WORKING CASH FUND


This Act authorizes transfers (interfund loans) from a school district's working cash fund to any fund of the district for which taxes are levied. Such transfers (interfund loans) are no longer limited to the educational, operations and maintenance, and transportation funds.

The Act also authorizes the permanent transfer of earnings on investments in the working cash fund to any fund of the district; such a transfer may only be made upon the authority of the board of education by a separate resolution directing the school district treasurer to make the transfer.

Greater flexibility in the use of the working cash fund is provided by this Act. If tax distributions are late and monies are needed for bond and interest, municipal retirement, social security, or other purposes, such monies can now be borrowed from the working cash fund. Tax anticipation warrants will not have to be issued, and interest costs in those funds will not be incurred or will be reduced.

The Act does not increase the maximum amount a district may have in its working cash fund. That limit remains at 85 percent of the maximum amount of taxes last permitted to be levied for educational purposes plus 85 percent of the last known entitlement to corporate personal property replacement taxes. The first part of this equation is determined by multiplying the maximum educational purposes tax rate by the last equalized assessed valuation of the district and taking 85 percent of that amount.

Transfers (interfund loans) from the working cash fund are made in anticipation of taxes which have been levied but not yet collected. Also required in the board resolution directing the school district treasurer to make such transfer (interfund loan) is the tax(es) in anticipation of which the loan(s) is (are) to be made (Section 20-5 of the School Code).

The transfer (interfund loan) to any given fund plus any tax anticipation warrants or general obligation notes issued for that fund cannot exceed 85 percent of the taxes levied for that particular purpose/fund.
Transfers (interfund loans) to any fund of the district must be repaid when the taxes which were anticipated are received. If tax anticipation warrants or general obligation notes have been issued against the same taxes, their repayment has priority over the repayment to the working cash fund.

In the event the working cash fund is abolished and the balance transferred to the educational fund, any outstanding transfers (interfund loans) shall be paid to the educational fund at the end of the current school (fiscal) year (Section 20-8 of the School Code).

Any questions on the use, reimbursement, or abolishment of the working cash fund should be directed to the Finance Section, Department of School Finance at 217/782-6246.