Article 1 (commencing with Section 42800) of this chapter shall not apply to the revolving cash fund established pursuant to this article.

The governing board may appropriate money from the county or joint school district fund in the county treasury belonging to the school district to establish the revolving cash fund.

The maximum amount in the revolving cash fund shall be as follows:

(a) In a school district with 20,000 or more units of average daily attendance, ten thousand dollars ($10,000).

(b) In a school district with 5,000 or more, but less than 20,000, units of average daily attendance, five thousand dollars ($5,000).

(c) In a school district with 500 or more, but less than 5,000, units of average daily attendance, two thousand five hundred dollars ($2,500).

(d) In a school district with less than 500 units of average daily attendance, one thousand dollars ($1,000).

(Amended by Stats. 1992, Ch. 115, Sec. 2. Effective January 1, 1993.)

42821. The governing board of any school district that has established a revolving cash fund pursuant to Section 42820 shall designate a person or persons who shall be authorized to make immediate payments by check, drawn on the revolving cash fund, for purchases in an amount of one thousand dollars ($1,000) or less, including tax and freight, or at the time of preparing the order for those purchases to make the check payable to the vendor permitting him or her to fill in the amount to be paid upon shipment of the purchases, the check to state on its face that it is not valid for more than one thousand dollars ($1,000).

A monthly list of the payments shall be submitted to the governing board by the designated person or persons for approval.

Upon approval of those expenditures by the governing board, the clerk of the governing board shall draw an order for the replenishment of the revolving cash fund from the county or joint school district fund in the county treasury belonging to the school district. The order shall be treated in the same manner as prescribed for payment of other claims against the funds of the school district.

Any person who issues a check drawn on the revolving cash fund shall be personally liable for the amount of the check only if the expenditure is in violation of rules and regulations established by the governing board with respect to the revolving cash fund.

(Amended by Stats. 1987, Ch. 1452, Sec. 357.)