



Administrative Regulation 3410

SYSTEM OF ACCOUNTS

Responsible Office: Office of Business and Financial Services

PURPOSE

The Superintendent has adopted this Administrative Regulation to set guidance for the preparation of accounting records 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 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. "Government Accounting Standards Board" (GASB) is a private non-governmental organization that creates accounting reporting standards, or GAAP, for state and local governments in the United States.

REGULATION

1. Reporting Requirements
 - a. Each administrator, chief, department manager or other personnel responsible for the administration of funds shall be accountable to the Chief Financial Officer for the reporting of financial transactions in a form and manner prescribed by the Nevada Revised Statutes (NRS), State Department of Education regulation or District policy and regulation.
 - b. The account code used for all costs must match the intended expenditure. Failure to adhere to the required account code structure may result in

data quality errors in financial reporting and the District's financial statements.

2. Chart of Accounts

- a. The Chief Financial Officer shall be responsible for developing the accounting procedures, ledgers of accounts and codes to properly account for all funds related to the operation of the District. The District's accounting system must be maintained in accordance with generally accepted accounting principles and shall present fairly and with full disclosure the financial operations of the District.
- b. The District will maintain its chart of accounts in accordance with the requirements of the Nevada Department of Education's "Nevada Common Elements for Accounting and Reporting K-12 Educational Finances". The State's chart of accounts provides a uniform numbering system for funds, programs, functions, and object codes that all school districts must follow. This allows consistent reporting of expenditures, revenues, and other transactions on a state and federal level.
- c. The District's accounting system is organized and operated on a fund basis. Fund types consist of:
 - i. General Fund, which is the chief operating fund of the school district. It is used to account for all financial resources of the school district except for those required to be accounted for in another fund.
 - ii. Special Revenue Funds are funds used to account for the proceeds of specific revenue sources (other than trusts or major capital projects) that are legally restricted. In accordance with GASB 54, a material portion of a special revenue fund's revenues must be legally restricted.
 - iii. Capital Projects Funds are funds used to account for financial resources to be used to acquire or construct major capital facilities (other than those of Proprietary funds and trust funds). The most common source of capital projects funding is the sale of bonds or other capital financing instruments. A separate fund may be used for each capital project or one fund may be used, supplemented by the classification Project/Grant Reporting code.
 - iv. Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest (including medium term obligations).

- v. An Enterprise Fund is used to account for any activity for which a fee is charged to external users for goods or services. Enterprise funds are required to be used to account for any activity whose principal revenue sources meet any of the following criteria:
 - 1) Debt backed solely by revenues from fees and charges (thus, not debt that is backed by the full faith and credit of the school district)
 - 2) Legal requirement to recover costs through fees and charges.
 - 3) Policy decision of the governing board or management is to recover the costs of providing services through fees or charges.

- vi. Internal Service Funds are used to account for any activity within the school district that provides goods or services to other funds, departments, component units, or other governments on a cost-reimbursement basis. The use of an internal service fund is appropriate only for activities in which the school district is the predominant participant in the activity. Otherwise, the activity should be reported as an enterprise fund.

- vii. Fiduciary funds typically consist of trust funds, which are used to account for assets held by a school district in a trustee capacity for others (e.g., members and beneficiaries of pension plans, external investment pools, or private purpose trust arrangements) and therefore cannot be used to support the school district's own programs.

- d. The Chief Financial Officer, through the Superintendent, may submit a fund resolution to the Board of Trustees to authorize the creation of separate funds, in accordance with state regulations, when such are required by statute or regulation or when it is appropriate for the proper control of school district monies.

3. Account Coding

- a. All schools and departments shall use the 21-digit account code structure as follows, for all financial transactions.

| Fund | Program | Function | Object Code | Responsibility Center | Department |
|------|---------|----------|-------------|-----------------------|------------|
| XX | XXX | XXXX | XXXXX | XXX | XXXX |

- b. The creation of new object codes requires the joint approval of the Controller and Budget Director.
- c. Balance sheet accounts shall not be used to account for expenditures.
- d. The District may use subsidiary ledgers, such as a “jobs ledger” to track capital expenditures.

LEGAL REQUIREMENTS AND ASSOCIATED DOCUMENTS

- 1. This Administrative Regulation reflects the goals of the District’s Strategic Plan and aligns/complies with the governing documents of the District, to include:
 - a. Board Policy 3410, System of Accounts and Financial Oversight.
- 2. This Administrative Regulation complies with the 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 |
|------------|----------|-----------------------------------------------------------------------|
| 10/24/1967 | 1.0 | Adopted |
| 5/28/1968 | 2.0 | Revised |
| 6/15/1984 | 3.0 | Revised |
| 5/12/1992 | 4.0 | Revised |
| 11/11/1997 | 5.0 | Revised |
| 03/15/2022 | 6.0 | Revised: update language, added chart of accounts and account coding. |