

WILLOWS UNIFIED SCHOOL DISTRICT
Office of the Superintendent

Date: 9/5/13

Request for Placement on Board Agenda:

AGENDA TOPIC: Special Reserve
 Fund 40 - Capital Projects
 Resolution 2013-14-06

PRESENTER: Debby Beymer, Director of Business Services

BACKGROUND INFORMATION:

Based upon the recent award of Qualified Zone Academy Bond (QZAB) long term financing, it is necessary to open the capital projects fund to track income and expenditures over the course of these projects.

RECOMMENDATION:

The District Administration recommends approval of Resolution 2013-14-06 allowing the County Auditor and/or County Treasurer to open the special reserve fund (Fund 40) for Willows Unified School District.

**BEFORE THE BOARD OF EDUCATION
WILLOWS UNIFIED SCHOOL DISTRICT
COUNTY OF GLENN, STATE OF CALIFORNIA**

RESOLUTION #2013-14-06

**ESTABLISHMENT OF CAPITAL PROJECTS FUND (FUND 40)
PER EDUCATION CODE SECTIONS 17462, 41003, 42840**

WHEREAS, the Willows Unified School District wishes to establish a Special Reserve for Capital Outlay Projects fund, as permitted in Education Code Section 17462, 41003 & 42840; and

WHEREAS, the purpose or purposes for which this fund shall be established is to collect and disburse money which will be used for various capital outlay projects;

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of said School District that a Special Reserve for Capital Outlay fund shall be established in the amounts as needed for said purpose or purposes; and

BE IT FURTHER RESOLVED, that the Board of Education shall authorize, by this resolution, the County Auditor and the County Treasurer to establish a Special Reserve for Capital Outlay fund for said district; and

BE IT FURTHER RESOLVED, that the Board of Education, by written authorization to the County Superintendent of Schools, shall request during the fiscal year the transfer or deposit and payment of funds by the County Auditor and the County Treasurer from Fund of said district.

PASSED AND ADOPTED by the Board of Education of the Willows Unified School District on September 5, 2013, by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

President, Board of Education

ATTEST:

Clerk/Secretary, Board of Education

I, _____, Clerk/Secretary of the Board of Education of the Willows Unified School District, County of Glenn, do hereby certify the foregoing to be a full, true and correct copy of a resolution adopted by said Board at a meeting held at its regular meeting place on September 5, 2013, which action is contained in the minutes of the meeting of the Board.

Procedure 305 Fund Classification

Code**Definition**

Typical expenditures in this fund are items charged to Object 6200, Buildings and Improvement of Buildings, and Object 6300, Books and Media for New School Libraries or Major Expansion of School Libraries.

35

County School Facilities Fund. This fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State School Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

The principal revenues and other sources in this fund are:

School Facilities Apportionments
Interest
Interfund Transfers In

Funding provided by the State Allocation Board for reconstruction of facilities after disasters such as flooding may be deposited to Fund 35. Typical expenditures in this fund are payments for the costs of sites, site improvements, buildings, building improvements, and furniture and fixtures capitalized as a part of the construction project.

40

Special Reserve Fund for Capital Outlay Projects. This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to funds 21, 25, 30, 35, or 49. Other authorized resources that may be transferred to the Special Reserve Fund for Capital Outlay Projects (Fund 40) are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code* Section 17462) and rentals and leases of real property specifically authorized for deposit to the fund by the governing board (*Education Code* Section 41003).

The principal revenues and other sources in this fund are:

Federal, State, or Local Revenues
Rentals and Leases
Interest
Other Authorized Interfund Transfers In
Proceeds from Sale/Lease-Purchase of Land and Buildings
Federal Emergency Management Act (FEMA)

Procedure 305 Fund Classification

<u>Code</u>	<u>Definition</u>
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Transfers from the general fund to Fund 40 authorized by the governing board must be expended for capital outlay purposes. Proceeds from the sale or lease-with-option-to-purchase may be spent for capital outlay purposes, costs of maintenance of the LEA's property, and future maintenance and renovation of school sites (*Education Code* Section 17462). Expenditures for capital outlay are most commonly made against the 6000 object codes for capital outlay.

Salaries of school district employees whose work is directly related to projects financed by Fund 40 revenues are capitalized as a part of the capital facilities project.

49 **Capital Projects Fund for Blended Component Units.** This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the LEA under generally accepted accounting principles (GAAP). The Mello-Roos Community Facilities Act of 1982 (*Government Code* Section 53311 et seq.) allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a "Community Facilities District" (CFD) for the purpose of selling tax-exempt bonds to finance public improvements and services. Mello-Roos tax receipts collected by the LEA should be recorded in Object 8622, Other Non-Ad Valorem Taxes. Mello-Roos proceeds collected by another agency's community facility district, of which the LEA is only a beneficiary, should be reported in Object 8799, Transfers In From All Others.

51-56 **Debt Service Funds.** Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

51 **Bond Interest and Redemption Fund.** This fund is used for the repayment of bonds issued for an LEA (*Education Code* sections 15125-15262).

Typically, the board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund (Fund 21) of the LEA. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund (Fund 51) of the LEA.

The county auditor maintains control over the LEA's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.