



February 28, 2019

( ) Action Required  
( X ) Informational

BULLETIN NO. 005-19 SCHOOL APPORTIONMENT AND FINANCIAL SERVICES

TO: Educational Service District Superintendents  
Educational Service District Fiscal Officers

FROM: Chris Reykdal, Superintendent of Public Instruction

RE: ESD Accounting Manual Revisions for the 2018–19 School Year

CONTACT: Paul Stone, Supervisor, School District and ESD Accounting  
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**PURPOSE AND BACKGROUND**

The *Educational Service District Accounting Manual* has been revised for the 2018–19 school year. The effective date is September 1, 2018. The purpose of this bulletin is to advise educational service districts of the revisions to the *Accounting Manual*. A summary of changes is included in this bulletin.

The *ESD Accounting Manual* is distributed electronically. The *Accounting Manual* can be accessed online by selecting “ESD Page” from the SAFS website at <http://www.k12.wa.us/SAFS/default.asp>. The online “print version” is provided to produce double-sided copies. Hardcopies of the *Accounting Manual* can be ordered from School Apportionment and Financial Services (SAFS) for a fee by contacting Becky Dillon at 360-725-6300, [becky.dillon@k12.wa.us](mailto:becky.dillon@k12.wa.us), or OSPI SAFS, P.O. Box 47200, Olympia, WA 98504.

**INFORMATION AND ASSISTANCE**

For questions regarding this bulletin, please contact Paul Stone, Supervisor of School District and ESD Accounting at 360-725-6303 or by email at [paul.stone@k12.wa.us](mailto:paul.stone@k12.wa.us). The OSPI TTY number is 360-664-3631. This bulletin is also available on the OSPI website at <http://www.k12.wa.us/BulletinsMemos/bulletins2019.aspx>.

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## SUMMARY OF CHANGES

### Chapter 2, Principles of Reporting:

- **Near Page 11:** Additional guidance for Notes to the Financial Statements is added.

Sample notes to the financial statements are included in the Educational Service District Reference Page on the OSPI website at <http://www.k12.wa.us/safs/INS/ESD/ESD.asp>.

The Notes to the Financial Statements are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statements themselves. The notes are therefore an integral part of the financial statements.

- When preparing Notes to the Financial Statements, delete the notes that do not apply and add others needed for readers to understand the financial statements.
- Example notes presented in the *ABFR Handbook* are considered the minimum requirement for disclosure, as applicable. Additional disclosures not specifically shown as examples may also be required to achieve fair presentation for unique facts and circumstances.
- Notes should not include irrelevant, obsolete, trivial, or superfluous information. For example, districts should refrain from negative disclosure (stating a potential disclosure is inapplicable, such as “there were no subsequent events requiring disclosure”).
- Note disclosures should be expressed as clearly and simply as possible and include explanations as necessary to ensure it is understandable by users. However, this does not mean disclosures should avoid precise technical terms or omit or abridge information that may be complicated or difficult to understand.
- The notes to the financial statements can be presented in any format including: narrative; tables; schedules; and matrices, as long as they contain the required information.

### Chapter 3, Chart of Accounts:

- The ESD Program Expenditure Matrices are removed from Chapter 3 and moved to a new Appendix B, which is created for their display.

**Chapter 4, ESD Financial Statements:**

- The ESD Financial Statements, displayed in Chapter 4, are removed from the ESD Accounting Manual and are included in the Educational Service District Reference Page on the OSPI website at <http://www.k12.wa.us/safs/INS/ESD/ESD.asp>.

**Chapter 5, Notes to the Financial Statements:**

- The Notes to the Financial Statements, displayed in Chapter 5, are removed from the ESD Accounting Manual and are included in the Educational Service District Reference Page on the OSPI website at <http://www.k12.wa.us/safs/INS/ESD/ESD.asp>.

**Chapter 6, Federal Grants Management:**

- The Federal Grants Management chapter is changed to Chapter 4.
- Minor narrative edits to sentences containing the words “that” or “that are.”
- Minor clarifications made to regulation narrative, beginning on page 1.
- A table illustrating applicable regulations is added on page 2.

<b>Applicable Regulations for ED Programs</b>	
<b>Title 34</b>	<b>Title 2</b>
Part 75 – Direct Grant Programs Part 76 – State-Administered Programs Part 77 – Definitions Part 81 – General Education Provisions Act (GEPA)	Part 200 – Cost, Administrative, Audit Rules <ul style="list-style-type: none"><li>• Subpart A – Acronyms and Definitions</li><li>• Subpart B – General Provisions</li><li>• Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards</li><li>• Subpart D – Post Federal Award Requirements (formerly Part 80 EDGAR)</li><li>• Subpart E – Cost Principles (formerly OMB Circular A-87)</li><li>• Subpart F – Audit Requirements (formerly OMB Circular A-133)</li></ul>

- On page 6, the guidance for equipment capitalization policy is clarified. The narrative “different and” is replaced with “however.”

For federal funds, equipment means tangible nonexpendable property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. **However**, more restrictive limits may be established in an ESD’s policy.

- Beginning on page 11, federal procurement thresholds are updated.

When federal funds are used to purchase goods (furniture, supplies, equipment, and textbooks):

- Purchases of \$10,000 or less do not require quotes. However, ESDs must consider the price to be reasonable, and, to the extent practical, distribute equitably among suppliers. Further, the ESD should have a policy in place authorizing expenditures of \$10,000 or less to be considered without quotes.
- Purchases between \$10,000 and \$75,000 must be procured using price or rate quotations from an adequate number of qualified sources (state law requires three sources).
- Purchases of \$75,000 or more must be publicly solicited using sealed bids.

When federal funds are used to purchase services:

- Purchases of \$10,000 or less do not require quotes. However, ESDs must consider the price to be reasonable, and, to the extent practical, distribute equitably among suppliers.
- Purchases between \$10,000 and \$250,000 must be procured using price or rate quotations from an adequate number of qualified sources.
- Purchases of \$250,000 or more must be publicly solicited using sealed bids.

#### **Appendix B: Program Expenditure Matrices:**

- The Appendix is created to display the Program Expenditure Matrices.