



December 6, 2019

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(X) Informational

BULLETIN NO. 086-19 SCHOOL APPORTIONMENT AND FINANCIAL SERVICES

TO: Educational Service District Superintendents
School District Superintendents
School District Business Managers

FROM: Chris Reykdal, Superintendent of Public Instruction

RE: Second Addendum to the School District Accounting Manual for the 2019–20
School Year

CONTACT: Paul Stone, Supervisor, School District Accounting
360-725-6303, paul.stone@k12.wa.us

PURPOSE/BACKGROUND

The purpose of this bulletin is to advise school districts of the second addendum to the *Accounting Manual for Public School Districts in the State of Washington (Accounting Manual)*. The effective date of the addendums is September 2019, and the changes are applicable to the school district fiscal year beginning September 1, 2019.

SECOND ADDENDUM FOR THE 2019–20 SCHOOL YEAR

CHAPTER 6–GENERAL FUND EXPENDITURE ACCOUNTS

On page 6-37, guidance is added to **Activity 34 Professional Learning–State**.

If the yearly allocation, plus carryover, is not fully expended by the end of the fiscal year, the residual allocation should be identified in the financial records as restricted carryover. Use GL 821–Restricted for Carryover of Restricted Revenues.

CHAPTER 10–CAPITAL PROJECTS FUND

In the previous legislative session, ESHB 2140 was passed. This amends RCW 28A.320.330. Subsection (2)(h) was added to the law and reads as follows:

(2)(h) During the 2019-2021 fiscal biennium, renovation and replacement of facilities and systems, purchase or installation of items of equipment and furniture, including maintenance

vehicles and machinery, and other preventative maintenance or infrastructure improvement purposes.

On page 10-8, new guidance is added to the section titled **Type Code 30–Equipment**, and reads as follows:

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). ESHB 2140 amends the law to include RCW 28A.320.330(2)(h) which states: During the 2019-2021 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 10-18, new guidance is added to the section titled **Ineligible Expenditures in the Capital Projects Fund** and under the subsection **Vehicles**. This section now reads as follows:

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). ESHB 2140 amends the law to include RCW 28A.320.330(2)(h) which states: During the 2019-2021 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 vehicles are not to be purchased with Capital Projects Fund money (RCW 28A.320.330(2)(e)). Pupil transportation vehicles are charged to the Transportation Vehicle Fund. All other vehicles are charged to the General Fund.

CHAPTER 13–FIDUCIARY ACTIVITY

On page 13-1, the guidance under the heading title **FIDUCIARY FUNDS** is modified.

Fiduciary funds should be used to account for resources held in a trustee or custodial capacity for others that meet certain criteria.

On page 13-2, the guidance under the heading title **Pension (and other Employee Benefit) Trust Funds** is modified.

Pension (and other employee benefit) trust funds are used to report fiduciary activities for the following:

- Pension plans and OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of GASB Statement 67 or paragraph 3 of Statement 74, respectively. It is not expected that school districts will report pension and OPEB trust funds.
- Other employee benefit plans for which resources are held in a trust that meets the criteria:
 - The district itself is not a beneficiary;
 - Assets are dedicated to providing benefits to plan members according to benefit terms;
 - Assets are legally protected from creditors of the district and contributions to the trust and earnings on those contributions are irrevocable.

These trusts are used to report resources held by the district in trust for members and beneficiaries of defined benefit pension plans, defined contribution plans, or other post-employment or other employee benefit plans administered by the district.

On page 13-3, the guidance under the heading title **Private-Purpose Trust Funds** is modified.

Private-purpose trust funds are used to report all fiduciary activities that:

- Are *not* required to be reported in pension (and other employee benefit) trust funds and
- Are held in a trust in which the assets are:
 - Administered through a trust in which the government itself is *not* a beneficiary,
 - Dedicated to providing benefits to recipients in accordance with the benefit terms, and
 - Legally protected from the creditors of the school district.

On page 13-3, the guidance under the heading title **Custodial Funds** is modified.

Custodial Funds differs from a Private Purpose Trust fund in that there is no formal trust agreement. The school district is acting in an agent capacity for some other organization, government, or individual. They are used where the government's role is purely custodial,

such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

On page 13-6, the guidance under the heading title **Establishment of Private-Purpose Trust Funds** is modified.

Under the authority of RCW 28A.320.030, the board of directors are strongly encouraged to establish a Private-Purpose Trust Fund (PPTF) in the district's accounting records as a prerequisite; whenever the board chooses to accept donations intended for scholarship or student aid purposes; in accordance with the benefit terms. This excludes gifts accepted for the benefit of the school district.

On page 13-6, the guidance under the heading title **General Fund Revenue Account 2500 Gifts, Grants, and Donations** is modified.

A distinction should be made between trust funds as discussed in this chapter and Revenue Account 2500 Gifts, Grants, and Donations. Account 2500 should be used for gifts, accepted under the authority of RCW 28A.320.030 where the school district is the beneficiary. These gifts are intended to be spent immediately, either for a specified purpose or at the district's discretion, and where, accordingly, no trust relationship exists between the donor and the district.

On page 13-6, the guidance under the heading title **Transferring or Returning Trust Money** is modified.

Money that has been donated for the designated purpose of scholarships that a district is holding in trust may be returned to the original donor or transferred to a foundation or other entity under specific circumstances. Districts are advised to consult with their legal counsel when transferring trust funds.

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INFORMATION AND ASSISTANCE

For questions regarding this bulletin, please contact Paul Stone, Supervisor of School District Accounting, at 360-725-6303 or email at paul.stone@k12.wa.us. The OSPI TTY number is 360-664-3631.

This bulletin is also available on the [Bulletins and Memos](#) page of the OSPI website.

Jamila B. Thomas
Chief of Staff

T.J. Kelly
Chief Financial Officer
Financial Resources

Michelle Matakas
Director
School Apportionment and Financial Services

CR:pfs

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