

2021–22 School District Accounting Manual Addendums—(220622 Gov Delivery):

Good morning,

The purpose of this communication is to advise school districts of the first addendum to the [Accounting Manual for Public School Districts in the State of Washington](#) (*Accounting Manual*). The effective date of the addendum is September 2021, and the following changes are applicable to the school district fiscal year beginning September 1, 2021.

Chapter 1—Principles of Accounting

On page 1-26, additional guidance is provided for fiduciary activity. All school districts are required to account for Fiduciary Funds on the accrual basis of accounting. Additional guidance is added for reporting liabilities in Fiduciary Funds.

Fiduciary fund reporting focuses on net position and changes in net position and uses the economic resources measurement focus and accrual basis of accounting. Liabilities should be recognized in a fiduciary fund when an event has occurred that compels the district to disburse fiduciary resources. Events that compel a district to disburse fiduciary resources occurs when a demand for the resource has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

Chapter 4—General Ledger Accounts

Beginning on page 4-3, the titles for receivables and liabilities, presented on the Statement of Fiduciary Net Position, are modified. The modification requires a change in the General Ledger Account Codes used for this purpose. The financial statement should present these items as “Due To or Due From Other Governmental Units” instead of “Due To or Due From Other Funds”.

- GL 320 Due from Other Funds is closed to Fund 7
- GL 330 Due from Other Governmental Units is opened to Fund 7
- GL 640 Due to Other Funds is closed to Fund 7
- GL 630 Due to Other Governmental Units is opened to Fund 7

Minor modifications are made on pages 4-3, 4-6, 4-14, 4-28, and 4-30 to reflect the change.

Beginning on page 4-47, the titles of general ledger equity accounts used in fiduciary reporting have been changed to better describe the nature of the equity presented in financial reporting.

- GL 856 is now titled 856 Restricted for: Individuals, Organizations, and Other Governments—PPTF.
- GL 857 is now titled 857 Restricted for: Individuals, Organizations, and Other Governments—Custodial Fund.

Chapter 5—Revenues and Other Financing Sources

On page 5-1, local taxes considered unavailable for revenue accrual are specifically identified for clarification purposes. This is applicable for districts using the modified accrual basis of revenue recognition.

For districts using the modified accrual basis of revenue recognition, state law considers property taxes receivable unavailable for revenue accrual, RCW 28A.505.010, WAC 392-123-047, RCW 28A.150.400. This is a departure from GAAP as defined by GASBS 33 and Interpretation 5 and should be disclosed in the notes to the financial statements. For this purpose, property taxes include the following revenues:

- Revenue Code 1100: Real and personal property tax collections (RCW 84.52.050, 84.52.053, 84.52.056)
- Revenue Code 1300: Sale of Tax Title Property (RCW 36.35.120, 35.49.160)
- Revenue Code 1400: Local in Lieu of Taxes (RCW 35.82.210, 35.83.040, 79.66.100)
- Revenue Code 1500: Timber Excise Tax (RCW 84.33.081)
- Revenue Code 1600: County-Administered Forests (only certain counties)

On page 5-30, the title of revenue code 6111 Special Purpose—GEER is changed to 6111 Special Purpose—State and Local Fiscal Recovery Fund (SLFRF). The guidance for revenue code 6111 is modified to SLFRF.

Revenue Code 6111 Special Purpose—SLFRF

Applicable Fund: (GFS, CPF)

Record resources received from OSPI for allowable costs as provided. Sections 602(c)(1)(C) and 603(c)(1)(C) of the Social Security Act provide that SLFRF funds may be used “for the provision of government services to the extent of a reduction in revenue to school districts due to the COVID–19 public health emergency”.

School districts are deemed beneficiaries of SLFRF resources rather than subrecipients. Beneficiaries are not subject to an audit pursuant to the Single Audit Act and 2 CFR part 200, subpart F regarding audit requirements. The use of SLFRF benefits provided to school districts are not reported on the Schedule of Expenditures of Federal Awards (SEFA). Time and Effort reporting is not required. However, additional expenditure reporting to OSPI may be necessary via an ad-hoc OSPI survey in the future.

Enrollment stabilization (SLFRF) amounts allocated to school districts are not part of the state’s basic education, but SLFRF may be used for any allowable cost within any of the programs (SHB 1590; Sec. 2, (3)).

SLFRF resources provided to school districts must be used for costs incurred on or after September 1, 2021, and the funds must be obligated and expended by August 31, 2023.

On page 5-31, the title of revenue code 6119 Special Purpose—Reserve H is changed to 6119 Special Purpose—CARES Act—Other. This resource is opened for use in both the General Fund and the Capital Projects Fund.

Revenue Code 6119 CARES Act—Other

Applicable Fund: (GFS, CPF)

Record resources received through OSPI from federal grants to assist school districts in providing services to address mitigation strategies as provided.

Revenue 6119 is being used to report the DOH Learn to Return funds school districts are receiving on the 1197 Apportionment Report. The DOH Learn to Return program is a Cares Act award from the Center for Disease Control (CDC). The Assistance Listing Number (ALN/CFDA) is 93.323.

On page 5-52 the title of revenue code 6319 Special Purpose—Reserve H is changed to 6119 Special Purpose—CARES Act—Other. This resource is opened for use in the General Fund and the Capital Projects Fund.

Revenue Code 6319 CARES Act—Other

Applicable Fund: (GFS, CPF)

Record resources received from federal grants received through nonfederal agencies other than OSPI to assist school districts in providing services to address mitigation strategies as provided.

School districts who receive grant awards from the Emergency Connectivity Fund (ECF) will use this revenue code. The Assistance Listing Number (ALN/CFDA) is 32.009.

Chapter 6—General Fund Expenditures

On page 6-15 the title of expenditure program code 11 Special Purpose—GEER is changed to Special Purpose—SLFRF.

Program 11: Special Purpose—SLFRF—Federal

Record expenditures for allowable costs as provided. Sections 602(c)(1)(C) and 603(c)(1)(C) of the Social Security Act provide that SLFRF funds may be used “for the provision of government services to the extent of a reduction in revenue to school districts due to the COVID-19 public health emergency”.

School districts are deemed beneficiaries of SLFRF resources rather than subrecipients.

- Beneficiaries are not subject to an audit pursuant to the Single Audit Act and 2 CFR part 200, subpart F regarding audit requirements.
- The use of SLFRF benefits provided to school districts are not reported on the Schedule of Expenditures of Federal Awards (SEFA).
- Time and Effort reporting is not required.

- However, additional expenditure reporting to OSPI may be necessary via an ad-hoc OSPI survey in the future.

Enrollment stabilization (SLFRF) amounts allocated to school districts are not part of the state's basic education, but SLFRF may be used for any allowable cost within any of the programs (SHB 1590; Sec. 2, (3)).

SLFRF resources provided to school districts must be used for costs incurred on or after September 1, 2021, and the funds must be obligated and expended by August 31, 2023.

Certain restrictions and requirements apply across all eligible use categories. They include:

- No debt service or replenishing financial reserves,
- No satisfaction of settlements and judgments,
- SLFRF funds may not be used for a project that conflicts with or contravenes the purpose of the American Rescue Plan Act statute (e.g., uses of funds that undermine COVID-19 mitigation practices in line with CDC guidance and recommendations) and may not be used in violation of the Award Terms and Conditions or conflict of interest requirements under the Uniform Guidance.
- Other applicable laws and regulations, outside of SLFRF program requirements, may also apply (e.g., laws around procurement, contracting, conflicts-of-interest, environmental standards, or civil rights).

On page 6-17 the title of expenditure program code 19 Special Purpose—Reserve H is changed to Special Purpose—CARES Act—Other. Additional guidance is added.

Program 19: Special Purpose—CARES Act—Other

This program will be used to report expenditures incurred on various CARES Act aid packages provided to school districts. At this time, school districts will use Program 19 to report expenditures on the *DOH Learn to Return* program and the *FCC Emergency Connectivity Fund*.

The Program 19 Expenditure Matrix illustrated in Appendix A will include most activity functions. However, districts must take note of individual award's allowable costs parameters and budget accordingly. Please review the matrix included in this Bulletin.

Chapter 7—General Journal Entries

On page 7-58, the Special Education Medicaid Reimbursement Entries are being deleted from the Accounting Manual.

The Health Care Authority (HCA) is pleased to announce that **effective 7/1/2022, the School-Based Health Care Services (SBHS)—contracted school districts will no longer be required to submit local match** to HCA for IEP/IFSP health-related service claims.

For services provided prior to 7/1/2022, HCA will continue to invoice school districts for local match and school districts will continue to follow the Special Education Medicaid Reimbursement Entries described and illustrated in the 2022 School District Accounting Manual,

Chapter 7, Page 7-58 and 7-59. Per the Intergovernmental Transfer (IGT) process, school districts have 120 days from the invoice date to submit local match to HCA. Once local match is received, HCA will release the claims for payment.

For services provided on and after 7/1/2022, eligible SBHS claims will automatically pay on a weekly basis. HCA will not invoice the school district for local match for any claims with dates of service on and after 7/1/2022.

Chapter 8—Financial Reporting

On page 8-7, guidance is added requiring school districts to provide a separate set of notes for each of its annual financial statements.

Notes in financial reporting are the responsibility of the school district, not the auditor, and accordingly are subject to audit as an integral part of the financial statements. A separate and distinct set of Notes to the Financial Statements must be prepared for each school year, regardless of audit frequency. For example, if the district receives a two-year audit, two distinct sets of Notes would be prepared.

Chapter 10—CPF and TVF Fund

On page 10-8, the legislature extends authority for school districts to charge maintenance vehicles to the Capital Projects Fund. Guidance is reinserted into the Accounting Manual.

Equipment

Maintenance vehicles and machinery are allowed to be charged to the Capital Projects Fund with money legally deposited, except bonds, as described in RCW 28A.320.330(2). SHB 1080 amends the law and extends RCW 28A.320.330(2)(h) which states: During the 2021–2023 fiscal biennium, the purchase of maintenance vehicles and machinery are allowed.

For the two-year fiscal biennium, RCW 28A.320.330(2)(h) supersedes RCW 28A.320.330(2)(e) which states: Vehicles shall not be purchased with capital projects fund money.

Other motor vehicles licensed to be operated on the road are not charged to the Capital Projects Fund. Pupil transportation vehicles are charged to the Transportation Vehicle Fund. All other vehicles are charged to the General Fund.

On page 10-20, the allowable cost guidance for vehicles is modified.

Vehicles

Maintenance vehicles and machinery are allowed to be charged to the Capital Projects Fund with money legally deposited, except bonds, as described in RCW 28A.320.330(2). SHB 1080 amends the law to include RCW 28A.320.330(2)(h) which states: During the 2021–2023 fiscal biennium, the purchase of maintenance vehicles and machinery are allowed.

**PROGRAM 19—SPECIAL PURPOSE—CARES ACT—OTHER—FEDERAL
OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
64 Facilities Maintenance										
65 Utilities										
67 Building and Property Security										
68 Property & Liability Insurance										
72 Information Systems										
73 Printing										
74 Warehousing and Distribution										
75 Motor Pool										
91 Public Activities										
TOTALS										

On page A-27, Activity 85, Object 1, Credit Transfers, and Activity 85, Object Code 9, Capital Outlay, are opened for district use.

**PROGRAM 97—DISTRICTWIDE SUPPORT
OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
11 Board of Directors										
12 Superintendent's Office										
13 Business Office										
14 Human Resources										
15 Public Relations										
25 Pupil Management and Safety										
61 Supervision										
62 Grounds Maintenance										
63 Operation of Buildings										
64 Maintenance										
65 Utilities										
67 Building and Property Security										
68 Insurance										
72 Information Systems										
73 Printing										
74 Warehousing and Distribution										
75 Motor Pool										
83 Interest										
84 Principal										
85 Debt-Related Expenditures			OPEN							OPEN
TOTALS										

If you have any questions please contact Paul Stone, School District and ESD Accounting Supervisor at paul.stone@k12.wa.us.