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Washington Office of Superintendent of
PUBLIC INSTRUCTION
Chris Reykdal, Superintendent

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BULLETIN NO. 043-20 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: Revisions to the School District Accounting Manual for the 2020–21 School Year

CONTACT: Paul Stone, Supervisor, School District Accounting
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PURPOSE/BACKGROUND

The *Accounting Manual for Public School Districts in the State of Washington (Accounting Manual)* has been revised for the 2020–21 school year. The effective date of the revised Accounting Manual is September 2020, and the changes are applicable to the school district fiscal year beginning September 1, 2020.

The purpose of this bulletin is to advise school districts of the revisions and distribution of the *Accounting Manual*. The *Accounting Manual* is distributed electronically; printed copies are not mailed to school districts. The *Accounting Manual* can be accessed at this link, [Accounting Manual](#), on the OSPI, School Apportionment website. The online “print version” is designed 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, or OSPI SAFS, P.O. Box 47200, Olympia, WA 98504.

SCHOOL DISTRICT ACCOUNTING ADVISORY COMMITTEE

The revisions to the *Accounting Manual* represent the work of the School District Accounting Advisory Committee that, by statute, is advisory to the Office of Superintendent of Public Instruction and the State Auditor’s Office. Committee members are representatives of the Washington Association of School Business Officials, the Washington Association of School Administrators, the Washington Association for Career and Technical Education, the Washington School Information Processing Cooperative, the Association of Educational Service Districts, the State Auditor’s Office, and Office of Superintendent of Public Instruction. All meetings are open

to the public. Committee information is located on the OSPI website at [School District Accounting Advisory Committee](#).

REVISIONS TO THE SCHOOL DISTRICT ACCOUNTING MANUAL FOR THE 2020–21 SCHOOL YEAR

CHAPTER 1–PRINCIPLES OF ACCOUNTING

On page 1-9, guidance distinguishing a permanent fund from a fiduciary fund is modified; it is described here.

Permanent Funds (Fund 8)

One determining factor between a Permanent Fund and a fiduciary type activity is who may benefit from the resources, not the legal requirement that only earnings may be spent.

On page 1-11, guidance summarizing various types of fiduciary activities is modified; it now reads as follows:

Fiduciary Funds

- The purpose of the **Private-Purpose Trust Fund (Fund 7)** is to account for moneys or other assets donated to school districts to benefit individuals or private organizations. Examples include moneys for scholarship, student aid, charitable, and other similar purposes. A Private-Purpose Trust Fund is established by board resolution and through a **formal trust agreement**. The authority to use the resources comes from the donor who specifies a use or range of allowed uses for assets to be held in trust. The school board has the authority to determine the use of the assets only within the confines of the formal trust agreement.
- Moneys donated to the school district, for the *support of the district*; and permit **only** the earnings to be expended should be accounted for in the **Permanent Fund (Fund 8)**. A Permanent Fund is a government fund, not a fiduciary-type activity. See guidance on page 1-9.
- A **Custodial Fund (Fund 7)** differs from the Private Purpose Trust Fund because there is **no formal trust agreement**. The Custodial Fund's fiduciary conditions, and the allowable use of resources, are otherwise similar to Private Purpose Trusts.

- Within the F-196 fund financial statements, school districts are required to segregate Custodial Funds from Private-Purpose Trusts.

CHAPTER 2–BUDGETING

On page 2-1, a new paragraph is added to provide an additional definition of the school district budget document.

Form F-195 is the official school district budget document and must be filed with the Office of Superintendent of Public Instruction (OSPI). All school districts must create a budget for the General Fund; and for any other government fund the district has established as authorized under RCW [28A.320.330](#) and RCW [28A.160.130](#). All school districts must prepare, adopt, and file their budgets in the format prescribed by OSPI.

On page 2-2, the separate section “Annual Schedule for Budgeting” is removed.

~~Annual Schedule for Budgeting~~

~~The annual schedule for budgeting is available in the Budget Preparation chapter of the State of Washington School District Administrative, Budgeting, and Financial Reporting Handbook published by the Office of Superintendent of Public Instruction.~~

On page 2-2, the guidance describing the annual schedule for budgeting is modified and added to the section titled Budget Preparation.

Each school district shall prepare the annual budget on or before July 10 for the ensuing fiscal year. The annual schedule for budgeting is available under Chapter [392-123-054](#) WAC.

CHAPTER 5–REVENUES AND OTHER FINANCING SOURCES

On page 5-16, a new revenue code was added to the chart of accounts to account for other interest earnings on leases or other contractual financing arrangements entered into with private individuals or other organizations for the use of school district property.

2450–Other Interest Earnings

Applicable Fund: (GFL, DSF, CPF, TVF)

Record revenue from interest earned on leases or other contractual financing arrangements to use school district property.

(Reference: RCW 28A.335.040 to RCW 28A.335.090.)

On page 5-18, a new revenue code was added to the chart of accounts. Certain school districts do not participate in the National School Lunch Program. As a result, the resources received for Program 98 are not comingled with the federal program and are coded to sub-fund 11. This new revenue code should not be used by school districts that participate in the National School Lunch Program.

2998—Local School Food Services—non NSLP

Applicable Fund: (GFL)

Record local revenue from the sale of meals served during the regular school day. This revenue code is to be **used exclusively** by school districts that do not participate in the National School Lunch Program (NSLP.)

CHAPTER 6—GENERAL FUND EXPENDITURE ACCOUNTS

Near page 6-23, Program 75 Professional Development—State is removed from the chart of accounts. This program was created to account for a specific revenue stream provided during the 2007–09 State Biennial Operating Budget. It is obsolete.

75—Professional Development—State

~~Record expenditures for math and science professional development related to the funding provided under Revenue 4175.~~

On page 6-51, the term “Retroactive” is removed from NCES Code 2160. Retroactive pay is more appropriately coded in NCES Object Code 2110.

2160—Other Salaries—Certificated

This code is used to identify amounts paid by the school district to certificated employees for other salaries not listed elsewhere.

Special contract provisions such as tax-sheltered annuity, housing allowance, mileage, or auto allowance.

- Deferred, or grievance-awarded compensation
- Annual sick-leave buy-back
- Retirement sick-leave and vacation leave buy-back
- Employment termination settlements

On page 6-53, the term “Retroactive” is removed from NCES Code 3160. Retroactive pay is more appropriately coded in NCES Object Code 3110.

3160–Other Salaries–Certificated

This code is used to identify amounts paid by the school district to certificated employees for other salaries not listed elsewhere.

Special contract provisions such as tax-sheltered annuity, housing allowance, mileage, or auto allowance.

- Deferred, or grievance-awarded compensation
- Annual sick-leave buy-back
- Retirement sick-leave and vacation leave buy-back
- Employment termination settlements

On page 6-63, employee tuition reimbursements language is added to NCES Code 7330.

7330–Employee Training and Development Services

IRS guidelines allow school districts to provide their employees with a job-related education assistance program (EAP) each year. Review *IRS Publication 970, Tax Benefits for Education*, for qualifications and restrictions. When an employee receives an EAP reimbursement greater than the maximum allowed, the benefit becomes taxable income. Use Object Code 2160 for taxable income.

On page 6-63, additional services were added to NCES Code 7340 to clarify coding.

7340–Other Professional Services

Professional services other than educational services that support the operation of the school district. Included are medical doctors, lawyers, architects, auditors, accountants, therapists, audiologists, dietitians, editors, negotiations specialists, paying agents, system analysts, planners, brokers, etc. Costs incurred for fingerprinting and background checks should use this NCES Code. Audit costs charged directly to programs should use this NCES Code. Bond issuance costs should be coded in this NCES Code series.

On page 6-67, additional services were added to NCES Code 7530 to clarify coding.

7530–Communications

Services provided by persons or businesses to assist in transmitting and receiving messages or information. This category includes telephone and voice communication services; data communication services to establish or maintain computer-based communications, networking, and Internet services; video communication services to establish or maintain one-way or two-way video communications via satellite, cable, or other devices; postal communication services to establish or maintain postage machine rentals, express delivery services, and couriers. Include licenses and fees for search engine products and subscriptions to research materials over the Internet. Expenditures for software, both 'downloaded' and 'off-the-shelf,' should be coded to NCES Codes 5650 or 9735.

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. The OSPI TTY number is 360-664-3631. This bulletin is also available on the OSPI website under [bulletins](#).

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