SUMNER SCHOOL DISTRICT
A GREAT PLACE TO LEARN.

Policy No. 6020
Management Support

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, the program for the handicapped and so on. 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 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

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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.

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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 the sale of transportation vehicles; lease, rental, non-voted bonds, or occasional use of surplus buses; depreciation reimbursement for district-owned buses; proceeds of TVF levies; optional transfers from the GF; and 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 References: 6030 – Financial Reports
3510 – Associated Student Bodies

Legal References: Wash.Const., Article VII, 2 Voted bond proceeds and capital levy proceeds — Uses

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RCW 28A.320.320 Investment of funds of district—Service fee

RCW 28A.320.330 School funds enumerated — Deposits — Uses

RCW 28A.325.010 Fees for optional noncredit extracurricular events — Disposition

RCW 28A.325.020 Associated student bodies — Powers and responsibilities affecting

RCW 28A.325.030 Associated student body program fund — Fund — raising activities — Nonassociated student body program fund moneys

RCW 28A.335.060 Surplus school property — Rental, lease or use of — disposition of moneys received from

RCW 28A.505.140 Rules and regulations for budgetary procedures —Review by superintendent — Notice of irregularity — Budget revisions

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--Notice

RCW 42.17.130 Use of public office or agency facilities in campaigns — Prohibition — Exceptions (as of January 2012 recodified at 42.17A.555)

RCW 43.09.200 Local Government Accounting — Uniform system of accounting

RCW 43.09.210 Local Government Accounting Separate accounts for each fund or activity — Exemption for agency surplus personal property

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

State Auditor Bulletin #301, III(E), Petty Cash, (PT 3, Ch 3, Pg 8)

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