

# GCCCD

## District Services

### QUICK REFERENCE

#### Fund 40 Interfund Cash Transfers

#### **General Principle**

Facilities projects are funded by state facilities funding, Prop R funds (the district's local prop 39 bond), and occasionally other local funds. Many of the district projects are funded by both state funding and Prop R. The state funds are received on a reimbursement basis. The Prop R funds are currently in district funds, invested through the county until needed for projects. The investment is transferred into county capital projects funds based on a monthly cash flow projection by project. The state reimbursement process creates a cash flow challenge as contractors are paid on an on-going basis to keep the projects on schedule.

The district has established this procedure to fund the cash flow demands of projects while reimbursements are pending from the state.

Based on bills to the state, the district will transfer funds from Prop R funds for the exact amount of the receivable. As state funds are received, the advance will be returned to the Prop R funds. This will be a balance sheet transaction and therefore will not require a budget allocation. Note that returned funds will go back into the county investment pool.

At the beginning of the fiscal year, Financial Analyst will analyze cash available for Capital Outlay Project Funds at the county. If sufficient cash is available cash transfers will be discontinued until cash becomes low.

#### **Process Interfund Transfers**

Each time a state billing is completed:

Accounting Supervisor - Bills the state as funds are spent.

The state Chancellors' office allows only one bill per month per project.

District Financial Analyst - Process County Office of Education Interfund transfer

Using the invoice as supporting documentation

Subfund 41 - Capital Projects Fund:

Debit 4100300 - 9110                      Cash at County

Credit 4100300 - 9521                      Due to County Subfd 42

Subfund 42 - Prop R Fund

Debit 4200300 - 9170                      Due from County Subfd 41

Credit 4200300 - 9110                      Cash at County

Upon receipt of funds from the state:

District Accounting deposits receipts from the state into the District Clearing.

Post to the fund specific key code and object code 9115.

Accounting e-mails Financial Analyst of receipt, date received and amount.

Analyst processes wire transfer from clearing cash 9115 to County Cash subfund 41, object 9110.

Posted by accounting after wire is confirmed by County office

Analyst, after confirming the deposit has been reflected by the county in subfund 41 (usually 3 working days), processes a return of advance via an interfund transfer back to subfund 42.

Subfund 42-Prop R Funds

Debit 4200300 - 9110

Cash at County

Credit 4200300 - 9170

Due from County Subfd 41

Subfund 41-Capital Project Fund

Debit 4100300 - 9521

Due to County Subfund 42

Credit 4100300 - 9110

Cash at County

**Governing Board Action**

Monthly report the status of the advances on Governing Board Docket item 302. The District's auditors recommended this routine practice. Although Board action is not required for advances between funds, the significance of the dollar value would warrant board oversight.