



# Administrative Regulation 3421

## ACCOUNTING REGULATIONS

**Responsible Office:** Office of Business and Finance

### **PURPOSE**

The Superintendent has adopted this Administrative Regulation to establish guidelines for the management of all funds of the Washoe County School District (District).

### **DEFINITIONS**

1. "Fund" is a separate fiscal entity and is established to conduct specific activities and objectives in accordance with statutes, laws, regulations, and restrictions or for specific purposes. As defined by Governmental Accounting Standards Board (GASB), a fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.
2. "Generally Accepted Accounting Principles" (GAAP) refers to a common set of accounting principles, standards, and procedures issued by the Financial Accounting Standards Board (FASB). These accounting standards include rules that accountants follow in recording and summarizing financial data, and in the preparation of financial statements.
3. "Governmental funds" are used to account for activities primarily supported by taxes, grants, and similar revenue sources and are comprised of the General Fund, special revenue funds, capital project funds and debt service funds.
4. "Interest bearing" in this context refer to funds that earn and retain investment earnings generated from balances of the fund.
5. "Proprietary funds" account for activities financed primarily by revenues generated by the activities themselves and thus involve business-like interactions, either within the government or outside of it. Proprietary funds are comprised of internal service funds and enterprise funds.

### **REGULATION**

1. The District's accounting system must be maintained in accordance with generally accepted accounting principles and shall present fairly and with full disclosure the funds and the results of financial operations in such a manner to

determine and demonstrate compliance with finance-related legal and contractual provisions.

2. The District's accounting system is organized and operated on a fund basis. All funds are accounted for in the annual comprehensive financial report.
3. Capital Assets – the District accounts for capital assets at their acquisition value, i.e., historical cost. Donated capital assets are recorded at the estimated fair market value at the time they are received. Capital assets include land, buildings, and improvements other than buildings, vehicles, machinery, and infrastructure, works of art and historical treasures, furniture and equipment that meets the following:
  - a. Are not consumed as a result of use;
  - b. Have a useful life of at least one year and a per-unit cost of \$5,000 or more; and
  - c. Can be controlled, identified by a permanent or assigned number or label, and be reasonably accounted for through a fiscal inventory system.
4. Measurement Focus/Basis of Accounting - The measurement focus describes the types of transactions and events that are reported in a fund's operating statement. Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.
  - a. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.
  - b. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available.
    - i. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

- 1) For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period.
  - 2) All grant and remaining non-grant revenues are considered available if they are collected within 80 days of the end of the current fiscal period.
  - ii. When revenues are due but will not be collected within the availability period, the receivable is recorded and an offsetting deferred inflow of resources account is established.
  - iii. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.
  - c. Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting.
    - i. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.
    - ii. Accrued liabilities include provisions for claims reported and claims incurred, but not reported.
      - 1) The provision for reported claims is determined by estimating the amount which will ultimately be paid.
      - 2) The provision for claims incurred but not yet reported is estimated based on District experience since the inception of the program.
  - d. Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting.
5. Month-End Close of Funds
- a. Revenues and expenses will be recorded to funds by the 25<sup>th</sup> of the following month. Back posting of revenues and expenses are not allowed after this date, except in exceptional situations and only upon approval of the Controller.
  - b. Accruals of revenues and expenses, in accordance with the accrual basis of accounting, will be completed for proprietary funds by the 30<sup>th</sup> of the following month. Exceptions and back posting of revenues and expenses

are not allowed after this date, except in exceptional situations and only upon approval of the Controller.

#### 6. Quarterly Reporting

- a. Unaudited financial statements will be prepared for all funds and will be presented to the Board of Trustees (Board) generally within 45 days after the end of the calendar quarter.
- b. A summary of unaudited results will be published in a general circulation newspaper, in accordance with Nevada Revised Statute (NRS) 287.320.
- c. Unaudited financial statements for the Health Insurance Fund will be prepared and presented to the Group Insurance Committee generally within 45 days after the end of the calendar quarter.

#### 7. Interfund Transfers

- a. Interfund transfers to the Special Education Fund, Medicaid Fund, and any other operating fund that is budgeted to receive a transfer in from the General Fund shall be completed no less frequently than on a quarterly basis.
- b. Interfund transfers to debt service funds shall be completed prior to payment of debt service for the associated debt obligation.

#### 8. Cash Management

- a. Estimated material disbursements and receipts for the next 30 days shall be estimated and forecasted daily to ensure adequate liquidity.
- b. The Controller's Office or Chief Financial Officer shall work with the District's investment managers to ensure that investments are structured to cover disbursements and to avoid the sale of securities for liquidity reasons.
- c. The District will pool the assets of all funds to efficiently invest monies. However, the District may maintain separate investment accounts or pools, as appropriate, depending on the different cash flow characteristics of funds.

#### 9. Investment Accounting

- a. The District will "mark to market" on a monthly basis, accounting for market values of securities rather than the amortized cost method.

- b. Interest earnings will be distributed to all interest-bearing funds on a monthly basis, based on funds' average daily balance. The District will determine whether a fund is interest bearing based on statutory or federal requirements or whether that is required in the fund resolution creating the fund. All proprietary funds will retain interest earned on assets of the fund.
- c. Unrealized gains and losses, although "paper losses", will be posted to each interest-bearing fund.

#### 10. Bank Reconciliations

- a. The District will perform monthly bank reconciliations, by comparing bank statements to the general ledger for its depository account. Bank reconciliations involve identifying outstanding checks, voided payments, returned payments, data entry errors and other adjustments.
- b. Variances and other items that cause the bank reconciliation to be out of balance will be identified and researched in a timely manner so that the reconciliation can be completed by the 15<sup>th</sup> of the following month.

### **LEGAL REQUIREMENTS AND ASSOCIATED DOCUMENTS**

- 1. This Administrative Regulation reflects the goals of the District's Strategic Plan, and complies/aligns with the governing documents of the District, to include:
  - a. Board Policy 3410, System of Accounts and Financial Oversight.
- 2. This Administrative Regulation aligns with Nevada Revised Statutes (NRS) and Nevada Administrative Code (NAC), to include:
  - a. Chapter 354, Local Financial Administration; and
  - b. Chapter 387, Financial Support of School System.

### **REGULATION HISTORY**

Date	Revision	Modification
3/15/2022	1.0	Adopted