BEFORE THE GOVERNING BOARD OF THE
______________________ SCHOOL DISTRICT

In the Matter of Establishing a Revolving Cash Fund Pursuant to Education Code Section 42800) RESOLUTION NO. _____

WHEREAS, pursuant to Education Code Section 42800, the governing board of the ______________ school district may establish a revolving cash fund for the purposes of _____________________________________________________________________________________; and,

WHEREAS, pursuant to Education Code Section 42800, the maximum amount in such revolving fund shall be the lesser of:

(1) Two percent of the 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 district shall thereafter be increased annually by the percentage increase in the district’s revenue limit established by Section 42238.

WHEREAS, it is the desire of this governing board to establish a revolving cash fund pursuant to Education Code Section 42800;

NOW, THEREFORE, BE IT RESOLVED, that the amount maintained in the revolving cash fund established pursuant to Education Code Section 42800 shall be _______________ Dollars ($       ).

THE FOREGOING RESOLUTION WAS ADOPTED upon motion of Trustee ____________, seconded by Trustee ____________, at a regular/special meeting held the _____ day of _______________, 200__, by the following vote:

AYES:

NOES:

ABSENT:

______________________________
Secretary/Clerk of said District Board
BEFORE THE GOVERNING BOARD OF THE
______________________ SCHOOL DISTRICT

In the Matter of Increasing a Revolving Cash Fund Established Pursuant to Education Code Section 42800

WHEREAS, pursuant to Education Code Section 42800, the governing board of the ________________ school district may establish a revolving cash fund for the purposes of ________________; and,

WHEREAS, pursuant to Education Code Section 42800, the maximum amount in such revolving fund shall be the lesser of:

1. Two percent of the 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. The dollar amount limit for each district shall thereafter be increased annually by the percentage increase in the district’s revenue limit established by Section 42238.

WHEREAS, it is the desire of this governing board to increase the fund amount in its revolving cash fund from _______________ Dollars ($             ) to _______________ Dollars ($              );

NOW, THEREFORE, BE IT RESOLVED, that the amount maintained in the revolving cash fund established pursuant to Education Code Section 42800 shall be _______________ Dollars ($              ).

THE FOREGOING RESOLUTION WAS ADOPTED upon motion of Trustee ________________, seconded by Trustee ________________, at a regular/special meeting held the _____ day of ________________, 200__, by the following vote:

AYES:

NOES:

ABSENT:

________________________________
Secretary/Clerk of said District Board
REFERENCES:
E.C. 42800

SUBJECT: PROCEDURES TO ESTABLISH OR INCREASE A REVOLVING CASH ACCOUNT

Overview - In accordance with Education Code Sections 42800, the governing board of any school district may establish a revolving cash fund for the use of the chief accounting officer or other designated official. The maximum amount in the revolving cash fund shall be as follows:

Education Code Section 42800 - Revolving Cash Fund, the maximum amount allowed is the lesser of:

- Two percent of the district’s estimated expenditures for the current fiscal year, or
- $75,000 for any elementary school or high school district and $150,000 for any unified school district. The dollar limit for each district shall be increased annually by the percentage increase in the district’s revenue limit.

The Revolving Cash Account is a reservation of cash within an already established fund and is not to be considered or accounted for as a separate fund or entity. A sum of money, either in the form of currency or a special bank account, is set aside for the purpose of making change or immediate payments of small amounts.

The invoices for these payments are accumulated, and the account is reimbursed from the agencies funds, thus maintaining the account at the predetermined amount.

Procedures to initiate and establish a revolving cash account are as follows:

- Adopt a resolution which establishes the necessity, purpose, and amount of the revolving cash fund.
- Establish a bank account in the name of District to be known as “The Revolving Fund Account”.
- Process a warrant using account code 01-0xxx-58xx (Other services & operating expense), attach a copy of the resolution as backup documentation.
- Deposit the warrant into the special bank account that has been established as the revolving cash account.
- Prepare a journal entry to record the balance in the general ledger as “REVOLVING CASH FUND”.

EXAMPLE:

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>01-0xxx-9130</td>
<td>Revolving Cash Fund 1,000</td>
</tr>
<tr>
<td>01-0xxx-5800</td>
<td>Other Services &amp; Operating Expense 1,000</td>
</tr>
</tbody>
</table>

Increasing the Fund - In the event that the district wishes to increase the amount of the revolving cash account, a resolution should be adopted which indicates the new amount of the fund. The above procedures should then be performed for the amount of the increase.