

### 3. ACCOUNTING

#### 3.2 Assets

#### 3.2.3 Sweeping Interest and Investment Returns into General Fund

3.2.3.10 Based on the current economic environment in which they operate, local governments are actively looking for ways to generate additional unrestricted revenues, so often there are questions regarding the transfer of interest income associated with certain revenues to the general fund and/or other funds.

3.2.3.20 The answers to these questions may be “Yes: or “No”, based on the statutory language that authorized the imposition of taxes and levies or the distribution of fees and taxes by the state. These answers are also affected by the type of entity receiving the revenue.

#### **Counties**

3.2.3.30 County legislative authorities have the power to direct the investment of county funds, and when they do so, the interest earned stays with the original fund. If the legislative authority does not provide this direction RCW [36.29.020](#) allows a county treasurer to allocate the interest and other income earned on the investment of a county’s own funds into county general fund.

3.2.3.40 As discussed in the AGO 2010 No. 10, the three statutes listed below are examples of a specific legislative intent which overrides the general authorization granted counties in RCW [36.29.020](#).

- RCW [73.08.080](#) – Veterans’ assistance fund
- RCW [81.100.080](#) – High occupancy vehicle system fund
- RCW [41.16.050](#) – Firefighters’ pension fund

3.2.3.50 Again, the statutes listed above are not meant to provide an exhaustive list of all revenues where the allocation of interest is restricted. It is the county’s responsibility to carefully review the statutory language governing a particular revenue source to determine restrictions related to interest and other investment income.

#### **Cities**

3.2.3.60 Cities may transfer interest income to their general fund if the transfer is in compliance with RCW [35.39.034](#) (non-code cities) or RCW [35A.40.050](#) (code cities).