



Washington Office of Superintendent of  
**PUBLIC INSTRUCTION**



Office of the Washington State Auditor

***Accounting Manual for  
Public School Districts  
in the State of  
Washington***

**2021**

# Accounting Manual for Public School Districts in the State of Washington

2021

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Office of the Washington State Auditor

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## **Introduction–Executive Summary**

### **Changes to Modified Accrual Financial Statement Audit Reports**

On April 24, 2017, the Office of the Washington State Auditor announced changes to audit reports which impact school district financial statements (F-196). This notice is intended to ensure that all school districts are aware of how the audit reports have been revised and why the changes are necessary.

All financial statement audit reports will contain the following:

- A standard paragraph with an opinion on the fair presentation of the financial statements in accordance with the School District Accounting Manual.
- A separate section stating that the financial statements were not prepared in accordance with generally accepted accounting principles (GAAP) for government organizations (an “adverse” opinion), along with the reason behind the opinion.

When providing an opinion on financial statements intended for general use and prepared under a regulatory method of accounting (for example, those in the School District Accounting Manual), United States auditing standards require auditors to express a separate opinion on whether the financial statement presentation was performed in accordance with GAAP.

In no way does this additional opinion imply the financial statements are unreliable or unfairly presented according to the School District Accounting Manual. Rather, the purpose of the opinion is to let report users know if the financial statement’s presentation complies with, or differs from, GAAP.

School district financial statement presentations differ from those required by GAAP as a matter of course. For example, financial statements prescribed by the Accounting Manual do not include full-accrual, government-wide statements. This is a significant departure from GAAP. As a result, auditing standards do not allow the State Auditor to issue an unmodified, or “clean,” opinion on whether the financial statements conform to GAAP.

Similar two-opinion reports are issued for local governments, including school districts preparing financial statements on a cash basis. It has even been verified with bond rating and federal regulatory agencies that issuing the modified, or "adverse," GAAP opinion does not affect bond ratings. In addition, this opinion does not preclude school districts from qualifying as "low risk" for their single audits, as long as all other Uniform Guidance requirements are met.

If you have questions about the audit report revisions, please contact the State Auditor's Office School Programs Manager, Cheryl Thresher, at 360-725-5608.

Sincerely,

Kelly Collins, CPA  
Director of Local Audits  
State Auditor's Office

Olympia, WA

Sincerely,

T. J. Kelly  
Chief Financial Officer  
Office of Superintendent of Public  
Instruction  
Olympia, WA

## **Effective Dates for the Accounting and Auditing Requirements Contained in E2SSB 6362**

On April 24, 2018, the Office of the Washington State Auditor and the Superintendent of Public Instruction issued a notice about the effective dates of the accounting and audit requirements contained in E2SSB 6362.

Dear Superintendents and Business Officers,

We have received a number of inquiries about the effective dates of the accounting and audit requirements contained in E2SSB 6362 and the underlying statute. This letter is intended to provide clarity around the effective dates and share information about our plans to move forward during the 2018–19 transition year.

By way of background, in March 2018, the Legislature passed E2SSB 6362, which accelerated the implementation timeline for a new salary structure adopted in response to the *McCleary* litigation. Along with the increase in state funding, the legislature adopted new requirements related to the tracking of local revenue expenditures.

Upon signing E2SSB 6362, Governor Inslee vetoed section 408, which directed the Office of Superintendent of Public Instruction (OSPI) to adopt rules requiring the separate accounting of state and local revenues to expenditures by the 2018–19 school year. The effect of this veto is that current law remains unchanged; OSPI is required to adopt rules by the 2019–20 school year.

However, there are other sections in the bill that accelerated the restrictions on the use of levy funds at the district level and the requirement to track expenditures of local revenue, including sections 301, 302, 306, and 406.

Here is what to expect:

### For 2018–2019

- School districts are required to deposit local revenues into a sub-fund of the general fund. The State Auditor’s Office (SAO) review of school district financial statements related to this requirement will be aimed at ensuring schools have

- established a local revenue sub-fund.
- In spring of 2018, OSPI will provide districts with a new chart of accounts that can be used to accommodate the recording of local revenues using the new local sub-fund.
  - SAO will audit for compliance with the requirement to code local levy expenditures to the local revenue sub-fund and the requirement to expend the allocation provided for professional learning as directed by RCW 28A.150.415 (Section 406 (3)).
  - Audits related to the accounting of local levies coded to a sub-fund will be conducted as part of the regular financial audits of school districts of the 2019–20 school year.

For 2019–2020

OSPI must adopt rules requiring separate accounting of state and local revenues to expenditures. The rule-making process will begin in early 2019 in order to have the rules become final in time for the 2019–20 school year.

- SAO will conduct financial audits for compliance with all statutory requirements contained in E2SSB 6362, including expenditures of school district local revenues and the allocation for professional learning (referenced above). Audits for these provisions will take place during the 2020–21 school year.

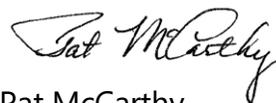
We will continue to focus our efforts on education and training to help districts navigate the new reporting and auditing requirements.

If you have any further questions, please do not hesitate to contact us.

Sincerely,



Chris Reykdal  
Superintendent of  
Public Instruction



Pat McCarthy  
Washington State Auditor

## **Introduction–Background**

The classified system of accounts presented herein was developed by the Washington State School District Accounting Advisory Committee under the joint direction of the Superintendent of Public Instruction and the State Auditor. Authority for the Accounting Manual is provided under RCW 43.09.200, RCW 28A.505.140 and WAC 392-123-010.

The manual provides for a basic double entry modified accrual system of accounting with general ledger controls over revenues, expenditures, receivables, inventories, liabilities, fund balance, and budgetary accounts. School districts with an average FTE (full-time equivalent) enrollment of less than 1,000 pupils for the preceding fiscal year may use a cash basis system of accounting per RCW 28A.505.020. The accounting principles and procedures included in the manual represent basic minimums necessary for the achievement of school district reporting objectives. It is intended that the school districts maintain detailed revenue and expenditure accounts as well as required periodic reports.

The purpose of this manual is to provide (1) uniform accounting and financial reporting to allow for meaningful use and comparison of financial data; (2) provide accounting instructions as a resource for local school districts; (3) furnish the means for effective budgetary control; and (4) provide a consistent framework for financial reporting to intended users, including district superintendents, school boards, the state Legislature, the Superintendent of Public Instruction, and the general public.

Members who serve on the committee represent the Office of Superintendent of Public Instruction, the State Auditor's Office, the Washington Association of School Administrators, the Washington Association of School Business Officials, the Association of Educational Service Districts, the Washington Association for Career and Technical Education, the Washington State Treasurer's Office, the Washington State Association of County Treasurers, and the Washington School Information Processing Cooperative.

Since the initial publication of this manual in March 1968, the committee has met regularly to make sure accounting guidance remains current and appropriate to meet the needs of intended users. Subsequent revisions of the manual reflect many of the generally accepted accounting principles (GAAP) published by the Governmental

Accounting Standards Board. Legal references provided in this edition are those in effect as of December 2020.

Appreciation is hereby expressed for the time and assistance given to this endeavor by all members of the manual committee and others whose efforts made this publication possible.

**NOTE:**

**Boxes surrounding information throughout this manual indicate information needed only by those districts preparing financial reporting in compliance with generally accepted accounting principles (GAAP).**

## **Current Members of the School District Accounting Advisory Committee (SDAAC) as of August 2021**

### **Washington Association of School Administrators**

Jason Williams, Business Operations Specialist  
Educational Service District 171

### **Washington Association of School Business Officials**

Amber Porter, Executive Director of Finance  
Blaine School District

Becky Nissen, Executive Director of Finance  
Yakima School District

Holly Burlingame, CSBA  
WASBO

Joli Valentino, Executive Director of Business and Operations  
Puget Sound Educational Service District

Jon Poolman, Executive Director of Finance  
Lakewood School District

Moriah Banasick, Director of Finance  
Issaquah School District

Paula McCoy, Executive Director of Business Services  
Ridgefield School District

Simone Sangster, Assistant Superintendent of Finance  
Bellingham School District

### **Large School Districts**

Amy Fleming, Director of Accounting Services  
Seattle Public Schools

Cindy Coleman, Director of Accounting  
Spokane Public Schools

Rob Bryant Director of Financial Services  
Tacoma School District

### **Association of Educational Service Districts**

Charles Hole, Assistant Fiscal Officer III  
Educational Service District 112

Dustin Kinley, Director Fiscal Services  
Educational Service District 105

Lori McLeod, Fiscal Services Supervisor  
Educational Service District 189

## **Current Members of the School District Accounting Advisory Committee (SDAAC) as of January 2020**

### **Washington Association for Career and Technical Education**

Mike Christianson, Director, CTE

Bethel School District

### **At Large Members**

Jody Hockaday, Finance Supervisor

Pasco School District

Bang Parkinson, Chief Financial Officer

Sumner–Bonney Lake School District

Andrew Burgess, Controller

Highline School District

### **Washington School Information Processing Cooperative (WSIPC)**

Sean Schaeffer, Fiscal Product Manager

### **State Auditor's Office**

Cheryl Thresher, Audit Manager; School Programs

Ryan Montgomery, Assistant Audit Manager; School Programs

Sara Heath, Assistant Audit Manager; School Programs

Shirley Christiansen, Assistant Audit Manager; School Programs

### **Office of Superintendent of Public Instruction**

Michelle Matakas, Director, School Apportionment and Financial Services; Committee Chairperson

Ralph Fortunato, Supervisor, School District Financial Reporting

Paul Stone, Supervisor, School District Accounting

# CHAPTER 1 – Principles of Accounting

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## **PRINCIPLES OF ACCOUNTING**

Several characteristics associated with government have influenced the development of governmental accounting principles and practices:

- State law usually dictates the local government accounting policies and systems, may specify the type and frequency of financial statements, and usually defines the type and frequency of audits. In Washington this guidance is found in RCW 28A.505.020.
- Governments receive substantial financial inflows for both operating and capital purposes that are frequently subject to restrictions that prohibit or limit the use of the resources for other than the intended purpose.
- A government's authority to raise and expend money is based on the adoption of a budget that, by law, must balance. (The estimated revenues plus prior year's surpluses are sufficient to cover the projected expenditures.)
- The power to raise revenues and issue debt are restricted and generally defined by law.

Accounting requirements for school districts in the state of Washington are in significant compliance with generally accepted accounting principles (GAAP). Where legal requirements are in conflict with GAAP, legal requirements prevail. Sufficient additional records should exist to satisfy GAAP reporting requirements.

Governmental accounting principles are not a complete and separate body of accounting principles, but are part of the whole body of GAAP. The hierarchy of specific sources of GAAP that are applicable to state and local governments are:

- Statements and interpretations issued by the Governmental Accounting Standards Board (GASB), plus statements and interpretations issued by the American Institute of Certified Public Accountants (AICPA), or the Financial Accounting Standards Board (FASB) if they have been made applicable to state and local governments by a GASB statement or interpretation.
- Technical bulletins issued by the GASB and AICPA pronouncements made specifically applicable to state and local governments and cleared by the GASB.
- Consensus positions of the GASB Emerging Issues Task Force and practice bulletins issued by the AICPA if they have been made specifically applicable to state and local governments and cleared by the GASB.

- Questions and answers published by the GASB staff and widely recognized and prevalent industry practices.
- GASB concept statements, pronouncements by FASB or the AICPA when not made applicable to state and local governments, FASB concept statements, AICPA issues papers, International Accounting Standards Committee statements, pronouncements of other professional associations or regulatory agencies, AICPA technical practice aids, and accounting textbooks and handbooks.

Following is a listing of the basic accounting principles set forth in the 2001 edition of *Governmental Accounting, Auditing, and Financial Reporting* from the Government Finance Officers' Association (GFOA). The principles are based on material published by the GASB in the *Codification of Governmental Accounting and Financial Reporting Standards* as of June 30, 2000. These are known as GAAP and are presented in **bold** print. Further discussion of these principles and how they apply to school districts in the state of Washington is included in standard print. Guidance on shared services arrangements is also provided.

## **ACCOUNTING AND REPORTING CAPABILITIES**

**A governmental accounting system must make it possible, both (a) to present fairly and with full disclosure the financial position and results of financial operations of the funds and account groups of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.** (GASB Cod. Sec. 1100.101. See also Sec. 1200, "Generally Accepted Accounting Principles and Legal Compliance.")

Local, state, and federal governments can impact the reporting requirements of school districts. Local ordinances providing specific requirements tend to be uncommon for school districts; the policies adopted by the school board generally act as a surrogate for such ordinances.

State laws and regulations govern the fiscal affairs of school districts. School districts must be in full compliance with all legal requirements. Fair presentation dictates that transactions be reported on a gross basis. Offsetting entries to accounts are not permitted, except for corrections of previous transactions. In Washington, all school

districts are required to file annual financial statements (F-196) with the Office of Superintendent of Public Instruction (OSPI) and are required to use a particular chart of accounts. Also, school districts are often required to report specific data (for example, on such things as salaries and equipment purchased) to demonstrate compliance with funding provisions. In addition, the federal government provides various grants to school districts for special programs that may have spending limitations and require special documentation. Much of the state legal guidance for school districts is found in chapter 28A of the Revised Code of Washington (RCW) and chapters 392 and 180 of the Washington Administrative Code (WAC).

School districts must ensure that their accounting systems are capable of providing the information necessary to satisfy the requirements of the various governing agencies and funding sources. It is necessary for all school districts to provide comparable information to the Office of Superintendent of Public Instruction to enable generation of statewide reports. This information is needed by the state Legislature, the National Center for Education Statistics, various sections of OSPI, and other state and federal agencies.

All school districts in Washington state are required to prepare and submit financial statements (F-196) in conformity with legal requirements, described below. Districts are not required to prepare a GAAP Annual Comprehensive Financial Report (ACFR), but the school board may elect to do so in addition to the legally required financial statements (F-196).

## **Other Comprehensive Basis of Accounting (OCBOA) Financial Statements**

Districts must prepare financial statements using the regulatory basis of accounting (OCBOA): Modified Accrual or Cash. However, only districts with under one thousand full-time equivalent students for the preceding fiscal year are allowed to use the cash basis of reporting. (RCW 28A.505.020.)

## **FUND ACCOUNTING SYSTEMS**

**Governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.** (GASB Cod. Sec. 1100.102. See also Sec. 1300, "Fund Accounting.")

Because all governmental units receive financial resources that may be used only in accordance with restrictions established by law or by agreements with donors or grantors, their accounting systems must enable officials to demonstrate compliance with such restrictions. This need led to the development of the fund accounting concept as a control device.

Each fund must be accounted for in a separate self-balancing set of accounts for its assets, liabilities, equity, revenues, expenditures or expenses (as appropriate), and transfers. This requirement refers to identification of accounts in the accounting records and does not necessarily extend to physical segregation of assets or liabilities. For example, it is not necessary to have a separate bank account for each fund unless required by law, bond indenture, or other reason. Likewise, governmental units using computerization and account coding techniques may treat these separate accounting entities as independent subcomponents of a unified governmental accounting system. (GASB Cod. Sec. 1300.101.)

When it is determined they are necessary, funds are established upon board resolution per legal authorization as further explained in this chapter and are terminated by board resolution when the purpose for which they were established no longer exists.

For example, the Capital Projects Fund (CPF) should not be established unless a capital project is planned. Once there is a firm commitment on the part of the board, the fund can be opened and revenue collected after the county treasurer is notified to establish the proper fund. Likewise, when all CPF projects are completed, the fund may be terminated and any remaining moneys transferred to another fund in

accordance with legal provisions. When a fund is terminated, care should be taken to ensure that all claims and restrictions on the use of any residual equity have been cleared.

For financial reporting purposes, each of the major funds has been assigned a number for ease of reference and identification on the F-196. The numbers that are included in the fund listings below are the fund reference numbers on the F-196. Not all funds have numbers assigned to them; these funds are either not permitted for school districts in Washington state or their use is so narrow that they do not warrant their own fund number.

## **TYPES OF FUNDS**

**Three categories of funds are used in governmental accounting, which are then subdivided into eleven fund types for accounting and financial reporting purposes.** (GASB Cod. Sec. 1100.103. See also Sec. 1300, "Fund Accounting.")

### **Governmental Funds**

#### ***General Fund (Fund 1)***

**The General Fund is used to account for all financial resources except those required to be accounted for in another fund.** (GASB Cod. Sec. 1100.103a(1). RCW 28A.320.330. See also Sec. 1300, "Fund Accounting.")

The General Fund is financed from local, county, state, and federal sources. These revenues are generally used for financing the current ordinary normal and recurring operations of the school district such as programs of instruction for the students, food services, maintenance, data processing, printing, and pupil transportation. All school districts must have a General Fund.

By the 2018–19 school year, a local revenue sub-fund of its general fund shall be established to account for the financial operations of a school district that are paid from local revenues per RCW 28A.320.330.

The General Fund cannot be used for those purposes for which funds have been established for specific activities. However, in the state of Washington, the General Fund may pay for Associated Student Body (ASB) expenditures even though there is an ASB Fund. (See also Chapter 12—ASB.)

### ***Special Revenue Funds (Fund 4)***

**Special Revenue Funds account for the proceeds of specific revenue sources (other than trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.** (GASB Cod. Sec. 1100.103a(2). RCW 28A.320.330, RCW 28A.325.030. See also Sec. 1300, "Fund Accounting.")

In many states, Special Revenue Funds are used to account for restricted grants. However, in the state of Washington, restricted grants are generally accounted for in the General Fund. In Washington school districts, the only fund designated as a Special Revenue Fund is the ASB. This fund is financed, in part, by the establishment and collection of fees from students and nonstudents as a condition of their attendance at any optional noncredit extracurricular event of the district. As a Special Revenue Fund, the ASB Fund is under the control, supervision, and approval of the board of directors, and the school district legally owns the resources accounted for in the ASB fund. (RCW 28A.320.330. RCW 28A.325.030.)

### ***Capital Projects Funds***

**Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).** (GASB Cod. Sec. 1100.103a[3]. See also Sec. 1300, "Fund Accounting.")

Within the state of Washington, two funds are used for the acquisition or construction of major capital facilities or assets: the Capital Projects Fund and the Transportation Vehicle Fund.

- The **Capital Projects Fund (Fund 2)** can be used for the acquisition of land or existing facilities, construction of buildings, purchase of equipment, conducting energy audits, and making capital improvements that are cost effective as determined by energy audits. In addition, under certain

conditions elaborated in Chapter 10—CPF, improvements to buildings and grounds, remodeling of buildings, and the replacement of roofs, carpets, service systems, and technology are included in the Capital Projects Fund. (RCW 28A.320.330.)

The Capital Projects Fund is generally financed from the proceeds from the sale of voted or non-voted bonds, state matching revenues, lease or sale of surplus real property, interest earnings, and special levies. In all instances where moneys are raised by voter-approved bond issues, the proposition must include a description of the projects for which the money is being raised.

- The **Transportation Vehicle Fund (Fund 9)** is provided for the purchase and major repair of pupil transportation equipment. (RCW 28A.160.130.)

The Transportation Vehicle Fund is generally financed by the state reimbursement to school districts for depreciation of approved pupil transportation equipment although other revenue resources such as non-voted debt and levies can be used.

### ***Debt Service Funds (Fund 3)***

**Debt service funds account for the accumulation of resources for, and the payment of, long-term debt principal and interest.** (GASB Cod. Sec. 1100.103a[4]. See also Sec. 1300, "Fund Accounting.")

The use of a Debt Service Fund is required by GAAP under two circumstances:

- If legally mandated, or
- If financial resources are being accumulated for principal and interest payments maturing in future years (NCGA Statement 1, paragraph 30).

In the state of Washington one Debt Service Fund is used. This fund has been established to provide for tax proceeds, other revenues, and disbursements related to the redemption of outstanding bonds. The county treasurer or fiscal agent makes payment of interest and principal. (RCW 28A.320.330.)

Provision must be made annually for a levy sufficient to meet the payments of principal, interest, and related expenditures for voted debt. The state attorney general has ruled that it is improper to levy excessive taxes to retire bonds in advance of the redemption schedule.

Non-voted bonds are serviced in the Debt Service Fund rather than in the fund that received the debt proceeds. In order to provide the resources to retire the debt, a transfer is used by the General Fund, the Capital Projects Fund, or the Transportation Vehicle Fund to transfer resources to the Debt Service Fund.

The Debt Service Fund is also used in advance bond refundings to account for the proceeds from the sale of new bonds and the use of these proceeds to establish an escrow account with a bank. There are two methods to advance refund bonds—the regular method and the crossover method.

In the regular method of advance bond refunding the proceeds from the sale of new general obligation bonds are recorded as an “other financing source” and an “other financing use” in the Debt Service Fund. The cash from the proceeds of the sale of the new bonds is deposited in an escrow account with a bank and invested. The investments are selected so that the cash realized from maturing investments, together with interest earned, will be available to pay the principal and interest of the refunded (old) bonds as they mature and become callable. At the time the escrow account is established, an in-substance defeasance of the old bonds occurs. The cash deposited in the escrow account is not reported as an asset of the school district. The debt service on the new bonds is recorded in the Debt Service Fund and the principal amount is recorded as long-term debt. Taxes are no longer levied for the debt service requirements of the old bonds. Instead, taxes are levied for the debt service requirements of the new bonds together with any bonds that have not been refunded.

In the crossover method of advance bond refunding there is a delay in the defeasance date of the old bonds. The proceeds from the sale of the new bonds are held in escrow with a bank and invested until the crossover date. The investments provide interest earnings that are used to pay interest on the new bonds. After the crossover date, the proceeds from the sale of the new bonds are used to defease the old bonds. Until the crossover date, both the new bonds and the old bonds are reported as long-term debt, and the debt service on the old bonds is accounted for

in the Debt Service Fund. After the crossover date, only the new bonds are reported in the Schedule of Long-Term Liabilities, and the debt service on the new bonds is accounted for in the Debt Service Fund. Until the crossover date, taxes are levied for the debt service on the old bonds. After the crossover date, taxes are levied for the debt service requirements of the new bonds together with any bonds that have not been refunded.

Bond refunding escrow accounts are not reported through the County Treasurer's Report

(F-197). School districts receiving bank escrow reports through the county treasurer may arrange to have those reports sent directly to the district. **It is the school district's responsibility to monitor the accuracy of the bank's escrow reports and compliance with the refunding escrow instructions.**

*Since funds 5 and 6 are no longer used for escrow accounts, districts may, but are not required to, use them to account for long-term liabilities and capital assets. Although not reported in the fund statements, note disclosure requirements remain. Additionally, long-term liabilities are reported in the Schedule of Long-Term Liabilities, a required part of the F-196.*

### ***Permanent Funds (Fund 8)***

Permanent Funds are used where resources are legally restricted such that **only** the earnings, not the principal, may be expended, and those resources can be used for the *support of the district*. In some instances, a donor may give a gift with only the general instruction that it be used for purposes at the discretion of the school board. These unconditional trusts may be accepted by board resolution and recorded in the Permanent Fund, which is a governmental type fund and not a fiduciary type fund.

Moneys that benefit individuals or specific organizations should be accounted for as Private-Purpose Trust Funds. The determining factor is who may benefit, not the legal requirement that only earnings may be spent. Scholarship moneys, for example, benefit individuals and are accounted for as Private-Purpose Trust Funds whether or not the principal may be expended.

## **Proprietary Funds (Not permitted for school districts in Washington state)**

### ***Enterprise Funds***

**Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.** (GASB Cod. Sec. 1100.103b[1]). See also Sec. 1300, “Fund Accounting.”)

Currently, the state of Washington does not allow use of Enterprise Funds by school districts. Activities that would typically be accounted for in Enterprise Funds (such as food services) are instead accounted for in the General Fund.

### ***Internal Service Funds***

**Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.** (GASB Cod. Sec. 1100.103b[2]). See also Sec. 1300, “Fund Accounting.”)

Currently, the state of Washington does not allow use of Internal Service Funds by school districts. Activities that would typically be accounted for in Internal Service Funds (such as printing, word processing, and motor pool) are accounted for in the General Fund instead.

## Fiduciary Funds

### *Trust and Custodial Funds*

**Trust and Custodial Funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. These include (a) Private-Purpose Trust Fund, (b) Investment Trust Fund, (c) Pension and Other Employee Benefit Trust Funds, and (d) Custodial Fund.** (GASB Statement 84; See also Sec. 1300, "Fund Accounting.")

- 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. A Custodial Fund is established by board resolution. 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.
- Within the F-196 fund financial statements, school districts are required to segregate Custodial Funds from Private-Purpose Trusts.
- **Investment Trust Funds** are used to account for the external portion of investment pools reported by the sponsoring government. They are not permitted in Washington state.
- **Pension and Other Employee Benefit Trust Funds** are not reported by most school districts since Washington school districts contribute to a multi-employer, cost-sharing statewide retirement system managed by the

state of Washington Department of Retirement Systems (DRS). Only districts that operate individual pension trust funds and *hold resources* in trust should report this type of trust. The DRS is a component of the state of Washington and, as such, its financial activities are included in the financial statements of the state of Washington.

See Chapter 13–Fiduciary Activity for more information on Fiduciary Funds.

## **NUMBER OF FUNDS**

**Governmental units should establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established, however, because unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration.** (GASB Cod. Sec. 1100.104. See also Section 1300, “Fund Accounting.”)

The eleven fund types defined above (General, Special Revenue, Capital Projects, Debt Service, Permanent, Enterprise, Internal Service, and four types of Fiduciary funds) are to be used if needed by a governmental unit to demonstrate compliance with legal requirements or to facilitate sound financial administration. In the simplest possible situation, a governmental unit could be in conformity with GAAP if it used a single fund, the General Fund, to account for all events and transactions. As previously noted, school districts in the state of Washington do not use Enterprise, Internal Service, or Investment Trust Funds and rarely use Permanent Funds, or Employee Pension and Other Employee Benefit Trust Funds.

## **FUND BALANCE**

The balance on an individual fund is the excess of that fund’s revenues and other financing sources over the fund’s expenditures and other financing uses over time. Fund balance amounts can change over time, reflecting years of higher revenues or higher expenditures. The reporting of fund balance is not simply the reporting of the total excess of revenues over expenditures, as some revenue sources have restrictions about what they can be used for.

GAAP identifies five different categories of fund balance: Nonspendable, Restricted, Committed, Assigned, and Unassigned. Each of these categories includes a limitation on the use of the related assets.

### **Nonspendable Fund Balance**

According to GAAP, amounts that are Nonspendable are those portions of fund balance that are either not in spendable form, such as inventory or prepaid items, or they are legally required to be maintained intact. An example of an item that is legally required to be maintained intact would be an endowment or donation where only the interest earned can be used by the district, never the principal.

The next four categories of fund balance are all considered “spendable.”

### **Restricted Fund Balance**

The second category is Restricted fund balance. According to GAAP, amounts that are Restricted are those that have a limitation placed on the use of the resources that is either externally imposed, or imposed by law or enabling legislation. “Externally imposed” means that the restriction on the resource use was placed by a source outside of the district, such as creditors, grantors, contributors, or laws of other governments (i.e., the state Legislature). “Enabling legislation” means some form of legislation that authorizes a government to assess, levy, or charge for resources (i.e., a tax levy), and there is a legally enforceable requirement that those resources be used for the particular reasons outlined in the legislation.

Legal enforceability means that a district can be compelled by an external party to use resources created by enabling legislation only for the purposes specified by the legislation. For Washington school districts, the largest amounts of restricted fund balance come from the state Legislature, which provides program-specific sources of funding which may be used only for those particular programs.

The next three classifications of fund balance are all considered to be “unrestricted.”

## Committed Fund Balance

The third category is Committed fund balance. According to GAAP, Committed fund balance represents those amounts that have had a specific constraints imposed upon them by a formal action of the district's highest level of decision-making authority.

The highest level of decision-making authority in a school district is the district's board of directors and a "formal action" is defined as being either a school board policy or a resolution of the board of directors.

Once resources have been committed for a particular purpose, they cannot be used for another purpose without a new formal action taking its place. Balances should be classified as committed only when they are subject to a specific constraint. They should not be committed if only general or routine limitations are imposed. For example, funds reserved for a particular capital project would be classified as committed whereas funds reserved for a "capital purpose" would not be sufficiently specific. Likewise, funds reserved for "emergency" use would not be classified as committed because the circumstances or conditions that constitute an emergency are not sufficiently specific and "emergencies" of some nature occur routinely.

Funds may be committed through "stabilization arrangements." A stabilization arrangement is defined as when governments formally set aside amounts for use in emergency situations or when budgetary shortages or imbalances arise. The Blue Book (GAAFR pg. 190–191) contrasts minimum fund balance policy with stabilization arrangements:

"Another approach to ensuring that there will be adequate resources in the event of contingencies is to establish a fund balance policy that obligates the government to maintaining fund balance at a predetermined level. A fund balance policy represents a plan for accumulating resources rather than a limitation on how existing resources can be spent (unlike a stabilization arrangement); therefore, a fund balance policy does not affect the classification of fund balance. Note disclosure, however, is required."

A stabilization arrangement would need to meet the following criteria:

- Amounts must be expended only when specific conditions exist.
- Formal action (resolution) should identify and describe specific circumstances when stabilization need arises.
- Circumstances should not occur routinely.
- The term “emergency” is not sufficiently detailed.
- Amounts set aside to offset anticipated revenue shortfall do not qualify UNLESS:
  - Shortfall is quantified; and
  - Is of a magnitude that distinguishes it from other revenue shortfalls that normally occur.

Commitments that have been imposed on particular resources may be there separately from an authorization to raise revenues for a particular purpose. These limitations on the use of resources do not meet the “legally enforceable” requirement to have them recorded as Restricted.

A district, in taking a formal action to commit resources to a particular purpose, must take that action by the end of the fiscal year (August 31 for school districts). The action need not specify a dollar amount for the commitment. Such specification may take place in the following fiscal year.

## **Assigned Fund Balance**

The fourth category of fund balance are those amounts that are reported as Assigned. Assignments represent the *intent* to use resources for a particular purpose, similar to a commitment, but the similarities end there.

First, a commitment is done by the highest level of decision-making authority in a school district – namely, the board of directors. An assignment can come from either the governing body itself (the board), or by a body or official who has been delegated the authority to assign amounts for a particular purpose. This could be the district’s superintendent, or the budget director, or any other individual, as long as the person has been given the authority by the board. Districts will need to document who has the authority to assign fund balance and disclose that information in the notes.

Second, creation of an assignment does not require a formal action by the highest level of decision-making authority. That is, to create an assignment, the person or persons with the authority document the assignment.

Third, to change an assignment, those individuals who have the authority to create an assignment decide to end the assignment and use the money for other purposes. No formal action needs to be taken, but districts that choose to end an assignment should document when the assignment was ended and the reasons why.

In funds other than the General Fund, Assigned fund balance is also used to report any amounts that are in the fund that have not been restricted by enabling legislation or committed by the board of directors. In any fund, amounts cannot be reported as Assigned if, because of doing so, it would cause a deficit to arise.

### **Unassigned Fund Balance**

The last category of fund balance is Unassigned. Unassigned fund balance, in the General Fund, is the amount of spendable fund balance that is remaining after all amounts that are put aside for various restrictions, commitments, and assignments. This is money of the district that can be used for any legal purpose.

In funds other than the General Fund, amounts are only reported as being Unassigned in the event of a fund balance deficit. That is, if after deducting amounts that are not in spendable format, restricted by enabling legislation, or committed by a formal action of the board, there is a deficit fund balance amount, that deficit is reported as a negative value in Unassigned fund balance. For more about fund balance reporting, see Chapter 4 (General Ledger Accounts).

## **ACCOUNTING FOR CAPITAL ASSETS AND LONG-TERM LIABILITIES**

### **Capital Assets**

Capital assets are land, buildings, machinery, vehicles, furniture, and other equipment that the school district intends to hold or continue to use over a long period of time. "Capital" denotes probability or intent to continue to use or possess and does not indicate immobility of an asset. School districts have a responsibility to safeguard and control their assets. Although capital assets are not reported in the F-196 financial statements for school districts, they are reported in the notes to the financial statements.

Capital assets in Fiduciary and Proprietary Funds should be reported through those funds.

Capital assets for governmental funds are reported in the districtwide statements.

## Long-Term Liabilities

Long-term debt includes the unmatured principal of bonds, warrants, notes, and other forms of noncurrent or long-term indebtedness that have a maturity of at least one year from the financial statement date and are otherwise not defined as "current debt." While long-term debt is a legal obligation of the district funds, the long-term unmatured principal is not recorded in a fund because it does not require current appropriation or expenditure of a school district's financial resources. It is important to account for long-term debt in the financial records of the district.

Although not reported as a part of the individual fund statements, long-term liabilities are reported in the Schedule of Long-Term Liabilities, a required part of the F-196 financial statements for school districts. Additionally, the notes to the financial statements require several debt disclosures.

Debt that matures in less than one year must be reported in the districtwide statements in the long-term liabilities section titled "Due within one year." The long-term portion is titled "Due in more than one year."

Long-term debt in Fiduciary and Proprietary Funds should be reported through those funds.

Long-term debt for governmental funds is reported in the districtwide statements.

## Valuation of Capital Assets

Capital assets should be accounted for at cost or, if the cost is not practicably determinable, at estimated cost. (GASB Cod. Sec. 1100.106. See also Sec. 1400, "Capital Assets.")

## Donated Capital Assets

Governmental funds normally do not report *capital assets* or *donated capital assets* in the fund financial statements. If donated capital assets are material to a district's operations, the district should disclose the information in the Notes to the Financial Statement in the year the asset is donated. If a school district intends to sell rather than keep donated capital assets, revenues may be reported if either of the following conditions is met:

- The asset is sold prior to the end of the fiscal year, and the proceeds of the sale are available; or
- The asset is sold (or the district has entered into a contract to sell the asset) prior to the issuance of the financial statements, and the proceeds of the sale are considered available.

If the proceeds of the sale are not considered available, a *receivable* and a liability for *unearned revenue* would be recognized in the appropriate governmental fund only at the time the district finally entered into a sales contract. Otherwise, the donated asset should be treated like a capital asset used in the government's operations until a sale occurs.

## Donated Non-Capital Assets (Voluntary Nonexchange Transactions)

School districts may receive donated cash or financial instruments. When this occurs, the recognition of revenue or deferred revenue is required when all eligibility requirements are met. If the donation is accepted in advance and the collection is measurable and available, a modified-accrual basis school district should recognize a receivable and a revenue. Eligibility requirements include conditions or criteria and time period imposed by donors.

## Donated Services

Payments of salaries and benefits made on behalf of the district's employees for services rendered to the district are required to be recorded as *revenues* and *expenditures* in the fund receiving the services.

The Governmental Accounting, Auditing, and Financial Reporting (GAAFR) recommends that school districts follow FASB statement No. 116 for donated services by volunteers, because GASB is silent on this issue.

Per FASB statement No. 116, the recognition of revenue and expenditure is limited to those services that are material to the district financial statements and meet one of the following criteria:

- The donated service creates or enhances nonfinancial assets (e.g., volunteer improvements to a capital asset); or
- The donated service requires specialized skills, is provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation (examples: accountants, architects, doctors, lawyers, etc.).

## **Depreciation of Capital Assets**

Depreciation is not reported in the F-196 or required for an other comprehensive basis of accounting (OCBOA).

## **Depreciation of Capital Assets Accounted for in Fiduciary Funds**

Depreciation is recognized in those trust funds where expenses, net income, and capital maintenance are measured. (GASB Cod. Sec. 1100.107. See also Sec. 1400, "Capital Assets.")

GAAP requires depreciation be recorded in the accounts of governmental funds and reported in the districtwide Statement of Net Assets. Depreciation of capital assets may be recorded in cost accounting systems or calculated for cost finding analyses, and accumulated depreciation must be reported in the districtwide Statement of Net Assets.

# **GOVERNMENTAL ACCOUNTING BASIS**

**The modified accrual or accrual basis of accounting, as appropriate, should be used in measuring financial position and operating results.** (GASB Cod. Sec. 1100.110. See also Sec. 1600, "Basis of Accounting.")

## Exception for Cash Basis

In the state of Washington, school districts with fewer than 1,000 full-time equivalent students for the preceding fiscal year may make a uniform election for all funds to be on a cash basis of accounting (RCW 28A.505.020 and WAC 392-123-049). Under this basis of accounting, revenue means the receipt of cash or noncash donations and expenditure means the disbursement of cash or noncash donations, except that deferred compensation must be accrued.

## Modified Accrual and Accrual Basis

Accrual accounting means that:

- Revenues should be recorded in the period in which the goods or services are provided, although payment is received in a prior or subsequent period.
- Expenses should be recorded in the period in which the benefit is received, although payment is made in a prior or subsequent period.

In business enterprise accounting, the accrual basis is employed to obtain a matching of costs against the revenue flowing from those costs, thereby producing a more useful income statement. In governmental entities, however, funds make use of revenue and expense accounts to promote efficiency of operation and to guard against impairment of ability to render the services desired.

Funds of other types (General, Special Revenue (ASB), Capital Projects, Debt Service, and Permanent Funds) are not concerned with income determination. They are, instead, concerned with matching expenditures of legal appropriations or legal authorizations with revenues available to finance those expenditures. Therefore, standards recommend that the "governmental" funds use the "modified accrual" basis of accounting for the governmental fund financial statements. The modified accrual basis recognizes that it is not practicable to account on an accrual basis for self-assessed revenues, such as income taxes, gross receipts taxes, sales taxes, and property taxes. For such taxes, recognition of revenue is ordinarily made at the time of collection (i.e., when it is measurable **and** available), thus placing the fund partially on a cash basis in respect to revenue recognition. In respect to expenditure recognition, however, the modified accrual basis is almost identical with the accrual basis. The primary exception to the general rule of expenditure accrual relates to unmatured principal and interest on long-term debt.

Districtwide statements use the accrual basis of accounting. Reconciliation between the modified accrual fund financial statements and accrual based districtwide statements is required.

## **Identification of Modified Accrual or Accrual Basis by Fund or Transaction**

### **Governmental Funds**

**Governmental fund revenues and expenditures should be recognized on the modified accrual basis. Revenues should be recognized in the accounting period in which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which should be recognized when due.** (GASB Cod. Sec. 1100.110a. See also Sec. 1600, "Basis of Accounting.")

### **Proprietary Funds**

**Proprietary Fund revenues and expenses should be recognized on the accrual basis. Revenues should be recognized in the accounting period in which they are earned and become measurable; expenses should be recognized in the period incurred, if measurable.** (GASB Cod. Sec. 1100.110b. See also Sec. 1600, "Basis of Accounting.")

The state of Washington does not currently allow use of Proprietary Funds by school districts.

### **Fiduciary Funds**

**Fiduciary fund revenues and expenses or expenditures (as appropriate) should be recognized on the accrual basis.** (GASB Cod. Sec. 1100.110c. See also Sec. 1600, "Basis of Accounting.")

## Transfers

**Transfers should be recognized in the accounting period in which the interfund receivable and payable arise.** (GASB Cod. Sec. 1100.110d. See also Sec. 1600, "Basis of Accounting.")

## **BUDGETARY CONTROL AND REPORTING**

### **Annual Budget(s)**

In the state of Washington, school district budgets are required to be adopted in the General, Capital Projects, Transportation Vehicle, Debt Service, and ASB Funds on the same basis of accounting as the financial statement presentation.

### **The Accounting System**

The accounting system provides the basis for appropriate budgetary control. (GASB Cod. Sec. 1100.111b. See also Sec. 1700, "The Budget and Budgetary Accounting," and Sec. 2400, "Budgetary Reporting.")

Accounting systems of funds for which budgets are required (General, Capital Projects, Transportation Vehicle, Debt Service, and ASB Funds) should incorporate budgetary accounts. Only three general ledger control accounts are needed—Estimated Revenues, Appropriations, and Encumbrances—to provide appropriate budgetary control. All three must be supported by subsidiary ledger detail.

Budgetary detail accounts for revenue are required in both the budget and accounting systems and reports.

An appropriation is an authorization for the district to incur expenditures in the amounts specified in the district's budget for the fiscal year. In the state of Washington, by law, total appropriations may not exceed the sum of Estimated Revenues and the beginning Unassigned fund balance. The resulting Unassigned fund balance account, after recording Estimated Revenues and Appropriations, must have a zero or credit balance.

The use of an encumbrance accounting system as an element of control in formal budgetary integration is widespread in governments. Such a system acts as an early warning device by controlling expenditure commitments; the government thereby significantly reduces the opportunity to over-expend an appropriation. Encumbrances are defined in the 1987 GASB Cod. Sec. 1700.128 as “commitments related to unperformed (executory) contracts for goods or services.” They are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed. When these commitments are realized, a liability is recognized for the goods and services received. Notwithstanding its control advantages, encumbrances are not recorded for all expenditures. See Chapter 7—Journal Entries for more information on the use of budgetary accounts.

## Budgetary Comparisons

Budgetary comparisons should be included in the appropriate financial statements and schedules for governmental funds for which an annual budget has been adopted. (GASB Cod. Sec. 1100.111a. See also Sec. 1700, “The Budget and Budgetary Accounting,” and Sec. 2400, “Budgetary Reporting.”)

OSPI requires presentation of the final budget and comparison with actual amounts for each governmental fund, except the Permanent Fund, which is not budgeted. The final budget is defined as the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, ***as filed with OSPI.***

GAAP requires budgetary comparison schedules that include original (i.e., first complete appropriated) budget as well as the final appropriated budget for the General Fund and the ASB Fund, a major Special Revenue Fund. Actual inflows, outflows, and balances must be shown. A separate column to report the variance between the final budget and actual amounts is encouraged, but not required. If presented, the terms “favorable” and “unfavorable” should be avoided. The district has the option of presenting the budgetary comparison statement as required supplementary information (RSI), or as a part of the basic financial statements. Note disclosure of excesses of expenditures over appropriations in individual funds is required. If the budgetary comparison information is included in the basic financial

statements, disclosure in the notes to the financial statements is appropriate. If, however, the district supplies the budgetary information as part of RSI, the note disclosure should follow and be a part of RSI.

For additional budgeting information see Chapter 2—Budgeting.

## **TRANSFER, REVENUE, EXPENDITURE, AND EXPENSE ACCOUNT CLASSIFICATION**

### **Interfund Transfers**

Interfund transfers should be classified separately from fund revenues and expenditures. (GASB Cod. Sec. 1100.112e. See also Sec. 1800, "Classification and Terminology.")

GAAP categorizes interfund activity by two classes: reciprocal and nonreciprocal. Refer to Chapter 3 and the section titled Interfund Activities, for topical guidance.

### **Classification of Governmental Fund Revenues and Expenditures**

Governmental fund revenues should be classified by fund and source. Expenditures should be classified by fund, function (or program), organization unit, activity, character, and principal classes of objects. (GASB Cod. Sec. 1100.110b. See also Sec. 1800, "Classification and Terminology.")

For state reporting purposes, revenue is categorized by local, state, federal, and other sources, which are further broken down by type of revenue (e.g., taxes, interest, and sale of supplies). Expenditures are also categorized and reported by program, activity, object and location.

### **Proprietary Fund Revenues and Expenses**

Revenues and expenses of Proprietary Funds should be classified in essentially the same manner as those of similar business organizations, functions, or activities. (GASB Cod. Sec. 1100.112c. See also Sec. 1800, "Classification and Terminology.")

The state of Washington does not currently allow use of Proprietary Funds by school districts.

## **COMMON TERMINOLOGY AND CLASSIFICATION**

**A common terminology and classification should be used consistently throughout the budget, the accounts, and the financial reports of each fund.**

(GASB Cod. Sec. 1100.113. See also Sec. 1800, "Classification and Terminology.")

Persons responsible for preparing the budgets and for preparing the financial statements and reports should work with those responsible for designing and operating the accounting system. Agreement on a common terminology and classification scheme is needed to make sure that the accounting system produces the information needed for budget, financial statements, and financial report preparation.

## **INTERIM AND ANNUAL FINANCIAL REPORTS**

**Appropriate interim financial statements and reports of financial position, operating results, and other pertinent information should be prepared to facilitate management control of financial operations, legislative oversight, and, where necessary or desired, for external reporting purposes. (GASB Cod. Sec. 1100.114a. See also Sec. 1900, "Financial Reporting," and Sec. 2100–2900.)**

Interim financial reports required in the state of Washington are the Monthly Budget Status Report and the Statement of Financial Condition. (For more information, see Chapter 2–Budgeting.)

In the state of Washington, the F-196, annual financial statements are the legally required financial statements. These statements display information about major funds, individually. To enable comparability in statewide reporting, all government funds (General, ASB Special Revenue, Capital Projects, Transportation Vehicle, Debt Service, and Permanent, if applicable) are reported as major funds. Fiduciary funds display financial information on fiduciary fund statements. Governmental fund reporting focuses on sources, uses, and balances of current financial resources and uses the modified accrual basis of accounting. Fiduciary fund reporting focuses on net position and changes in net position and uses the economic resources measurement

focus and accrual basis of accounting. In addition, a Schedule of Long-Term Liabilities is required. Notes to the Financial Statements are also required. Sample “Notes to the Financial Statements” are included on the OSPI Administrative, Budgeting, and Financial Reporting (ABFR) webpage.

An Annual Comprehensive Financial Report (ACFR) is not required in the state of Washington. School districts preparing an ACFR may seek a Certificate of Excellence in Financial Reporting from the Government Finance Officers’ Association (GFOA) and the Association of School Business Officials (ASBO).

**If a school board elects to prepare an ACFR, it should be prepared and published, covering all funds and activities of the primary government (including its blended component units) and providing an overview of all discretely presented component units of the reporting entity—including introductory section, management’s discussion and analysis (MD&A), basic financial statements, required supplementary information other than MD&A, appropriate combining and individual fund statements, schedules, narrative explanations, and statistical section. The reporting entity is the primary government (including its blended component units) and all discretely presented component units presented in accordance with Section 2100, “Defining the Reporting Entity.” (GASB Cod. Sec. 1100.114b. See also Sec. 1900, “Financial Reporting,” and Sec. 2100–2900.)**

GAAP basic financial statements (BFS) include the following:

- a. **Districtwide Financial Statements**—These statements display information about the district as a whole, except for fiduciary funds. They are prepared using the economic resources measurement focus and accrual basis of accounting. Districtwide statements are (1) the statement of net position and (2) the statement of activities. Reconciliation between the districtwide and fund financial statements is also required as part of BFS.
- b. **Fund Financial Statements**—These statements display information about major funds, individually. To enable comparability in statewide reporting, all funds (General, ASB Special Revenue, Capital Projects, Transportation Vehicle, Debt Service, and Permanent, if applicable) are reported as major funds. Fiduciary statements include financial information for fiduciary funds. Governmental fund reporting focuses on sources, uses and balances of current financial resources and uses the modified accrual basis of accounting. Fiduciary funds focus on net

position and changes in net position and use the economic resources measurement focus and accrual basis of accounting.

- c. **Notes to the Financial Statements**—The notes are an integral part of the basic financial statements. They present essential information for the fair presentation of the financial statements that is not displayed on the face of the financial statements.

In addition, GAAP prescribe required supplementary information (RSI). This includes Management's Discussion and Analysis (MD&A), information required by GASB Statements 10 (as amended), 25, and 27, and budgetary comparison schedules.

**The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. The reporting entity's government-wide financial statements should display information about the reporting government as a whole, distinguishing between the total primary government and its discretely presented component units as well as between the primary government's governmental and business-type activities. The reporting entity's fund financial statements should present the primary government's major funds individually and nonmajor funds in the aggregate. Funds and component units that are fiduciary in nature should be reported only in the statements of fiduciary net position and changes in fiduciary net position. (GASB Cod. Sec. 1100.114d. See also Sec. 1900, "Financial Reporting," and Sec. 2100–2900.)**

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## CHAPTER 2 – Budgeting

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## **BUDGETING**

The school budget document may be the most important single publication that any school system presents to the local citizens. It is the instrument that sets forth a financial plan for the achievement of the goals and objectives of each school district. It is also the community's educational plan expressed in dollars.

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.

## **BUDGET PURPOSE AND FISCAL YEAR**

### **Budget Objectives**

The purpose of a budget is to provide a statement, expressed in financial terms, that serves as the primary tool for planning and controlling operations. To achieve this basic purpose, a comprehensive budget must be integrated with the school district financial accounting system to ensure that objectives of planning, coordinating, evaluating, and controlling are attained. The primary objectives of the budget system are to:

- Assist the formulation of an integrated plan of operations and the understanding of how each of the school district's activities contributes to the overall mission.
- Provide a means of communication between the various levels of management by stating the objectives of each program or activity within a school district and the resources necessary to achieve them. It also provides a means of justifying the overall budget.
- Integrate with the accounting systems to reflect expenditures and commitments to date and the balance of resources available.
- Provide a means of measuring and guiding performance by comparing planned (budgeted) expenditures and staffing levels against actual expenditures and staffing levels.
- Provide the historical data required for realistic budget preparation.

## **School District Fiscal Year**

The period covered by the official budget is the fiscal year September 1 through August 31. Some projects, grants, or programs have a fiscal period that differs from this fiscal year, and it may be necessary to prepare program budgets that cover a different time period. The current official budget shall include only the estimated revenues and expenditures occurring during the period covered.

For school districts commencing basic education programs prior to September 1, the following activities shall be considered to be within the school year that commences September 1:

- School days scheduled prior to September 1.
- Staff days and activities in preparation for the school year included in employee collective bargaining contracts for the school year, but occurring before September 1 (WAC 392-121-031).

## **BUDGET PREPARATION**

### **Budget Preparation**

To accomplish the objectives listed above, the following procedures may be used in budget preparation:

- Portions of the overall budget should be prepared by the person(s) with responsibility to manage the activity, program, or location. These are then reviewed, modified if necessary, approved, and integrated into the district's overall budget.
- The budget should be adequately documented. Any basic assumptions, which were made in establishing the projected personnel requirements or expenditures, should be identified.
- Administrators of the budget should play an integral part in any revisions to their budgets so that such changes are realistic and they can modify their operational plans accordingly.

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.

The annual budget development process shall include the development or update of a four-year budget plan that includes a four-year enrollment projection. The four-year budget plan must include an estimate of funding necessary to maintain the continuing costs of program and service levels and any existing supplemental contract obligations. The completed budget must include a summary of the four-year budget plan and set forth the complete financial plan of the district for the ensuing fiscal year (RCW 28A.505.040).

## **Budget Review**

RCW 28A.505.050 (WAC 392-123-078 and 392-123-079) requires that all school districts' budgets will have a preliminary review and edit performed by their respective educational service district (ESD) prior to budget adoption. School district budgets are reviewed and edited by ESDs and OSPI to insure that the estimates contained in the budgets are reasonable.

Review, alteration, and approval of the budget shall be performed by a committee consisting of the respective ESD superintendent or representative, a member of the local school district board of directors or representative, and a representative of OSPI as required for second class school districts (RCW 28A.505.060 and 28A.505.070).

### ***Budget Edits***

To aid in the budget review process, OSPI has established budget, revenue, and Form F-203 edits that must be submitted with the budget document. The primary purpose of these edits is to assist school districts in the preparation of their budgets by drawing attention to certain areas or relationships in the budget that need further evaluation. However, these edits do not relieve the school district from its responsibility for establishing the estimates as set forth in its budget document.

### ***The Budget Document***

Each fiscal year, the district's adopted official budget document (Form F-195 and F-195F), shall be submitted in the format prescribed by OSPI. Refer to RCW 28A.505.090 and WAC 392-123-053. Districts may prepare additional budget information for local use.

For each fund, the F-195 budget shall contain the following:

- Estimated revenues and expenditures for the budgeted fiscal year, the current fiscal year, and actual revenues and expenditures for the last completed fiscal year.
- The beginning and ending restricted, committed and assigned fund balances for each fiscal year.
- Transfers (which are self-balancing) must be included when applicable.

For each fund, the F-195F four year budget plan shall contain the following:

- A four-year enrollment projection.
- A four-year summary of estimated revenues.
- A four-year summary of estimated expenditures.
- A four-year summary of the beginning and ending nonspendable, restricted, committed, assigned, and unassigned fund balances.
- Transfers (which are self-balancing) must be included when applicable.

### ***Basis of Budgeting and Accounting***

School districts under 1,000 full-time equivalent students for the preceding fiscal year may make a uniform election to be on the cash basis of revenue and expenditure recognition, except for Debt Service Funds. All other school districts shall be on the modified accrual basis for budgeting, accounting, and financial reporting (RCW 28A.505.020 and WAC 392-123-049).

### ***Budgeting Local, State, and Federal Revenues***

General Fund excess levies are authorized for the maintenance and operation support of school districts as defined in RCW 84.52.053. The revenue (local property taxes) collected from calendar year levies are budgeted in the fiscal year in which they are received.

Levies in other funds are generally authorized for specific purposes. For example: buses in the Transportation Vehicle Fund, new construction, modernization, or remodeling of school facilities including technological improvements in the Capital Projects Fund, or the redemption of bonds and interest in the Debt Service Fund.

Local revenues must be estimated and may include the following types of revenues: local property taxes, tuition, fees, sales of goods, supplies and

services, investment earnings, gifts, donations, fines, damages, rentals, insurance recoveries, and revenues from other school districts.

State revenues are estimated by using Form F-203, Estimate for State Revenues. The data may be revised until the budget is adopted. The information supplied on Form F-203 is combined with other data and is used to estimate each district's state-funded allocations for each fiscal year. The estimated state revenues and other data elements entered in the F-203 process are also used to begin making most apportionment payments in September. A copy of the F-203 must be attached to the F-195 filed per WAC 392-123-054. It is necessary that the F-203 data on the output reports agree with the budget data. Refer to RCW 28A.525.200 (chapter 180-25 WAC). Examples of state revenues are state apportionment, education of children with disabilities, learning assistance program, food services, transportation operations, and other special and pilot projects. State moneys are also authorized to assist school districts in providing school facilities.

Budgets should include a provision for **deductible revenues** where applicable. If a district receives revenue in any of the following revenue accounts, the amount is **deducted** from the state payment (3100, General Apportionment):

- 1400 Local in Lieu of Taxes
- 5400 Federal in Lieu of Taxes

The time lag between receipt of deductible revenues and the reduction of apportionment can significantly distort a district's financial condition. Therefore, if a modified accrual basis district receives significant deductible revenue, the district may record a liability upon receipt of the deductible revenue and liquidate the liability when apportionment is reduced; however, the balance of the liability must be recorded by year-end. Cash basis districts must restrict fund balance at year-end for the unequalized portion of the deductible revenue not yet recovered by OSPI (GL Account 815 – Restricted for Unequalized Deductible Revenue).

Federal revenues may include the following: Impact aid; federal forests; programs for special education students; vocational education; remediation education; migrant; institutions; Indian education; targeted assistance; math and science; reimbursements for breakfasts, lunches, and milk; and USDA commodities.

## **Other Financing Sources**

Other financing sources may include the sale of bonds, real property, or equipment; insurance recoveries for fixed assets; operating transfers; and long-term financing. The use of installment purchase contracts (also known as conditional sales contracts) for the purchase of capital assets can create budgetable resources because, in most situations, they are considered to be long-term financing. The budgets for General, Capital Projects, and Transportation Vehicle funds shall contain a schedule that identifies that portion of each non-cancellable contractual liability incurred which extends beyond the fiscal period being budgeted (RCW 28A.335.170).

## **Budgeting Receivables Collectible in Future Fiscal Periods**

When a school district board is unable to prepare a balanced budget or a budget extension, the school district may petition OSPI requesting permission to include receivables collectible in future years in order to balance the budget. If such permission is granted, it shall contain conditions, binding on the district, designed to improve the district's financial condition (RCW 28A.505.110 and WAC 392-123-060).

## **Short-Term Loan Obligations—Anticipation Notes**

The proceeds from the sale or issuance of short-term revenue anticipation notes (RANs) should not be considered revenues or other financing sources for budgeting or financial reporting.

Revenue anticipation notes include tax anticipation notes (TANs), bond anticipation notes (BANs), or any similar type of short-term obligations issued that will be repaid out of anticipated revenues. The issuance of a RAN increases the cash assets of the issuing fund and at the same time increases its current liabilities (General Ledger Account 606). The proceeds do not increase fund balance. School districts must balance their budgets on a fund balance basis without the use of RANs.

## **Budgeting Expenditures**

The expenditure estimates for the budgeted fiscal year represent the school district's plan to use available resources. The budgeted expenditures for each fund must be prepared in accordance with RCW 28A.505.130 (WAC 392-123-070) and constitute the appropriations as adopted by the school district.

### **Salary Exhibits (GF and CPF only)**

Salary exhibits for both the certificated and the classified staff are to be completed for each program matrix page of the budget. Each job classification or duty code must be budgeted for each activity within each program. Districts shall provide the individual salaries together with the title or position of the recipient and the total amounts of salary under each budget class upon request as set forth in RCW 28A.505.100.

Salaries including high, low, and average salary rates must be shown for each job classification.

### **Multiple-Year Budget Plan Preparation**

The purpose of the four-year budget plan summary and four-year enrollment projection, collectively referred to as a forecast, is to evaluate current and future fiscal conditions to guide policy and programmatic decisions. A forecast is a fiscal management tool that presents estimated information based on past, current, and projected financial conditions. This will help identify future revenue and expenditure trends that may have an immediate or long-term influence on school district policies, strategic goals, or community services.

The forecast is an integral part of the annual budget process. The forecast, along with its underlying assumptions and methodology, should be clearly stated and made available to stakeholders in the budget process. An effective forecast allows for improved decision-making in maintaining fiscal discipline and delivering essential community services. It also should be concisely presented in the final budget document. The forecast should be regularly monitored and periodically updated.

## **ASSOCIATED STUDENT BODY FUND (ASB)**

### **BUDGETING**

#### **Approval Process**

In the Associated Student Body Fund (ASB), each student activity group prepares a budget for the fiscal year. The budgets for all the student activity groups added together constitute the Associated Student Body budget for the school. After the school Associated Student Body budget is approved by the student council and the primary adviser, it is sent to the district superintendent for approval and consolidation with all other Associated Student Body budgets of the district which, when consolidated, will be the proposed Associated Student Body Fund budget for the district.

The schedule for completing the budgetary process will be as designated by the central district office and will provide for the completion of the ASB proposed budget prior to the completion of the student school year. This procedure and timing will provide for necessary student participation in the budgetary process as provided for in chapter 392-138 WAC. The district board of directors must approve the Associated Student Body Fund budget before any expenditure may be made from the Associated Student Body Fund for the fiscal year.

#### **Participation in League and Other Joint Activities**

Athletic leagues and other forms of joint interdistrict- and intradistrict-Associated Student Body programs may be formed as provided by WAC 392-138-130. These joint programs also include those between public and private schools. The leagues and other joint activities shall be budgeted in the same manner as all other activities of the Associated Student Body Fund.

When these joint programs exist and moneys must be managed, a managing district will be appointed and the joint program Associated Student Body organization will exist in that district's Associated Student Body Fund organization.

If there is a managing district, all joint activity revenues will be deposited to the credit of the joint program Associated Student Body organization and all joint activity expenditures charged to that organization. Net revenues (if any) after joint activity expenditures are paid will be distributed to the member schools according

to the joint program allocation formula. Member schools within the managing district will receive their share of the net revenues by a transfer entry. Other districts will be paid by warrant. The district receiving the payment will further allocate the payment to their member schools by transfer.

## **PUBLIC HEARINGS**

### **Budget Presentation at a Public Hearing**

Upon completion of the budget, school districts shall publish a notice in accordance with RCW 28A.505.050 stating:

- That the district has completed the budget.
- That the budget is on file at the district administration office.
- That a copy of the budget will be furnished to any person requesting one.
- That the board of directors will meet for the purpose of fixing and adopting the budget of the district for the ensuing fiscal year.
- The date, time, and place of the board hearing which shall occur no later than August 31 for first class districts and August 1 for second class districts.
- That any person may appear at the public hearing and be heard for or against any part of the budget.

Notice of public meetings shall be published at least once each week for two consecutive weeks in a newspaper of general circulation in the district, or if there is none, in a newspaper of general circulation in the county or counties in which such district is a part. The last notice shall be published no later than seven days immediately prior to the hearing. Such notices shall state the date, time, and place of the board hearing (RCW 28A.505.050).

The school district shall provide a sufficient number of copies of the budget to meet the reasonable demand of the public not later than July 10 (RCW 28A.505.040).

Passage of the budget resolution shall require the vote of a majority of all members of the school district board of directors at the public meeting. The chair and secretary of the board must sign the resolution.

The budget must be adopted no later than August 31 in first class school districts, and not later than August 1 in second class school districts (RCW 28A.505.060).

## **Public Hearings for Budget Extensions**

The adoption process for a budget extension is the same as for the original budget except that notice is not required under certain types of emergencies by first class school districts per WAC 392-123-071.

## **BUDGET EXTENSIONS AND TRANSFERS**

### **Monthly Review of Budget to Determine Necessity of an Extension**

All funds in the budget should be reviewed and analyzed on a monthly basis. The district **must** complete a budget extension **prior** to incurring expenditures in excess of the total of such appropriations as required by RCW 28A.505.150. For first class school districts, this means that a budget extension must be adopted and filed prior to incurring expenditures that exceed the appropriation in each fund. For second class school districts, a budget extension must be adopted and approved by both the ESD and OSPI prior to incurring expenditures that exceed the appropriation in each fund. The ESD and OSPI will adjust budget extensions that do not meet this requirement.

WAC 392-138-110 requires that the Associated Student Body initially review revisions to the Associated Student Body (ASB) budget. Therefore, an extension of the Associated Student Body Fund budget should occur prior to the closing of school to secure the necessary student involvement.

### **Extending or Revising the Budget**

School districts may adopt and file budget extensions (Form F-200) in accordance with the procedures outlined in RCW 28A.505.170 and RCW 28A.505.180 (WAC 392-123-071, 392-123-072, 392-123-078, and 392-123-079) and instructions published by the Office of Superintendent of Public Instruction. Budget extensions not in compliance with the prescribed format must be resubmitted as outlined in RCW 28A.505.090.

To increase the amount of the appropriation in any fund as provided in RCW 28A.505.170 and 28A.505.180, the school district board of directors shall adopt a written resolution stating:

- The estimated amount of additional expenditures.
- The source of funding.
- The specific reason(s) for the extension. The reason(s) may be brief. For example: increased enrollment, purchase of equipment, increased salary demand, etc.
- In the case of second class school districts, petitioning OSPI for approval.

All school districts must submit copies of their latest budget status report (Form F-198) for the appropriate fund along with copies of their budget extensions. The budget status reports submitted with budget extensions must be complete and in the proper format.

Budget extensions are reviewed and edited by the ESDs and OSPI to ensure that the estimates contained in the budget extensions are reasonable. Revised budget edits must be submitted with the budget extension document. Districts will provide explanations and correct problems when requested.

### **Transfers of Budgeted Expenditures During Each Fiscal Year**

Transfers between budget classes (programs, activities, and objects) may be made by the school district's chief administrative officer or finance officer subject to such restrictions as may be imposed by the school district board of directors, ensuring that the approved total appropriation for the fund is unchanged (RCW 28A.505.150).

## **FINANCIAL REPORTS**

### **Monthly Budget Status Reports and Statements of Financial Condition**

Each school district administration shall prepare and make available monthly budget status reports (Form F-198) and a statement of revenues, expenditures, and changes in fund balance along with any other pertinent financial information to each member of the board of directors of the district and to any person or organization upon request following the policies of the board of directors. As a part of the budget status report, the administration shall provide each member of the board of directors with a brief written explanation of any significant deviations in revenue or expenditure projections that may affect the financial status of the district. Separate budget status reports (Form F-198) are provided for each fund. Districts can use these reports or design reports that will yield comparable information (WAC 392-123-110 through 392-123-120).

## **Year-End Budget Status Reports and Statements of Financial Condition**

A budget status report is required at year-end along with other financial reports (Form F-196). It is similar in format to the monthly budget status report. The main difference is that the year-end report does not show the current month's actual and outstanding encumbrances. A comparison is made between yearly budget and actual amounts for revenues, expenditures, and adjustments. (Refer to Chapter 8—Financial Reporting.)

## **PERSONNEL REPORTS**

### **Monthly Personnel Budget Status Reports**

Each school district shall maintain the capability to prepare monthly personnel status reports. These reports shall display the combined responsibilities of the district's administrative staff for personnel management and budget control and shall indicate the status of expenditures and commitments for salaries and wages. The school district administration shall prepare and make available personnel budget status reports to OSPI or the board of directors of the district within ten days from the date of such request from either the superintendent or board (WAC 392-123-125).

## **CHAPTER 3 – Accounting Guidelines**

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# **INTERNAL CONTROL STRUCTURE**

## **Introduction**

This chapter provides school boards, superintendents, business managers, and other school district personnel with a background and approach to establishing and maintaining an effective system of internal controls.

These internal control policies are based on the 1994 report issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and standards adopted by the American Institute of Certified Public Accountants and the federal Office of Management and Budget.

The COSO report defines internal control as “a process, effected by an entity’s board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Internal control is a management process to assist a school district in achieving the educational objectives adopted by the school board. This management control system should include procedures and policies to help ensure resources are guarded against waste, loss, and misuse; that reliable data is obtained, maintained, and fairly disclosed in financial statement and other reports; and resource use is consistent with laws, regulations, and policies.

## **Basic Internal Control Requirements**

Each school board is responsible for establishing and maintaining an effective system of internal control throughout the school district.

An internal control system should provide *reasonable assurance* that a school district will accomplish its educational objectives. The concept of reasonable assurance recognizes that the cost of an internal control activity should not exceed the benefit derived from it. Reasonable assurance equates to a satisfactory level of confidence given considerations of costs, benefits, and risks.

School district management should identify and analyze the risks in achieving educational objectives and determine how to most effectively and efficiently manage those risks. Management defines the level of risk that the school district is willing to accept and strives to maintain risks within those levels.

Each school district should adopt methods to assess risk and review control activities. The methods developed should address each school district's specific needs.

## Components of Internal Controls

The five components of good internal controls within a management control system are:

1. **Control Environment**—The control environment sets the tone of a school district. Providing discipline and structure, it is the foundation for all other components of internal control. Control environment factors include the integrity, ethical values, and competence of the school district's staff; management's philosophy and operating style; the way management assigns authority and responsibility; the way management organizes and develops its staff; and the attention and direction provided by the board.
2. **Risk Assessment**—Every school district faces a variety of risks from external and internal sources, all of which must be assessed. A precondition to risk assessment is establishment of objectives, linked at different levels and internally consistent. Risk assessment is the identification and analysis of obstacles to achieving the objectives, and it forms a basis for determining how risks should be managed.
3. **Control Activities**—Control activities are the internal policies and procedures that help ensure management directives are carried out. They help ensure necessary actions are taken to address risks to achieving the school district's objectives. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, review of operating performance, security of assets, and segregation of duties.
4. **Information and Communication**—Pertinent information must be identified, captured, and communicated in a form and time frame that enables people to carry out their responsibilities. Information systems produce reports containing operational, financial, and compliance related information, making it possible to efficiently manage the school district.

5. **Monitoring**—Management systems and internal activities require monitoring to assess the quality of their performance over time. Assessment is accomplished through ongoing monitoring activities, separate evaluations, or a combination of the two. Deficiencies should be reported upstream, with serious matters reported to top management.

### ***Common Questions About Internal Control***

#### What is a risk assessment?

A risk assessment is a process to identify, analyze, and manage risk. A school district needs a plan to identify both external and internal risks. The plan will help management understand how those risks affect their activities, assess their significance, manage their effect, and provide for continuous monitoring. Risk identification can often be integrated with a school district's planning activities.

Risk analysis involves a careful, rational process of estimating the significance of a risk, assessing the likelihood of its occurrence, and considering what actions and controls need to be taken to manage it. Risk analysis also involves estimating the cost to the school district if something does go wrong.

#### How does a school district identify risk?

Identification of risk can start from existing systems. The budget process, audits, strategic planning, and other chapters included in this manual all provide opportunities for managers to conduct quantitative and qualitative reviews and to identify and prioritize.

#### How does a school district control or minimize risk?

Control of risk starts with management deciding on the actions necessary to reduce the potential occurrence and significance and monitoring conditions to remain aware of changing circumstances.

### ***Control Activities***

The control activities presented in this section are intended to provide school boards, superintendents, business managers, and other school district personnel with an overview, use, and potential limitations of control activities to manage the risk of achieving school district objectives.

Control activities are the policies and procedures that help ensure management directives are carried out. They help ensure that necessary actions are taken to address and minimize the risk of achieving school district objectives.

Control activities, no matter how well designed and executed, can provide only reasonable assurance regarding achievement of objectives. The likelihood of achievement is affected by limitations inherent in all control systems.

## **Loss of Public Funds**

Known or suspected loss of public funds or other illegal activity must be immediately reported to the State Auditor's Office (RCW 43.09.185). Districts should contact their local audit manager.

## **Audit Resolution Standard**

School district management is to follow WAC 392-115 for state and federal audit findings.

## **PAYROLL PROCESS**

The payroll process implements management policies and procedures to properly compensate employees for services rendered. State and federal government laws and regulations impact the process and dictate some procedural practices.

## **Personnel Decisions**

The personnel department of each school district should be responsible for the determination of the individuals to be included on the payroll of the district. The personnel department should inform employees of mandatory benefits, available optional benefits, and other paid or nonpaid benefits. The personnel department then communicates the employee's choices regarding these compensation issues to the payroll department. The personnel department should also communicate any changes in employee benefit programs to the employees and to the payroll department. Management procedures need to ensure that the responsibility for personnel assignments is clearly delineated to ensure appropriate duty and financial accountability.

## Payroll Database

The payroll process requires many periodic updates to the information database that ensures an accurate and reliable production of pay instruments. These periodic changes may occur randomly or on a regularly scheduled basis, such as a day, week, month, or year. In many instances, governmental regulation or contract terms determine when changes in the database will occur. Employee options also effect changes. The following database items need to be considered:

- **Demographic Data:** Information to identify the employee as a unique individual, including name, address, social security number, withholding exemptions, marital status, etc.
- **Hours of Work:** The normal work schedule that is related to the payroll department on a timesheet declaration from the employee or is understood by a professional contract.
- **Overtime Work:** Hours worked beyond the normal work schedule.
- **Payroll Period:** The frequency at which employees provide services and are paid. (In school districts, usually monthly.)
- **Pay Date:** The regularly identified date on which employees are paid.
- **Salary Schedule(s):** The documents that determine the periodic pay rates for individuals.
- **Paid and Unpaid Leaves:** The policy or procedures that determine which leaves of absence are paid or unpaid.
- **Unemployment Compensation:** The unemployment benefit program administered by the Employment Security Department. The district may participate in a tax rate basis or reimbursement rate basis of replenishing the fund. The reimbursement rate basis may be self-administered or administered through a cooperative arrangement with other school districts or the local ESD.
- **Optional Benefits and Deductions:** The district-sponsored benefits to which the district may or may not contribute, including health insurance, life insurance, disability insurance, annuity, United Way, credit union, deferred compensation, etc.
- **Social Security:** The federal government-sponsored program of pensions and disability income to qualified individuals supported by payroll taxes.
- **Retirement Systems:** The state government-sponsored retirement systems supported by payroll deductions and contributions by the district.
- **Workers' Compensation Insurance:** The state government-sponsored program of pensions, disability income, and medical expenses for qualified individuals who have sustained injuries on the work site as a result of performing duties for the

district. The program is administered by the Department of Labor and Industries and the district may be self-administered or a member of a cooperative arrangement to administer claims.

## **Time and Effort Records**

Time and effort records are employee-generated time records reporting the employees' effort in support of federal grant(s) and other assignments. The federal government's Office of Management and Budget requires these records. For additional information regarding time and effort reporting, see Office of Management and Budget (OMB) Circular A-87, now superseded by Uniform Grant Guidance under 2CFR § 200.430. Time and effort records are to be completed monthly, unless a substitute system has been approved by OSPI. Additionally, semi-annual certifications may be completed in lieu of monthly time records if the employee works on a single cost-objective, as defined in Circular A-87.

The new Uniform Grant Guidance (UGG) has some significant changes in time and effort documentation language at 2CFR § 200.430, but there is not the flexibility that was expected. The reference to "semi-annual certifications" and "personnel activity reports" has been replaced with the requirement to have "records that accurately reflect the work performed." It also requires salaries to "be supported by a system of internal control which provides *reasonable assurance* that the charges are accurate, allowable, and properly allocated." It further states the records must "Reasonably reflect the total activity for which the employee is compensated."

Until we have additional guidance from OMB and the Department of Education (ED), OSPI will continue to use the current system for documenting time and effort. OSPI will provide more information as it becomes available.

## **RESOURCES AND RESOURCE FLOWS**

The intent of financial statements is to provide information on the resources that are available to a governmental entity, as well as the flows of those resources into and out of the government over a given period of time (the reporting period). The term "resource," in a governmental context, means an item that can be drawn upon to provide services to the citizenry. Generally, the term "resource" refers to financial resources such as cash that the government may use to purchase goods or services.

The measurement focus of the financial statements is on the net change in total resources over a defined reporting period. The term “net position” is used to describe the sum total of all resources available to a government over the sum total of all liabilities and claims to those resources. The financial statements, then, report on a government’s net position as of a given date and the change in net position over a defined period. Another term for “net position” is “net assets,” which has been defined as the amount by which total assets exceed total liabilities.

## **Flows of Resources**

The movement of resources into or out of a government is defined by GASB as a “flow of resources.” This is further defined in two categories: inflows of resources and outflows of resources.

An inflow of resources is defined as the acquisition of net assets of a governmental entity. This is either from a government’s assets increasing at a rate greater than its liabilities, or by liabilities being reduced at a rate greater than assets. The recording of revenues (increasing cash with no increase in liabilities) would be an example of an inflow of resources.

An outflow of resources is defined as the consumption of net assets of a governmental entity. This occurs either when a government’s liabilities increase at a rate greater than its assets, or when a government’s assets decrease at a rate faster than its liabilities. The recording of expenditures (either decreasing cash or increasing liabilities in the form of accounts payable) is an example of an outflow of resources.

## **Basis of Accounting and Measurement Focus**

Financial statements are presented in accordance with a defined basis of accounting. The basis of accounting used determines the presentation for items such as the flow of resources into and out of a government over a defined period.

Most districts prepare their financial statements using the modified accrual basis of accounting, which focuses on the current financial resources available to the district. This focus is on the financial resources that the district has received in a given period, or will receive soon enough after the end of the reporting period, to be available to pay for the current liabilities of the government that are outstanding as of the end of the period.

Districts under 1,000 FTE students may elect to prepare their financial statements on the cash basis of accounting. Under the cash basis, changes in financial resources are recorded only when there is an actual receipt for cash received, or when a payment is made to a vendor.

The economic resources measurement focus and accrual basis of accounting is used for the districtwide financial statements. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Transactions are external events where something of value or benefit passes between two or more parties. In exchange-like transactions, the values exchanged may not be quite equal or directly benefit the parties to the transaction but are sufficiently to justify treating the transaction as an exchange for accounting recognition. (GASB Statements 33 and 34.)

### **Applicability to the Reporting Period**

The measurement focus of the financial statements helps to determine the nature and period to which a flow of resources is applicable. For financial statements prepared on the modified accrual basis of accounting (and the current financial resources measurement focus), the period for which most transactions are applicable is the period in which the flow of resources takes place. For districts electing to use the cash basis of accounting, the period for which outflows and inflows of resources is recorded is the period in which cash is disbursed or received.

For resources flows statements prepared using the economic resources focus, the period to which an outflow (or inflow) of resources is applicable is determined using the concept of *interperiod equity*. Interperiod equity is the state in which current period inflows of resources equal current period costs of services. Interperiod equity is a relevant metric to assess accountability, rather than a goal that is expected to be met for any particular period of time.

### **Deferred Outflow and Deferred Inflow of Resources**

State and local governments enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. GASB identifies those consumptions or acquisitions as deferred outflows of resources and deferred inflows of resources, respectively, and distinguishes them from assets and liabilities. These deferred flows of resources are recognized when a school district

records a transaction that results in the acquisition or consumption of resources, but the underlying transaction does not occur until a future period.

A familiar example for school districts is the recognition of Property Taxes Receivable at the end of the year for the full amount of the levy, resulting in a "deferred inflow of resources." These resources are measurable but considered unavailable for revenue accrual under state law, 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.

In a Statement of Net Position and or the F-196 Balance Sheet, amounts required to be reported as deferred outflows of resources are listed in a separate section following assets. Similarly, amounts that are required to be reported as deferred inflows of resources are listed in a separate section following liabilities.

The Balance Sheet will continue to follow the traditional "debits equals credits" format. Assets plus Deferred Outflows of Resources will equal Liabilities, Deferred Inflows of Resources and Net Position.

## **REVENUES AND RECEIPTS**

Revenues are an inflow of resources into a school district. They are an increase in the current financial resources of the district, regardless of form. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual, which means they are both measureable and available. "Measurable" means that the amount of the revenue is either known or is subject to reasonable estimation. "Available" means that the revenues must be subject to collection within the current period, or soon enough after the end of the current period to be able to pay for liabilities that are outstanding at the end of the current period.

### **Timely Deposits**

Article XI, Section 15, of the Constitution of the State of Washington requires that all moneys, assessments, and taxes belonging to or collected for the use of any public or municipal corporation shall immediately be deposited with the treasurer, or other legal depository. Chapter 28A.400.030(3) RCW requires the superintendent of a public school district to keep accurate and detailed accounts of all receipts and expenditures of school money.

According to RCW 43.09.240: Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the local government once every twenty-four consecutive hours. The treasurer may in his or her discretion grant an exception where such daily transfers would not be administratively practical or feasible as long as the treasurer has received a written request from the department, district, or agency, and where the department, district, or agency certifies that the money is held with proper safekeeping and that the entity carries out proper theft protection to reduce risk of loss of funds. Exceptions granted by the treasurer shall state the frequency with which deposits are required as long as no exception exceeds a time period greater than one deposit per week.

## Cash Receipts

Each public school district is responsible for the establishment of procedures for the daily collection of cash, other forms of money, and for the issuance of payee receipts consistent with reliable internal control processes.

## Revenue Accruals

Governmental fund types: The modified accrual criterion of measurable and available is used. It is applicable to each major source of revenue classification within the source. Accruals are not applicable to those public school districts electing under RCW 28A.505.020 to use cash basis accounting.

- *Local taxes:* Local property taxes are recorded at the net amount collected (cash basis) during the current fiscal year. This is a departure from GAAP as defined by GASB 33 and Interpretation 5 and should be disclosed in the notes to the financial statements. (See discussion of Nonexchange Transactions later in this section.)
- *Local nontaxes:* Accounts in this major source may be recorded at the amount collected (cash basis) during the current fiscal year. Some revenue accounts in this source may be susceptible to accrual including, but not limited to, rental income, investment earnings, and tuition.
- *General-purpose state revenues:* Accounts in this major source meet the measurable criteria but not the available criteria; therefore, accruals are not required. As a practical matter, all material amounts are received during the current fiscal period. However, known and probable reductions must be recognized when material.

- *Special purpose state revenues*: Many accounts meet the measurable criteria but not the available criteria; therefore, accruals are not required. However, grants paid on a reimbursable basis meet the measurable and available criteria and are, thus, subject to accrual.
- *General-purpose federal revenues*: Most accounts in this source are not measurable or available; therefore, these amounts are recorded as collected (cash basis) during the current fiscal period. For those sources that meet the measurable and available criteria, the amounts are accrued.
- *Special purpose federal revenues*: Most accounts in this source are from grants paid on a reimbursable basis that meet the measurable and available criteria; therefore, these amounts are subject to accrual. For those sources that do not meet the measurable and available criteria, the amounts are recorded as collected (cash basis) during the current fiscal period.
- *Revenues from other school districts*: Many accounts in this major source meet the measurable and available criteria making them susceptible to accrual. Some accounts are measurable but not available (e.g., payments from nonhigh districts); therefore, these amounts are recorded as collected (cash basis) during the current fiscal period.
- *Other agencies and associations*: Many accounts in this major source meet the measurable and available criteria making them susceptible to accrual. Some accounts are measurable but not available; therefore, these amounts are recorded as collected (cash basis) during the current fiscal period.
- *Other financing sources*: All accounts in this major source are recorded as collected (cash basis) during the current fiscal period. These amounts are not recorded as revenues on the income statement but as the source title says, as other financing sources.

## Revenue Carry Over

Revenues that are received for a legally restricted purpose but have not yet been expended in the current fiscal period are susceptible to the restriction of fund balance. Any unexpended amounts shall be recorded in General Ledger Account 821 – Restricted for Carryover of Restricted Revenues, at the fiscal year end. An example of these special purpose revenues are special education funding and LAP. See Chapter 4, Fund Balance, “Restricted” Accounts, for more information.

## Unearned Revenues

Under both the accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. The revenue has been received and is available to pay for current liabilities of the district, but unless the district performs some service the money will have to be returned. An example would be a parent who prepays for the ASB Yearbook or school lunches in advance of the start of the school year.

## Deferred Inflows of Resources

(Not for cash basis districts.)

Districts may periodically receive financial resources that are not appropriately recorded as revenues in the period received. This is because the revenue has been recorded, but it is not available to pay for current liabilities of the district.

### ***Unavailable Revenue***

Under the modified accrual basis of accounting, it is not enough that a resource has been earned if it is to be recognized as revenue of the current period. The revenue must also be susceptible to accrual (it must be both measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources for unavailable revenue. This type of unavailable resource is unique to governmental funds and is tied to the modified accrual basis of accounting.

## Nonexchange Transactions

In a nonexchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return. These transactions are common in governments and described below. GASB Statement 33—*Accounting and Financial Reporting for Nonexchange Transactions* prescribes the accounting for such transactions. In governmental funds where the modified accrual basis of accounting is used, revenue recognition of nonexchange transactions takes place only when the transaction has occurred *and* the revenues are available. GASB Statement 65—*Items Previously Recorded*

as *Assets and Liabilities* prescribes the accounting for such transactions. The timing of recognition is as follows:

- *Imposed nonexchange revenues* result from assessments by governments on nongovernmental entities such as individuals. Examples are property taxes and most fines and forfeits. Revenues are recognized when the use of the resources is required or first permitted by time requirements (such as the period for which property taxes are levied). Resources received or recognized as receivable before the time requirements are met should be reported as deferred inflows of resources.
- *Government-mandated and voluntary nonexchange transactions* include grants to districts for state or federally mandated programs, entitlements, and most donations. Under modified accrual, revenue is recognized when all applicable eligibility requirements are met *and* the resources are available. If the provider requires the recipient to use (sell, disburse, consume) the resources in, or beginning in, the following fiscal period, resources provided before that period should be recognized as advances to the providers and deferred inflows of resources to the recipients.

## Receivables

Revenues or other positive increments in financial resources should be treated as accounts receivable at the time the revenues are earned, an invoice is issued, or a grant claim is filed.

In addition, material revenues received prior to the normal time of receipt, or in advance of the period to which they apply, should be recorded as unearned revenues in the period received and recognized as revenue of the period to which they apply. (GASB Cod. Sec. 1600.114 and 115.)

Interfund receivables and payables may result from services rendered or goods provided by a department financed from one fund to a department financed from another fund or from interfund loans. Each fund, being a separate entity, should reflect the amounts due from other funds, as well as the amounts owed to other funds. The receivables and payables should not be offset (netted) in the accounts, but they may be reported at the net amounts in the respective fund balance sheets. (GASB Cod. Sec. 1300.120.)

## **Electronic Funds Transfer**

The deposit to, or disbursement from, a bank account by means of wire or other electronic communication is permitted by RCW 39.58.750.

## **Revenue Versus Contra-Expenditure Recognition**

For financial reporting purposes, revenues and expenditures should be presented on the gross versus net basis because the measurement focus is on the flow of current financial resources.

Examples of expenditure reimbursements that should be reflected as revenue and not a refund of expenditure include: substitute teacher reimbursement from other districts, student fees for fieldtrips, teacher training reimbursement from OSPI, and reciprocal interfund services provided and used; such as Trip Billings to ASB.

Nonreciprocal interfund reimbursements between funds are an exception. An interfund reimbursement is treated as a refund of expenditures. Refer to the section titled Interfund Activities, later in this chapter, for additional guidance on reciprocal and nonreciprocal interfund activities.

## **GENERAL FUND FUNDRAISING**

Based on Attorney General Opinion Cite AGO 2003 No.1, dated February 19, 2003, districts have broad discretion to engage in fundraising activities. If a school district engages in General Fund fundraising, it is required to establish a board policy. See the full Attorney General Opinion on the [Office of the Attorney General](#) website for additional information.

## **EXPENDITURES AND DISBURSEMENTS**

This section contains guidance on the treatment of expenditure and disbursement documents.

### **Voucher Certification and Approval**

All claims for the provision of goods and services, other than payroll, to the school district must be pre-audited and certified by the district's auditing officer or an appointed delegate. The certification may be made on each individual claim voucher or subject to the acceptance and approval of the board of directors. A blanket voucher certification may be used so long as it indicates the particular vouchers so certified. The use of a blanket certification does not relieve the auditing officer of the responsibility and liability for each individual voucher so certified. The certification must be signed and dated by the auditing officer or delegate. For all claims, except travel reimbursements certified by employees or school officials, the certification must include the following language:

"I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein and that the claim is a just, due, and unpaid obligation against \_\_\_\_\_ School District No. \_\_\_\_\_ and that I am authorized to authenticate and certify to said claim."

The auditing officer's certification for employee or school official travel reimbursement claims must include the following language:

"I, the undersigned, do hereby certify under penalty of perjury that the claim is a just, due, and unpaid obligation against \_\_\_\_\_ School District No. \_\_\_\_\_ and that I am authorized to certify to said claim."

The certification by the district auditing officer does not relieve members of the board of directors from the responsibility and liability for each voucher approved. It is the board's responsibility to ensure that the system of auditing and certifying vouchers is operating in a manner to provide the greatest possible protection for the board members and the school district.

Indication of board of director approval for payment of claim vouchers and payroll should be recorded in the minutes of the board meeting by use of the following statement:

"The following vouchers as audited and certified by the auditing officer, as required by RCW 42.24.080, and those expense reimbursement claims certified, as required by RCW 42.24.090, are approved for payment. In addition, payroll warrants in the amount of \$\_\_\_\_\_ are also approved.

(Fund Name)

Voucher numbers \_\_\_\_\_ through \_\_\_\_\_  
 totaling \$\_\_\_\_\_.  
 Payroll warrant numbers \_\_\_\_\_ through \_\_\_\_\_  
 totaling \$\_\_\_\_\_."

Per RCW 42.24.180, in order to expedite the payment of claims, the Board of Directors of any school district, may authorize the issuance of warrants or checks in payment of claims after the provisions of this chapter have been met and after the officer designated by resolution of the school district, has signed the checks or warrants, but before the Board of Directors has acted to approve the claims. The Board of Directors may stipulate that certain kinds or amounts of claims shall not be paid before the board has reviewed the supporting documentation and approved the issue of checks or warrants in payment of those claims.

However, all of the following conditions shall be met before the payment:

- The auditing officer and the officer designated to sign the checks or warrants shall each be required to furnish an official bond for the faithful discharge of his or her duties in an amount determined by the Board of Directors but not less than fifty thousand dollars;
- The Board of Directors shall adopt contracting, hiring, purchasing, and disbursing policies that implement effective internal control;
- The Board of Directors shall provide for its review of the documentation supporting claims paid and for its approval of all checks or warrants issued in payment of claims at its next regularly scheduled public meeting; and
- The Board of Directors shall require that if, upon review, it disapproves some claims, the auditing officer and the officer designated to sign the checks or warrants shall jointly cause the disapproved claims to be recognized as

receivables of the school district and to pursue collection diligently until the amounts disapproved are collected or until the Board of Directors is satisfied and approves the claims.

The board of directors may stipulate that certain kinds or amounts of claims shall not be paid before the board has reviewed the supporting documentation and approved the issuance of checks or warrants in payment of those claims.

The original copy of all vouchers shall be filed in the office of the district's auditing officer. The detailed accounts to which the expenditures are to be posted must be clearly designated on the voucher. Supporting documentation must be retained and either attached to the vouchers or canceled by the auditing officer to prevent reuse.

Original supporting documentation for vouchers for the claims against the associated student body program fund may be retained in the school building with ready availability to the auditing officer. Summary data required for auditing and certification of the vouchers in the Associated Student Body program fund may be forwarded to the auditing officer as required by board policy or procedure.

School districts that do not issue their own warrants shall send original vouchers and supporting documentation to the office of the appropriate county auditor.

## **Facsimile Signatures**

The "Uniform Facsimile Signature of Public Officials Act of 1969," chapter 39.62 RCW allows the use of facsimile signatures on public securities and instruments of payments provided that certification and filing of manual signatures with the Secretary of State have been accomplished (RCW 39.62.020).

## **Warrants**

Warrants are issued when the president or majority of the board signs an order for such and it is countersigned by the secretary (RCW 28A.330.230). The superintendent signs all orders for warrants (RCW 28A.400.030). Districts of the first class derive their authority to issue warrants from RCW 42.24.180. Second class districts are required to obtain the approval of the Superintendent of Public Instruction, on a one-time basis, to draw and issue warrants for the payment of money (RCW 28A.330.230).

Based on board policy or a board resolution, warrants may be issued before approval of the legislative body if the following four conditions have been or are met:

- The auditing officer and the officer signing the instrument of payment have been bonded for at least \$50,000.
- Internal control procedures are in place and are adequate.
- The documents supporting the issuance are made available for review at the next scheduled meeting of the legislative body.
- If upon review the legislative body disapproves any of the items paid, the issuing officer shall pursue collection of the amounts not approved (RCW 42.24.180).

In addition to other duties, the county treasurer:

- Affixes the date of redemption on the face of warrants.
- Endorses "interest-bearing warrant" on the face of such warrants, pays out the interest on interest-bearing warrants, enters the interest paid out in the warrant register, and makes warrant calls when there are funds to redeem such warrants (RCW 36.29.010 through 36.29.060).
- Issues a statement of canceled (redeemed) warrants (RCW 28A.510.270(3)).

Warrants bear interest at the rate authorized by the issuing authority (RCW 39.56.020). The issuing officer fixes the rate of interest to be paid (RCW 39.56.030). When there are insufficient funds, the issuing authority may establish a line of credit for payment of warrants and interest (RCW 43.09.2853).

ASB warrants cannot be issued without funds on deposit (RCW 28A.325.030).

A facsimile signature for any officer may be obtained by filing with the Office of the Secretary of State authorizing them to sign:

- Public securities such as bonds, notes, certificate of indebtedness, or other evidences of obligation.
- Instruments of payment such as checks, drafts, or warrants or orders for payment, delivery, or transfer of funds.

## **Warrant Cancellation and Unclaimed Property**

Warrants outstanding after one year should be canceled by passage of a resolution of the school board, and the records shall be as if the warrants were never issued (RCW 39.56.040). Even though the records shall be as if the warrants were never issued, school

districts remain liable to pay the person or entity subsequently establishing its ownership of this property (RCW 63.29.135).

Unclaimed Property is money or intangible property owed to an individual or business. Many types of transactions may result in unclaimed property. Examples include: uncashed warrants for vendors, parent refunds, employee travel and expense reimbursements, and lunch deposits on account.

Property is considered unclaimed after it is held for a period of time with no owner contact, and a good faith effort has been made to locate the owner. School districts are required to report unclaimed property to the Department of Revenue before November 1st each year. Although reporting is mandatory, school districts have the option of remitting unclaimed warrants to the Department of Revenue or retaining it at the school district (RCW 63.29.190). Abandoned deposits on account must be paid or delivered to the Department of Revenue in accordance with their guidelines.

For items over \$75, written notices must be sent to payees with valid addresses between May 1 and August 1 informing them that there is unclaimed money being held for them. Because school districts must complete an Affidavit of Lost or Destroyed Warrant before reissuing a lost warrant, the district may wish to include the partially completed affidavit with the due diligence letter. The district should keep records of all due diligence letters sent and any responses received. If the district does not get a response, the warrant should be canceled and the amount considered unclaimed property. There are two acceptable methods for handling unclaimed property. The first method when canceling the warrant is to record the cancellation of the warrant as a reduction of the original expenditure and maintain a separate schedule for unclaimed property indefinitely (RCW 63.29.135). An alternative practice when canceling the warrant is to record a liability; subsequently clearing the liability when the amount is remitted to a claimant. Journal entry examples are found in Chapter 7.

## **Duplicate Instruments**

From time to time, payment instruments (warrants or checks) are lost by the recipient and it is necessary to issue a duplicate payment.

Before a duplicate instrument is issued, the issuing officer shall require the recipient or the person representing the recipient to make application for the issuance of the duplicate by filing a written affidavit specifically alleging on oath that he or she is the proper owner, payee, or legal representative of such owner or payee of the original instrument. Additional information required in the affidavit is the date of issue, the

number, the amount, and for what services, claim, or purposes the original instrument or series of instruments of which it is a part of was issued, and that the original has been lost or destroyed and has not been paid.

The following is a sample affidavit for use by all school districts:

AFFIDAVIT

STATE OF WASHINGTON )

ss,

COUNTY OF \_\_\_\_\_)

I, \_\_\_\_\_, being first duly sworn upon oath, depose and say that I am the proper owner, payee, or legal representative of such owner or payee of \_\_\_\_\_ School District No. \_\_\_\_\_, original (warrant or check) No. \_\_\_\_\_, dated \_\_\_\_\_, in the amount of \_\_\_\_\_ dollars (\$ \_\_\_\_\_) which said instrument was issued in payment for \_\_\_\_\_ and that the same has been lost or destroyed and has not been paid.

\_\_\_\_\_  
(Signature)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Notary Public in and for the state of Washington)

Residing at \_\_\_\_\_

**Imprest Bank Accounts, Petty Cash, Stamp, and Change Funds (Accounts)**

These accounts are any sum of money or tangible asset set aside for a specific purpose, usually for minor disbursements, making change or similar uses requiring immediate action outside the normal formal vendor invoice and payment voucher system (accounts payable). Incorporation into the accounts payable system will occur on a summary basis on a routine time schedule for replenishment of the appropriate imprest account or petty cash, stamp, or change funds (accounts). These accounts are defined as:

- *Imprest bank accounts*: Accounts established at commercial banks for the purpose of making minor disbursements by issuing checks as instruments of payment.
- *Petty cash funds (accounts)*: Cash amounts kept in secure areas used to make minor disbursements.
- *Stamp funds (accounts)*: Consists of U.S. postage stamps and postage meters.
- *Change funds (accounts)*: Cash amounts kept in secure places for the purpose of making change by converting paper bills or coins into smaller denominations.

The accounts are administered by use of the following requirements:

- The board of directors of the school district must authorize the initial amount, any changes in the account, and the maximum amount allowable by resolution. Such resolution may specify controls such as surprise cash counts by district staff.
- A custodian shall be appointed over each account. The custodian is the individual responsible for maintaining the security of the tangible asset and determining access.
- The account shall be established, increased, and replenished by issuance of a warrant drawn on the appropriate fund.
- Disbursements from imprest bank accounts and petty cash funds (accounts) shall be restricted to payments evidenced by appropriate documentation including, but not limited to, invoices from vendors, receipts for goods, etc.
- Replenishment expenditures shall be itemized for inclusion into the accounts payable vouchers on a periodic basis, usually monthly, unless the nature of the account dictates some other periodic cycle. The replenishment request should include such information as board policy or procedure prescribes including, but not limited to, identification of vendor invoice, vendor receipt, account code, or other data deemed pertinent.
- Imprest bank accounts and petty cash, stamp, and change funds (accounts) should be reconciled, when replenished, to the authorized maximum amount.
- In the event the imprest bank account or petty cash fund (account) was established at an amount, which the fund does not have sufficient moneys to replenish, a journal voucher shall be prepared and recorded debiting General Ledger Account 530 Expenditures, and crediting General Ledger Account 200 Imprest Cash for the amounts previously disbursed.

## Employee Travel

Travel expenses include amounts paid for the use of personal automobiles, other transportation, and actual expenses or reimbursement in lieu of actual expenses for meals, lodging, and related items.

Travel reimbursements include amounts paid for the use of private or commercial transportation, actual or per diem charges for meals, lodging, and other related items per school board policy or procedures adopted under the guidance of RCW 42.24.115 through 42.24.160.

The school district board must pass an ordinance or resolution to establish rules and regulations for the reimbursement of travel expenses. There should be rules to cover all district officials and employees. The ordinance or resolution should discuss the board policy on tipping and charging expenses to the district, and should prohibit reimbursement for personal expenses and entertainment.

If a district wishes to issue credit cards for travel-related expenditures, the board must pass an ordinance or resolution to establish rules and regulations that satisfy the provisions of chapter 42.24 RCW, including:

- Submission of a fully itemized travel expense voucher by the employee or officer
- Settlement by the officer or employee within 30 days of the billing date
- Establishment of a lien against salary for any disallowed charges

Claims for reimbursement of travel expenses must contain a signed certification that includes the following language: "I hereby certify under penalty of perjury that this is a true and correct claim for necessary expenses incurred by me and that no payment has been received by me on account thereof."

In addition, if an officer or employee is filing a claim on behalf of others, he or she must prepare a detailed account that includes:

- Names of the others who traveled, partook of meals, or otherwise incurred expenses.
- Whether they were district employees and, if not, who they were and what connections they had with district business. This should not be construed to permit promotional hosting.

- Who provided the lodging, meals, or other services in question, with dates and times.
- A detailed breakdown of amounts.
- Some statement sufficiently explicit to show what municipal business was being carried out when the expenses were incurred.

If a district chooses the option of using monthly reimbursements for the use of personal automobiles for official business, the following procedures apply:

- The monthly rate schedule established should be limited to officers or employees who actually use their personal automobiles for travel on a regular basis. It is the responsibility of the district to ensure that each traveler is on official business.
- The rate must be based on actual costs.
- A periodic review must be performed to determine whether or not the rate continues to reflect actual costs.
- A record is needed of the board's determination.

If the above procedures are not followed, the "monthly reimbursement for use of personal automobiles" may be treated as additional compensation. According to the Internal Revenue Service, districts could be assessed the withholding tax of the employees if the amounts advanced or reimbursed for travel were not for expenses incurred or reasonably expected to be incurred, unless these amounts are reported as taxable wages on the employee's W-2.

### **Advance Travel Expense Account**

If a district chooses to establish an advance travel expense account (imprest account), per RCW 42.24.120, the following procedures apply:

- The imprest amount must be established and maintained in accordance with the procedures prescribed for petty cash (e.g., ordinance or resolution must establish amount).
- Upon receipt of the moneys, the custodian will open a checking account in a local bank in the name of the school district entitled "Advance travel expense account—Jane Doe, custodian." Moneys received from the following sources will be deposited to the account:
- From the district disbursing officer, the total amount originally establishing the account or subsequently added.

- From officers and employees, refunds of any unexpended advances.
- From the warrant issuing official, amounts that reimburse the custodian for travel expenses allowed in the settlement of employee advances.
- The advance travel expense account must be used solely for travel advances, **not direct payments to vendors**. Moneys may be advanced to an individual who is going on travel status for travel-related expenses that will be paid for out of pocket. It must not be used for personal loans, preregistration fees, reimbursements to employees or officers for travel already incurred, etc.
- A check register will be maintained in which all transactions of the account will be recorded, including deposits, disbursements, and bank service charges. Reconciliation shall be made with the bank statement at the end of each month.
- Employee advances for travel expenses will be made by the issuance of checks drawn on the imprest bank account, payable to the applicant. Approved requests will be retained in the files of the custodian to support such advances until final settlement is made and claim for reimbursement has been submitted. Requests for such advances shall be reasonable estimates of the applicant's travel expense requirements and shall contain as a minimum the following information:
  - Date of request
  - Name of applicant
  - Destination and purpose of travel
  - Anticipated departure and return dates
  - Amount requested
  - Signature of applicant
  - Official approval of trip
  - Check number, amount, and date (to be provided by the custodian when the advance is made)
- Settlement of advances will be made on or before the 15th day following the close of the travel period by filing with the custodian an expense voucher as required by RCW 42.24.090. The custodian will verify the amount shown on such form as having been advanced to the employee. In the event the traveler's actual expense is less than the amount of the advance received, the unexpended portion of the advance will accompany the employee's expense voucher. The expense voucher and original request for the advance will then be used to support the custodian's claim for a warrant replenishing the account. The other copy of the expense claim will be submitted to the warrant issuing officer for reimbursement of the excess to the traveler. Claims for reimbursement to the account should be submitted by the custodian periodically as needed and at the end of the fiscal year in order that all

expenses incurred will be charged against the appropriations for the period then ending.

- Any default in accounting for or repaying an advance shall render the full amount which is unpaid immediately due and payable with interest at the rate of 10 percent per annum from the date of default until repaid. To protect against any losses on advances, the governing body shall have a prior lien against and a right to withhold any and all funds payable or to become payable to such officer or employee to whom such advance has been given up to the amount of the advance and an annual interest rate of 10 percent until repayment or justification is made (RCW 42.24.140). No advance of any kind may be made to any officer or employee at any time when they are delinquent in accounting for or repaying a prior advance.

## **INVENTORY**

Inventory systems should be designed and established to meet the needs of the school district to provide and maintain adequate control of supplies, materials, and associated transactions. Inventories may be accounted for using one of two methods: the purchases method where inventories are treated as expenditures when acquired, or the consumption method which recognizes expenditures as the goods are used. Districts with central warehouses will generally use the consumption method.

When the purchases method is used, significant amounts of inventories and prepaids are still reported as assets in the districtwide statement of net position.

### **Inventory Accounting**

The two approved inventory accounting methods are "perpetual" and "periodic."

- The **perpetual method** is common in districts employing central warehouses for the receiving, storage, and distribution of available inventory items. A continuous record of the additions and reductions to the inventory items is kept. Expenditures are recorded at the time materials are withdrawn from the warehouse for consumption by end users. An annual physical count of materials in the warehouse is required to verify and adjust the dollar value and quantities reflected in the stock on hand. The perpetual method generally is applied when there is a significant volume of items being purchased over which district management has determined that central control will ensure effective and

efficient use of materials and associated acquisition expenditures. Perpetual methods are labor-sensitive due to the central record-keeping requirement.

- The **periodic method** is applied to establish the value and report inventory on hand at the end of the annual fiscal period. All additions to tangible materials are initially charged to expenditures at the time they are received. At the close of the fiscal period, a physical count is taken of tangible material not consumed by end users and valued at the most current purchase price. The dollar values obtained by this process are placed in the appropriate inventory account and credited to expenditures as part of the closing entries. The beginning entries of the subsequent fiscal period would reverse the inventory amounts and debit them to expenditures. Then the cycle repeats itself by charging all fiscal year acquisitions to expenditures, taking a physical count of items at the end of year, valuing them at the most recent acquisition price, and making the closing entries.

Inventory accounting is required for districts using central warehouses. This is because items are purchased for which the using program and activity is unknown, and therefore expenditure coding is impossible at the time of purchase. Additionally, there may be a timing problem when items are received prior to the fiscal year in which they will be consumed. For districts not using a central warehouse, the use of the inventory accounts is optional.

In the Capital Projects Fund, the use of inventory accounts is optional and limited in scope. Inventory in the Capital Projects Fund is limited to situations where there is a districtwide project, such as the implementation of new technology systems, and the district purchases items in advance of their distribution into schools. When the equipment is placed into service in the schools within the district, it would be recorded as an expenditure in the Capital Projects Fund and a reduction in the inventory account. Inventory accounts should not be used when purchasing items that relate directly to a construction project (such as new construction or modernization). For those projects, purchases of equipment are recorded as expenditures when incurred, even if the items are stored in advance of being placed into the building.

Inventory accounting for food service programs (separate inventory is optional for USDA commodities) is required because goods may be stored in both the central warehouse or in the building kitchen area(s) (General Ledger Account 420). (See Child Nutrition Bulletin 065-13 and 7 CFR §250.59(c).) If USDA commodities are inventoried separately (optional), items are considered to be in inventory only when the unit (e.g., package, crate, container, or box) remains unopened. Once the unit is opened, the entire unit is recorded as an expenditure, even though not fully consumed.

## Inventory Cost Valuation Methods

The inventory cost valuation method selected should clearly reflect the flow of resources. Two methods are commonly used in school districts:

- The *first-in, first-out* (FIFO) method assumes costs are charged against revenue in the order in which they occur. This means the remaining inventory consists of the most recent costs.
- The *weighted-average* method assumes costs are charged against revenue based upon an average of the number of items acquired at each of the price levels. This amount is determined by dividing the total cost of an inventory item by the total number of items purchased, including beginning inventory, and applying it to the ending inventory.

## Expenditure Recognition Alternatives

Inventory items may be considered expenditures either when purchased (purchases method) or when used (consumption method), but significant amounts of inventory at year-end should be reported on the balance sheet (GASB Cod. Sec. 1600.127).

## Prepaid Items

Generally, prepaid items refer to services to be provided (consumed) in a future fiscal period but for which payment has been made in a prior fiscal period. Expenditures of these items are prorated to the period during which the services were provided.

The value of tangible materials acquired for future fiscal period consumption may be debited to prepaid items when timing of the expenditure is relevant to the proper recognition of expenditures. This situation arises primarily at the end of one fiscal period and the beginning of another and generally involves districts using the periodic method of inventory.

## **CAPITAL ASSETS**

Designing and establishing the capital asset accounting system of a school district requires systematic planning in basic areas such as:

- Establishing the objectives of the capital asset system and making permanent policy decisions that will affect the initial establishment and maintenance of the system.
- Designing the plan for taking the initial inventory, verifying and testing the data, and establishing a value for each recorded asset.
- Determining when and how to implement controls over additions and deletions to the inventory.
- Fixing accountability for the custody of individual items and in determining who is responsible for seeing that care and maintenance are attended to.

Although capital assets are not reported in the fund financial statements (F-196), districts will need capital asset information to prepare required note disclosures and ensure accountability for their assets.

Capital assets, net of accumulated depreciation or amortization, are reported on the districtwide Statement of Net Position. In Note 1 of the Notes to the Financial Statements, the district must disclose its policy for capitalizing and depreciating capital assets and its policy for estimating the useful lives of those assets. See Chapter 8 for additional information and conversion schedule.

## The Individual Capital Asset Record

An adequate capital asset accounting system ensures the school district will meet statutory requirements, produce records and reports, and properly guard assets. A policy on the dollar value at which capital assets will be included in the system is referred to as the "capitalization" policy. Consideration needs to be given to the uses of the system for insurance recoveries or other determinations of what is a permanent asset and what is a consumable. The capital asset record contains the information necessary to identify each item or lot in the inventory and may include:

- Description of the property identifying the category of the asset (land, building, transportation vehicles, or equipment), including legal descriptions of real property and improvements.
- A serial number or other identification number or information.
- The source of property (purchased, constructed, or donated).
- The acquisition, completion, or donation date.
- Reference to a source document (voucher, invoice, construction contract, trust agreement, etc.).

- The acquisition or construction cost of assets or the estimated fair market value of donated assets or assets held by the district before the capital asset system was established.
- Documentation of who holds title to the property.
- Source of the resources used for the acquisition (local, state, federal or percentage of each).
- The location and condition of the property.
- Special insurance, maintenance, and repair instructions.
- Dates of physical inspections and physical inventories. Physical inventories are required for assets purchased with federal resources at least once every two years.
- Disposition information on assets removed from inventory (date of disposal and sales price, lost, stolen, or surplus).

## **Asset Cost**

The original cost of an asset is referred to as the "historical cost." It is the amount paid to acquire an asset, including the price of the asset, related taxes, commissions, installation charges, consultant fees, architects, construction contractors, and any other costs related to acquiring the asset or preparing the asset for use. Expenditures that do not add to the utility of the asset should not be capitalized. Therefore, repairs to damaged equipment should be charged to an expenditure account and not entered in the capital asset record. Judgment should be exercised in determining which portions of the asset cost should be capitalized in the capital asset record.

Donations of cash to be used in conjunction with the construction or purchase of a specific asset should be reported as revenue in a governmental fund type.

Major repairs or improvements are capitalized. If the outlay adds to a capital asset or enhances the value of an integral part of it, the outlay should be capitalized. Thus, drainage to land, addition of a room to a building, and changes in equipment that increase its output or reduce its cost of operation are recognizable as additions to assets. Difficulty arises when large-scale outlays are partial replacements and additions or betterments. For example, a composition roof is replaced with material that is more durable. To the extent that the project replaces the roof, outlays should not be capitalized unless the cost of the old roof is removed from the accounts; to the extent that the project provides a better roof, outlays should be capitalized. The distribution of the total cost in such a case is largely a matter of managerial determination. Perhaps the best result might be obtained by crediting the appropriate asset account for the cost of

the replaced part, thus removing the amount, and then debiting the asset account for the total cost of the replacing item.

### ***Maintaining a Capital Asset System: Accounting***

The school district should adopt appropriate policies and procedures that will ensure that assets that should be capitalized are properly recorded and records are adjusted when assets are disposed of or revalued. Standard data collection processes and periodic physical inventories ensure correct information is recorded in a reasonable time frame and provide a basis for reconciliation of accounting and inventory records.

Other than the acquisition and disposal of assets, other events that may require entries to the accounting system are location transfers, additional construction or demolition, and other improvements or changes in the physical appearance of the asset that should be reflected in its valuation. These adjustments should be recorded in the individual capital asset record. The internal control system should ensure that transactions are noted and recorded. If adjustments are numerous, a capital assets journal may need to be maintained to accumulate the database necessary for adjusting the general ledger and individual asset records.

The capitalization policy of the district defines the dollar limits at which assets will be entered into the capital asset records. The policy should also consider treatment of leases; cost accumulation on self-constructed assets; control of small attractive assets that are not capitalized; and accounting for any infrastructure such as roadways, utility lines, etc. District personnel should be trained on the appropriate application of the capitalization policy to each acquired or disposed of tangible asset. Assets purchased with federal funds costing \$5,000 or more must be capitalized.

Internal control and information flow regarding asset additions or deletions should ensure that the individual responsible for maintaining the capital asset records is included in the cycle. Documents that may be required are receiving reports, invoices, lease agreements, progress billings on construction contracts, itemized work sheets of costs on self-constructed assets, board resolutions of declared surplus items, property insurance claims, etc. Small attractive assets that are not capitalized, but to which the district desires to apply a security control, will need a similar internal control and information flow scheme.

When assets are transferred from locations or sites, or when they change internal ownership by fund type, the district should ensure these changes are communicated to the area responsible for the capital asset records.

Maintenance of the capital asset records implies that several reconciliations and reports will be performed or generated as follows:

- Reconcile physical inventory to individual capital asset records.
- Reconcile individual capital asset records to general ledger accounts for both asset and equity information.
- Reconcile capital outlay expenditures to total additions in capital assets.
- Analyze expenditure object details for additions to lists of noncapitalized assets.
- Reconcile significant capital grants shown on the grant inventory for governmental type funds with increases to the investment in capital asset accounts.
- Analyze proceeds from insurance claims and sales or auction lists, claim reports, etc., to total capital asset disposals.
- Reconcile capital assets transferred to other locations, custody, fund, or account groups with assets transferred from the same.

### ***Maintaining a Capital Asset System: Physical Inventory***

A physical inventory of capital assets verifies the existence and the condition of the asset (required every two years for assets purchased with federal sources). The inventory is useful in determining the value of the asset, both for market value and insurance claim processing.

Board policy and procedure should determine when inventory is to be taken, who conducts the inventory, and what training, skills, and knowledge the conductors of the inventory should have.

To conduct the inventory, the district should have a work plan based on district control over the inventory process with responsibility assigned for supervision of the process and training of the staff. The work plan may include pre-listings of existing asset records sorted by building, floor, room, or other location identifiers, or sorted by asset type. A systematic checklist approach should be employed to ensure that locations are not missed or duplicated in the inventory process. Procedures should instruct the staff about processes to employ when locating assets that appear to meet the capitalization policy but do not appear on the prelists. Procedures should

also include clear instructions on how to record observations about the condition of assets.

Internal control guidelines should be employed in determining who will conduct the inventory to ensure that whoever has day-to-day custody of the asset is not the individual conducting the inventory. If the practical situation calls for the custodian of the asset to take the inventory, then the inventory results should be spot-checked for accuracy by the inventory supervisor.

Completed inventory records should be reconciled to the individual capital asset records. If the inventory process is conducted on a routine periodic basis, then the prelists would have been reasonably accurate and up-to-date, resulting in the reconciliation concerning itself with (1) identifying those assets that were not added to or deleted from the capital asset records at the time of their acquisition or disposal, and (2) investigating and making a final determination of assets not located. Other reconciliations mentioned in the prior section on accounting for capital assets might also need to be conducted as a result of the physical inventory.

### ***Depreciation of Capital Assets***

Depreciation of capital assets is not required under the F-196 other comprehensive basis of accounting (OCBOA) method as prescribed by the State Auditor's Office.

Districts who choose not to depreciate assets for accounting purposes may choose to keep depreciation records for other reasons, such as providing management a means of budgeting for replacement of capital equipment.

Depreciation expense is required to be reported under GAAP, by districts that issue districtwide financial statement as prescribed under GASB 34. Depreciation expense is required for all fund types. It is suggested that districts depreciate their capital assets using the straight-line method using the useful lives prescribed by the state Office of Financial Management. These are available at <http://www.ofm.wa.gov/policy/30.20.htm> and [30.50.htm#30.50.10](http://www.ofm.wa.gov/policy/30.50.htm#30.50.10).

General guidelines regarding the recording of depreciation on capital assets are:

- Depreciation of capital assets is not required under the other comprehensive basis of accounting (OCBOA), but it may be part of a district cost accounting system.

- Scrap value can be ignored in establishing the amount to depreciate, unless it is expected to exceed 10 percent of the original cost of the asset.
- Depreciation must be based on a reasonable estimate of the length of time that the district expects to use the asset in its operations.
- An asset that is declared surplus or is held for possible future use is an investment and should not be depreciated.
- The amount of depreciation charged must be constant for each time period, called the straight-line depreciation method, or for each unit of service such as quantity of output, hours or miles of operation, etc.
- Depreciation must be based on the entire cost of the asset including any donated or contributed amounts.
- Assets may have components that will have an estimated useful life considerably shorter than the asset taken as a whole. Component depreciation for such assets may be much more accurate and simpler to maintain.
- When it is necessary to revise the estimates of useful life of an asset, such changes should be applied prospectively. The rate should be recalculated based on the remaining useful life at the time of the revision, and the new rate should be applied in the present and future accounting periods with no changes made to prior periods.

There are two different applications of group-life depreciation:

- One type is applied to assets of a similar nature acquired at about the same time. The group is treated as a single asset; any gain or loss upon disposal is deferred until the entire group has been retired. When items within the group are retired ahead of schedule, the original cost of that item is removed from both the asset account and the accumulated depreciation account. Depreciation continues to be charged on the remaining assets at the original rate. If some items within the group are subject to major repair, the periodic depreciation should be adjusted for the change in useful life and the new rate charged for the remaining life.
- The second type is applied to dissimilar assets that are related by the mode of operation in which they are used. The rate of depreciation is a weighted average of the rates applicable to the individual assets that comprise the group. This method is intended to eliminate gains and losses on asset retirements, except when an entire operating system or facility is retired from service.

## **INVESTMENTS**

Each school district should, by action of the board of directors, authorize any moneys which are not required for immediate expenditure and which are in the custody of the county treasurer to be invested. All school districts are empowered by statute to invest in the following types of securities:

- Certificates, notes, or bonds of the United States, its agencies, or any corporation wholly owned by the government of the United States.
- Obligations of government-sponsored corporations which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System.
- Bankers' acceptances purchased on the secondary market.
- Repurchase agreements for securities listed in the three items above, provided that the transaction is structured so that the public treasurer obtains control over the underlying securities.
- Investment deposits with qualified public depositories.
- Offerings of the Washington State Treasurer's Investment Pool.

To the extent that a school district has moneys not required for immediate expenditure, and such moneys are in the control of the county treasurer, and the district has not exercised authority to request the county treasurer to invest the moneys on behalf of the district, the county treasurer may invest such moneys on behalf of the county.

## **DEBT AND LEASES**

### **Limitations of Indebtedness**

RCW 39.36.015 and 39.36.020 provide that debt cannot be incurred in excess of certain percentages of the taxable real and personal property in the district without the assent of the voters stated as follows:

- 3/8ths of 1 percent—Without a vote of the people.
- 2 1/2 percent—With a vote of the people, 60 percent assent of those who voted.
- 5 percent—With a vote of the people, provided the indebtedness in excess of 2 1/2 percent is for capital outlay, 60 percent assent of those who voted.

These debt limits range from the least restrictive to the most restrictive, without a vote, with a vote, with a vote for capital purposes, and are cumulative for overall debt authority.

## **Claims and Judgments**

Filed and unfiled claims and other impairments of the district's assets should be recorded in the district's accounts or otherwise disclosed in the financial statements. Such claims may include:

- Job-related illness, injury to employees, workers' compensation claims.
- Unemployment compensation claims.
- Compensated absences, vested and accrued sick leave, and vacation time.
- Arbitrage rebate.
- Judgments and other damages.
- Auditor's exceptions and monetary findings.
- Acts of God.

The accounting treatment of claims and judgments is dependent upon the degree of likelihood that can be attributed to the occurrence of the event or events. If the likelihood is:

- Probable, where the future event(s) occurrence is likely. If the future event is probable and the amount can be reasonably estimated, then expenditure is made for the liability known and estimated (incurred but not reported), and a fund payable is recorded for amounts that would normally be liquidated with current financial resources. If the amount is one of a range, then the amount posted is the minimal most likely.
- Reasonably possible, where the change of the future event or events occurring is more than remote but less than likely. This situation would require a note disclosure using amounts as calculated above.
- Remote, where there is a slight chance of the future events occurring. This would not require any action on the part of the statement preparer.

## **Auditor's Exceptions and Monetary Findings**

Audit reports with material monetary findings or internal control findings that could cast doubt on the validity of the financial reports are subject to a broad array of accounting treatments.

The audit report is subject to a desk review by the Superintendent of Public Instruction (chapter 392-115 WAC). The audit monetary finding is *prima facie* case for recovery of funds that, unless rebutted, is sufficient to sustain the conclusion drawn in the audit.

The timing of the exception determines how it will be reported in the district's year-end financial report. If the item of dispute is discovered before the books for the current fiscal year have been closed, the necessary adjustment to the records can be made. If the finding arises after the books have been closed but before the financial statement has been published, a note disclosure would be included. Any questions as to materiality of the finding should be addressed first.

## **Short-Term and Long-Term Obligations**

When a school district borrows money, it can face some difficult budgeting and accounting issues. Short-term debt is very different from long-term debt in terms of creating a financing source. Long-term debt creates an Other Financing Source. Short-term debt does not.

This section discusses accounting and budgeting for the following four types of school district debt:

- Short-term obligations (Chapter 39.50 RCW)
- Conditional sales contracts for acquisition of property (RCW 28A.335.200)
- General obligation notes and bonds issued without vote of the people for the purchase of real and personal property (RCW 28A.530.080)
- Leases (RCW 28A.335.170)

### ***Short-Term Obligations***

For accounting purposes, any debt obligation (hereafter just referred to as "obligation") that has an original maturity date of less than twelve months from the date of issue is considered to be a short-term obligation. Short-term obligations are anticipated to be repaid (liquidated) with currently available financial resources, and so are reported as liabilities on the balance sheet.

Under chapter 39.50 RCW, municipal corporations, including school districts, may issue short-term obligations to provide current financial resources for any lawful purposes of the municipal corporation. These obligations include notes, warrants, leases, or other forms of indebtedness, except for bonds. There is no statutory definition of "short-term," as it is used in chapter 39.50 RCW, nor is there an express

limit on when short-term obligations mature, except for short-term obligations payable from the receipt of taxes (see below). However, it is generally accepted that “short-term obligations” should not have a maturity date in excess of five years from the issue date.

### ***Long-Term Obligations***

In school district budgeting and accounting, the use of conditional sales contracts, leases, or nonvoted bonds is considered to be long-term financing if the obligation matures at least twelve months from the date of inception of the conditional sales contract or lease, or the date of issuance of the bond. Under GAAP, certain notes (RANs and TANs, see below) are considered to be, and reported as, short-term obligations and thus fund liabilities regardless of the length of maturity of the note.

### ***Budgeting Short-Term vs. Long-Term Obligations***

RCW 39.50.020 states that short-term obligations are subject to “any applicable budget requirements.” An often-overlooked problem associated with the use of short-term obligations is that the proceeds cannot be used to balance budgets. A school district must balance its budget on a fund balance basis. Short-term obligations simply increase cash balances, but they do not increase fund balances. The increase is in the form of an obligation that is recorded as a liability of the fund issuing the debt.

Financing acquisitions using long-term obligations creates a budgetable resource. This is because the liability that would otherwise be created is not accounted for as a liability of the issuing fund under modified accrual accounting. Thus, the fund balance of the acquiring fund is increased by the amount of the liability that is excluded from the fund’s balance sheet. Two subsidiary revenue accounts to General Ledger Account 965 Other Financing Sources are used to recognize the amount financed in the acquiring fund. These accounts are Revenue 9100 Proceeds from the Sale of Bonds and Revenue 9500 Long-Term Financing.

### Revenue Anticipation Notes (RANs)

One of the varieties of short-term obligations that are available for districts to issue are revenue anticipation notes, or RANs. These are promises to pay a specified amount of money to the hold of the RAN at a future date, out of specific revenue sources that are identified in the RAN and authorizing resolution. RANs may be repaid from any legally available, non-tax revenue of the district, such as state apportionment, state financing assistance under chapter 28A.525 RCW, federal

Impact Aid, etc. RANs are not repaid from the receipt of tax revenues or future bond proceeds. RANs may also be secured by the district's full faith, credit, and resources. To the extent a district pledges its full faith, credit, and resources to repay the RAN, the RAN should be treated as nonvoted debt of the district.

According to GAAP, a RAN is to be reported as a liability in the fund that receives the proceeds, regardless of the length of the maturity of the RAN. When a district issues a RAN, it records the amount of the principal in Account 606 Anticipation Notes Payable. A district may utilize RANs to purchase capital equipment. Districts that choose to issue RANs for the purpose of purchasing equipment need to be aware that this may result in a deficit fund balance: the fund will have a large liability that is not offset by an asset (as districts do not report capital assets on their financial statements). Districts in such a situation should work with their ESD to prevent being required to budget receivables.

RANs may also be issued with a maturity that exceeds one year. These issues are rare, and districts considering issuing a long-term RAN should consult with their bond counsel, financial advisor, or underwriter prior to issuing such a RAN. Even though such a RAN has a long-term focus, it is still reported as a liability of the fund receiving the proceeds, and not as an Other Financing Source.

Generally a RAN is considered to be nonvoted debt of the district. However, school districts may issue long-term RANs that do not constitute nonvoted debt, provided that the RAN is payable **only** from non-tax revenues that are deposited into and paid from a special fund. Such a RAN may not be secured by the district's taxing power or full faith, credit, and resources. A RAN that is neither backed by the full faith, credit, and resources of the district, nor payable from any form of tax-based revenue is not considered "debt" for debt limit purposes. This is known as the "special fund doctrine" which holds that any obligation that is payable only from non-tax money deposited into a special fund is an obligation of that special fund, not a general obligation, and therefore does not constitute debt for debt limit purposes. Districts choosing to issue a long-term RAN that does not constitute nonvoted debt are cautioned to work closely with their bond counsel, financial advisor, or underwriter prior to issuing the RAN.

#### Tax Anticipation Notes (TANs)

Another variety of short-term obligation that can be issued is a tax anticipation note, or TAN. Similar to a RAN, a TAN allows the district to borrow money that will be repaid from future inflows of financial resources. Unlike a RAN, a TAN is repaid from

taxes that the district expects to collect. (Typically, this will be taxes relating to a maintenance and operations levy, or other tax revenue source.)

Like a RAN, a TAN is reported under GAAP to be a liability of the fund that has received the proceeds. TANs are required to be repaid within six months of the end of the fiscal year in which it is issued (if tax exempt, the Internal Revenue Code further limits the term of the TAN to 13 months). TANs are considered to be a short-term liability of the district, and will always be shown as such on the financial statements. TANs that are outstanding at the time of the financial statements are reported in GL 606 Anticipation Notes Payable.

TANs are typically secured by the full faith, credit, and resources of the district. In the event insufficient taxes are collected to repay the TAN by the due date, the district will need to repay the TAN from other legally available sources.

#### Bond Anticipation Notes (BANs)

A third variety of short-term obligation is the Bond Anticipation Note, or BAN. Similar to RANs or TANs, a BAN allows the district to borrow money that will be repaid from future inflows of financial resources. Although BANs may be issued in anticipation of the sale of both nonvoted or voter-approved general obligation bonds, BANs are more frequently issued in anticipation of the sale of voter-approved bonds.

Typically, the district may issue a BAN in anticipation of selling the bonds once the election authorizing the bonds has been certified.

BANs must be backed by the full faith, credit, and resources of the district. In the event the bonds have not been sold in time to repay the BAN, the district will need to repay the note from any source that is legally available.

The reporting of a BAN for financial statement purposes, under GAAP, is dependent of the repayment terms of the BAN. However, as school districts do not present a government-wide statement of net assets when reporting on the F-196, BANs should be reported as liabilities in the fund that issued them, typically the Capital Projects Fund, in General Ledger 606 Anticipation Notes Payable.

#### ***Relation to Debt Limit***

In general, the issuance of a RAN, TAN, or BAN is considered to be debt of the district. Accordingly, a district may not issue a RAN, TAN, or BAN (that is issued in

anticipation of the issuance of an LGO bond) if the issuance would cause the district to exceed its statutory authority for issuing non-voted debt, which is  $\frac{3}{8}$  of 1 percent (0.00375) of the assessed value of the taxable property within the district. A BAN issued in anticipation of the issuance of voter-approved UTGO bonds must not exceed 5 percent of the assessed value of taxable property within the district. The exception (as discussed above) are RANs that are not secured by the full faith, credit, and resource of the district (i.e., only non-tax revenues are pledged for repayment of the RAN), and that the county treasurer has agreed to place in a special fund for the district. Such RANs, even if not considered "debt," are still reported as a fund liability on the financial statements, must be reported on the Schedule of Long-Term Liabilities on the F-196, and must be fully disclosed in the Notes to the Financial Statements.

### ***Repayment of Short-Term Obligations***

Under RCW 39.50.070, districts have the authority to create a "special fund" (or funds) to provide for the payments of principal and interest on those short-term obligations. Districts wishing to create such a special fund will need to include the authority to create such a fund in the authorizing resolution and contact their county treasurer to set up the procedural requirements for establishing a separate fund within the fund that will be receiving the proceeds of the obligation. For financial reporting purposes, all special funds created in such a manner will be consolidated into the reporting fund that they are a part of. Additional disclosures in the Notes to the Financial Statements will also be required.

#### **Section B50.102 Reporting in Fund Financial Statements—Governmental Funds**

For governmental funds, if all legal steps have been taken to refinance the bond anticipation notes and the intent is supported by an ability to consummate refinancing the short-term notes on a long-term basis in accordance with the criteria set forth in FASB Statement 6, they should be reported only as general long-term liabilities in the governmental activities column of the government-wide statement of net assets. If the necessary legal steps and the ability to consummate refinancing criteria have not been met, then the bond anticipation notes should be reported as a liability in the governmental fund receiving proceeds as well as in the government-wide statement of net assets. Tax and revenue anticipation notes should be reported as a liability in the governmental fund receiving proceeds. (NCGAI 9 GASBS 34 82.)

***Accounting and Budgeting for Conditional Sales Contracts and Long-Term Notes***

A Conditional Sales Contract is a form of sales contract in which the seller retains title until paid off. The seller may provide the needed financing in the form of a lease.

A note is a loan from a bank or similar lender, or a transaction that has the elements of a conditional sales contract, except that the district receives title to the acquisition immediately and the original vendor is paid off with the loan proceeds.

Long-term conditional sales contracts or notes shall be reported at face (gross) value, instead of net of trade-in and other costs. The fact that payment is made directly to a vendor on a district's behalf does not alleviate the need for fully reporting the transaction in the district's accounting system.

***Initial and Periodic Expenditures in Long-Term Conditional Sales Contract or Nonvoted Note Financing***

Financing through the use of a long-term conditional sales contract requires the school district recognize the expenditure (debit Account 530) and an Other Financing Sources (credit Account 965) equal to the net present value of the minimum lease payments in governmental funds.

This equipment expenditure amount must be budgeted accordingly. The debt payments of principal and interest at maturity are to be charged to Account 530 (Expenditures), Program 97, Activity 84 (Principal) and Activity 83 (Interest) in governmental funds. The district must remember to budget both the initial expenditure for the recognition of the purchase of the asset and the periodic expenditures for the payments for the current year.

The initial expenditure arises because the acquiring fund must recognize as an expenditure the full purchase amount of the asset when it is acquired, regardless of the method of financing its purchase. This expenditure should be recorded as a Capital Outlay (Object 9) if it meets the district's capitalization policy or Supplies (Object 5) if it does not, in either the General Fund or the Transportation Vehicle Fund, or in the appropriate expenditure type in the Capital Projects Fund.

The periodic expenditures arise when the current principal portion of conditional sales contracts or nonvoted notes becomes due. The principal expenditures should be charged to Program 97, Activity 84, Object 7. The current interest portion of any debt payment should be recorded in Program 97, Activity 83, Object 7. Unmatured principal is recorded in the Schedule of Long-Term Liabilities. See sample journal entries in Chapter 7.

### ***Nonvoted Bonds Under RCW 28A.530.080***

Bonds issued by the district without a vote of the people are defined as non-voted bonds. Examples include Limited General Obligation (LGO) bonds and, typically, Qualified Zone Academy Bonds (QZABs).

Under RCW 28A.530.080 nonvoted bond proceeds must be deposited in the district's General Fund, Transportation Vehicle Fund, or Capital Projects Fund as applicable. All bonds are accounted for and retired in the Debt Service Fund, including nonvoted bonds issued under RCW 28A.530.080. This differs from the retirement of notes or conditional sales contracts, in which the debt is retired in the fund that received the proceeds.

Bonds are more formal than notes. Bonds are usually underwritten by an underwriter, frequently for placement with another client of the underwriter. Bonds are accompanied by a legal opinion and are almost always long-term. Payments for maturing bonds and payment of interest are usually, but not necessarily, paid by a fiscal agent. See sample journal entries in Chapter 7.

Under RCW 28A.530.080(2), districts that wish to issue non-voted bonds in excess of \$250,000 must first hold a public hearing about the bonds, and are required to give notice of the hearing. The notice must be published in a local newspaper at least once a week for two weeks, with the last publication date being no later than seven days before the hearing. The notice must include information about the time and location of the hearing, the amount of the bonds, the nature and terms of the bonds, and the means for repayment of the bonds. This requirement does not apply to any refinancing or refunding of outstanding bonds, whether voted or non-voted.

## **Local Option Capital Asset Lending (LOCAL) Program**

LOCAL program financing is administered through the Office of the State Treasurer (OST) and is a type of Certificate of Participation (COP). A COP is a third-party borrowing

option for financing capital acquisitions. Other COPs are typically lease-purchase agreements.

The LOCAL program is an expanded version of the state agency lease and purchase program. The program was originally created by the Legislature in 1989 (RCW 39.94) to provide the lowest cost financing for state agency purchases by pooling funding needs into larger offerings of securities. The Legislature passed legislation in 1998 to provide local governments, including school districts, access to the program. Local government agencies can finance equipment or real estate needs through OST subject to existing debt limitations and financial considerations.

LOCAL financing agreements must be recognized as long-term debt and reported in the district's Schedule of Long-Term Liabilities and Notes to the Financial Statements; recorded in, and paid from the Debt Service Fund. Districts should recognize the "revenue" or money provided by the financing agreement by booking General Ledger Account 965 Other Financing Sources and expenditure account 530, equal to the amount of the financing agreement. See sample journal entries in Chapter 7.

Districts who participate in the LOCAL program have the option to run all transactions through OST in lieu of receiving the proceeds themselves. In these cases, OST retains the money, and the district sends the appropriate invoices to OST for payment out of the district's LOCAL proceeds. In this case, districts would still recognize the revenue using General Ledger Account 965 Other Financing Sources, with an offset to General Ledger Account 250 Cash with Fiscal Agent. Invoices approved by the district for payment and submitted to OST should be recorded with a debit to General Ledger Account 530 Expenditures and a credit to General Ledger Account 250 Cash with Fiscal Agent when OST pays the invoice. See sample journal entries in Chapter 7.

Per RCW 39.94.030, districts who have passed a voter-approved levy to issue general obligation bonds may take some of that bonding authority and issue contracts under the LOCAL program. The collected levies can be used to pay the district's obligations for any contracts issued under the LOCAL program in accordance with the new laws.

### **Regular Method of Advance Bond Refunding**

In this method, the proceeds from the sale of refunding (new) bonds are placed in the custody of the trust department of a bank through the county treasurer. The bank establishes an escrow account and invests the proceeds. The cash realized from the maturing investments, together with interest earned, is used to meet the debt service

requirements of the refunded (old) bonds and to redeem the balance of the old bonds when they become callable or mature. The old debt is removed from the appropriate fund and the new debt is added to the appropriate fund at the time the proceeds of the sale of the new bonds are paid to the trust department of a bank.

### **Crossover Method of Advance Bond Refunding**

This method provides for the sale of refunding (new) bonds whose proceeds are used to purchase certain investments that are placed in the custody of the trust department of a bank. The investments provide interest earnings that are used to pay interest on the refunding (new) bonds until the crossover date when the refunded (old) bonds are callable or mature. When the call date or maturity date arrives, the old bonds are redeemed with the resources in the escrow account. After the old bonds are redeemed, the source of revenue applicable to the old bonds is used to service the new bonds. The refunding (new) bonds are entered in the appropriate fund at the time they are sold. The refunded (old) bonds continue to be reported in the original fund until the crossover date at which time they are removed from the original fund.

### **Arbitrage**

Arbitrage in government finance is generally defined as the process of investing tax-exempt bond proceeds in higher yielding taxable securities with the resulting interest revenues exceeding the interest costs.

The Tax Reform Act of 1986 requires that issuers of tax-exempt debt comply with the arbitrage yield restrictions and the ultimate rebate requirements of any excess earnings in order to maintain the tax-exempt status of the debt instrument. The arbitrage yield restrictions limit the retainable earnings from debt issuance proceeds to the yield rate of the debt instrument issued. Any excess earnings are to be rebated or paid to the U.S. Treasury. These arbitrage rebate requirements are in addition to other pre-existing restrictions that can make a debt issue taxable.

The Treasury Department's arbitrage rules and their application extend far beyond the issuance of general obligation and revenue bonds and notes. Part of the regulation is the requirement that installment purchase agreements of state and local governments are also included and subject to the same limitations. These purchase arrangements go by many names: tax-exempt leases, municipal leases, installment sales, lease-purchase agreements, conditional sales contracts, certificates of participation (COPs), and lease-to-ownership agreements.

Arrangements such as these, coupled with other borrowings or issues, could put a district over the small issuer threshold and subject other borrowings to the rebate calculations and penalties.

Arbitrage rebate is a tax and should be shown as an expenditure like any other tax. Arbitrage rebate is an income tax at a 100 percent marginal rate.

Whether the arbitrage liability is probable or only possible will depend on the circumstances of each case. If the financial report preparer believes that it is probable that an asset has been impaired, or a liability incurred, and the amount of the liability can be reasonably estimated, then a charge to current operating expenditures is appropriate.

The liability represents a claim against the financial resources of the school district. The current portion of the liability is represented in the government that has received the investment proceeds. The current portion is the amount that would be paid with expendable available financial resources regardless of when the amount is due. The amount of the liability is the current value of the future payable and represents a portion of the interest income of the fund (that amount represented as an excess over what the investments would have produced if invested at the issued security net rate).

Arbitrage is a very complicated issue. Districts are advised to seek competent counsel concerning the calculation of the liability.

## **Leases or Leases With Option to Purchase**

RCW 28A.335.170 permits the district to enter into contracts with board approval to provide pupil transportation services; rent or lease building space and portable buildings; and rent or have maintained security systems, computers, and other equipment.

The budgets for General, Capital Projects, and Transportation Vehicle Funds of each school district shall contain a schedule which identifies that portion of each non-cancellable contractual liability incurred per RCW 28A.335.170 which extends beyond the fiscal period being budgeted. Said schedule shall list for each such contractual liability a brief description, the accounting code, the beginning and ending dates, the total dollar amount, and the estimated dollar amount extending beyond the end of the fiscal period being budgeted.

See RCW 28A.335.200 for conditional sales contracts for the acquisition of property or property rights as this pertains to limitations of indebtedness. See RCW 28A.335.040 through RCW 28A.335.090 for the authorization to lease or permit the occasional use of surplus school property.

## Accounting for Leases

There are three types of leases: short-term leases, contracts that transfer ownership, and contracts that do not transfer ownership—a catchall for all remaining leases of nonfinancial assets.

### ***Key Definitions:***

- *Lease:* A “lease” is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Note: Just because the word “lease” is not in the agreement, does not mean it does not meet the definition of a lease. Not all “leases” meet the definition of lease under GASB Statement No. 87. The substance of the agreement determines its classification.
- *Right to use:* The right to obtain the present service capacity from use of the underlying asset and the right to determine the nature and manner of its use.
- *Lease term:* The period during which a lessee has a non-cancelable right to use an underlying asset, plus periods covered by a lessee’s or lessor’s option to extend the lease (if reasonably certain the option will be exercised) and periods covered by the lessee’s or lessor’s option to terminate the lease (if reasonably certain the option will not be exercised). Note that periods for which both the lessee and the lessor have an option to terminate the lease without permission from the other party or if both parties have to agree to extend, are excluded from the lease term. Fiscal funding/cancelation clauses are ignored unless reasonably certain of being exercised.
- *Exclusions:* These activities would be excluded from the scope of lease accounting:
  - Intangible assets—Such as patents and software. Certain sub-lease exceptions apply.
  - Biological assets—Such as timber
  - Leases of inventory
  - Service concession arrangements

- Assets financed with outstanding conduit debt—Unless both the asset and conduit debt are reported by the lessor
- Supply contracts
- Subscription-Based Information Technology Arrangements (SBITAs)

### ***Short-Term Leases***

The identification of a short-term lease hinges entirely on the length of the maximum possible noncancelable lease term. If the lease agreement specifies a noncancelable term, after considering the effects of potential extensions (regardless of their likelihood of being exercised), of 12 months or less, the lease is deemed a short-term lease.

Lease accounting for short-term leases is functionally identical to past practices under old rules. Lessor and lessees are only required to post to account for the outflow or inflow of resources during each period. For cash-basis and modified accrual fund financial statements (F-196), the lease payments are recorded as revenues or expenditures based on the payment provisions of the contract. Short-term leases require no additional note disclosures.

### ***Contracts that Transfer Ownership***

Lease contracts that transfer ownership are treated explicitly as sales of the asset by the lessor and a purchase of the asset on credit by the lessee. These arrangements can transfer ownership in two ways, both requiring the contract to have no termination options. First, the contract can directly specify ownership is transferred at the end of the life of the lease. Alternatively, the contract can implicitly allow the borrower to continue to hold the property to the end of its life by setting up a fiscal funding or cancellation clause (which only activates if the governmental entity does not provide a provision for the payment of the lease obligation) that is reasonably certain not to be exercised.

### ***All Other Leases: Contracts that do not Transfer Ownership***

All leases that do not fall into either of the two categories listed above are treated with a single-model approach and similar to contracts that transfer ownership.

***Accounting for Leases-Lessee***

For school districts using cash-basis accounting (F-196): Lessees will be required to recognize:

- A Capital Outlay expenditure
- An other financing source
- On the Schedule of Long-Term Liabilities, add a lease liability for the total amount (not the present value) of the future lease payments.
- Subsequent lease/rental expenditure payments reduce the lease liability
- Special lease transactions, such as subleases and sale-leaseback transactions, will require separate disclosures.
- Lessee note disclosure requirements include: A general description of its leasing arrangements, such as the assets leased, terms of the leases, the amount of the monthly (quarterly/annual) payments, cancellation clauses, etc. If you have issued debt for which the payments are secured by the lease payments, that fact should be disclosed.
- The note disclosure should also include the total amount of lease revenue and any other lease-related inflows recognized in the reporting period.

For school districts using modified-accrual accounting (F-196): Lessees will be required to recognize:

- A Capital Outlay expenditure
- An other financing source
- On the Schedule of Long-Term Liabilities, add a lease liability for the present value of the future lease payments.
- Subsequent lease/rental expenditure payments are segregated between principle repayments and interest expenditures
- Lessee note disclosure requirements include: a description of leasing arrangements; such as the assets leased, terms of the leases, the amount of the monthly (quarterly/annual) payments, cancellation clauses, etc. If you have issued debt for which the payments are secured by the lease payments, that fact should be disclosed.
- The delineation of principal and interest payments required over each of the next five years and beyond, grouped in five-year increments
- Special lease transactions, such as subleases and sale-leaseback transactions, will require separate disclosures.

***Calculation of the Lease Liability—Schedule of Liabilities***

The lessee should initially measure the lease liability at the present value of payments expected to be made during the lease term. The lease liability should include the following:

- Fixed payments, less any lease incentives receivable from the lessor
- Variable payments based on an index or rate, using the rate as of the beginning of lease
- Variable payments that are fixed in substance
- Residual value guarantees reasonably certain of being required
- Purchase options reasonably certain of being exercised
- Termination penalties, if lease term reflects lessee exercising termination options/fiscal funding clauses
- Any other reasonably certain payments

The lease liability does not include lease payments that are dependent on a lessee's performance or usage of an underlying asset.

***The Discount Rate***

The discount rate (interest rate) is used to calculate the present value of the contractual obligation. It is the interest rate the lessor charges the lessee. This rate is often not stated in lease agreements. It may be the rate implicit in the lease. If the lease's implicit rate is not readily determinable, the lessee's estimated incremental borrowing rate should be used. This is the rate the lessee would be charged for borrowing the lease payment amounts during the lease term. Documentation of methods and sources used to determine the discount rate for each lease agreement should be retained.

***Lease Incentives***

Lease incentives are payments made to, or on behalf of the lessee, for which the lessee has a right of offset with its obligation, or other concessions granted to the lessee. Incentives provided after the commencement of the lease term should be accounted for as reductions of lease payments for the periods in which they are provided. If fixed or fixed in substance, the incentive payments should be included in the initial measurement and any re-measurement of the lease receivable and lease liability. Variable or contingent lease incentive payments are not included in the initial measurement.

## **Modifications**

If the lessee's right to use the leased asset decreases, the amendment should be considered a partial or full lease termination (see terminations). A modification to a previously reported lease should be reported as a separate lease if:

- New assets are added and the related increase in payments is consistent with the market price for similar agreements
- If the modification does not meet the criteria to be reported as a separate lease

Lessee:

- Remeasure the lease liability on the effective date of the modification.
- Update the discount rate if any of the following occurs:
  - There is a change in the lease term
  - A change in the likelihood of the lessee exercising a purchase option from reasonably certain to not reasonably certain, or vice versa.

Lessor:

- Re-measure the lease receivable on the effective date of the modification.
- Update the discount rate if any of the following occurs:
  - There is a change in the lease term
  - A change in the likelihood of the lessee exercising a purchase option from reasonably certain to not reasonably certain, or vice versa.

Adjust the deferred Inflow of resources by the difference between the new re-measured receivable and the receivable immediately before the modification. However, to the extent the change relates to payments for the current period, the change should be recognized as a revenue or expense for the current period.

If a change results from a debt refunding by the lessor in which the perceived economic advantages of the refunding are passed through to the lessee, the change should be accounted for as:

- The lessor should adjust the lease receivable to the present value of future lease payments based on the interest rate applicable to the revised lease contract. An adjustment to the deferred inflow of resources should be

recognized as either a revenue or expenditure over the remaining life of the old debt or new debt, whichever is shorter.

- If the change results from an advance refunding the lessor must recognize as a revenue or expenditure, any reimbursements to be received from the lessee for costs related to the refunded debt (unamortized discount or premium) over the remaining life of the old debt or new debt, whichever is shorter.

### ***Terminations***

The lessor should reduce/remove the lease receivable and related deferred inflow. A gain or loss would be recognized for any difference.

### ***Contracts with Multiple Components***

If a district enters into a contract that contains both a lease (such as the right to use a building) and non-lease component (maintenance services for the building), the district should account for the components separately.

If a lease involves multiple underlying assets and the assets have different lease terms, each underlying asset should be accounted for as a separate lease contract. The contract price would then be allocated to the different contracts based on prices for the individual assets.

If the contract does not include individual components or prices are not reasonable, allocate components based on available observable information (market prices). If not practicable, the components may be accounted for as a single lease.

### ***Contract Combinations***

Contracts entered into at or near the same time with the same party should be considered part of the same lease contract if either of the following is met:

- Contracts are negotiated as a package with a single objective
- The amount of consideration paid in one contract depends on the price or performance of the other contract.

If multiple contracts are determined to be part of the same contract, that contract is then subject to the guidance for *Contracts with Multiple Components*.

***Subleases***

The initial lease and sublease should be treated as separate transactions and should not be offset against one another. The original lessee would account for the original lease and sublease separately as the lessee and lessor respectively.

***Sale-Leasebacks***

A sale-leaseback is defined as the sale of the underlying asset by the owner and a lease of the underlying asset back to the seller. The transaction must qualify as a sale, otherwise the transaction is considered a borrowing activity. The sale and lease transaction are accounted for separately.

***Lease-Leasebacks***

A lease-leaseback occurs when an asset is leased by one party (first party) to another party, then leased back to the first party. The transaction should be accounted for as a net transaction.

***Prepaying a Lease***

If a lease is prepaid, there is no "financing" and so the amount received by the lessor is already considered the present value. The lessor amortizes the lease receivable and deferred inflow at the total amount of the monthly payments.

***Leases Between Related Parties***

When leases are made between related parties, the substance of the transaction determines the reporting. For example, the agreement between the district and the related party meets the criteria to be reported as a short-term lease. However, there is an understanding between the district and the related party the lease will be extended over several years. In this example, the lease would not be appropriately reported as a short-term lease.

***Capitalization Threshold for Leases***

School Districts may establish a lease liability threshold for leases that are clearly insignificant individually and in the aggregate. This threshold defines the dollar amount at which a lease with a maximum possible term of more than one year will be classified as a lease liability. A district may establish a single capitalization

threshold for all leases or different capitalization thresholds for different classes of leases. The threshold should be established at a small enough level such that the leases excluded would be clearly insignificant to financial reporting in aggregate. In establishing a threshold, districts should consider the different types and groups of leases they have, and management information needs.

### ***Accounting for Leases-Lessor***

For F-196 Cash Basis, lease payments are recorded as revenue and cash when received.

For F-196 Modified Accrual, a lessor should recognize a lease receivable and a deferred inflow of resources at the start of the lease term.

- (DR) Lease Receivable—Initially measured at the present value of lease payments expected to be received during the lease term.
- (DR) Cash (possible entry)—For any lease payments received prior to the start of the lease.
- (CR) Deferred Inflow—Measured as the sum of the initial measurement of the lease receivable plus any lease payments received prior to the start of the lease, less any lease incentives.

Lease payments received from the lessee result in:

- (DR) Cash
- (CR) Reduction of the lease receivable
- (CR) Recognition of interest income (a non-operating revenue). Use Revenue Code 2450 Other Interest Earnings.
- (DR) Reduction of the Deferred Inflow in a systematic and rational manner
- (CR) Recognition of lease revenue. Use Revenue Code 2700 Rentals and Leases.

See sample journal entries to account for leases in Chapter 7.

## **Compensated Absences**

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. Consideration should be given to the different characteristics of various types of compensated absences. For example, employees usually receive full

compensation for vacation leave—either as paid time off or as compensation at termination or retirement. Thus, employees earn the right to be compensated for vacation leave based only on rendering past service. On the other hand, paid time off for earned sick leave is contingent on an illness—a specific event that is outside the control of the employer and employee. In some cases, however, subject to board policy, employees may be compensated for a portion of their sick leave when they die, terminate employment under certain circumstances, or retire. In those cases, employees earn the right to be compensated for sick leave at termination based only on rendering past service (RCW 28A.400.210, WAC 392-136-020).

Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Sick leave and other compensated absences with similar characteristics should be accrued as a liability as the employees earn the benefits, but only to the extent it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement (termination payments). Alternatively, the liability should be measured based on the sick leave and other compensated absences with similar characteristics accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as to other employees who are expected to become eligible in the future to receive such payments. When the liability is calculated, these accumulations should be reduced to the maximum amount allowed as a termination payment.

The compensated absences liability should be measured using the pay or salary rates in effect at the balance sheet date. Certain salary-related payments directly and incrementally associated with the payment of compensated absences, for example, the employer's share of social security and Medicare taxes, should also be accrued. Payments made that are not ordinarily directly and incrementally connected with the amount of leave paid to employees (such as life insurance and health insurance) should not be accrued.

For governmental and permanent funds, the current portion of the liability should be reported as a current liability in the funds; the remainder of the liability should be reported as a long-term liability in the funds. Compensated absences expenditures should be recognized using a modified accrual basis of accounting. A complete

explanation of the method of calculating accruals, including examples, can be found in Appendix B – Additional Accounting Guidance.

## **Unemployment Compensation, Self-Insured**

The unemployment compensation laws codified in Title 50 RCW are administered by the Employment Security Department.

The self-insurance provision of the unemployment compensation act makes no provision for group coverage. The act provides only for the election to make payments in lieu of contributions or to reimburse the department for payments made on behalf of the school district to the district's ex-employees (RCW 50.44.20 and 50.44.060).

If an employer has elected the reimbursement method, they will be billed at the end of each calendar quarter for payments made by the Employment Security Department for that quarter.

The Employment Security Department may require a surety bond or the deposit of money or securities in an amount estimated to cover one year's claims, but not to exceed an amount equivalent to one year's premium. The amount of the security is subject to review and renewal by the department.

The school district will have to be certain that the rate of accrual at which the expense is incurred will produce an estimated benefit payable sufficient to cover:

- Claims incurred and claimed but not paid
- Claims incurred but not claimed
- Claims not yet incurred but highly possible

If excess insurance is purchased, the cost of the insurance should be charged to the benefit accrual.

## **Workers' Compensation, Self-Insured**

Claims for injury resulting from employment exposures are not subject to regular civil action. The jurisdiction of courts for this class of torts has been abolished by legislative action and industrial accidents and resulting compensated losses are administered by the state (Title 51 RCW).

The self-insured portion of workers' compensation covers two items: medical aid that pays for illness or injury medical treatment, and workers' compensation that provides compensation for losses including wages and survivor benefits. Both of these are the district's expense. A third element, prior pension and asbestos fund, is an assessment against the employee with an equal amount paid by the employer (RCW 51.32.073).

Districts can become self-insured by application to the Department of Labor and Industries either on an individual basis, or there is a provision for group insurance where any two or more school districts or educational service districts may form a group for purposes of self-insuring workers' compensation benefits.

The agreement between the school district and the risk pool may transfer part or all of the risk to the risk pool. Self-insurers may reinsure their risks but not to exceed 80 percent.

There is a surety requirement for school districts that shall be an amount that will satisfy 100 percent of the claims for the succeeding fiscal period. The minimum security requirement shall be \$100,000; in addition, a cumulative reserve of no less than 25 percent of the surety requirement must also be established.

The Department of Labor and Industries may require a deposit to be placed in an escrow or depository account, the deposit of money or securities, or the posting of a surety bond.

Monetary assets are accumulated for the purpose of meeting claims or expenses by the same payroll process that would accumulate and transmit the premium for state insurance claims processing. This procedure assesses the district a monetary amount for each hour of employment with the employees classified into three groups. The three classes are:

- Professional (e.g., clerical, teaching, administrative)
- Maintenance workers, bus drivers, food service workers
- Volunteers (medical aid only)

If the district lacks a system of recording hours of attendance and absences for salaried employees, the district is to use the assumed hours rule and report salaried employees at 40 hours per week and 160 hours per month. The assumed hours for premium calculation for teachers are to be calculated at 180 days at eight hours per day—1,440 hours. This can be reported at either 120 hours per month for 12 months or 160 hours per month for nine months.

The accumulation of most of the accrued liability, estimated industrial insurance benefits payable, takes place during the payroll taxes and benefits calculation portion of the payroll process.

If there are enough volunteer hours in the district to justify the entry, a periodic journal voucher charging the appropriate programs with the equivalent standard premium should be prepared. The number of hours times the medical aid rate for volunteers is the amount that should be charged.

In addition to the claims processed which are charged against the accrual generated by the medical aid and workers' compensation charges, the following items are also charged to the account:

- Administration expense assessed by the Department of Labor and Industries
- Second injury fund assessment by the Department of Labor and Industries
- Third party claims management and administrative fees
- Surety bond expense
- Excess insurance premium
- Supplemental pension and asbestos fund (this portion of the accrual was generated by a separate charge on both employee and employer and this portion of the program is handled by Labor and Industries).

A report is due to the Department of Labor and Industries by July 1 of each year showing estimated claims liability and the sources of revenue to meet those obligations. The documentation of the cumulative reserve must specify the type of funding and reflect the account balance. Surety requirements for governmental units are subject to periodic review by the department.

When this report is prepared, it would be the opportune time to assess the validity of the accrued benefit payable to make certain that the accrual rate is providing resources sufficient to pay claims incurred but not paid, as well as claims incurred but not reported. Any projected over- or under-accrual would be compensated for by adjustment of the assessment rates on each class of employee.

## **INTERFUND ACTIVITIES**

Interfund activity is classified as reciprocal and nonreciprocal. Reciprocal interfund activity is the internal counterpart to exchange and exchange-like transactions and includes interfund loans and interfund services provided and used. Nonreciprocal interfund activity is the internal counterpart to nonexchange transactions and includes interfund transfers and interfund reimbursements.

GAAP establish two classes of interfund activity:

- **Reciprocal interfund activity** is the interfund equivalent of exchange and exchange-like transactions.
  - *Interfund loans* are amounts for which repayment is expected. They should be reported as interfund receivables to the lending fund and as interfund payables to the receiving fund. They should **not** be reported as other financing sources or uses in the fund financial statements. After adoption of board resolution, WAC 392-123-140 allows loans to the General Fund, Transportation Vehicle Fund, Capital Projects Fund, and Debt Service Fund. Loans are permitted from the General Fund or Capital Projects Fund only. Interfund loans do not increase budget capacity. Appropriate interest shall be charged.  
(Reference: WAC 392-123-135 through WAC 392-123-160, RCW 28A.320.320.)
  - *Interfund services provided and used* are sales and purchases of goods and services between funds for a price comparable to their external exchange value. They are reported as revenues in the providing fund and expenditures in the receiving fund. Unpaid amounts are treated as interfund receivables or payables.
- **Nonreciprocal interfund activity** is the interfund equivalent of nonexchange transactions or transfers, previously known as "operating transfers" and "residual equity transfers."
  - *Interfund transfers* are defined as "flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment." They should be reported as other financing sources in the receiving fund and other financing uses in the providing fund.
  - *Interfund reimbursements* are repayments from a fund responsible for expenditures to the fund that initially made the disbursement. Reimbursements are treated as adjustments and **not** reported in the financial statements.

## Interfund Loans

Interfund loans are authorized (WAC 392-123-135 through 160), when approved by resolution by the school district board of directors as required, subject to the following:

- Loans are allowable to and from specific funds:

|                   |                                   |
|-------------------|-----------------------------------|
| FROM:             | TO:                               |
| General Fund (GF) | Capital Projects Fund (CPF)       |
|                   | Debt Service Fund (DSF)           |
|                   | Transportation Vehicle Fund (TVF) |

|                             |                                   |
|-----------------------------|-----------------------------------|
| FROM:                       | TO:                               |
| Capital Projects Fund (CPF) | General Fund (GF)                 |
|                             | Debt Service Fund (DSF)           |
|                             | Transportation Vehicle Fund (TVF) |

- Loans cannot be made from the ASB Fund, the Debt Service Fund, or the Transportation Vehicle Fund. Loans cannot be made to the ASB Fund.
- An interfund loan is considered to be a temporary loan of moneys between one district fund and another. An interfund loan is not considered to be an investment. As a temporary loan, it is to be completely liquidated in less than one year from the date of issuance.
- Loans shall not be made from any fund to the detriment of any function or project for which the fund was established. Moneys loaned should only include moneys that are clearly inactive or in excess of current needs.
- Interest shall be paid by the borrowing fund to the loaning fund and shall be at a rate not less than the warrant interest rate in the county in which the school district is considered to be located. The interest shall be a revenue of the loaning fund and an expenditure of the borrowing fund. Interest earned cannot be transferred to another fund.
- Financial reports of the district shall specify all outstanding interfund loans and all interest charges involved. The interfund loan shall not be used to balance the budget of the borrowing fund.
- The board of directors shall authorize the interfund loan by adopting a resolution stating the exact amount of the loan, the funds involved, the specific source of the repayment, the schedule for the repayment, and the interest rate involved.

- Interfund loans should be reported as interfund receivables in the lender funds and interfund payables in the borrower funds. This activity should not be reported as other financing sources or uses in the fund financial statements.

## **Interfund Services Provided and Used**

School Districts engage in a variety of interfund services between funds. Examples of services provided and used include: bus-trip charges and printing services; charged from the General Fund to the ASB. These transactions are sales and purchases of goods and services between funds for a price comparable to their external exchange value. They are reported as revenues in the providing fund and expenditures in the receiving fund. Unpaid amounts are treated as interfund receivables or payables.

## **Interfund Transfers**

GAAP defines interfund transfers as “flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment.” Interfund transfers are recorded as other financing uses in the fund making the transfer and other financing sources in the fund receiving the transfer.

A properly executed board resolution authorizing an interfund transfer is required. The district’s board adopted budget resolution, if it accurately reflects the desired transfer, may serve as the required resolution. The board resolution authorizing an interfund transfer may be executed in increments. The amount and frequency of transfers may be determined by the district so long as the total transfer authority within the resolution is not exceeded. A budgeted transfer amount not previously credited into the receiving fund may be rescinded in accordance with the same requirements which were met to initially authorize the transfer.

Transfers of resources between funds are allowed in situations when the transfer is justified by meeting certain criteria outlined as follows:

- Transfers may be made from the General Fund to the Transportation Vehicle Fund as authorized by the adoption of a resolution of the board of directors.
- Transfers may be made to the Debt Service Fund from any fund issuing debt through nonvoted bonds (i.e., General Fund, Capital Projects Fund, and Transportation Vehicle Fund) to meet debt service payments. Authorization for the transfer should have been granted in the resolution authorizing the issuance of the debt.

- Transfers for the redirection of state apportionment may be made from the General Fund to the Capital Projects Fund and Debt Service Fund as authorized under RCW 28A.150.270 and WAC 392-121-445, subject to the following conditions and requirements:
  - The transfer will not result in a negative estimated ending fund balance in the General Fund.
  - The district board of directors must execute a resolution authorizing the transfer. However, the district's board adopted budget resolution, if it accurately reflects the desired transfer, may serve as the required resolution.
  - Whether the transfer resolution is included in the resolution to adopt the budget or if it is a separate, independent board resolution, a copy must be sent to OSPI to approve the transfer.
  - The transfer must specify the justification in detail and the dollar amount to be transferred.
  - This resolution must be received by OSPI on or before the tenth of the month in which the transfer is to begin.
  - Once apportionment moneys have been credited into the receiving fund by the County Treasurer, the resources cannot be subsequently transferred to the credit of another fund. The term "another fund" is not intended to imply the General Fund. Such resources may be credited back to the General Fund, for its original intended use.
  - The redirection of state apportionment is subject to specific use as authorized under WAC 392-121-445.
  - Resources committed to a specific purpose cannot be used for another purpose without the district taking the same type of action it employed to previously commit those amounts (GASBS 54 §10.) This includes, but is not limited to, a copy of the amended-use resolution sent to OSPI.
  - Apportionment, redirected by board resolution, may be transferred back into the General Fund for its original intended purpose, in accordance with the same requirements which were met to initially authorize the transfer.
- Additional statutory authority has been granted enabling districts to:
  - Transfer moneys related to state forest revenue from the Debt Service Fund to the Capital Projects Fund (RCW 28A.320.330(3) and RCW 79.64.110(3)). Districts receive distributions from revenues relating to the sale of harvest timber in proportion to the levies that they have enacted. Districts receiving state forest money in their Debt Service Fund that is not needed for the payment of debt service on district-issued bonds may transfer that money into the Capital Projects Fund.
  - Transfer moneys from the Capital Projects Fund to the General Fund for certain expenditures associated with the application and modernization of

technology systems for operations and instruction including, but not limited to, the ongoing fees for online applications, subscriptions, or software licenses, including upgrades and incidental services, and ongoing training related to the installation and integration of these products and services. (RCW 28A.320.330(2)(f)(ii)).

- Transfer moneys from the Capital Projects Fund to the General Fund for certain major renovation and repairs, and other major preventative maintenance purposes. Based on the district's most recent two-year history of General Fund maintenance expenditures, financial resources used for this purpose may not replace routine annual preventative maintenance expenditures made from the district's General Fund (RCW 28A.320.330(2)(g)).

Residual equity transfers are no longer specifically named in GAAP but are a type of nonreciprocal interfund transfer. Residual equity transfers are included in this section and are allowed in situations when the transfer is justified by meeting certain criteria outlined as follows:

- Equity transfers are initiated by board resolution and occur when the purpose for which a fund was established no longer exists, however, the district's board adopted budget, if it accurately reflects the desired transfer, may serve as the required resolution.
- All claims against the fund to be closed must be resolved before the authority to make the equity transfer is executed.
- All restrictions imposed on the use of resources remaining as residual equity within a fund must be resolved before the authority to make the equity transfer is executed.
- The Debt Service Fund should remain open for the established purpose of subsequent tax collections (RCW 28A.320.330(3)).

## Interfund Reimbursements

Interfund reimbursements are repayments from a fund responsible for expenditures to the fund that initially made the disbursement. Interfund reimbursements are **not** Interfund transfers. Interfund reimbursements are treated as adjustments and **not** reported in the financial statements.

A transaction would be reported as a reimbursement when:

- An accounting error has been made (e.g., moneys were deposited or an expenditure was charged to an incorrect fund).
  - When a revenue, intended for deposit in one fund (fund A), is incorrectly deposited into another fund (fund B), fund B reverses the deposit by reimbursing fund A. Fund A records the moneys received as revenue from the original source.
- When a single fund, usually the general fund, pays an invoice or payroll for other funds (i.e., as a convenience), and then charges back the expenditure to the appropriate fund where the cost should be reported.
  - When an expenditure is made from one fund (fund A) on behalf of another fund (fund B), fund B records the expenditure by reimbursing fund A. Fund A records the moneys received as an adjustment to the original expenditure.

### **Crediting Investment Earnings**

When authorized by the board of directors, any interest or earnings on investments being credited to a fund different from that which earned the interest or earnings shall only be expended for instructional supplies, equipment, or capital outlay purposes as long as it is not restricted or prohibited by another statute (RCW 28A.320.320).

For example, RCW 28A.160.130 does not permit transfer of funds from the transportation fund to any other fund. Similarly, RCW 28A.325.030 requires all moneys generated through the programs and activities of any Associated Student Body be deposited in the Associated Student Body program fund. It allows investment *for the sole benefit of the Associated Student Body program fund* in the items enumerated in RCW 28A.320.320.

RCW 28A.530.030 and RCW 28A.320.330 require moneys from bonds issued and sold be deposited to the Capital Projects Fund where they and interest earnings on them be used only for capital purposes under RCW 28A.530.010 or be deposited to the Debt Service Fund. Once in the Debt Service Fund only the interest on the bond interest, not the bond interest itself, would be eligible for credit to another fund for uses described above.

## **JOINT VENTURES AND INTERLOCAL GOVERNMENTAL AGREEMENTS**

### **Authority**

RCW 39.34 authorizes school districts as well as public agencies, to form joint ventures, generally referred to as "Shared Service Arrangements" or "cooperatives," for the provision of services or the sharing of facilities. (More information on accounting for Shared Service Arrangements is available later in this chapter.) Joint ventures can be among school districts, other local government agencies, state government agencies, federal government agencies, or a combination of such governments. Such joint ventures are either "joint operating agencies" or "contracted interlocal agreements" depending on the form of governmental organization that meet the geographic, economic, population, or other factors influencing the decision to form the joint venture. Specific law dictates other limitations or requirements on the joint venture. School districts use these forms of cooperatives to provide athletic league management, special instructional facilities and programs, and employee benefit programs.

Descriptions of cooperative requirements are as follows:

- The interlocal agreement is a contract allowing the parties to jointly exercise some power, privilege, or authority already capable of being exercised by the parties as independent agencies of government. The manner of financing the joint venture shall be as provided by law. The duties, rights, and responsibilities of the cooperating agencies should be delineated in the agreement.
- The agreement may establish a separate legal or administrative entity, which must be legally authorized. The agreement must specify the duration of the agreement, organization of the administrative entity, purpose of the agreement, manner of financing, and the methods of termination. The entity would be subject to audit in the manner provided for all public entities.
- If the agreement does not establish a separate legal entity, the agreement must specify the items in the preceding paragraph and provide for an administrator or a joint board responsible for administering the cooperative undertaking. The agreement must detail the manner of the joint board in acquiring, holding, and disposing of real or personal property used in the joint venture.

RCW 39.34.040 requires interlocal governmental agreements be filed with the county auditor or, alternatively, listed by subject on a public agency's website or other electronically retrievable public source.

## **Accounting Procedures**

To determine the accounting treatment, the interlocal agreement must be evaluated by each member district to determine if there is a financial interest or oversight responsibility for the joint venture. If no equity interest or responsibility is retained by the district, or the district does not exercise oversight responsibility, the interlocal agreement should be footnoted and accounted for in an appropriate fund of the district.

Any district meeting the definition of a "reporting entity" or any district named as the "reporting entity" in the interlocal agreement must take responsibility to account for the joint venture. A "reporting entity" is the district responsible to account for the joint venture if the district exercises substantial control of the joint venture through oversight responsibility. In this case, the joint venture is accounted for as a component unit of the district.

Financial statements of members should contain the following with respect to joint ventures:

- A general description of each joint venture.
- Condensed or summary financial information on each joint venture.
- The debt of the joint venture, both current and long-term.

GASB Cod. Sec. 2100 should be consulted to determine the proper presentation of component units.

## **Shared Service Arrangements**

A Shared Service Arrangement (SSA) is formed when two or more entities agree to join together and perform specific services. SSAs are also referred to as cooperatives or consortiums.

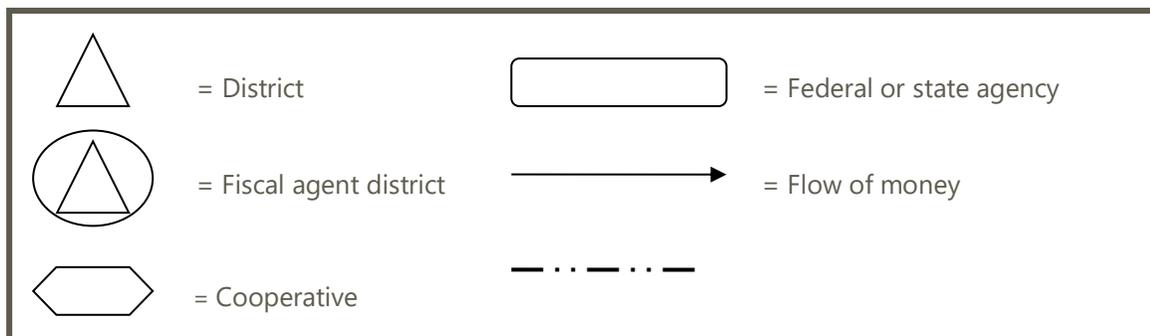
SSAs are not separate legal entities, but may be governed by legal documents (i.e., interlocal agreements). The legal documents may describe the services to be furnished and address the provision of various administrative functions.

Numerous federal programs, as well as many state-funded programs, encourage, and in some instances, require districts to be a part of an SSA. This additional nuance to SSAs requires us to define some specific terms when involved in these arrangements:

- **Fiscal Agent:** An entity that has been empowered to handle fiscal matters for another entity, including disbursement or passing through of funds. This may include ensuring that the funds are used only for specific purposes defined by the grant or agreement.
- **Sub-Recipient:** An entity that expends grants or other financial assistance received from a fiscal agent or a pass-through entity.
- **Pass-Through Entity:** An entity that provides grants or other financial assistance received by a governmental entity to transfer to, or spend on behalf of, a secondary recipient or sub-recipient.
- **Vendor:** A dealer, distributor, merchant, or other seller providing goods or services that is required for the conduct of a federal or state program. These goods or services may be for an organization’s own use or for the use of beneficiaries of the federal or state program. (For example, an ESD or school district that provides a service to another ESD or school district would be considered a “vendor.”)

The preceding definitions are illustrated in the following charts:

**Funding Flow Charts for Shared Service Arrangements Legend:**

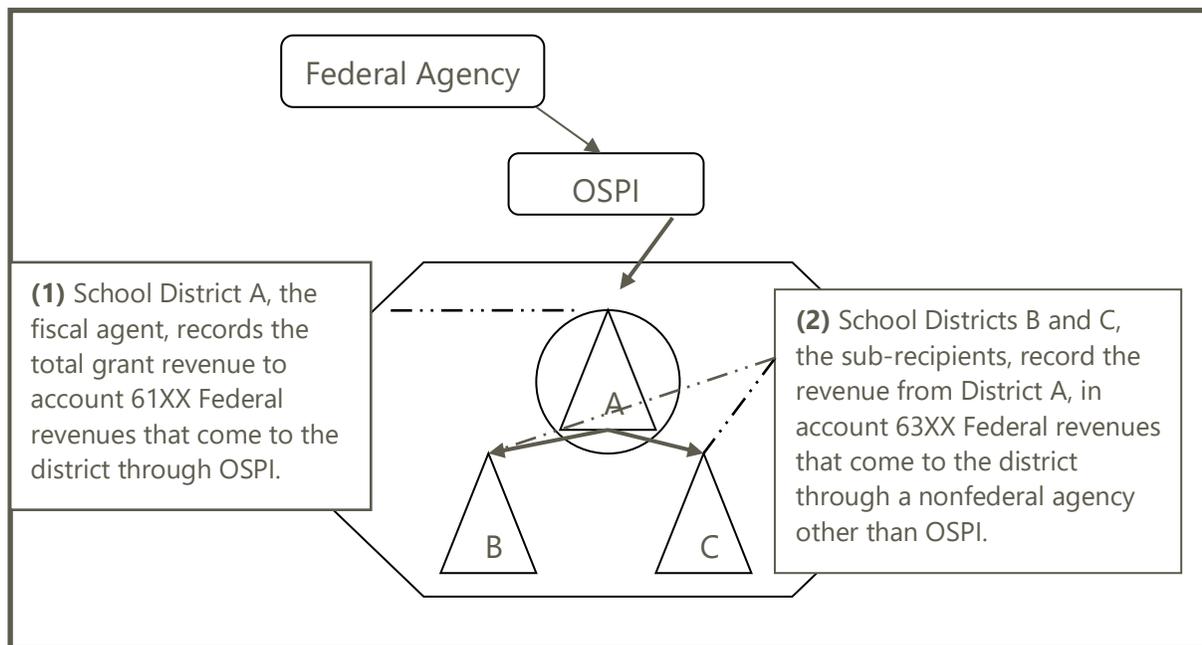


***Fiscal Agent and Sub-Recipient***

In this example, we have a federal grant that is being passed through from one district to another. The grant requires there to be a fiscal agent who passes through grant money to member districts. Refer to Chapter 7 for more information on participating and non-participating fiscal agents.

- District A is the fiscal agent for the grant.
- Districts B and C are sub-recipients of the grant.
- Districts A, B, and C are in a shared service arrangement.
- When the proceeds of the grant are awarded from the federal agency to OSPI, OSPI passes the funds through to District A (the fiscal agent), who records the total grant revenue to account 61XX, Federal revenues that come to the district through OSPI. See (1) on Chart 1.
- District A will then “pass through” the appropriate amount of grant proceeds to Districts B and C (the sub-recipient districts). Districts B and C then record the grant revenue to account 63XX, Federal revenues that come to the district through a nonfederal agency other than OSPI. See (2) on Chart 1.

### Chart 1 – Fiscal Agent and Sub-Recipient

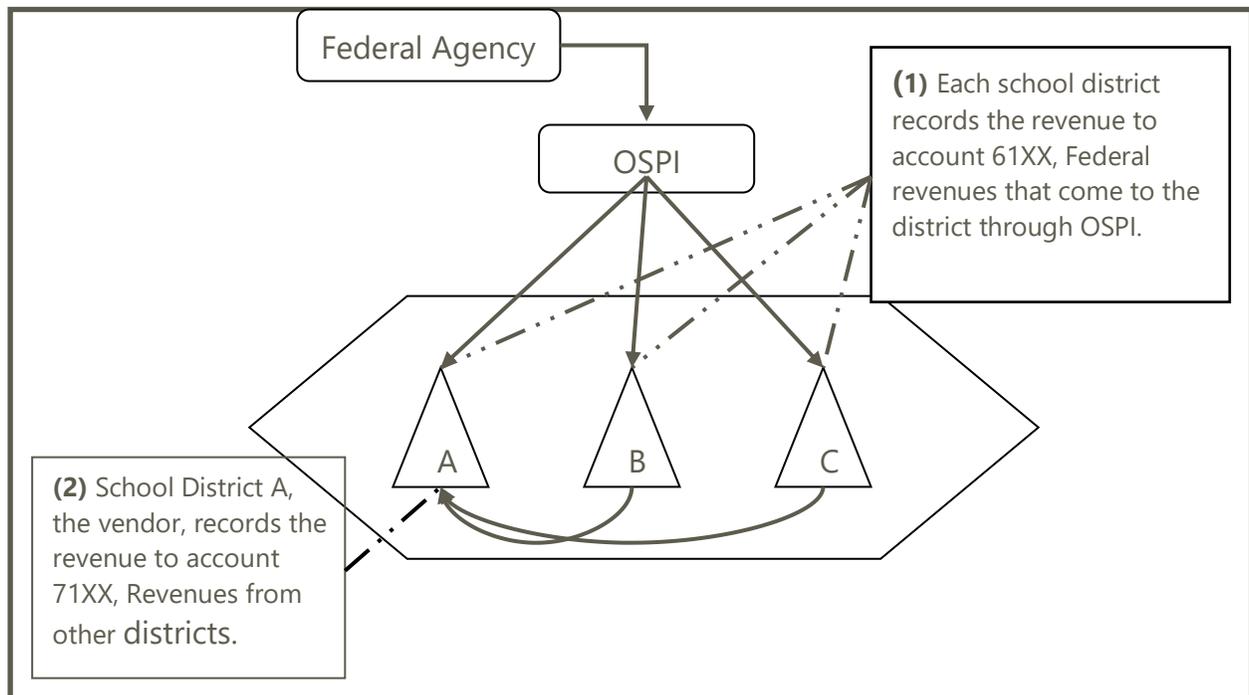


#### **Vendor**

This is an example of a school district providing a contracted service to other school districts. School Districts A, B, and C are receiving federal funding from OSPI for xyz program. School Districts A, B, and C have entered into a shared service arrangement (or a cooperative). District A, the **vendor**, provides xyz program services to their own district as well as Districts B and C. School District A bills School Districts B and C, who then pay School District A for services provided.

- All the districts (A, B, and C) record the federal revenue to account 61XX, Federal revenues that come to the district through OSPI.
- School District A, the vendor, bills Districts B and C for services provided. See (1) on Chart 2.
- School District A records the revenue from Districts B and C to account 71XX, Revenues from other districts. See (2) on Chart 2.

### Chart 2 – Vendor



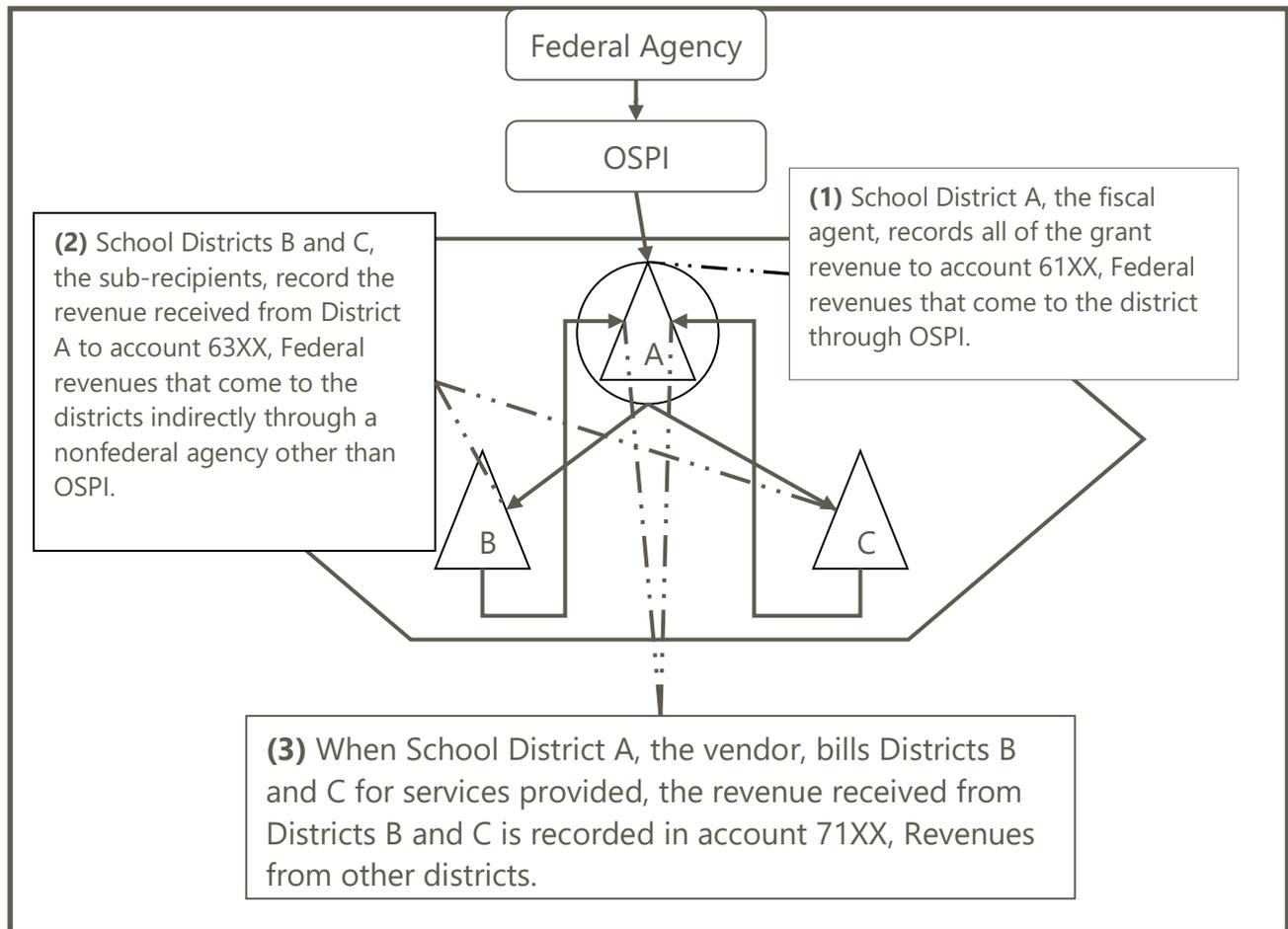
#### Fiscal Agent, Sub-Recipients, and Vendor

School Districts B and C apply for a federal grant; however, the districts do not qualify for the grant on their own, but may be able to receive the grant money if they use a qualifying school district to be the **fiscal agent**. School District A agrees to be the fiscal agent of the grant for School Districts B and C, the **sub-recipients**. In addition to the fiscal agent responsibilities for the grant, School District A is also providing services to the member districts as a **vendor**.

- School District A, the fiscal agent, receives the federal revenues from OSPI and records all of the grant revenue to account 61XX, Federal revenues that come to the district through OSPI. See (1) on Chart 3.

- School Districts B and C, the sub-recipients, receive their portion of the grant and record the revenue received from District A to account 63XX, Federal revenues that come to the districts indirectly through a nonfederal agency other than OSPI. See (2) on Chart 3.
- When School District A, the vendor, bills Districts B and C for services provided, the revenue received from Districts B and C is recorded in account 71XX, Revenues from other districts. See (3) on Chart 3.

### Chart 3 – Fiscal Agent, Sub-Recipients, and Vendor



### Responsibilities of the Fiscal Agent

The fiscal agent usually performs the budgeting and accounting responsibilities related to the project. The fiscal agent generally is responsible for ensuring revenues are used in accordance with grant provisions and **may** be responsible for ensuring other requirements, such as matching and maintenance of effort, are met.

If the program revenues are not used in accordance with the grant provisions, the fiscal agent may be financially responsible for the consequences of instances of noncompliance. The fiscal agent may also be financially responsible if a member school district is unable to pay back its respective portion of questioned costs.

As the title suggests, the entity selected as the fiscal agent for a shared service arrangement is responsible for the overall financial management of the program. This **may** include:

- **Processing Financial Transactions:** Includes the request for and deposit of grant revenue, payment of all allowable expenditures, and preparation of journal vouchers.
- **Maintaining Source Documentation:** Includes invoices, bills, payroll records, etc. to substantiate expenditures.
- **Preparing and Submitting Requests:** Includes requests for program revenues to the granting agency.
- **Preparing and Distributing to Member Units:** Includes a final financial report allocating total program costs to each of the member units. (Individual districts are responsible for reporting their share of expenditures on the annual financial reports submitted to the granting agency.)

## Responsibilities of Member Districts

Member district responsibilities usually concern employment of personnel, budgeting, accounting, and reporting. A shared service arrangement's agreement should specifically address these or other responsibilities, as appropriate, for the specific agreement. *In general*, the responsibilities may include the following:

- **Budgeting:** It is the responsibility of each member district to budget the portion of the moneys it receives through the fiscal agent.
- **Accounting:** Each member district is responsible for maintaining and having available for audit accounting records for that portion of the moneys it receives from the fiscal agent.
- **Reporting:** The member district is responsible for reporting moneys expended by ***its district only*** to the granting agency. In addition, the member district is responsible for submitting detailed expenditure information to the fiscal agent for required state or federal reporting.

**Note:** Responsibilities will vary depending on the specific program and agreement. A written agreement, signed by the fiscal agent and all members, is strongly encouraged.

## Fiscal Agent Accounting Treatment

The fiscal agent may be a recipient of the program under the arrangement (a *participating district*), or can administer the arrangement and not receive program revenues (a *non-participating district with or without administrative responsibilities*).

- **Fiscal Agent as a Participating District:** A district that enters into an agreement to administer the grant funds. The district receives the specified funds and disburses such funds in accordance with the outside entity's approval. The district is one of the grant recipients and their district is involved in defining the program and is involved in any program decisions over the allocation or expenditures of such funds at their districts.
  - **Accounting Treatment:** This district should recognize all fiscal activity as revenue and expenditures in the fund financial statements. See Chapter 7, Scenario 1.
- **Fiscal Agent as a Non-Participating District with Administrative Responsibilities:** A district that enters into an agreement with another entity to administer the entity's specific grant funds, as prescribed by the grantor. The district receives the specified funds and disburses such funds in accordance with the outside entity's approval. The district is not one of the grant recipients, but is responsible for grant compliance.
  - **Accounting Treatment:** This district should recognize all fiscal activity as revenue and expenditures in the fund financial statements. See Chapter 7, Scenario 2.
- **Fiscal Agent as a Non-Participating District with No Administrative Responsibilities (Cash Conduit Only):** The district does not have administrative responsibilities, but does receive the specified funds, and disburses such funds in accordance with the outside entity's approval. The district is not one of the grant recipients, is not involved in defining the program, and is not involved in any program decisions over the allocation or expenditures of such funds at their district.
  - **Accounting Treatment:** In infrequent cases, in which a recipient entity serves only as a cash conduit, the funds should be reported in the agency fund (fund 7). A recipient government serves only as a cash conduit if it merely transmits grantor-supplied moneys without having administrative or direct financial or programmatic involvement in the program. See Chapter 7, Scenario 3.

- **Fiscal Agent as a Participating District and On Behalf Payments:** This is the same as the Fiscal Agent as a Participating District, but the fiscal agent purchases services or equipment for themselves or the sub-recipients of the program (or on behalf of the other district) in addition to the fiscal agent responsibilities. Purchases are made in accordance with the agreement and the program requirements.
  - **Accounting Treatment:** This district should recognize all fiscal activity as revenue and expenditures in the fund financial statements. See Chapter 7, Scenario 4.

## **INDIRECT COST LIMITS, CARRYOVER, AND RECOVERY**

### **Overview**

**Indirect cost limits** ensure that state and federal moneys are expended for intended uses and for allowable costs. Allowable costs include expenditures directly traceable to the program called **direct expenditures**, plus a limited allowance for overhead or **indirect expenditures**. In addition, some programs permit part of the allocation to be **carried over** from the current fiscal period to a future fiscal period. Indirect cost limits and carryover limits are defined in laws, rules, or program requirements. OSPI recovers money from districts that report insufficient direct program expenditures, after allowance for indirect charges and carryover, if permitted. This section describes indirect cost and carryover limits and recovery procedures for many state and federal programs. For budgeting purposes, districts typically calculate the **minimum direct expenditure** amount by dividing the program revenue by 1.00 plus the district's indirect expenditure rate. The remaining revenue is the maximum indirect charge. For example, if the total allocation is \$100,000 and the indirect limit is 3.0 percent, the following calculations are performed:

$$\$100,000 \div 1.03 = \$97,087 \text{ Minimum direct program expenditures.}$$

$$\$100,000 - 97,087 = \$2,913 \text{ Maximum indirect charges to the program.}$$

The district may charge **less** than the maximum indirect charges.

Any carryover from the prior year increases the district's minimum direct expenditures in the current year.

## State Programs

Many state formula-funded (apportionment) revenues are subject to recovery if not expended for a specific purpose during the school year. In most cases, the recovery calculation is based on school year expenditures as reported on Form F-196, Annual Financial Statement. In some cases, a special report is used to determine recovery.

The 2016–17 school year apportionment recoveries were made in January 2018 based on the final 2016–17 state allocations and year-end expenditures reported to OSPI. The 2017–18 school year recoveries will be made in January 2019 based on final 2017–18 state allocations and year-end expenditures reported to OSPI. At the end of the school year, a spreadsheet for estimating recoveries will be posted on the SAFS Web page under Tools/Forms at the following link: <http://www.k12.wa.us/safs/TT/tt.asp>.

## Federal Programs

Indirect expenditure rates allowed on federal grants awarded to school districts are established by the Office of Superintendent of Public Instruction (OSPI) following an agreement with the U.S. Department of Education (ED). This agreement prescribes the method of rate computation and the resulting rates establish the maximum amount of indirect expenditures that may be claimed for a federal grant.

### ***Restricted Versus Unrestricted Indirect Expenditure Rates***

One fixed with carry-forward indirect cost rate is calculated for each district for all of its restricted federal grants and another fixed with carry-forward indirect cost rate is calculated for all of its unrestricted federal grants. Rates are annually computed for each district and are unique for each district. Questions regarding restricted and unrestricted rates should be made to School Apportionment and Financial Services.

Restricted rates are used with grants where “supplement but not supplant” language is in the authorizing legislation. Almost all federal programs fall into this category. Restricted rates must be used for all federal programs except those for which the restricted rate is not required.

Unrestricted indirect cost rates are used for the few federal grants that allow its use. Generally these are grants without supplement not supplant limitations. The calculation for the unrestricted rate is similar to the restricted rate except expenditures for maintenance and grounds are included, resulting in a higher rate.

Direct expenditures for determining both federal restricted and unrestricted rates consist of all other General Fund expenditures except those distorting items for capital outlay and debt service interest which are excluded from the calculation.

### ***How the Federal Indirect Expenditure Rates Are Computed***

In general the computation for an indirect expenditure rate is: Indirect Expenditure Pool divided by the Direct Expenditure Base. Uniform Guidance outlines many factors regarding the classification of costs. Some of these factors are described later in this section.

Federal indirect expenditure rates for the current year are based upon financial information in each school district's annual financial statement, SPI Form F-196, for the 2 years prior to the current year. Therefore, the rates depend upon base-year data that are two years old.

An indirect expenditure rate determines what proportion each grant or contract shall bear of the joint or common expenditures benefiting all school district programs. These expenditures are specifically allowed by the U.S. Department of Education to be allocated to all other school district programs.

### ***Certification and Documentation of the Federal Indirect Cost Rate Proposal***

All school districts must prepare an indirect cost rate proposal (proposal) within six months after the close of the fiscal year end or by a date approved by OSPI. The proposal will include documentation to support the indirect cost rates and must be retained for audit in accordance with the records retention requirements contained in §200.333. Every school district's proposal must be accompanied by a certificate signed on behalf of the school district by an individual at a level no lower than assistant superintendent or chief financial officer of the school district that submits the proposal.

### ***Required Elements of the School District's Federal Indirect Rate Cost Proposal***

A school district's proposal must include the following required elements:

- The annual submission of the school district's financial data reported on OSPI's Annual Financial Report, F-196
- The rates proposed, including other relevant data embedded in the F-196

- An Organizational Chart showing the structure of the school district along with a functional statement noting the duties or responsibilities of all units that comprise the school district.
- A Certificate of Indirect Costs

### ***Federal Indirect Rate Cost Proposal***

The following format is provided as an example for a school district's Federal Indirect Rate Cost Proposal. A school district may customize the format.

The \_\_\_\_\_ School District is presenting the following documentation in support of our Federal Indirect Rate Cost Proposal for the fiscal year 20XX – XY

|                                    |        |
|------------------------------------|--------|
| Proposed Federal Restricted Rate   | XX.XX% |
| Proposed Federal Unrestricted Rate | XX.XX% |

Relevant data and the methodology which supports the proposed rates are included as supplementary schedules embedded in the school district's Annual Financial Report, F-196, submitted to OSPI per WAC 392-117-035.

An Organizational Chart showing the structure of the school district along with a functional statement noting the duties or responsibilities of all units that comprise the school district is attached.

Required certification of the Federal Indirect Cost Rate Proposal is attached.

### ***Certificate of Indirect Costs***

The following Certificate of Indirect Costs format is provided as an example for school districts. A school district may customize the format. The documentation should be retained by the district and available for program review and audit purposes

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal, dated [identify date], to establish final indirect cost rates for fiscal year [identify period covered by rate] are allowable in accordance with the requirements of the Federal award(s) to which they apply and the provisions

of this Part. Unallowable costs have been adjusted for in allocating costs as indicated in the indirect cost proposal.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

School District:

Signature:

Name of Official:

Title:

Date of Execution:

### ***Classifications of Costs***

Indirect costs are those not readily identifiable with the activities of the grant, but incurred for the joint benefit of those activities and other activities of the organization. In general, indirect costs are selected administrative and service expenditures in Program 97 Districtwide Support. Typical examples of indirect costs may include procurement, payroll, personnel functions, maintenance and operations of space, data processing, accounting, auditing, budgeting, printing, warehousing and distribution, communications (telephone, postage), and selected expenditures that can be documented as allowable costs to be included into the indirect expenditure cost pool.

In accordance with 2 CFR Part 200.414, indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one objective; and (b) Not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved.

The uniform guidance specifically references what costs may be included within the direct base for fair sharing of the rate within 2 CFR 200.413. Any item not on this listing are unallowable costs and explicitly excluded from the indirect cost pool.

Examples of unallowable costs include: bad debts, contingencies, entertainment, fines/penalties, and general governance.

According to CFR 200.444, certain General Management Costs are unallowable costs and must not be included in the indirect cost pool. These costs are to be included in the base calculation. Washington state school district organizational structures vary greatly and it is the school district's discretion to determine what constitutes its general management costs. Within the CFR guidance, the expenditures that cannot be included in the Indirect Cost Pool for a school district include:

1. The governing body (members of the board of education).
2. Compensation of the chief executive officer (Superintendent of the school district).
3. Compensation of the Heads of Component Offices (Top Executive-Level positions of the school district).
4. The operation of the immediate offices of these officers (Executive Assistants and associated costs).

Salaries, benefits (including termination leave payouts), communications/telephone charges, and other expenditures related directly to the operation of the superintendent's office, the Heads of Component Units of the school district, and board of education offices, specifically, are not included in indirect costs and are considered, for rate purposes, to be unallowable costs in the calculation of the Restricted Indirect Cost Rate.

A cost may not be allocated to a federal program as an indirect cost if any other costs incurred for the same purpose, in like circumstances, has been assigned to a federal program as a direct cost.

OMB Uniform Grants Guidance requires distorting items to be excluded from the distribution expenditure base in the indirect cost computations. Examples of extraordinary or distorting costs include capital outlay, debt service, judgements, and certain transfers. Subaward payments (an award provided by a pass-through entity to a subrecipient to carry out part of a Federal award, not including payments to contractors for goods and services) in excess of the first \$25,000 are distorting items and also excluded from the indirect cost rate calculation.

***Indirect Expenditures for Cooperative Projects***

When there is a cooperative project, the indirect expenditure rate of the administering district is to be used on all direct expenditures claimed in the cooperative project. The indirect expenditure reimbursement is paid to the administering district.

## **CHAPTER 4 – General Ledger Accounts**

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*Note: For funds in which general ledger accounts are open, see the table beginning on page 3.*

## **INTRODUCTION**

A general ledger is basic to an accounting system. The general ledger of a fund is a summary record containing the balance of assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund balance, and control accounts that summarize estimated and actual revenues, appropriations, expenditures, and encumbrances.

General journal entries are posted to the general ledger. The sum of the debit amounts of a journal entry must equal the sum of the credit amounts. Thus, when entries are posted to the general ledger, the total of the debit balances equals the total of the credit balances. The number assigned to a posted general journal entry is used to facilitate reconciliation. At the end of each month, a trial balance should be prepared to ensure that the general ledger accounts are in balance.

Budgetary, revenue, other financing source, expenditure, and other financing use accounts are closed at the end of a fiscal year. The difference between the revenue and expenditure balances and other financing sources and uses balances are transferred to the fund balance. After the closing entries have been made, a listing of the balances of the assets, liabilities, and fund balance accounts comprises the balance sheet.

Subsidiary records or accounts are sometimes used to provide a detailed analysis of an account. When subsidiary accounts are used, the account is considered a control account. For budgeting and financial reporting, two subsidiary ledgers are required, one for expenditures and one for revenues.

The subsidiary ledgers will provide details of the control accounts such as 530 Expenditures and 960 Revenues. Control accounts are identified on the *General Ledger Account Matrix by Fund*. Other subsidiary accounts may be used locally but are not required in budgeting and financial reporting.

All transactions are entered into books of original entry, such as journals and registers, and will vary with the type of system used. They provide the necessary means to accumulate the financial transactions for posting to revenue, expenditure, and accounts.

An accounting system may include the following books of original entry:

- General Journal
- Cash Receipts Journal
- Cash Disbursements Journal
- Accounts Receivable Journal
- Encumbrance and Liquidation Register

- Payroll Journal
- Voucher Register

Although not presented on the F-196 financial statements or fund financial statements, the capital asset and long-term debt information is a required part of the notes to the financial statements. Long-term debt information is presented on the Schedule of Long-Term Liabilities, a required part of the F-196. Capital asset and long-term debt activity should continue to be accounted for in the general ledger and maintained in "long-term debt" and "capital assets" holding accounts, formerly known as the general long-term debt account group (GLTDAG) and general fixed asset account group (GFAAG). The concept of the account groups remains although, for consistency with GAAP, the account group titles are no longer used.

Districts preparing statements conforming to generally accepted accounting principles present this information on the districtwide statements.

General ledger account numbers, titles, and descriptions are uniform for all funds; however, not all the accounts are applicable to all the funds. The following is a complete list of general ledger accounts and the funds with which they can be used:

### Abbreviations

GF..... General Fund  
 CPF..... Capital Projects Fund  
 DSF ..... Debt Service Fund  
 ASB ..... Associated Student Body Fund  
 TVF..... Transportation Vehicle Fund  
 PF ..... Permanent Fund  
 PPTF..... Private-Purpose Trust Fund  
 PTF ..... Pension Trust Fund  
 CF ..... Custodial Fund

### "Holding Accounts"

CA..... Capital Assets  
 SLTL ..... Schedule of Long-Term Liabilities

### Legend

- \* Indicates a control account.
- \*\* Indicates a control account for ASB Fund.
- \*\*\* These accounts are optional and are not reported to the state. Districts may use other general ledger accounts if desired.
- ▲ Indicates a general ledger account not considered appropriate for a district using cash basis accounting.
- Indicates a capital asset account only.
- ▶ Indicates a long-term debt account only.
- ¢ Indicates a general ledger account that is used for cash basis districts only.

**GENERAL LEDGER ACCOUNT MATRIX BY FUND**

"na" indicates the account is closed in that fund.

| <b>Assets</b> |   |   |  | GF | AS<br>B | DS<br>F | CP<br>F | TV<br>F | PF | PP<br>TF | PT<br>F | CF | C<br>A | SL<br>TL |
|---------------|---|---|--|----|---------|---------|---------|---------|----|----------|---------|----|--------|----------|
| 200           | * |   | Imprest Cash                             |    |         | na      |         | na      |    |          |         |    | na     | na       |
| 230           | * |   | Cash on Hand                             |    |         |         |         |         |    |          |         |    | na     | na       |
| 240           |   |   | Cash on Deposit With<br>County Treasurer |    |         |         |         |         |    |          |         |    | na     | na       |
| 241           |   |   | Warrants Outstanding                     |    |         |         |         |         |    |          |         |    | na     | na       |
| 250           |   |   | Cash With Fiscal<br>Agent                |    | na      |         |         |         | na | na       | na      | na | na     | na       |
| 310           | * |   | Taxes Receivable                         |    | na      |         |         |         | na | na       | na      | na | na     | na       |
| 320           | * |   | Due From Other<br>Funds                  |    |         |         |         |         |    |          |         |    | na     | na       |
| 330           | * | ▲ | Due From Other<br>Governmental Units     |    |         |         |         |         |    | na       | na      | na | na     | na       |
| 340           | * | ▲ | Accounts Receivable                      |    |         |         |         |         |    |          |         |    | na     | na       |
| 345           | * | ▲ | Leases Receivable                        |    |         | na      |         |         |    |          |         |    | na     | na       |
| 350           | * |   | Interfund Loans<br>Receivable            |    | na      | na      |         | na      | na | na       | na      | na | na     | na       |
| 360           | * | ▲ | Accrued Interest<br>Receivable           |    |         |         |         |         |    |          |         |    | na     | na       |
| 410           | * | ▲ | Inventory—Supplies<br>and Materials      |    |         | na      |         | na      | na | na       | na      | na | na     | na       |
| 420           | * | ▲ | Inventory—<br>Lunchrooms                 |    | na      | na      | na      | na      | na | na       | na      | na | na     | na       |
| <b>Assets</b> |   |   |  | GF | AS<br>B | DS<br>F | CP<br>F | TV<br>F | PF | PP<br>TF | PT<br>F | CF | CA     | SL<br>TL |

**GENERAL LEDGER ACCOUNT MATRIX BY FUND**

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|     |   |   |   |    |    |    |    |    |    |    |    |    |    |    |
|-----|---|---|---|----|----|----|----|----|----|----|----|----|----|----|
| 430 | * | ▲ | Prepaid Items   |    |    | na | na |    |    | na | na | na | na | na |
| 450 | * |   | Investments   |    |    |    |    |    |    |    |    |    | na | na |
| 451 | * |   | Investments—Cash<br>With Trustee                            |    | na |    |    |    |    |    |    |    | na | na |
| 455 | * |   | Investments—<br>Deferred<br>Compensation                    |    | na | na |    | na |
| 459 |   |   | Self-Insurance<br>Security Deposits                         |    | na |
| 460 |   |   | Other Assets  | na | na | na | na | na | na |    | na |    | na | na |
| 470 |   | ▶ | Amount Available in<br>Debt Service Fund                    | na |    |
| 475 |   | ▶ | Amount Available in<br>Other Funds                          | na |    |
| 480 |   | ▶ | Amount to be<br>Provided for Debt<br>Retirement             | na |    |
| 490 | ■ |   | Capital Assets—Land   | na | na | na | na | na | na |    | na |    |    | na |
| 491 | ■ |   | Capital Assets—<br>Buildings                                | na | na | na | na | na | na |    | na |    |    | na |
| 492 | ■ |   | Capital Assets—<br>Transportation<br>Equipment              | na |    | na |
| 493 | ■ |   | Capital Assets—<br>Equipment                                | na | na | na | na | na | na |    |    |    |    | na |
| 494 | ■ |   | Capital Assets—<br>Construction in<br>Progress              | na |    | na |
| 497 | ■ |   | Accumulated<br>Depreciation—<br>Transportation<br>Equipment | na |    | na |
| 498 | ■ |   | Accumulated<br>Depreciation—<br>Buildings                   | na | na | na | na | na | na |    | na |    |    | na |
| 499 | ■ |   | Accumulated<br>Depreciation—<br>Equipment                   | na | na | na | na | na | na |    |    |    |    | na |

**GENERAL LEDGER ACCOUNT MATRIX BY FUND**

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| <b>Deferred Outflows of Resources</b>     |         |   |  | GF | AS<br>B | DS<br>F | CP<br>F | TV<br>F | PF | PP<br>TF | PT<br>F | CF | CA | SL<br>TL |
|---|---------|---|--|----|---------|---------|---------|---------|----|----------|---------|----|----|----------|
| 488                                       | *       | ▲ | Deferred Outflows of Resources—Other                   |    |         |         |         |         | na | na       | na      | na | na | na       |
| <b>Budgetary and Expenditure Accounts</b> |         |   |  | GF | AS<br>B | DS<br>F | CP<br>F | TV<br>F | PF | PP<br>TF | PT<br>F | CF | CA | SL<br>TL |
| 510                                       | **<br>* |   | Estimated Revenues                                     |    |         |         |         |         | na | na       | na      | na |    |          |
| 515                                       | **<br>* |   | Estimated Other Financing Sources                      |    | na      |         |         |         | na | na       | na      | na |    |          |
| 520                                       | **<br>* |   | Encumbrances   |    |         |         |         |         |    |          | na      |    |    |          |
| 530                                       | *       |   | Expenditures   |    |         |         |         |         |    | na       | na      | na |    |          |
| 530                                       | *       |   | Deductions   | na | na      | na      | na      | na      | na |          |         |    |    |          |
| 535                                       |         |   | Other Financing Uses (Budget and Actual)               |    | na      |         |         |         | na | na       | na      | na |    |          |
| 536                                       |         |   | Other Financing Uses—Transfers Out (Budget and Actual) |    | na      |         |         |         |    | na       | na      | na |    |          |
| 538                                       |         |   | Nonoperating Expenditures                              | na | na      | na      | na      | na      | na |          |         |    |    |          |
| 540                                       | **<br>* |   | Appropriated Fund Balance                              |    |         |         |         |         | na | na       | na      | na |    |          |
| 560                                       | **      |   | Revenue Contra (960)                                   | na |         | na      | na      | na      | na |          |         |    |    |          |
| <b>Liabilities</b>                        |         |   |  | GF | AS<br>B | DS<br>F | CP<br>F | TV<br>F | PF | PP<br>TF | PT<br>F | CF | CA | SL<br>TL |
| 601                                       | *       | ▲ | Accounts Payable                                       |    |         |         |         |         |    |          |         |    | na | na       |
| 602                                       | *       | ▲ | Contracts Payable—Current                              |    |         | na      |         |         |    | na       | na      | na | na | na       |
| 604                                       | *       | ▲ | Accrued Interest Payable                               | na | na      |         | na      | na      | na | na       | na      | na | na | na       |
| 605                                       | *       | ▲ | Accrued Salaries                                       |    |         | na      |         | na      | na | na       | na      | na | na | na       |
| 606                                       | *       |   | Anticipation Notes Payable                             |    | na      |         |         |         | na | na       | na      | na | na | na       |
| 610                                       | *       |   | Payroll Deductions and Taxes Payable                   |    |         | na      |         | na      | na | na       | na      | na | na | na       |
| <b>Liabilities</b>                        |         |   |  | GF | AS<br>B | DS<br>F | CP<br>F | TV<br>F | PF | PP<br>TF | PT<br>F | CF | CA | SL<br>TL |

**GENERAL LEDGER ACCOUNT MATRIX BY FUND**

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|                                     |   |   |   |    |         |         |         |         |    |          |         |    |    |          |
|-------------------------------------|---|---|---|----|---------|---------|---------|---------|----|----------|---------|----|----|----------|
| 620                                 | * | ▲ | Leases Payable—<br>Current                              |    |         | na      |         |         |    |          |         | na | na |          |
| 630                                 | * | ▲ | Due to Other<br>Governmental Units                      |    |         | na      |         |         | na | na       | na      | na | na |          |
| 635                                 | * |   | Deferred<br>Compensation<br>Payable                     |    | na      | na      |         | na      | na | na       |         | na | na |          |
| 637                                 | * | ▲ | Estimated<br>Unemployment<br>Benefits Payable           |    | na      | na      | na      | na      | na | na       | na      | na | na |          |
| 638                                 | * | ▲ | Estimated Other<br>Employee Insurance<br>Claims Payable |    | na      | na      | na      | na      | na | na       | na      | na | na |          |
| 639                                 | * | ▲ | Estimated Industrial<br>Insurance Benefits<br>Payable   |    | na      | na      | na      | na      | na | na       | na      | na | na |          |
| 640                                 | * |   | Due to Other Funds                                      |    |         |         |         |         |    |          |         | na | na |          |
| 645                                 | * |   | Interfund Loans<br>Payable                              |    | na      |         |         |         | na | na       | na      | na | na |          |
| 650                                 | * |   | Deposits  |    |         | na      |         | na      | na | na       | na      | na | na |          |
| 660                                 | * | ▲ | Unearned Revenue  |    |         |         |         |         | na | na       | na      | na | na |          |
| 675                                 | * |   | Matured Bonds<br>Payable                                | na | na      |         | na      | na      | na | na       | na      | na | na |          |
| 685                                 | * |   | Matured Bond<br>Interest Payable                        | na | na      |         | na      | na      | na | na       | na      | na | na |          |
| 686                                 | * |   | Arbitrage Rebate<br>Payable                             |    | na      |         |         |         | na | na       | na      | na | na |          |
| <b>Long Term Debt Account Group</b> |   |   |   | GF | AS<br>B | DS<br>F | CP<br>F | TV<br>F | PF | PP<br>TF | PT<br>F | CF | CA | SL<br>TL |
| 701                                 | * | ▶ | Bonds Payable—<br>Long-Term                             | na | na      | na      | na      | na      | na | na       | na      | na | na |          |
| 702                                 | * | ▶ | Voted Debt-LOCAL<br>Program Proceeds—<br>Long-Term      | na | na      | na      | na      | na      | na | na       | na      | na | na |          |
| 711                                 | * | ▶ | Non-Voted Bonds<br>Payable—Long-Term                    | na | na      | na      | na      | na      | na | na       | na      | na | na |          |
| <b>Long Term Debt Account Group</b> |   |   |   | GF | AS<br>B | DS<br>F | CP<br>F | TV<br>F | PF | PP<br>TF | PT<br>F | CF | CA | SL<br>TL |

**GENERAL LEDGER ACCOUNT MATRIX BY FUND**

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|     |   |   |  |    |    |    |    |    |    |    |    |    |    |  |
|-----|---|---|--|----|----|----|----|----|----|----|----|----|----|--|
| 712 | * | ▶ | Non-Voted LOCAL Program Proceeds—Long-Term | na |  |
| 713 | * | ▶ | Leases—Long Term                           | na |  |
| 714 | * | ▶ | Contracts Payable—Long Term                | na |  |
| 716 | * | ▶ | Claims and Judgements —Long Term           | na |  |
| 717 | * | ▶ | Compensated Absences                       | na |  |
| 718 | * | ▶ | Notes Payable—Long-Term                    | na |  |
| 719 | * | ▶ | Anticipation Notes Payable—Long-Term       | na |  |
| 720 | * | ▶ | Lines of Credit—Long-Term                  | na |  |
| 729 | * | ▶ | Other Non-Voted Debt—Long-Term             | na |  |
| 741 | * | ▶ | Net Pension Liability—TRS 1                | na |  |
| 742 | * | ▶ | Net Pension Liability—TRS 2 & 3            | na |  |
| 743 | * | ▶ | Net Pension Liability—SERS 2 & 3           | na |  |
| 744 | * | ▶ | Net Pension Liability—PERS 1               | na |  |

| <b>Deferred Inflows of Resources</b> |   |   |                                      | GF | AS<br>B | DS<br>F | CP<br>F | TV<br>F | PF | PP<br>TF | PT<br>F | CF | CA | SL<br>TL |
|--------------------------------------|---|---|--------------------------------------|----|---------|---------|---------|---------|----|----------|---------|----|----|----------|
| 750                                  | * | ▲ | Unavailable Revenue                  |    |         |         |         |         |    | na       | na      | na | na | na       |
| 755                                  | * | ▲ | Unavailable Revenue—Leases           |    |         | na      |         |         |    |          | na      | na | na | na       |
| 760                                  | * |   | Unavailable Revenue—Taxes Receivable |    | na      |         |         |         | na | na       | na      | na | na | na       |

| <b>Fund Balance</b> |  |  |  | GF | AS<br>B | DS<br>F | CP<br>F | TV<br>F | PF | PP<br>TF | PT<br>F | CF | CA | SL<br>TL |
|---------------------|--|--|--|----|---------|---------|---------|---------|----|----------|---------|----|----|----------|
|---------------------|--|--|--|----|---------|---------|---------|---------|----|----------|---------|----|----|----------|

**GENERAL LEDGER ACCOUNT MATRIX BY FUND**

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|---------------------|----|---|--|----|---------|---------|---------|---------|----|----------|---------|----|----|----------|
| 801                 | ■  |   | Investment in Capital Assets From GO Bonds                         | na | na      | na      | na      | na      | na | na       | na      | na | na | Na       |
| 802                 | ■  |   | Investment in Capital Assets From Levies                           | na | na      | na      | na      | na      | na | na       | na      | na | na | Na       |
| 803                 | ■  |   | Investment in Capital Assets From State Grants                     | na | na      | na      | na      | na      | na | na       | na      | na | na | Na       |
| 804                 | ■  |   | Investment in Capital Assets From Federal Grants                   | na | na      | na      | na      | na      | na | na       | na      | na | na | Na       |
| 805                 | ■  |   | Investment in Capital Assets From Apportionment and Local Revenues | na | na      | na      | na      | na      | na | na       | na      | na | na | Na       |
| 806                 | ■  |   | Investment in Capital Assets From Gifts, Donations, Other          | na | na      | na      | na      | na      | na | na       | na      | na | na | Na       |
| 810                 | *  |   | Restricted for Other Items   |    |         |         |         |         | na | na       | na      | na | na | Na       |
| 815                 |    | ¢ | Restricted for Unequalized Deductible Revenue                      |    | na      | na      | na      | na      | na | na       | na      | na | na | Na       |
| 819                 | ** |   | Restricted for Fund Purposes                                       | na |         | na      | na      |         | na | na       | na      | na | na | Na       |
| 820                 |    |   | Assigned to Encumbrances   |    |         | na      |         |         | na | na       | na      | na | na | Na       |
| 821                 |    |   | Restricted for Carryover of Restricted Revenue                     |    | na      | na      | na      | na      | na | na       | na      | na | na | na       |
| 825                 |    |   | Restricted for Skill Centers                                       |    | na      | na      |         | na      | na | na       | na      | na | na | na       |
| 828                 |    |   | Restricted for Carryover of Food Service Revenue                   |    | na      | na      | na      | na      | na | na       | na      | na | na | na       |
| 830                 |    |   | Restricted for Debt Service  |    | na      |         |         |         | na | na       | na      | na | na | na       |
| 835                 |    |   | Restricted for Arbitrage Rebate                                    |    | na      |         |         |         | na | na       | na      | na | na | na       |
| <b>Fund Balance</b> |    |   |  | GF | AS<br>B | DS<br>F | CP<br>F | TV<br>F | PF | PP<br>TF | PT<br>F | CF | CA | SL<br>TL |

**GENERAL LEDGER ACCOUNT MATRIX BY FUND**

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|---------------------|---|---|----|---------|---------|---------|---------|----|----------|---------|----|----|----------|
| 840                 |   | Nonspendable Fund Balance - Inventory                     |    |         | na      |         | na      | na | na       | na      | na | na | na       |
| 845                 |   | Restricted for Self-Insurance                             |    | na      | na      | na      | na      | na | na       | na      | na | na | na       |
| 850                 |   | Restricted for Uninsured Risks                            |    |         | na      |         |         | na | na       | na      | na | na | na       |
| 854                 |   | Restricted for Intact Trust Principal                     | na | na      | na      | na      | na      | na |          |         |    | na | na       |
| 855                 | * | Nonspendable Fund Balance—Trust Principal                 | na | na      | na      | na      | na      |    | na       | na      | na | na | na       |
| 856                 |   | Restricted for Pension and Other Post-Employment Benefits | na | na      | na      | na      | na      | na | na       |         | na | na | na       |
| 857                 |   | Restricted for Private Purposes                           | na | na      | na      | na      | na      | na |          | na      |    | na | na       |
| 858                 |   | Restricted for Other Purposes                             | na | na      | na      | na      | na      | na |          |         |    | na | na       |
| 861                 | * | Restricted From Bond Proceeds                             | na | na      | na      |         | na      | na | na       | na      | na | na | na       |
| 862                 | * | Committed From Levy Proceeds                              | na | na      | na      |         | na      | na | na       | na      | na | na | na       |
| 863                 | * | Restricted From State Proceeds                            | na | na      | na      |         | na      | na | na       | na      | na | na | na       |
| 864                 | * | Restricted From Federal Proceeds                          | na | na      | na      |         | na      | na | na       | na      | na | na | na       |
| 865                 | * | Restricted From Other Proceeds                            | na | na      | na      |         | na      | na | na       | na      | na | na | na       |
| 866                 | * | Restricted From Impact Fee Proceeds                       | na | na      | na      |         | na      | na | na       | na      | na | na | na       |
| 867                 | * | Restricted From Mitigation Fee Proceeds                   | na | na      | na      |         | na      | na | na       | na      | na | na | na       |
| 869                 | * | Restricted From Undistributed Proceeds                    | na | na      | na      |         | na      | na | na       | na      | na | na | na       |
| 870                 |   | Committed to Other Purposes                               |    |         |         |         |         |    | na       | na      | na | na | na       |
| <b>Fund Balance</b> |   |   | GF | AS<br>B | DS<br>F | CP<br>F | TV<br>F | PF | PP<br>TF | PT<br>F | CF | CA | SL<br>TL |

**GENERAL LEDGER ACCOUNT MATRIX BY FUND**

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|-----|---|---|----|----|----|----|----|----|----|----|----|----|----|----|
| 872 |   | Committed to Economic Stabilization       |    | na |
| 875 |   | Assigned to Contingencies                 |    | na |
| 884 |   | Assigned to Other Capital Projects        |    | na |
| 888 |   | Assigned to Other Purposes                |    | na |
| 889 |   | Assigned to Fund Purposes                 | na |    |    |    |    |    | na | na | na | na | na | na |
| 890 | * | Unassigned Fund Balance                   |    | *  | *  | *  | *  | *  | na | na | na | na | na | na |
| 891 |   | Unassigned to Minimum Fund Balance Policy |    | na |
| 898 |   | Prior Year Corrections or Restatements    |    |    |    |    |    |    |    |    |    |    | na | na |

| <b>Budgetary, Revenue, &amp; Other Financing Sources Accounts</b> |         |                          | GF | AS<br>B | DS<br>F | CP<br>F | TV<br>F | PF | PP<br>TF | PT<br>F | CF | CA | SL<br>TL |
|---|---------|--------------------------|----|---------|---------|---------|---------|----|----------|---------|----|----|----------|
| 900   | **<br>* | Appropriations           |    |         |         |         |         | na | na       | na      | na | na | na       |
| 930   | **      | Expenditure Contra (530) | na |         | na      | na      | na      | na |          |         |    | na | na       |
| 960   | *       | Revenues                 |    |         |         |         |         |    | na       | na      | na | na | Na       |
| 960   | *       | Additions                | na | na      | na      | na      | na      | na |          |         |    | na | Na       |
| 965   |         | Other Financing Sources  |    | na      |         |         |         |    | na       | na      | na | na | Na       |
| 968   |         | Non-operating Revenues   | na | na      | na      | na      | na      | na |          |         |    | na | Na       |

## **DESCRIPTION OF GENERAL LEDGER ACCOUNTS**

### **Assets**

#### ***200\* Imprest Cash***

Applicable Fund: (GF, ASB, CPF, PF, PPTF, PTF, CF)

This account is used to segregate and control imprest cash (including petty cash) as established by the board of directors. Include imprest cash bank checking accounts.

- Debit with the amount of imprest cash established. (Contra entry: credit Account 240 Cash on Deposit with County Treasurer.)
- Credit with the reduction or return of each fund previously established.
- Imprest cash disbursements will be reimbursed by audited claims charged to the appropriate expenditure accounts and paid from Account 240 Cash on Deposit with County Treasurer. The reimbursement warrant will be drawn to the order of the custodian of the imprest cash.

#### ***230\* Cash on Hand***

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF, CF)

This account is used to record all cash received prior to remitting to the county treasurer. Cash on hand or in banks will be recorded in this account, except imprest cash accounts.

Districts that maintain a separate account apart from the county treasurer for payroll or other electronic funds transfers prior to disbursement either via direct deposit or through warrants should record the transactions in that account separately within their own records. For the purposes of state reporting, however, such accounts would be reported in this account along with the district's non-payroll EFT account.

- Debit with fund cash receipts.
- Credit with deposits or remittances to the county treasurer. (Contra entry: debit Account 240 Cash on Deposit with County Treasurer.)

**240 Cash on Deposit With County Treasurer**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF, CF)

This account is used to record all cash other than cash required to be recorded in Account 200 Imprest Cash, Account 230 Cash on Hand, and Account 250 Cash with Fiscal Agent.

Districts that maintain a separate account with the county treasurer for payroll or other electronic funds transfers prior to disbursement either via direct deposit or through warrants should record the transactions in that payroll account separately within their own records. For the purposes of state reporting, however, such accounts would be reported in this account along with the district's non-payroll EFT account.

- Debit with cash received directly by the county treasurer.
- Debit with fund cash receipts remitted to the county treasurer.
- Credit with warrants redeemed by the county treasurer. (Contra entry: debit Account 241 Warrants Outstanding.) In the Debt Service Fund, credit with payments and transfers by the county treasurer or fiscal agent.

**241 Warrants Outstanding**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF, CF)

This account is used to record all warrants issued and redeemed.

- Credit with the fund warrants issued.
- Debit with the amounts of warrants redeemed by the county treasurer.
- Debit with the amounts of warrants cancelled. (Contra entry: credit account previously charged in the subsidiary expenditure ledger. In the Associated Student Body Fund, also credit account originally charged.)

**250 Cash With Fiscal Agent**

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

In the Debt Service Fund, this account is used to reflect all cash with the fiscal agent other than the county treasurer.

- Debit with cash remitted by the county treasurer to the fiscal agent bank. (Contra entry: credit Account 240 Cash on Deposit with County Treasurer.)

- Debit with cash remitted by the trustee bank directly to the fiscal agent bank. (Contra entry: credit Account 451 Investments—Cash with Trustee.)
- Debit to record the amount placed on deposit by the county treasurer with the fiscal agent bank in a crossover bond refunding.
- Credit with cash disbursed by the fiscal agent bank remitting directly to the county treasurer. (Contra entry: debit Account 240 Cash on Deposit with County Treasurer.)
- Credit with cash disbursed by fiscal agent bank to redeem bonds or pay coupon interest. (Contra entry: Debt Service Fund—debit Accounts 675 Matured Bonds Payable, 680 Bond Transfer Fees Payable, and 685 Matured Bond Interest Payable as applicable.)
- Credit to record the defeasance of the old bonds at the crossover date in a crossover advance bond refunding. (Contra entry: debit Account 535 Other Financing Uses—Crossover Defeasance.)

For the General Fund, Capital Projects Fund, and Transportation Vehicle Fund, only amounts that that represent money held with the Office of the State Treasurer (OST) for LOCAL program proceeds that are held at OST instead of remitted to the district may be recorded in this account.

- Debit with amounts available to the district from the LOCAL program that are held with the Office of State Treasurer.
- Credit when payments are made on the district's behalf by OST.

### **310\* Taxes Receivable**

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

This account is used to record taxes as they are levied for the current tax collection year. This is a control account for school districts electing to break out prior and previous year taxes as reflected on the county treasurer's monthly report. Collections and reductions will be posted to this account to enable school district officials to determine the amount of unpaid taxes.

- Debit with the amount of the levy and supplements to the tax rolls. (Contra entry: credit Account 760 Unavailable Revenue—Taxes Receivable.)
- Credit with tax roll cancellations. (Contra entry: debit Account 760 Unavailable Revenue—Taxes Receivable.)
- Credit with tax collections as reported by the county treasurer.

**320\* Due From Other Funds**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF, CF)

This account is used to record amounts due from other funds for services between funds.

- Debit with value of services to be reimbursed by another fund.
- Credit with payments from the funds that received services.

**330\*▲ Due From Other Governmental Units**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

This account is used to record the amount due from the federal, state, and local governmental units. Entries may be made to this account as transactions occur or recorded only at year-end. Subsidiary records shall be maintained for claims submitted to governmental units.

- Debit with the amount of claims submitted to other governmental units. (Contra entry: credit Account 750 Unavailable Revenue or credit Account 960 Revenues.)
- Debit or credit for authorized adjustments.
- Credit with the amount received in payment of claims. (Contra entry: debit Account 750 Unavailable Revenue or Account 960 Revenues.)

**340\*▲ Accounts Receivable**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF)

This account is used to record accounts owed to the school district by private persons, firms, or others for which other receivable accounts have not been established. Entries may be made to this account as transactions occur or they may be recorded at year-end.

- Debit with amounts due. (Contra entry: credit Account 960 Revenues for amounts that represent available reimbursements for expenditures already incurred, otherwise credit Account 750 Unavailable Revenue.)
- Credit with amounts received.

**345\* ▲ Leases Receivable**

Applicable Fund: (GF, CPF, TVF, PF, PPTF)

This account is used to record leases owed to the school district by private persons, firms, or others. Entries may be made to this account as transactions occur or they may be recorded at year-end.

- Debit with the present value of lease payments expected to be received over the lease term, at the initial recording of the lease. (Contra entry: credit Account 755 Unavailable Revenue—Leases Receivable.)
- Credit with the principal portion of amounts received under the lease. (Contra entry: debit Account 755 Unavailable Revenue—Leases Receivable.)

**350\* Interfund Loans Receivable**

Applicable Fund: (GF, CPF)

This account is used to record temporary advances or loans to other funds.

- Debit with advances or loans to other funds.
- Credit with repayment of advances or loans. (Contra entry: debit Account 240 Cash on Deposit with County Treasurer.)

(Reference: Chapter 392-123 WAC.)

**360\* ▲ Accrued Interest Receivable**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF, CF)

Accrual basis districts use this account to record the amount of interest due on investments. To be susceptible to accrual, the interest income must be measurable and available to finance expenditures of the current fiscal period.

- Debit with amounts due from investments.
- Credit with amounts received.

**410\* ▲ Inventory—Supplies and Materials**

Applicable Fund: (GF, ASB, CPF)

In the General Fund, this account is used to record the acquisition and use of instruction, office, maintenance, operation, and transportation supplies and equipment. In the Associated Student Body Fund, inventories purchased for resale are recorded in this account. In the Capital Projects Fund, inventory consists of items

that have been purchased in advance of being placed into a school as a part of a construction project or technology implementation plan. Inventory consists of supplies and equipment on hand not yet distributed to users. The use of this account is mandatory for districts with central warehouses, and optional for use by districts without a central warehouse.

- Debit with the disbursements for purchases of inventory.
- Credit with the expenditure for items taken from stock.
- Debit with the expenditure for items returned to inventory.
- Debit or credit as necessary to account for overages or shortages when a physical count of inventory is taken. The balance represents the value of supplies and materials in inventory.

#### **420\* ▲ *Inventory—Lunchrooms***

Applicable Fund: (GF)

This account is used to record the acquisition and use of school food service inventories of food and operating supplies and noncapitalized equipment. Inventory consists of supplies and equipment on hand not yet distributed to users. The supplies and noncapitalized equipment are considered inventory if not charged to current year expenditures and, hence, not in use. Such items purchased for future use should be classified as inventory; those purchased for current use should be shown as an expenditure.

- Debit this account with the disbursement for items purchased for inventory.
- Credit this account with the value for items withdrawn from inventory.
- Debit or credit as necessary to account for overages or shortages when a physical count of inventory is taken. The balance represents the expenditure for food supplies in inventory.

#### **430\* ▲ *Prepaid Items***

Applicable Fund: (GF, ASB, TVF, PF)

This account is used to record goods or services purchased which will not be consumed or used entirely in the current fiscal year. Goods or services purchased for current use are shown as expenditures.

- Debit with the total amount of goods or services acquired for consumption or use, in whole or in part, in a subsequent fiscal year.
- Credit periodically or at the beginning of the fiscal year with the items placed in service or to be consumed within the current year.

**450\* Investments**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF)

Temporary investments of moneys not needed for current use, as permitted by statute, are to be recorded in this account.

- Debit with the amount of investments purchased.
- Credit with the amount realized upon sale of investments. Investment income, including changes in the fair value of investments, should be recognized as revenue in the operating statement. Realized gains and losses should not be displayed separately from the net increase (decrease) in fair value of the investment in the financial statements unless related to external investment pools. (See GASB 31, para 13 and 17.)

**451\* Investments—Cash With Trustee**

Applicable Fund: (GF, DSF, CPF, TVF, PF, PPTF, PTF)

This account is used to reflect all investments and cash held with the named trustee for restricted capital financing pools and other similarly restricted financing pools. Most commonly used by districts to account for amounts held by ESDs for Compensated Absence Pools. Districts are responsible for recording all transactions made by the district and the trustee for investments, interest earned, additions, and reductions in these pools.

- Debit with cash remitted to the ESD, investment broker or trustee as well as the gross price paid for securities.
- Debit with net interest earned on securities. (Contra entry: credit Account 960 Revenues.)
- Credit with disbursements made by the trustee. (Contra entry: debit Account 230 Cash on Hand or Account 240 Cash on Deposit with County Treasurer.)

**455\* Investments—Deferred Compensation**

Applicable Fund: (GF, CPF)

This account is for the investment of moneys withheld from employee earnings for the purpose of deferring income. This is a district asset held to benefit the district until a future time when the employee qualifies for payment.

- Debit with the amount of investments purchased from wages withheld from employees.

- Debit with investment earnings.
- Credit with investment fees or loss on investments.
- Credit with liquidation of investments.

#### **459 Self-Insurance Security Deposits**

Applicable Fund: (GF)

This account is used to show the escrow account required by the Department of Labor and Industries when a district is allowed to self-insure. Contra entries for the following are made to Account 850 Reserved for Uninsured Risks.

- Debit with the amount invested.
- Debit with investment earnings.
- Credit with investment earnings withdrawn.
- Credit with liquidation of investments if district determines to self-insure no longer.

#### **460 Other Assets**

Applicable Fund: (PPTF)

This account is used to record assets of the trust funds that do not consist of cash, investments, or capital assets.

- Debit with the cost or estimated cost of the asset at the time of the donation.
- Credit with the recorded cost upon sale or disposition of the asset.

#### **470 Amount Available in Debt Service Fund**

Account balances are to be included on the Schedule of Long-Term Liabilities. This account is only used by districts that opt to maintain a Long-Term Debt "holding account."

This account is used to indicate that the fund balance in the Debt Service Fund is designated for retirement of bonds. The balance in this account (Account 470) should equal the fund balance (Account 889) in the Debt Service Fund.

- Debit with the total revenues recorded in the Debt Service Fund. (Contra entry: credit Account 480 Amount to be Provided for Debt Retirement.)
- Debit with the other financing source in the Debt Service Fund for the cash from the sale of new bonds placed with the fiscal agent in the crossover

method of bond refunding. (Contra entry: credit Account 480 Amount to be Provided for Debt Retirement.)

- Credit with interest and bond issuance expenditures recorded in the Debt Service Fund. (Contra entry: debit Account 480 Amount to be Provided for Debt Retirement.)
- Credit with the amount of matured bond principal. (Contra entry: debit Account 701 Bonds Payable—Long-Term.)
- Credit with the other financing use amount in the Debt Service Fund when the old bonds are removed in the crossover method of bond refunding.

#### **475** **Amount Available in Other Funds**

Account balances are to be included on the Schedule of Long-Term Liabilities. This account is only used by districts that opt to maintain a Long-Term Debt “holding account.”

This account is used to indicate the amounts of fund balance that have been reserved for discharge of contracts payable.

- Debit with the amount of fund balance reserved by board action. (Contra entry: credit Account 480 Amount to be Provided for Debt Retirement.)
- Credit with the amount of matured principal on contracts payable. (Contra entry: debit Account 714 Contracts Payable—Long-Term.)

#### **480** **Amount to be Provided for Debt Retirement**

Account balances are to be included on the Schedule of Long-Term Liabilities. This account is only used by districts that opt to maintain a Long-Term Debt “holding account.” This account is used to reflect the total amount of bonds and long-term contracts issued and outstanding. This account is debited at the time of the sale of bonds with the face value of bonds sold. This account is also debited at the time a long-term contract is approved.

- Debit with the par value of bonds sold. (Contra entry: credit Account 701 Bonds Payable—Long-Term.)
- Debit with the cash price of goods or services purchased under long-term contracts, including installment sales, conditional sales agreements, and lease-purchase agreements. (Contra entry: credit Account 714 Contracts Payable—Long-Term.)
- Credit with the face value of bonds redeemed. (Contra entry: debit Account 470 Amount Available in Debt Service Fund.)

- Credit with the principal amount of bonds defeased in a regular advance bond refunding. (Contra entry: debit Account 701 Bonds Payable—Long-Term.)
- Credit with the proceeds of the sale of new bonds placed with a fiscal agent in a crossover refunding. (Contra entry: debit Account 470 Amount Available in Debt Service Fund.) Also, in a crossover refunding at the time of the crossover, credit with any remaining difference between the principal amount of the old bonds defeased and the amount debited to Account 470 Amount Available in Debt Service Fund when the proceeds of the new bonds were placed with a fiscal agent.
- Credit with the principal payments on long-term contracts as they mature unless fund balance was previously reserved in the paying fund. (Contra entry: debit Account 714 Contracts Payable—Long-Term.)
- Credit with the amount of fund balance reserved in the paying fund by board action. (Contra entry: debit Account 475 Amount Available in Other Funds.)

**490**  **Capital Assets—Land**

Applicable Fund: (CA, PPTF)

**491**  **Capital Assets—Buildings**

Applicable Fund: (CA, PPTF)

**492**  **Capital Assets—Transportation Equipment**

Applicable Fund: (CA)

**493**  **Capital Assets—Equipment**

Applicable Fund: (CA, PPTF, PTF, CF)

**494**  **Capital Assets—Construction in Progress**

Applicable Fund: (CA)

**497**  **Accumulated Depreciation—Transportation Equipment**

Applicable Fund: (CA)

**498**  **Accumulated Depreciation—Buildings**

Applicable Fund: (CA, PPTF)

**499**  **Accumulated Depreciation—Equipment**

Applicable Fund: (CA, PPTF, PTF, CF)

## Deferred Outflows of Resources

### **488\* ▲ *Deferred Outflows of Resources—Other***

Applicable Fund: (GF, ASB, DSF, CPF, TVF)

This account is used to record deferred outflows of resources, if any. Certain transactions result in the consumption of net assets in one period, applicable to a future period. GASB identifies those consumptions as deferred outflows of resources and distinguishes them from assets.

## Budgetary and Expenditure Accounts

### **510\*\*\* *Estimated Revenues***

Applicable Fund: (GF, ASB, DSF, CPF, TVF)

This account is one of several optional budgetary accounts used to record and summarize all budgetary actions of the board of directors. It will not be used to record actual revenues.

- Debit with the total amount of estimated revenues, including real property taxes or unissued bonds to be sold, in the adopted budget.
- Debit with the amount of any unanticipated revenues appropriated to meet additional appropriations or increase existing appropriations.
- Credit with the amount of reduction in estimated revenues when the board of directors determines that actual revenues will not equal estimated revenues. A corresponding reduction shall be made in appropriations or an increase of appropriated fund balance.
- Credit to close account at year-end. (Contra entry: debit Account 900 Appropriations [for expenditures].) (Transportation Vehicle Fund contra entry: debit Account 540 Appropriated Fund Balance.)
- Details of the amounts comprising estimated revenues are incorporated in the subsidiary revenue ledger.

### **515\*\*\* *Estimated Other Financing Sources***

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

This account is one of several optional budgetary accounts which is used to record and summarize budgetary action of the board of directors for estimated other financing sources that are proceeds from insurance recoveries for loss of capital assets, proceeds from the sale of equipment, transportation vehicles, debt issuance

premiums, or proceeds from the sale of bonds. In the Capital Projects Fund, this also includes proceeds from the sale of real property and proceeds from the sale of equipment (only if bonds are still outstanding that provided resources to buy the property or equipment). It will not be used to record actual other financing sources.

Details of the amounts comprising estimated other financing sources will be incorporated in the subsidiary other financing sources ledger.

- Debit with the total amount of estimated other financing sources in the budget.
- Debit with the estimated amount of any unanticipated other financing sources.
- Credit with the amount of reduction in estimated other financing sources when the board of directors determines that actual other financing sources will not equal estimated other financing sources.
- Credit to close account at year-end. (Contra entry: debit Account 900 Appropriations [for expenditures].)

### **520\*\*\* Encumbrances**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PPTF, PF)

This account is used to record district commitments to purchase goods or services typically evidenced by purchase orders and contracts. Detail of this account will be maintained in the appropriation expenditure ledger.

- Debit as an opening entry the amount of encumbrances for the previous fiscal year outstanding at August 31. (Contra entry: credit Account 820 Committed to Encumbrances.)
- Debit with the amount of encumbrances placed. (Contra entry: credit Account 820 Committed to Encumbrances.)
- Credit with the amount of encumbrances liquidated upon establishing payables or cancellation of unneeded encumbrances. (Contra entry: debit Account 820 Committed to Encumbrances.)
- Credit at August 31, following close of fiscal year, to close balance. (Contra entry: debit Account 820 Committed to Encumbrances.)
- The balance of this account prior to the fiscal year's closing will represent the total outstanding encumbrances.

General and Capital Projects Fund only

- Debit at the beginning of the school year with the total amount of contracted salaries (optional).
- Credit with the amount of contracted salaries paid. (To be made only if debit for contracted salaries has been made.)
- Credit to record the reduction of contracted salaries when contracts are terminated. (To be made only if debit for contracted salaries has been made.)

**530\* Expenditures**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

**530\* Deductions**

Applicable Fund: (PPTF, PTF)

All indicated funds except Debt Service Fund (DSF see below)

This account is used to record expenditures or deductions. Expenditures or deductions should be recorded as accrual basis districts incur liabilities. In general, cash basis districts record expenditures or deductions when paid. Deferred compensation liabilities must be accrued by cash basis districts. Details of the expenditure account will be maintained in the expenditure ledger. Debt issuance costs should be recorded here.

- Debit with the amount of claims that are due and payable (accrual basis) or with the amount of payments made on claims (cash basis). Contra entry for accrual basis districts is a credit to a liability account in the 600 series.
- Credit with the amounts of voided and cancelled warrants for expenditures initially charged to this account.
- Credit with refunds of expenditures.
- Credit with closing entry to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purpose (all other funds).

Debt Service Fund only

Since the necessary detail to the breakdown of expenditures is available from Accounts 601 Accounts Payable, 675 Matured Bonds Payable, and 685 Matured Bond Interest Payable, additional subsidiary accounts are not necessary.

- Debit to record maturity of principal and interest amounts. (Contra entry: credit Account 675 Matured Bonds Payable and 685 Matured Bond Interest Payable.)

- Debit to record bond transfer fees. (Contra entry: credit Account 601 Accounts Payable.)
- Debit to record underwriter's fees in an advance bond refunding only if the expenditure for underwriter's fees is made from the Debt Service Fund's current resources. (Contra entry: credit Account 601 Accounts Payable.)
- Credit with closing entry to Account 889 Assigned to Other Purposes.

### **535 Other Financing Uses (Budget and Actual)**

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

This account is used to record payments to the refunded bond escrow agent from resources provided by the new debt in a regular advance bond debt refunding, debt issuance discounts, and the defeasance of the old bonds in a crossover refunding. This account is also used to summarize budgetary actions for estimated long-term financing and debt extinguishments.

Payments to escrow agent made from other school district resources should be reported as debt service expenditures (debit Account 530 Expenditures).

The bond discount resulting from the difference between the stated interest rate and the market rate is recorded as an other-financing use.

- Debit with payments to a refunded bond escrow agent in a regular advance bond debt refunding. (Contra entry: credit Account 965 Other Financing Sources, Revenue Account 9600, Sale of Refunding Bonds or Account 240 Cash on Deposit with County Treasurer) if the school district receives the proceeds of the refunding bond sale.
- Debit to record the defeasance of the old bonds in a crossover refunding. (Contra entry: credit Account 250 Cash with Fiscal Agent.)
- Credit with closing entry to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Balance (DSF, CPF, TVF).

### **536 Other Financing Uses—Transfers Out (Budget and Actual)**

Applicable Fund: (GF, DSF, CPF, TVF, PF)

This account is used to record transfers out to another fund. Redirections of apportionment should be included here. (Refer to Chapter 3 and the section on Interfund Activities for allowable transfers.) This account is also used to summarize budgetary actions for estimated transfers out.

- Debit with amount of transfer out. (Contra entry: credit Account 965 Other Financing Sources, Revenue Account 9900—Transfers or credit Account 241 Warrants Outstanding if a warrant is issued.)
- Credit with closing entry to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (DSF, CPF, TVF, PF).

### **538 Nonoperating Expenditures**

Applicable Fund: (PPTF, PTF)

This account is used to record expenditures and losses arising from transactions of trust principal.

- Debit with realized losses or expenditures associated with trust principal.
- Credit with closing entry to Account 855 Nonspendable Fund Balance—Trust Principal.

### **540\*\*\* Appropriated Fund Balance (Optional)**

Applicable Fund: (GF, ASB, DSF, CPF, TVF)

This optional account is used to record a budget surplus or deficit.

- Debit with the amount of the excess of the sum of Account 900 over the sum of Accounts 510 and 515 in the adopted budget.
- Credit with the amount of the excess of the sum of Accounts 510 and 515 over the sum of Account 900 in the adopted budget.
- Debit with the amount appropriated to meet additional appropriations or increase existing appropriations.
- Credit to reduce the balance appropriated when the board of directors has determined that the amount appropriated exceeds the actual amount available. (Contra entry: debit Account 900 Appropriations.)
- Debit or credit with the closing entry to Account 900 Appropriations, as appropriate to close these accounts.

### **560\*\* Revenue Contra (960)**

Applicable Fund: (ASB, PPTF, PTF)

This account is used as an offset to all entries made to Account 960 Revenues. Subsidiary detail is not necessary for this account. All revenues are recorded in the fund balance account on a current basis, thus requiring this account to balance the entry to revenue.

- Debit with all credit entries to Account 960 Revenues.
- Credit with all debit entries to Account 960 Revenues. Credit to close at year-end. (Contra entry: debit Account 960 Revenues.)

## Liabilities

### **601\*▲ Accounts Payable**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF, CF)

This account is used to record unpaid liabilities for goods received, scholarships awarded, or services performed and not provided for in Accounts 602 through 650. Include in this account leasehold tax collected but not yet paid. This account may be used throughout the year in connection with a voucher register, but the unpaid amounts on August 31, following the close of the fiscal year, must be recorded in this account and Account 530 Expenditures.

- Credit with the amount of audited vouchers and year-end accruals. (Contra entry: debit Accounts 530 Expenditures, 410 Inventory—Supplies and Materials, 420 Inventory—Lunchrooms, or 430 Prepaid Items.)
- Debit with the amounts of liabilities paid and credit memos received. (In the trust funds, credit warrants payable.)
- The balance of this account represents the liability for unpaid vendor obligations.

### **602\*▲ Contracts Payable—Current**

Applicable Fund: (GF, ASB, CPF, TVF, PF)

This account is used to record the matured liabilities for equipment and furniture received or services performed under contractual agreements. In the Capital Projects Fund, the portion of construction contracts certified payable by an architect or structural engineer may also be recorded in this account. This account is used to record the matured portion of long-term contractual liabilities. Also include in this account new contractual liabilities to be fully paid from current year appropriations.

- Credit with the matured portion of the contract when that portion matures or with the amount of the new contract to be paid entirely from current year appropriations. (Contra entry: debit Account 530 Expenditures.)
- Debit with amounts paid.
- The balance of this account represents the amount of matured long-term contracts and contracts to be paid entirely out of current year appropriations.

**604\* ▲ Accrued Interest Payable**

Applicable Fund: (DSF)

This account is used to record interest costs related to the current period and prior periods, but not due until a later date. Include in this account cash received for accrued interest generated because bonds were sold between interest payment dates.

- Debit with interest payments made.
- Credit with cash received for accrued interest between bond interest payment dates.

**605\* ▲ Accrued Salaries**

Applicable Fund: (GF, ASB, CPF)

The amounts of salaries earned for services performed but unpaid are recorded in this account. Also include the current portion of the vacation and sick leave that has been earned but is unpaid at the end of the period. This amount is normally expected to be liquidated with expendable available financial resources and should be recorded in the fund that will liquidate the liability. The remaining portion should be included on the Schedule of Long-Term Liabilities.

- Credit with the amount of salaries earned. (Contra entry: debit Account 530 Expenditures.)
- Debit with the amount of salaries paid.

**606\* Anticipation Notes Payable**

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

This account is used to record the amount of principal due on Revenue Anticipation Notes (RANs), Tax Anticipation Notes (TANs), or Bond Anticipation Notes (BANs) from which the school district received moneys in exchange for a promise to make repayment at a later date. Repayments come from anticipated revenues (RANs), tax collections (TANs), or bond proceeds (BANs). The amounts recorded in this account should not include any interest charges.

- Credit with the amount of cash received from the issuance of the note. (Contra entry: debit Account 240 Cash on Deposit with County Treasurer.)
- Debit with payments made.

**610\* Payroll Deductions and Taxes Payable**

Applicable Fund: (GF, ASB, CPF)

This account is used to record payroll deductions and the employer's share of payroll taxes and health insurance. Subsidiary accounts will be needed for Old Age and Survivors Insurance (Social Security), state employees' retirement, federal income tax withheld, industrial insurance and medical aid, health and medical insurance and medical aid, health and medical insurance premiums and annuities.

- Credit this account with the amount of payroll deductions and unpaid employer's share of the cost for payrolls earned as of August 31.
- Debit with the amount paid as of August 31.

**620\*▲ Leases Payable—Current**

Applicable Fund: (GF, CPF, TVF, PF, PPTF)

This account is used to record the matured liabilities for equipment and furniture received or services performed under lease agreements. This account is used to record the matured portion of long-term lease liabilities.

- Credit with the matured portion of the lease when that portion matures. (Contra entry: debit Account 530 Expenditures.)
- Debit with amounts paid.
- The balance of this account represents the amount of matured long-term leases.

**630\*▲ Due to Other Governmental Units**

Applicable Fund: (GF, ASB, CPF, TVF, PF)

This account is used to record accounts owed by the school district to other governmental units. Entries may be made to this account as transactions occur or they may be recorded at year-end.

- Debit with payments made.
- Credit with amounts owed.

**635\* Deferred Compensation Payable**

Applicable Fund: (GF, CPF, PTF)

This account is used to record the liability to participating employees for money withheld from their wages or matching funds paid by the district that will be paid to

the employee in the future. If the district is the trustee of the plan funds, these amounts should be recorded in the district's Other Employee Benefits Trust Fund.

- Credit with the amount withheld from employees' pay.
- Credit with the amount of investment earnings on money withheld from employees.
- Debit with the amount of investment fees or loss on investment.
- Debit with the amount of payments to employees.

### **637\*▲ Estimated Unemployment Benefits Payable**

Applicable Fund: (GF)

The estimated liability for future unemployment benefit claims against wages paid in the current period is shown in this account. This account is only for districts self-insuring and using the reimbursement method.

- Credit with the amount of unemployment compensation benefits charged to expenditures.
- Debit with the amount on the Employment Security Department billing when paid.

### **638\*▲ Estimated Other Employee Insurance Claims Payable**

Applicable Fund: (GF)

The estimated liability for other employee self-insured benefits against wages paid in the current period is shown in this account. This account is only for districts self-insuring against employee claims not accounted for in Accounts 637 or 639.

- Credit with the amount of other employee self-insurance claims.
- Debit with the payment of claims.

### **639\*▲ Estimated Industrial Insurance Benefits Payable**

Applicable Fund: (GF)

The estimated liability for future industrial insurance benefits against wages paid in the current period is shown in this account. This account is only for districts that are self-insuring against industrial accidents.

- Credit with the amount of industrial insurance benefits estimated to be paid in future periods against wages paid in the current period.
- Debit with the payment of benefit claims and administrative assessment.

**640\* Due to Other Funds**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF, CF)

This account is used to record the fund's liability for services performed by other funds of the school district.

- Credit with the dollar amount of services performed by another fund.
- Debit with the amount paid for services performed by another fund.
- A subsidiary account shall be maintained for each fund.

**645\* Interfund Loans Payable**

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

This account is used to record temporary advances or loans from other funds.

- Credit with the amount received from another fund.
- Debit with the repayment of loan from another fund.

(Reference: Chapter 392-123 WAC.)

**650\* Deposits**

Applicable Fund: (GF, ASB, CPF)

This account is used to record deposits received by the district that may be refunded at a later date (e.g., damage deposits). Direct deposits for payroll should be recorded in GL 605 Accrued Salaries and not in this account.

- Credit with amounts collected and recorded to Accounts 230 and 240 because they do not represent revenues and are subject to refund.
- Debit with amounts later determined to be revenue or amounts refunded.

**660\*▲ Unearned Revenue**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

Record in this account amounts that the district has received but that do not represent revenues because they have been received in advance of the earning of the revenue. These amounts will be converted into revenues once the district performs some service. An example would be a parent who prepays for the ASB Yearbook or school lunches in advance of the start of the school year.

- Credit with amounts charged to Accounts 230, 240, 330, or 340 that do not represent revenues because the district has not performed a service that has been paid for in advance.
- Debit with amounts that become revenues. (Contra entry: credit Account 960 Revenues.)

### **675\* Matured Bonds Payable**

Applicable Fund: (DSF)

The amount of principal matured on bond issues is recorded in this account. At the maturity date, the amount is recorded as an expenditure and deducted from Long-Term Debt. Subsidiary accounts should be maintained for each bond issue.

- Credit with the amount of matured bonds. (Contra entry: debit Account 530 Expenditures.)
- Debit with the amount of bonds redeemed. (Contra entry: credit Account 240 Cash on Deposit with County Treasurer if county treasurer redeems bonds; credit Account 250 Cash with Fiscal Agent if fiscal agent bank redeems the bonds.)

### **685\* Matured Bond Interest Payable**

Applicable Fund: (DSF)

The amount of bond interest matured on bond issues is recorded in this account. At the maturity date, the amount of bond interest is recorded as an expenditure. Subsidiary accounts should be maintained for each bond issue.

- Credit with the amount of matured bond interest. (Contra entry: debit Account 530 Expenditures.)
- Debit with the amount of bond interest redeemed. (Contra entry: credit Account 240 Cash on Deposit with County Treasurer if county treasurer pays coupon interest or credit Account 250 Cash with Fiscal Agent if fiscal agent bank pays coupon interest.)

### **686\* Arbitrage Rebate Payable**

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

This account is used to record the obligation to pay the U.S. Treasury arbitrage earnings on invested tax-exempt bond issue proceeds.

- Credit with the amount of arbitrage rebate payable.
- Debit with the amount of arbitrage rebate paid.

### **701\* Voted Debt—Bonds Payable—Long Term**

Applicable Fund: (SLTL)

This account is for principal on voted bond issues that have not matured on the Schedule of Long-Term Liabilities. Subsidiary accounts should be maintained for each bond issue.

- Credit with the amount of bond principal when bonds are sold. (Contra entry: debit Account 480 Amount to be Provided for Debt Retirement.)
- Credit with the amount of new bonds issued during a refunding. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the amount of matured bond principal. (Contra entry: credit account 470 Amount Available in Debt Service Fund.)
- Debit with the amount of outstanding bonds redeemed during a refunding. (Contra entry: credit account 480 Amount to be Provided for Debt Retirement.)

### **702\* Voted Debt—LOCAL Program Proceeds—Long Term**

Applicable Fund: (SLTL)

This account is for principal on voted LOCAL program proceeds issued in lieu of bonds that have not matured on the Schedule of Long-Term Liabilities. Subsidiary accounts should be maintained for each LOCAL issue.

- Credit with the amount of LOCAL program principal when the financing agreements are executed. (Contra entry: debit Account 480 Amount to be Provided for Debt Retirement.)
- Debit with the amount of matured LOCAL program principal. (Contra entry: credit Account 470 Amount Available in Debt Service Fund.)

### **711\* Non-Voted Bonds Payable—Long Term**

Applicable Fund: (SLTL)

This account is for principal on non-voted bond issues that have not matured on the Schedule of Long-Term Liabilities. Subsidiary accounts should be maintained for each bond issue.

- Credit with the amount of bond principal when bonds are sold. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Credit with the amount of new bonds issued during a refunding. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the amount of matured bond principal. (Contra entry: credit account 470 Amount Available in Debt Service Fund.)
- Debit with the amount of outstanding bonds redeemed during a refunding. (Contra entry: credit account 480 Amount to be Provided for Debt Retirement.)

### **712\* Non-Voted LOCAL Program Proceeds—Long Term**

Applicable Fund: (SLTL)

This account is for principal on non-voted LOCAL program proceeds issued in lieu of bonds that have not matured on the Schedule of Long-Term Liabilities. Subsidiary accounts should be maintained for each LOCAL issue.

- Credit with the amount of LOCAL program principal when the financing agreements are executed. (Contra entry: debit Account 480 Amount to be Provided for Debt Retirement.)
- Debit with the amount of matured LOCAL program principal. (Contra entry: credit Account 470 Amount Available in Debt Service Fund.)

### **713\* Leases—Long Term**

Applicable Fund: (SLTL)

This account is for outstanding principal on leases reported on the Schedule of Long-Term Liabilities. Subsidiary accounts should be maintained for each lease. Refer to Chapter 3 for accounting for leases.

- Credit with the amount of the principal on the capital lease when the lease agreement is executed. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the amount of lease payments. (Contra entry: credit Account 480 Amount to be Provided for Debt Retirement.)

**714\*  Contracts Payable—Long Term**

Applicable Fund: (SLTL)

The amount of unmatured principal payable on long-term contracts is recorded in this account and reported on the Schedule of Long-Term Liabilities. The amount should not include any interest charges. Long term contracts include all agreements whereby the school district obtains goods or services by the end of the current fiscal year and final payment for those good or services will be made from appropriation for a subsequent fiscal year. Such agreements include conditional sales contracts and installment purchases.

- Credit with the cash price (the price that would be paid for a cash sale) of goods or services purchased under long-term contracts. (Contra entry: debit Account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured principal on long-term contracts payable. (Contra entry: credit Account 480 amount to be Provided for Debt Retirement.)
- Subsidiary accounts should be maintained for each contract.

**716\*  Claims and Judgements—Long Term**

Applicable Fund: (SLTL)

Account balances are to be included on the Schedule of Long-Term Liabilities. Record in this account any filed and unfiled claims and other impairments of the district's assets. Such claims may include job-related illness, injury to employees, workers compensation claims, unemployment compensation claims, judgments and damages, auditor's exceptions and monetary findings and acts of God. Record here only those items that have a reasonable possibility of occurrence – more than remote and less than likely. If the item is probable, the event is likely, and the amount can be reasonably estimated, a liability in the fund responsible should be recorded for amounts that would normally be liquidated with current financial resources.

- Credit with the claim or judgement at an amount reasonable estimated. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement or 475 Amount Available in Other Funds.)
- Debit with realized or reduced liability estimates. (Contra entry: credit account 480 Amount to be Provided for Debt Retirement or account 475 Amount Available in Other Funds.)

**717\*  *Compensated Absences***

Applicable Fund: (SLTL)

Account balances are to be included on the Schedule of Long-Term Liabilities. Record in this account amounts owed to employees for unpaid vacation and sick leave liabilities.

- Credit with the estimated vacation and sick leave liability calculated increases (Contra entry: debit account 480 Amount to be Provided for Debt Retirement or 475 Amount Available in Other Funds.)
- Debit with realized or reduced liability estimates. (Contra entry: credit account 480 Amount to be Provided for Debt Retirement or account 475 Amount Available in Other Funds.)

**718\*  *Notes Payable—Long Term***

Applicable Fund: (SLTL)

Account balances are to be included on the Schedule of Long-Term Liabilities. The amount of unmatured principal payable on notes is recorded in this account. The amount should not include any interest charges. A long-term note is a loan from a bank or similar lender, or a transaction that has the elements of a conditional sales contract, except the district received title to the acquisition immediately and the vendor is paid off with the loan proceeds. Long-term notes shall be reported at face (gross) value, instead of net of trade in and other costs. A liability in the fund responsible should be recorded for amounts that would normally be liquidated with current financial resources.

- Credit with the face (gross) value, instead of net of trade in and other costs. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured principal on long-term notes payable. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)
- Subsidiary accounts should be maintained for each contract.

**719\*  *Anticipation Notes Payable—Long Term***

Applicable Fund: (SLTL)

Account balances are to be included on the Schedule of Long-Term Liabilities. This account is used to record the amount of principal due on Revenue Anticipation Notes (RANs), Tax Anticipation Notes (TANs), or Bond Anticipation Notes (BANs) from which the school district received moneys in exchange for a promise to make

repayment at a later date. Repayments come from anticipated revenues (RANs), tax collections (TANs), or bond proceeds (BANs).

- Credit with the face value of the loan from the bank on a RAN. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured principal on anticipation notes payable. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)

### **720\*** **Lines of Credit—Long Term**

Applicable Fund: (SLTL)

Account balances are to be included on the Schedule of Long-Term Liabilities. If the district has a line of credit with the county treasurer or another financial institution, only the amount that has actually been used is to be reported on the Schedule of Long-Term Liabilities. The amount should not include any interest charges. A liability in the fund responsible should be recorded for amounts that would normally be liquidated with current financial resources.

- Credit with the amount of credit used. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured principal on lines of credit. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)
- Subsidiary accounts should be maintained for each contract.

### **729\*** **Other Non-Voted Debt**

Applicable Fund: (SLTL)

Account balances are to be included on the Schedule of Long-Term Liabilities. Record the unmatured principal of debt not assigned to another specific account. A liability in the fund responsible should be recorded for amounts that would normally be liquidated with current financial resources.

- Credit with the amount of debt not assigned to another specific account. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured principal on other non-voted debt. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)
- Subsidiary accounts should be maintained for each contract.

**741\*  Net Pension Liability—TRS 1**

Applicable Fund: (SLTL)

Account balance is to be included on the Schedule of Long-Term Liabilities. Record here the amount of the district's share of the net pension liability for Washington State Department of Retirement Systems (DRS) TRS 1 Plan.

- Credit with the increase in the net pension liability calculation. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the total decrease of the net pension liability calculation. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)

**742\*  Net Pension Liability—TRS 2 and TRS 3**

Applicable Fund: (SLTL)

Account balance is to be included on the Schedule of Long-Term Liabilities. Record here the amount of the district's share of the net pension liability for Washington State Department of Retirement Systems (DRS) TRS 2 and 3 Plan.

- Credit with the increase in the net pension liability calculation. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the total decrease of the net pension liability calculation. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)

**743\*  Net Pension Liability—SERS 2 and SERS 3**

Applicable Fund: (SLTL)

Account balance is to be included on the Schedule of Long-Term Liabilities. Record here the amount of the district's share of the net pension liability for Washington State Department of Retirement Systems (DRS) SERS 2 and 3 Plan.

- Credit with the increase in the net pension liability calculation. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the total decrease of the net pension liability calculation. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)

**744\* ▶ Net Pension Liability—PERS 1**

Applicable Fund: (SLTL)

Account balance is to be included on the Schedule of Long-Term Liabilities. Record here the amount of the district's share of the net pension liability for Washington State Department of Retirement Systems (DRS) PERS 1 Plan.

- Credit with the increase in the net pension liability calculation. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the total decrease of the net pension liability calculation. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)

**Deferred Inflows of Resources****750\* ▲ Unavailable Revenue**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

Record in this account amounts that do not represent revenues because they are not available for expenditure in the current fiscal year, but which will be recognized as revenue when they become available for expenditure. This account will be used to offset those receivables recorded in Accounts 330 and 340 that do not represent revenues. Also offset in this account amounts received in cash during a fiscal year that will be recognized as revenue in the succeeding fiscal year when they become available for expenditure.

- Credit with amounts charged to Accounts 230, 240, 330, or 340 that do not represent revenues because they are not available for expenditure in the current fiscal year.
- Debit with amounts that become revenues. (Contra entry: credit Account 960 Revenues.)

**755\* ▲ Unavailable Revenue—Leases**

Applicable Fund: (GF, CPF, TVF, PF, PPTF)

Record in this account amounts equals the present value of the minimum lease payments as recorded in Account 345 Leases Receivable. Also record in this account any lease payments received prior to the start of the lease, less any lease incentives.

This account is used to amortize and recognize lease revenue. Subsequent accounting entries in this account for revenue recognition are based on an

amortization of this Deferred Inflow. Revenue recognition is based on an amortization schedule; calculated in a rational and systematic manner over the life of the lease; and as funds become available. Entries may be made to this account as transactions occur or they may be recorded at year-end. See Chapter 7 and the journal entries for lessor accounting. Refer to Chapter 3 for accounting for leases.

- Credit with amounts charged to Accounts 230, 240, and 345 that do not represent revenues because they are not available in the current fiscal year.
- Debit with the amount amortized and recognized as revenue. (Contra entry: credit Account 960 Revenues.)

### **760\* Unavailable Revenue—Taxes Receivable**

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

Property taxes levied during the fiscal year are credited to this account. This account is used for the offsetting of taxes receivable recorded in Account 310 Taxes Receivable without incurring a liability or increasing fund balance.

- Credit with the amount charged to Account 310 Taxes Receivable.
- Debit with the amount equal to cash collections of tax receivables.
- Debit with tax roll cancellations. (Contra entry: debit Account 310 Taxes Receivable.)
- The credit balance of this account should equal the total of the debit balance of Account 310 Taxes Receivable.

## **Fund Balance**

General ledger fund balance accounts for governmental funds are divided into five general categories:

### “Nonspendable” Accounts

Nonspendable accounts represent those portions of fund balance that cannot be spent either because they are not in a spendable form, or are legally required to be maintained intact. In net assets of districtwide reporting, this also includes the long-term component of loans and notes receivable.

### “Restricted” Accounts

Restricted accounts represent those amounts that, except for those items reported as Nonspendable, are restricted to specific purposes. These restrictions may either be:

- (1) Externally imposed by creditors, grantors, contributors, laws, or regulations of other governments, or
- (2) Imposed by law through constitutional provisions or enabling legislation.

Fiduciary Fund “Restricted” Accounts:

A distinction is necessary when classifying fund balances between private-purpose and public-purpose activities. Fiduciary funds are not classified as government funds. Separate restricted fund balance accounts are required for Fund 7. Fiduciary funds are used to report assets held in trust for others and therefore cannot be used to support the government’s own programs. These funds are used to report resources held and administered by the reporting government when acting in a fiduciary capacity.

“Committed” Accounts

Committed accounts represent those amounts that can only be used for specific purposes following the constraints imposed by formal action of the government’s highest level of decision-making authority. A formal action could be a resolution of the board, or a school board policy. Once created, a commitment cannot be changed without a similar action on the part of the board ending the commitment. Details about commitments, including a description of the commitment and information about the board action taken to create the commitment, need to be disclosed in the Notes to the Financial Statements.

“Assigned” Accounts

Assigned accounts represent those amounts that are constrained by the school district’s intent to be used for specific purposes, but are neither restricted nor committed. Authority for making these assignments may rest with senior administration of the school district. Districts will need to outline in their Notes to the Financial Statement the person or persons who have the authority to create an assignment of fund balance. For funds other than the General Fund, the amount of residual fund balance that is spendable after all restrictions, commitments, and other assignments have been made is classified as assigned.

“Unassigned” Accounts

Unassigned fund balance is the residual fund balance designation for the General Fund. The amount contained in this account within the General Fund represents that amount of fund balance that is spendable but has not been restricted, committed, or assigned to specific purposes within the General Fund. In other funds, the unassigned fund balance is used only if a school district has over extended the resources available within the fund and can only be negative.

To achieve the self-balancing feature of the capital assets for districts choosing to maintain them in a separate fund, a series of accounts have been created to record capital assets by source. For school districts, these are Accounts 801 through 809, as listed below.

**801**  ***Investment in Capital Assets From GO Bonds***

Applicable Fund: (CA)

**802**  ***Investment in Capital Assets From Levies***

Applicable Fund: (CA)

**803**  ***Investment in Capital Assets From State Grants***

Applicable Fund: (CA)

**804**  ***Investment in Capital Assets From Federal Grants***

Applicable Fund: (CA)

**805**  ***Investment in Capital Assets From Apportionment and Local Revenues***

Applicable Fund: (CA)

**806**  ***Investment in Capital Assets From Gifts, Donations, Other***

Applicable Fund: (CA)

**810\*** ***Restricted for Other Items***

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

This account is used for recording restrictions on spendable fund balance for amounts that have not been recorded in other accounts.

- Credit with the amount of fund balance being restricted based on legal requirement, enabling legislation, or other enforceable claim. (Contra entry: Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (all other listed funds).)
- Debit with the amount removed from the restriction when the purpose for the restriction has been met.

**815**  ***Restricted for Unequalized Deductible Revenue***

Applicable Fund: (GF, Cash Basis Districts only)

This account is provided as a means for restricting fund balance for future recovery of deductible revenues. Refer to Chapter 2 for more information on deductible revenues. Cash basis districts make a restriction of fund balance for recoverable

revenue at the time the revenue is received for reversal at the time the revenue is recovered. This account is used for the following funding streams: 1400 Local in Lieu of Taxes, 1600 County-Administered Forests, 3600 State Forests, 5400 Federal in Lieu of Taxes. These General Fund revenues of the school district reduce the state payment to the district in Revenue 3100 Apportionment.

- Credit with the amount to be reserved. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit with the amount removed from the restriction when the purpose for the restriction has been met.

### **819\*\* Restricted for Fund Purposes**

Applicable Fund: (ASB, TVF)

This account is used to record the ending fund balance in governmental funds relating to resources that are restricted by enabling legislation, legal requirements, or other enforceable claims. Amounts in this account are restricted to being used only for the purposes of the fund they are in.

The amount in this account is equal to the fund's assets less liabilities, less amounts that are Nonspendable or otherwise Restricted. If this account would be negative, record the amount in Account 890 Unassigned Fund Balance instead.

- Credit at the close of the year with the balance of Account 960 Revenues or Account 965 Other Financing Sources in the fund.
- Debit or credit with a corresponding increase or decrease in any other 800 Account as appropriate to the fund.
- Debit as a closing entry with the balance of Accounts 530 Expenditures or Account 535 Other Financing Uses (Actual).

### **820 Assigned to Encumbrances**

Applicable Fund: (GF, ASB, CPF, TVF)

This is the budgetary contra account to Account 520 Encumbrances and reflects the district's obligation for encumbrances placed. It allows the interim presentation of the budgetary amounts without affecting liabilities or fund balance. For districts using encumbrance accounting, this account is used to show outstanding encumbrances at the end of the fiscal year that are expected to be cleared in the next fiscal year.

- Credit at the beginning of the fiscal year with the amount of encumbrances outstanding at the close of the previous fiscal year. (Contra entry: debit Account 520 Encumbrances.)
- Credit with the amount of encumbrances placed. (Contra entry: debit Account 520 Encumbrances.)
- Debit with the amount of encumbrances liquidated upon accrual or payment of vouchers or cancellation of encumbrances. (Contra entry: credit Account 520 Encumbrances.)
- Debit to close at year-end.

#### General Fund and Capital Projects Fund only

- Credit at the beginning of the school year with the total amount of contracted salaries (optional).
- Debit with the amount of contracted salaries paid. (To be made only if optional credit for contracted salaries has been made.)
- Debit with the reduction of contracted salaries when contracts are terminated. (To be made only if optional credit for contracted salaries has been made.)

#### ***821 Restricted for Carryover of Restricted Revenue***

Applicable Fund: (GF)

This account is provided as a means for accumulating and restricting fund balance for future uses. All districts must identify a restriction of fund balance at year-end for amounts determined to be unspent carryover funds with restricted use. This would include the following state funding streams: Learning Assistance Program, Transitional Bilingual, Highly Capable, Student Transportation, State Institutions, Special Education, Fire District, Vocational Funds, and other such unspent funds as may be subject to carryover.

For districts that have a recovery of revenues, cash basis districts record these as a restriction of fund balance and accrual basis districts record these as a liability.

- Credit with the amount of the restriction. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit with the amount to be unrestricted when the purpose for the restriction has been met.

**825 Restricted for Skill Centers**

Applicable Fund: (GF, CPF, Skill Center Host Districts or Branch Campuses only)

This account is used by districts that are the host district and fiscal agent for a career and technical education skill center to separate the funds belonging to the skill center from those of the district.

For Program 45 in the General Fund, this account is used to record the excess of skill center revenues over related expenditures. The resources are restricted to paying for skill center programs and are not available to pay for general expenditures of the district.

For Program 47 in the General Fund, this account is used to record those amounts the host district has collected for the purpose of covering specific minor repair and maintenance on skill center facilities.

In the Capital Projects Fund, this account is used to record those amounts the host district has collected for the purpose of covering capital expenditures for the skill center. It is equal to the excess of revenues received, including payments from districts or grant awards, over related capital expenditures.

- Credit at the close of the year with the balance of Account 960 Revenues or Account 965 Other Financing Sources, for skill center-related transactions.
- Debit at the close of the year with the balance of Account 530 Expenditures or Account 535 Other Financing Sources, for skill center-related transactions.

**828 Restricted for Carryover of Food Service Revenue**

Applicable Fund: (GF)

This account is provided as a means for accumulating and restricting ending fund balance that derives from net gains of the district's food service program. The excess of food service program revenues over total expenditures is recorded in this account. Amounts in this account may only be used for the benefit of the district's food service program. For more information, see the Food Service Program Guidance in Appendix B.

- Credit with the amount of food service program net income. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit with any food service program operating deficit, but not below a zero balance.

**830 Restricted for Debt Service**

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

This account provides the means for accumulating and restricting fund balance for payment of contractual obligations incurred and carried in the Schedule of Long-Term Liabilities. The balance of this account represents a restriction of both fund cash and fund balance.

In funds other than the Debt Service Fund:

- Credit this account with the amount set up as a reserve to service contractual payments. (Contra entry: debit Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (CPF, TVF).)
- Debit with any reductions in the voluntary reserve when the purpose for the reserve has been fulfilled. (Contra entry: credit Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (CPF, TVF).)
- Debit with matured debt as entered in Account 602 Contracts Payable—Current, for which a reservation has been previously established.

In the Debt Service Fund:

- Credit with amounts from Account 960 Revenues that are local property taxes levied for the payment of debt, or Account 965 Other Financing Source sub-Account 9900 Transfers for transfers from other funds for the purposes of servicing non-voted bonds.
- Debit with reductions relating to payment of principal and interest on district-issued bonds.

**835 Restricted for Arbitrage Rebate**

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

The purpose of this account is to show a restriction on fund balance for the amount of arbitrage rebate payable to the IRS more than one year in the future.

- Credit with the annual calculation of arbitrage rebate less the amount due in one year. (Contra entry: debit Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (DSF, CPF, TVF).)
- Debit with the amount transferred to Account 686 Arbitrage Rebate Payable for payment to the IRS within one year or with the adjustments to the annual calculation of arbitrage rebate.

**840 Nonspendable Fund Balance—Inventory and Prepaid Items**

Applicable Fund: (GF, ASB, CPF)

This account balance should reflect the district's recorded inventories and prepaid items on the balance sheet. These are assets of the district that are not in spendable form.

- Credit for the value of inventory on hand at the end of the fiscal year, or to increase the amount reported as inventory, or to record the amount of prepaid items remaining at the end of the fiscal year. (Contra entry: debit Account 890 Unassigned Fund Balance (GF) or 889 Unassigned Fund Balance (ASB, CPF).)
- Debit with amounts to record a decrease in the amount in inventory or prepaid items.

**845 Restricted for Self-Insurance**

Applicable Fund: (GF)

This account is used to restrict fund balance for amounts that the district is legally required to maintain as a condition of being self-insured.

- Credit with the amount for self-insurance security deposits as determined by the Department of Labor and Industries.
- Debit when the reason for the restriction has been met or is no longer necessary.

**850 Restricted for Uninsured Risks**

Applicable Fund: (GF, ASB, CPF, TVF)

This account is used to restrict a portion of fund balance for future losses not covered by insurance. The amounts put in this account are required under self-insurance. Contra entries are made to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (all other listed funds).

- Credit with amounts as determined by an external party.
- Debit with amounts removed because the reserve is no longer needed.

**854\* Restricted for Intact Trust Principal**

Applicable Fund: (PPTF, PTF)

For use only in fiduciary trust funds where the principal may not be expended, this account shows the portion of trust assets that represents principal. After the closing of the nonoperating revenue and nonoperating expense accounts, this account is equal to the principal of the trust.

- Credit with amounts received into the trust.
- Credit with the gains on the sale of investment principal.
- Debit with losses on the sale of investment principal.
- Debit with amounts removed from the trust by board action.
- Credit at fiscal year-end, with the balance of Account 968 Nonoperating Revenues.
- Debit as a closing entry the balance of Account 538 Nonoperating Expenditures.

**855\* Nonspendable Fund Balance—Trust Principal**

Applicable Fund: (PF)

For use only in Permanent funds where the principal may not be expended, this account shows the portion of trust assets that represents principal. After the closing of the nonoperating revenue and nonoperating expense accounts, this account is equal to the principal of the trust.

- Credit with amounts received into the trust.
- Credit with the gains on the sale of investment principal.
- Debit with losses on the sale of investment principal.
- Debit with amounts removed from the trust by board action.
- Credit at fiscal year-end, with the balance of Account 968 Nonoperating Revenues.
- Debit as a closing entry the balance of Account 538 Nonoperating Expenditures.

**856 Restricted for: Pension or Other Post-Employment Benefits**

Applicable Fund: (PTF)

This account shows the funds available for authorized purposes restricted by the trust agreement and reserved for specific disbursement. This account represents the amounts reserved and available for specific use.

- Credit with amounts reserved for specific use in accordance with the trust agreement.
- Debit with amounts removed from the reserve by board action in accordance with the trust agreement.

### ***857 Restricted for: Private Purposes***

Applicable Fund: (PPTF)

This account shows the funds available for authorized purposes restricted by the trust agreement and reserved for specific disbursement such as scholarships. This account represents the amounts reserved and available for specific use.

- Credit with amounts reserved for specific use in accordance with the trust agreement.
- Debit with amounts removed from the reserve by board action in accordance with the trust agreement.

### ***858 Restricted for: Other Purposes***

Applicable Fund: (PPTF, PTF)

This account shows the funds available for authorized purposes restricted by the trust agreement and reserved for specific disbursement such as scholarships. This account represents the amounts reserved and available for specific use.

- Credit with amounts reserved for specific use in accordance with the trust agreement.
- Debit with amounts removed from the reserve by board action in accordance with the trust agreement.

### ***861\* Restricted From Bond Proceeds***

Applicable Fund: (CPF)

This account is provided to record the amounts remaining from bond issues and earnings from bond proceeds investments that have been allocated for specific projects or the amounts remaining after the proposition projects have been completed.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 1 and Account 965 Other Financing Sources items with a source-use code of 1.

- Debit at the close of the fiscal year with Account 530 Expenditures items that had a source-use code of 1.
- Debit after all projects have been completed with amounts transferred to Debt Service Fund.

**862\* Committed From Levy Proceeds**

Applicable Fund: (CPF)

This account is provided to record the amounts remaining from capital projects levies that have been allocated for specific projects or the amounts remaining after the proposition projects have been completed.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 2.
- Debit at the close of the fiscal year with Account 530 Expenditures items that had a source-use code of 2.

**863\* Restricted From State Proceeds**

Applicable Fund: (CPF)

This account is provided to close project revenues and expenditures for projects funded totally or in part with state funds.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 3.
- Debit at the close of the fiscal year with Account 530 Expenditures items that had a source-use code of 3.

**864\* Restricted From Federal Proceeds**

Applicable Fund: (CPF)

This account is provided to close project revenues and expenditures for projects funded totally or in part by federal agencies.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 4.
- Debit at the close of the fiscal year with Account 530 Expenditures items that had a source-use code of 4.

**865\* Restricted From Other Proceeds**

Applicable Fund: (CPF)

This account is provided to close project revenues and expenditures for projects funded totally or in part by sources other than bond, levy, state, or federal proceeds. For example, the district may receive resources from a private citizen for the construction of a library; these resources would be reserved for that purpose.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 5.
- Debit at the close of the fiscal year with Account 530 Expenditures items that had a source-use code of 5.

**866\* Restricted From Impact Fee Proceeds**

Applicable Fund: (CPF)

This account is provided to close project revenues and expenditures for projects funded totally or in part by impact fees collected in accordance with the Growth Management Act.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 6.
- Debit at the close of the fiscal year Account 530 Expenditures items that had a source-use code of 6.

**867\* Restricted From Mitigation Fee Proceeds**

Applicable Fund: (CPF)

This account is provided to close project revenues and expenditures for projects funded totally or in part by State Environmental Protection Act (SEPA) mitigation fees.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 7.
- Debit at the close of the fiscal year with Account 530 Expenditures items that had a source-use code of 7.

**869\* Restricted From Undistributed Proceeds**

Applicable Fund: (CPF)

This account is provided to record unassigned amounts to be distributed to other reserve accounts at year-end.

- Credit with resources that have not been distributed to Accounts 861, 862, 863, 864, 865, 866, or 867.
- Debit at the close of the fiscal year with amounts being assigned to Accounts 861, 862, 863, 864, 865, 866, or 867.

**870 Committed to Other Purposes**

Applicable Fund: (GF, ASB, DSF, CPF, PF)

Commitments of fund balance require a formal action by the school district's board of directors, such as a school board policy or a resolution of the board of directors. Details of commitments, including the nature of the commitment and the date of the board action creating the commitment, should be included in the Notes to the Financial Statements.

This account is provided as a means for accumulating and recording commitments of district resources for future uses. Commitments represent the board of directors' intended use of resources, and a resolution has been passed to commit funds for those purposes.

- Credit with amounts to be designated. (Contra entry: debit Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (all other funds).)
- Debit with amounts removed from commitment either by board action or because the purpose for the commitment has been fulfilled.

**872 Committed to Economic Stabilization**

Applicable Fund: (GF)

Commitments of fund balance require a formal action by the school district's board of directors, such as a school board policy or a resolution of the board of directors. Specific circumstances and conditions must be described to set aside funds in this account. Amounts set aside may only be expended when specific conditions exist. These circumstances cannot be expected to routinely occur, and using the term "in an emergency" is not sufficient. If amounts are set aside to offset anticipated revenue

shortfalls, the shortfall must be quantifiable and of a magnitude that distinguishes it from other revenue shortfalls that normally occur. Details of commitments, including the nature of the commitment and the date of the board action creating the commitment, should be included in the Notes to the Financial Statements.

This account is to be used in districts where the school board has taken such action to create an economic stabilization policy which meets the criteria of a stabilization arrangement. The board action taken must outline the amount to be used in such a policy, whether it is a dollar amount or a percentage of the district's revenues or expenditures. This information must also be included in the Notes to the Financial Statements.

- Credit with amounts set aside to meet the district's economic stabilization policy. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit with amounts necessary to fund specific conditions declared by board action or if the board takes an action to cancel the economic stabilization policy.

### ***875 Assigned to Contingencies***

Applicable Fund: (GF)

This account is provided to assign a portion of the school district's fund balance for contingencies, such as unanticipated changes in the tax and spending policies of federal and state governments, court decisions, financial impacts of labor agreements (arbitration), natural disasters, and unexpected or emergency capital expenditures. Assignments represent management's or board of directors intended use of resources.

- Credit with amounts to be allocated. (Contra entry: Account 890 Unassigned Fund Balance.)
- Debit when assignments are lifted or converted into commitments or contractual obligations.

### ***884 Assigned to Other Capital Projects***

Applicable Fund: (GF)

This account is used to record those funds the district intends to use for capital project purposes other than those funds that have been legally restricted for those purposes. Capital Project Fund bond or levy proceeds, or Transportation Vehicle Fund levy proceeds are never recorded in this account.

- Credit with amounts the board or other management has assigned to use for capital project purposes from other than those funds that have been legally restricted for those purposes. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit when the district either makes a commitment of the funds, enters into a contractual arrangement, or ends the assignment.

### **888 Assigned to Other Purposes**

Applicable Fund: (GF)

This account is provided as a means to assign a portion of the district's ending fund balance for items that are not recorded in other accounts. Assignments represent management's or board of director's intended use of resources.

- Credit with amounts to be assigned. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit when the assignments are lifted or converted into commitments or contractual obligations.

### **889 Assigned to Fund Purposes**

Applicable Fund: (ASB, DSF, CPF, TVF, PF)

After the closing of the budgetary, revenue, other financing sources, expenditures, and the establishment of any amounts that are Nonspendable, Restricted, Committed, or otherwise Assigned, this account is equal to the ending available fund balance. The net result of fund operations is summarized in this account. If there is a deficit balance, it should be recorded in General Ledger 890 Unassigned Fund Balance.

In the Debt Service Fund, this account is used for fund balance amounts relating to forest revenues received and have not been transferred to the Capital Projects Fund.

- Credit at the close of the year with the balance of Account 960 Revenues or Account 965 Other Financing Sources.
- Debit or credit with a corresponding increase or decrease in any other 800 Account as appropriate to the fund.
- Debit as a closing entry the balance of Accounts 530 Expenditures or 535 Other Financing Uses (Actual).

**NOTE:** *This transaction should result in a credit balance for Account 889. If it does not, use Account 890 Unassigned Fund Balance instead.*

Capital Projects Fund

- Credit at the close of the fiscal year with all Accounts 960 Revenues and 965 Other Financing Sources with a source-use code of 0. These are items that have not been closed to Accounts 861, 862, 863, 864, 865, 866, or 867.
- Debit at the close of the fiscal year with all of Accounts 530 Expenditures and 535 Other Financing Uses with a source-use code of 0. These are items that have not been closed to Accounts 861, 862, 863, 864, 865, 866, or 867.
- Debit with amounts either Nonspendable, Restricted, Committed, or otherwise Assigned. (Contra entry: credit Account 810, 820, 830, 835, 850, 870, or 884 as appropriate.)
- Credit when restrictions, commitments, or assignments have been removed by the appropriate level of decision making.

**890\* Unassigned Fund Balance**

Applicable Fund: (GF, ASB\*, DSF\*, CPF\*, TVF\*, PF\*)

General Fund only

After the closing of the budgetary, revenue, other financing sources, and expenditure accounts, this account is equal to the excess of assets over liabilities, all Nonspendable amounts set aside, and then all Restrictions, Commitments, and Assignments have been made. The net result of fund operations is summarized in this account.

- Credit at the close of the fiscal year with the balance of Account 960 Revenues or Account 965 Other Financing Sources.
- Debit or credit with a corresponding increase in amounts that are Nonspendable, Restricted, Committed, or Assigned, and are recorded in an 800 Account.
- Debit as a closing entry the balance of Accounts 530 Expenditures or 535 Other Financing Uses (Actual).

All Other Funds

If after the closing of the budgetary, revenue, other financing sources, and expenditure accounts, and the establishment of any amounts that are Nonspendable, Restricted or Committed, a fund other than the General Fund has a deficit balance (that is, a negative fund balance), they would record that deficit in this account. Funds other than the General Fund never record a positive amount in this account.

- Credit at the close of the fiscal year with the balance of Account 960 Revenues or Account 965 Other Financing Sources.
- Debit or credit with a corresponding increase or decrease in any other 800 Account as appropriate to the fund.
- Debit at the close of the fiscal year with the balance of Account 530 Expenditures or Account 535 Other Financing Sources.

**NOTE:** *For all funds other than the General Fund, this entry will result in a debit balance. If it does not, use Account 889 Assigned to Fund Purposes instead.*

### **891 Unassigned to Minimum Fund Balance Policy**

Applicable Fund: (GF)

This account is provided as a means to specifically identify minimum fund balance goals detailed in school board policy. Minimum fund balance policies do not affect the classification of fund balance. Details of the policy and the date of the board action should be included in the Notes to the Financial Statements. The net effect of amounts posted to this account will be combined with GL 890 Unassigned Fund Balance on the F-196.

- Credit with amounts set aside to meet the district's minimum fund balance policy. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit to close as a part of the opening entry, or if the board takes an action to cancel the minimum fund balance policy.

### **898 Prior Year Corrections or Restatements**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF)

This account is used to record the amount of prior year corrections or restatements. A prior period adjustment and the use of GL 898 is considered an adjustment in the beginning fund balance and amounts recorded in the account are temporary in nature.

The total is closed to Account 890 Unassigned Fund Balance at the end of the fiscal year for the General Fund, or Account 889 Assigned to Fund Purposes for all other funds.

## Budgetary, Revenue, and Other Financing Sources Accounts

### **900\*\*\* Appropriations (Optional)**

Applicable Fund: (GF, ASB, DSF, CPF, TVF)

This account is one of the several budgetary accounts that are used to summarize all the budgetary actions of the board of directors except for other financing uses. (See Account 535 for a definition of other financing uses.) This account is used to record the total planned appropriated expenditures.

- Credit with the aggregate of all appropriations in the adopted budget.
- Credit with amounts of supplemental appropriations. (Contra entry: debit Accounts 510 Estimated Revenues, 515 Estimated Other Financing Sources, or 540 Appropriated Fund Balance.)
- Debit with amounts of reductions of appropriations when the board of directors determines that actual revenue will not equal estimated revenue.
- Debit with the closing entry. (Contra entry: credit Accounts 510 Estimated Revenues, 515 Estimated Other Financing Sources, or 540 Appropriated Fund Balance.)
- The credit balance of this account before closing will represent the original or supplemental budgetary appropriations. The subsidiary accounts will be incorporated with the appropriation expenditure ledger.

### **930\*\* Expenditure Contra (530)**

Applicable Fund: (ASB, PPTF, PTF, CF)

This account is used as an offset to all entries made to Account 530 Expenditures. Subsidiary detail is not necessary for this account. All expenditures are recorded in the fund balance account on a current basis, thus requiring this account to balance the entry to expenditure.

- Credit with all debit entries to Account 530 Expenditures.
- Debit with all credit entries to Account 530 Expenditures.
- Debit to close at year-end. (Contra entry: credit Account 530 Expenditures.)

### **960\* Revenues**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

**960\* Additions**

Applicable Fund: (PPTF, PTF)

This account is used to record actual revenues in Revenue Categories 1 through 8 as listed in Chapter 5, Section 1, page 1. Cash basis districts report revenues when received. For accrual districts, revenues include both receipts and accruals. Revenue accruals should be recorded when measurable and available. This account is not used for refunds of expenditures. Refunds of expenditures should be credited to (reduce) the expenditure account. For accrual districts, revenue or additions in trust funds should be recorded when earned.

- Credit with amounts as they become measurable and available. (Contra entry: debit Account 330 Due from Other Governmental Units or Account 340 Accounts Receivable.)
- Debit with closing entry to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (all other funds).

General Fund only

- Credit with noncash receipts for USDA commodities. (Contra entry: debit Account 420 Inventory—Lunchrooms.)

Associated Student Body Fund only

- Credit with revenues.
- Debit with the balance of this account at the close of the fiscal year. (Contra entry: credit Account 560 Revenue Contra (960).

**965 Other Financing Sources**

Applicable Fund: (GF, DSF, CPF, TVF, PF)

This account is used to record the following other financing sources described in Chapter 5 as Revenue Category 9:

- 9100 Sale of Bonds
- 9200 Sale of Real Property
- 9300 Sale of Equipment
- 9400 Compensated Loss of Capital Assets
- 9500 Long-Term Financing
- 9600 Sale of Refunding Bonds

- 9900 Transfers – Redirection of Apportionment
- 9901 Transfers – Other Resources
- Credit with cash receipts representing other financing sources.
- Debit with closing entry to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (DSF, CPF, TVF, PF).

**968 Nonoperating Revenues**

Applicable Fund: (PPTF, PTF)

This account is used only in the trust funds where the principal or corpus may not be expended to record expenditures and losses arising from transactions of trust principal.

- Debit with realized gains associated with trust principal.
- Credit with closing entry to Account 855 Nonspendable Fund Balance—Trust Principal.

## **CHAPTER 5 – Revenues and Other Financing Sources**

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## **INTRODUCTION**

School districts must account for a variety of revenues from several local, state, and federal sources. Revenues include property taxes, grants, state allocations, fines and fees, and many other types. For governmental fund types, second-class districts primarily account for these revenues on the cash basis, while first class districts must use the modified accrual basis. The accrual basis of recognition is generally used for trust funds.

On the cash basis, revenues are recognized when they are received. On the accrual basis, revenues are recognized when they are both measurable and available. Measurable means that the revenue can be determined or reasonably estimated. For revenue to be available, it must be collectable within the current period or soon enough thereafter to pay liabilities of the current fiscal period.

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.

Districts preparing GAAP statements prepare the governmental fund financial statements using the modified accrual basis of accounting but use the accrual basis of accounting for the districtwide statements. See Chapters 1 and 3 for a more detailed discussion of accrual accounting.

### **Sub-Fund Accounting in the General Fund**

Effective for the 2018–19 school year, separate accounting of state and local revenues, and local revenues to expenditures is required. Local revenue means enrichment levies collected under RCW 84.52.053, local effort assistance funding received under chapter 28A.500 RCW, and other school district local revenues including, but not limited to, grants, donations, and state and federal payments in lieu of taxes. Local revenue does not include other federal revenues, or local revenues that operate as an offset to the district's basic education allocation under RCW 28A.150.250

School districts are required to deposit local revenues into a sub-fund of the general fund. For the 2018–19 school year, the State Auditor's Office (SAO) review of school district financial statements related to this requirement will be aimed at ensuring school districts have established a local revenue sub-fund.

The complete list of revenue subsidiary accounts for the General Fund are identified by sub-fund in the table below, beginning on page 5-5. These categories are:

| <b>School District Revenue: Classified by Category</b> |                           |
|--|---------------------------|
| CATEGORIES   | GENERAL LEDGER<br>ACCOUNT |
| 1000 LOCAL TAXES                                       | 960                       |
| 2000 LOCAL SUPPORT NON-TAX                             | 960                       |
| 3000 STATE REVENUE—GENERAL PURPOSE                     | 960                       |
| 4000 STATE REVENUE—SPECIAL PURPOSE                     | 960                       |
| 5000 FEDERAL REVENUE—GENERAL PURPOSE                   | 960                       |
| 6000 FEDERAL REVENUE—SPECIAL PURPOSE                   | 960                       |
| 7000 OTHER SCHOOL DISTRICTS                            | 960                       |
| 8000 OTHER ENTITIES                                    | 960                       |
| 9000 OTHER FINANCING SOURCES                           | 965                       |

In all funds, except for the Associated Student Body Fund and the trust funds, these categories are further divided into specific revenue or other financing source accounts. The subsidiary revenue or other financing source account numbers, titles, and descriptions are uniform for all applicable funds; however, not all accounts are used in each fund. For state reporting purposes, each account is assigned a four-digit revenue account number. The first two digits represent the source of the revenue or other financing source and the last two digits indicate the use of the revenue, if assigned. For example: for Revenue Account 6151 ESEA Disadvantaged—Federal, Title I, Part A, the first digit indicates the source of the revenue as Source 6 Federal Revenue, Special Purpose. The last two digits identify the related program expenditure Account 51 ESEA Disadvantaged—Federal.

Theoretically, it would be possible to use the term *revenues* to describe all inflows of current financial resources in governmental funds. As a practical matter, however, financial statements for governmental funds traditionally have distinguished two categories of resource inflow: *revenues* and *other financing sources*. This latter category has been used to isolate certain non-routine inflows that might otherwise distort the analysis of revenue trends.

Subsidiary accounts in revenue categories 1000 through 8000 listed above are summarized in General Ledger Account 960 Revenues and controlled by establishing

estimates in Account 510 Estimated Revenues. Revenue category 9000 is summarized in General Ledger Account 965 Other Financing Sources and is controlled by establishing estimates in General Ledger Account 515 Estimated Other Financing Sources.

In the Associated Student Body Fund, the source of all revenues is revenue category 2000 Local Non-tax. Financial transactions in the Associated Student Body Fund are further classified into general activities for both revenues and expenditures as follows:

- 100(0) General Student Body
- 200(0) Athletics
- 300(0) Classes
- 400(0) Clubs
- 500(0) (Unassigned)
- 600(0) Private Moneys

**Note:** See Chapter 12 – Associated Student Body Fund Accounting for more detail of proper classification of ASB activities.

The following pages contain a complete list of the subsidiary accounts for the General Fund, Capital Projects Fund, Debt Service Fund, and Transportation Vehicle Fund as of the printing of this manual. Districts should update their manuals as changes occur to ensure use of the applicable accounts. The list of subsidiary revenue accounts is in account number sequence and indicates the funds in which these account numbers can be used. A description of the revenue accounts and references, where appropriate, follow the list.

For Private-Purpose Trust Funds, each individual trust shall be assigned a unique identifying number to be used to record revenues and expenses for the individual trust.

Numbering series are assigned as follows:

- 100(0) Series: Scholarships
- 200(0) Series: Student Aid
- 300(0) Series: Other

## **CODING OF REVENUES AND OTHER FINANCING SOURCES**

Revenues and Other Financing Sources are structured by the source of the funds.

- 1000 Local Taxes
- 2000 Local Support Non-Tax
- 3000 State Revenue—General Purpose
- 4000 State Revenue—Special Purpose
- 5000 Federal Revenue—General Purpose
- 6000 Federal Revenue—Special Purpose
- 7000 Other School Districts
- 8000 Other Entities
- 9000 Other Financing Sources

Within each of the general categories above, the second digit may further designate the revenue source, as in the 4000 and 6000 series. See notes preceding these sections. The last two digits signify the program for which the revenue is designated. Accounts ending in 00 contain the revenues for which individual program codes have not been established and for which OSPI does not require individual breakouts. Districts add additional coding to keep individual revenues segregated for program, budget, and audit requirements.

*For example, for revenue code **6124**:*

- 6** Indicates Federal Revenue—Special Purpose.
- 1** Indicates revenues that come to the district through OSPI.
- 24** Indicates the program; in this case, Special Education—Supplemental.

### **Deductible Revenues**

The following General Fund revenues of the school district reduce the state payment to the district in Revenue 3100 Apportionment. Resources received for these accounts in the debt service, capital project, and transportation vehicle funds are not deductible revenues.

- 1400 Local in Lieu of Taxes
- 5400 Federal in Lieu of Taxes

After receipting the revenues, districts should compare what they receive to what is deducted on apportionment to determine if it is appropriate to record a liability in General Ledger 630 Due to Other Government Units.

## **REVENUES AND OTHER FINANCING SOURCES BY FUND**

Fund abbreviations used, describe which revenue codes may be used within each fund:

### Fund Abbreviations

GFS General Fund—State and Other Sub-Fund 10

GFL General Fund—Enrichment Sub-Fund 11

CPF Capital Projects Fund

DSF Debt Service Fund

TVF Transportation Vehicle Fund

| <b>LIST OF REVENUES AND OTHER FINANCING SOURCES BY FUND</b> |  |           |           |     |     |     |    |
|---|--|-----------|-----------|-----|-----|-----|----|
| <b>"na" indicates the account is closed in that fund.</b>   |  |           |           |     |     |     |    |
| Account   | Title  | GF        |           | DSF | CPF | TVF |    |
|   |  | GFS<br>10 | GFL<br>11 |     |     |     |    |
| <b>1000</b>   | <b>Local Taxes (GL 960)</b>  |           |           |     |     |     |    |
| 1100  | Local Property Tax   | na        |           |     |     |     |    |
| 1300  | Sale of Tax Title Property   | na        |           |     |     |     |    |
| 1400  | Local in Lieu of Taxes   |           | na        |     |     |     |    |
| 1500  | Timber Excise Tax  | na        |           |     |     |     |    |
| 1600  | County-Administered Forests  | na        |           |     |     |     |    |
| 1900  | Other Local Taxes  | na        |           |     |     |     |    |
| <b>2000</b>   | <b>Local Support Non-Tax (GL 960)</b>                                    |           |           |     |     |     |    |
| 2100  | Tuition and Fees—Unassigned  | na        |           | na  | na  | na  | na |
| 2122  | Special Education—Infants and Toddlers—<br>Tuition and Fees              | na        |           | na  | na  | na  | na |
| 2131  | Secondary Vocational Education—Tuition<br>and Fees                       | na        |           | na  | na  | na  | na |
| 2145  | Skill Center—Tuition and Fees  | na        |           | na  | na  | na  | na |
| 2171  | Traffic Safety—Education Fees  | na        |           | na  | na  | na  | na |
| 2173  | Summer School—Tuition and Fees   | na        |           | na  | na  | na  | na |
| 2186  | Community School—Tuition and Fees  | na        |           | na  | na  | na  | na |
| 2188  | Child Care—Tuition and Fees  | na        |           | na  | na  | na  | na |
| 2200  | Sales of Goods, Supplies, and Services—<br>Unassigned                    | na        |           | na  |     |     |    |
| 2231  | Secondary Vocational Education—Sales of<br>Goods, Supplies, and Services | na        |           | na  | na  | na  | na |

| <b>LIST OF REVENUES AND OTHER FINANCING SOURCES BY FUND</b> |   |           |           |     |     |     |    |
|---|---|-----------|-----------|-----|-----|-----|----|
| <b>"na" indicates the account is closed in that fund.</b>   |   |           |           |     |     |     |    |
| Account   | Title   | GF        |           | DSF | CPF | TVF |    |
|   |   | GFS<br>10 | GFL<br>11 |     |     |     |    |
| 2245  | Skill Center—Sales of Goods, Supplies, and Services             | na        |           | na  | na  | na  |    |
| 2288  | Child Care—Sales of Goods, Supplies, and Services               | na        |           | na  | na  | na  |    |
| 2289  | Other Community Services—Sales of Goods, Supplies, and Services | na        |           | na  | na  | na  |    |
| 2298  | School Food Services—Sales of Goods, Supplies, and Services     |           | na        | na  | na  | na  |    |
| 2300  | Investment Earnings   | na        |           |     |     |     |    |
| 2400  | Interfund Loan Interest Earnings                                | na        |           | na  |     |     | na |
| 2450  | Other Interest Earnings   | na        |           |     |     |     |    |
| 2500  | Gifts, Grants, and Donations (Local)                            | na        |           | na  |     |     |    |
| 2600  | Fines and Damages   | na        |           | na  |     |     |    |
| 2700  | Rentals and Leases  | na        |           |     |     |     |    |
| 2800  | Insurance Recoveries  | na        |           | na  |     |     |    |
| 2900  | Local Support Non-Tax—Unassigned                                | na        |           |     |     |     |    |
| 2910  | E-Rate  | na        |           | na  |     |     | na |
| 2998  | Local School Food Services – non NSLP                           | na        |           | na  | na  |     | na |
| <b>3000</b>   | <b>State Revenue—General Purpose (GL 960)</b>                   |           |           |     |     |     |    |
| 3100  | Apportionment   |           | na        | na  | na  |     | na |
| 3121  | Special Education—General Apportionment                         |           | na        | na  | na  |     | na |
| 3300  | Local Effort Assistance   | na        |           | na  | na  |     | na |
| 3600  | State Forests   | na        |           |     |     |     |    |
| 3900  | Other State General Purpose—Unassigned                          |           | na        |     |     |     | na |
| <b>4000</b>   | <b>State Revenue—Special Purpose (GL 960)</b>                   |           |           |     |     |     |    |
| 4100  | Special Purpose—Unassigned                                      |           | na        | na  |     |     |    |
| 4121  | Special Education   |           | na        | na  | na  |     | na |
| 4122  | Special Education—Infants and Toddlers—State                    |           | na        | na  | na  |     | na |
| 4126  | State Institutions—Special Education                            |           | na        | na  | na  |     | na |
| 4130  | State Funding Assistance—Paid Direct to District                | na        | na        | na  |     |     | na |
| 4139  | Career Launch   |           | na        | na  | na  |     | na |
| 4155  | Learning Assistance   |           | na        | na  | na  |     | na |

| <b>LIST OF REVENUES AND OTHER FINANCING SOURCES BY FUND</b> |   |           |           |     |     |     |    |
|---|---|-----------|-----------|-----|-----|-----|----|
| <b>"na" indicates the account is closed in that fund.</b>   |   |           |           |     |     |     |    |
| Account   | Title   | GF        |           | DSF | CPF | TVF |    |
|   |   | GFS<br>10 | GFL<br>11 |     |     |     |    |
| 4156  | State Institutions, Centers, and Homes—<br>Delinquent |           | na        | na  | na  | na  |    |
| 4158  | Special and Pilot Programs                            |           | na        | na  | na  | na  |    |
| 4159  | Institutions—Juveniles in Adult Jails                 |           | na        | na  | na  | na  |    |
| 4165  | Transitional Bilingual                                |           | na        | na  | na  | na  |    |
| 4171  | Traffic Safety Education—Inactive Account             |           | na        | na  | na  | na  |    |
| 4174  | Highly Capable  |           | na        | na  | na  | na  |    |
| 4188  | Child Care  | na        |           | na  | na  | na  |    |
| 4198  | School Food Services                                  |           | na        | na  | na  | na  |    |
| 4199  | Transportation—Operations                             |           | na        | na  | na  | na  |    |
| 4230  | State Funding Assistance—Paid Direct to<br>Contractor | na        | na        | na  |     |     | na |
| 4300  | Other State Agencies—Unassigned                       |           | na        | na  |     |     |    |
| 4321  | Special Education                                     |           | na        | na  | na  | na  |    |
| 4322  | Special Education—Infants and Toddlers—<br>State      |           | na        | na  | na  | na  |    |
| 4326  | State Institutions—Special Education                  |           | na        | na  | na  | na  |    |
| 4330  | State Funding Assistance—Other                        | na        | na        | na  |     |     | na |
| 4356  | State Institutions—Centers and Homes                  |           | na        | na  | na  | na  |    |
| 4358  | Special and Pilot Programs                            |           | na        | na  | na  | na  |    |
| 4365  | Transitional Bilingual                                |           | na        | na  | na  | na  |    |
| 4388  | Child Care—Other State Agencies                       | na        |           | na  | na  | na  |    |
| 4398  | School Food Services                                  |           | na        | na  | na  | na  |    |
| 4399  | Transportation—Operations                             |           | na        | na  | na  | na  |    |
| 4499  | Transportation—Depreciation                           | na        | na        | na  | na  |     |    |
| <b>5000</b>   | <b>Federal Revenue—General Purpose (GL 960)</b>       |           |           |     |     |     |    |
| 5200  | General Purpose Direct Federal Grants—<br>Unassigned  |           | na        |     |     |     |    |
| 5300  | Impact Aid—Maintenance and Operations                 | na        |           |     |     |     |    |
| 5329  | Impact Aid—Special Education Funding                  | na        |           | na  | na  | na  |    |
| 5400  | Federal in Lieu of Taxes                              |           | na        |     |     |     |    |
| 5500  | Federal Forests                                       | na        |           |     |     |     | na |
| 5600  | Qualified Bond Interest Credit—Federal                | na        |           |     |     |     |    |

| <b>LIST OF REVENUES AND OTHER FINANCING SOURCES BY FUND</b>  |  |           |           |     |     |     |    |
|--|--|-----------|-----------|-----|-----|-----|----|
| <b>"na" indicates the account is closed in that fund.</b>  |  |           |           |     |     |     |    |
| Account  | Title  | GF        |           | DSF | CPF | TVF |    |
|  |  | GFS<br>10 | GFL<br>11 |     |     |     |    |
| <b>6000</b>  | <b>Federal Revenue—Special Purpose (GL 960)</b>                    |           |           |     |     |     |    |
| <b>Note: Federal revenues received through OSPI use 61 as the first two digits in their four-digit revenue code. USDA commodities, however, are recorded in Revenue Account 6998 USDA Commodities.</b> |  |           |           |     |     |     |    |
| 6100   | Special Purpose—OSPI Unassigned                                    |           | na        | na  | na  |     |    |
| 6111   | Special Purpose—GEER   |           | na        | na  |     |     | na |
| 6112   | Special Purpose—ESSER II   |           | na        | na  |     |     | na |
| 6113   | Special Purpose—ESSER III  |           | na        | na  |     |     | na |
| 6114   | Special Purpose—ESSER III—Supplemental—<br>Learning Loss           |           | na        | na  | na  |     | na |
| 6118   | Special Purpose—Reserved G   |           | na        | na  | na  |     | na |
| 6119   | Special Purpose—Reserved H   |           | na        | na  | na  |     | na |
| 6121   | Special Education—Medicaid<br>Reimbursements                       |           | na        | na  | na  |     | na |
| 6122   | Special Education—Infants and Toddlers—<br>Medicaid Reimbursements |           | na        | na  | na  |     | na |
| 6123   | Special Education—ARP—IDEA—Federal                                 |           | na        | na  | na  |     | na |
| 6124   | Special Education—Supplemental                                     |           | na        | na  | na  |     | na |
| 6125   | Special Education—Infants and Toddlers—<br>Federal                 |           | na        | na  | na  |     | na |
| 6138   | Secondary Vocational Education                                     |           | na        | na  | na  |     | na |
| 6140   | Impact Aid—Construction  | na        | na        | na  |     |     | na |
| 6146   | Skill Center   |           | na        | na  | na  |     | na |
| 6151   | ESEA Disadvantaged—Federal   |           | na        | na  | na  |     | na |
| 6152   | Other Title Grants Under ESEA—Federal                              |           | na        | na  | na  |     | na |
| 6153   | ESEA Migrant—Federal   |           | na        | na  | na  |     | na |
| 6154   | Reading First  |           | na        | na  | na  |     | na |
| 6157   | Institutions—Neglected and Delinquent                              |           | na        | na  | na  |     | na |
| 6161   | Head Start   | na        |           | na  | na  |     | na |
| 6162   | Math and Science—Professional<br>Development                       |           | na        | na  | na  |     | na |
| 6164   | Limited English Proficiency  |           | na        | na  | na  |     | na |
| 6167   | Indian Education—JOM   |           | na        | na  | na  |     | na |
| 6168   | Indian Education—ED  |           | na        | na  | na  |     | na |
| 6176   | Targeted Assistance  |           | na        | na  |     |     | na |
| 6178   | Youth Training Programs  |           | na        | na  | na  |     | na |

| <b>LIST OF REVENUES AND OTHER FINANCING SOURCES BY FUND</b>   |  |           |           |     |     |     |    |
|---|--|-----------|-----------|-----|-----|-----|----|
| <b>"na" indicates the account is closed in that fund.</b>   |  |           |           |     |     |     |    |
| Account   | Title  | GF        |           | DSF | CPF | TVF |    |
|   |  | GFS<br>10 | GFL<br>11 |     |     |     |    |
| 6188  | Child Care   | na        |           | na  | na  | na  |    |
| 6189  | Other Community Services   | na        |           | na  | na  | na  |    |
| 6198  | School Food Services   |           | na        | na  | na  | na  |    |
| 6199  | Transportation—Operations  |           | na        | na  | na  | na  |    |
| <b>Note: Federal revenues received directly from federal government agencies use 62 as the first two digits in their four-digit revenue code.</b> |  |           |           |     |     |     |    |
| 6200  | Direct Special Purpose Grants                                      |           | na        | na  |     |     |    |
| 6211  | Special Purpose—GEER   |           | na        | na  |     |     | na |
| 6212  | Special Purpose—ESSER II   |           | na        | na  |     |     | na |
| 6213  | Special Purpose—ESSER III  |           | na        | na  |     |     | na |
| 6214  | Special Purpose—ESSER III—Supplemental—<br>Learning Loss           |           | na        | na  | na  | na  |    |
| 6218  | Special Purpose—Reserved G   |           | na        | na  | na  | na  |    |
| 6219  | Special Purpose—Reserved H   |           | na        | na  | na  | na  |    |
| 6221  | Special Education—Medicaid<br>Reimbursements                       |           | na        | na  | na  | na  |    |
| 6222  | Special Education—Infants and Toddlers—<br>Medicaid Reimbursements |           | na        | na  | na  | na  |    |
| 6223  | Special Education—ARP—IDEA   |           | na        | na  | na  | na  |    |
| 6224  | Special Education—Supplemental                                     |           | na        | na  | na  | na  |    |
| 6225  | Special Education—Infants and Toddlers—<br>Federal                 |           | na        | na  | na  | na  |    |
| 6238  | Secondary Vocational Education                                     |           | na        | na  | na  | na  |    |
| 6240  | Impact Aid—Construction  | na        | na        | na  |     |     | na |
| 6246  | Skill Center   |           | na        | na  | na  | na  |    |
| 6251  | ESEA Disadvantaged—Federal   |           | na        | na  | na  | na  |    |
| 6252  | Other Title Grants Under ESEA—Federal                              |           | na        | na  | na  | na  |    |
| 6253  | ESEA Migrant—Federal   |           | na        | na  | na  | na  |    |
| 6254  | Reading First  |           | na        | na  | na  | na  |    |
| 6257  | Institutions—Neglected and Delinquent                              |           | na        | na  | na  | na  |    |
| 6261  | Head Start   | na        |           | na  | na  | na  |    |
| 6262  | Math and Science—Professional<br>Development                       |           | na        | na  | na  | na  |    |
| 6264  | Limited English Proficiency  |           | na        | na  | na  | na  |    |
| 6267  | Indian Education—JOM   |           | na        | na  | na  | na  |    |
| 6268  | Indian Education—ED  |           | na        | na  | na  | na  |    |
| 6276  | Targeted Assistance  |           | na        | na  |     |     | na |

| <b>LIST OF REVENUES AND OTHER FINANCING SOURCES BY FUND</b>   |  |           |           |     |     |     |    |
|---|--|-----------|-----------|-----|-----|-----|----|
| <b>"na" indicates the account is closed in that fund.</b>   |  |           |           |     |     |     |    |
| Account   | Title  | GF        |           | DSF | CPF | TVF |    |
|   |  | GFS<br>10 | GFL<br>11 |     |     |     |    |
| 6278  | Youth Training Programs  |           | na        | na  | na  | na  |    |
| 6288  | Child Care   | na        |           | na  | na  | na  |    |
| 6289  | Other Community Services   | na        |           | na  | na  | na  |    |
| 6298  | School Food Services   |           | na        | na  | na  | na  |    |
| 6299  | Transportation—Operations  |           | na        | na  | na  | na  |    |
| <b>Note: Federal revenues received from non-federal agencies or entities other than OSPI use 63 as the first two digits in their four-digit revenue code.</b> |  |           |           |     |     |     |    |
| 6300  | Federal Grants Through Other Entities—<br>Unassigned               |           | na        | na  |     |     |    |
| 6310  | Medicaid Administrative Match                                      |           | na        | na  | na  | na  |    |
| 6311  | Special Purpose—GEER   |           | na        | na  |     |     | na |
| 6312  | Special Purpose—ESSER II   |           | na        | na  |     |     | na |
| 6313  | Special Purpose—ESSER III  |           | na        | na  |     |     | na |
| 6314  | Special Purpose—ESSER III—Supplemental—<br>Learning Loss           |           | na        | na  | na  | na  |    |
| 6318  | Special Purpose—Reserved G   |           | na        | na  | na  | na  |    |
| 6319  | Special Purpose—Reserved H   |           | na        | na  | na  | na  |    |
| 6321  | Special Education—Medicaid<br>Reimbursements                       |           | na        | na  | na  | na  |    |
| 6322  | Special Education—Infants and Toddlers—<br>Medicaid Reimbursements |           | na        | na  | na  | na  |    |
| 6323  | Special Education—ARP—IDEA   |           | na        | na  | na  | na  |    |
| 6324  | Special Education—Supplemental                                     |           | na        | na  | na  | na  |    |
| 6325  | Special Education—Infants and Toddlers—<br>Federal                 |           | na        | na  | na  | na  |    |
| 6338  | Secondary Vocational Education                                     |           | na        | na  | na  | na  |    |
| 6340  | Impact Aid—Construction  | na        | na        | na  |     |     | na |
| 6346  | Skill Center   |           | na        | na  | na  | na  |    |
| 6351  | ESEA Disadvantaged—Federal   |           | na        | na  | na  | na  |    |
| 6352  | Other Title Grants Under ESEA—Federal                              |           | na        | na  | na  | na  |    |
| 6353  | ESEA Migrant—Federal   |           | na        | na  | na  | na  |    |
| 6354  | Reading First  |           | na        | na  | na  | na  |    |
| 6357  | Institutions—Neglected and Delinquent                              |           | na        | na  | na  | na  |    |
| 6361  | Head Start   | na        |           | na  | na  | na  |    |
| 6362  | Math and Science—Professional<br>Development                       |           | na        | na  | na  | na  |    |
| 6364  | Limited English Proficiency  |           | na        | na  | na  | na  |    |

| <b>LIST OF REVENUES AND OTHER FINANCING SOURCES BY FUND</b> |  |           |           |     |     |     |    |
|---|--|-----------|-----------|-----|-----|-----|----|
| <b>"na" indicates the account is closed in that fund.</b>   |  |           |           |     |     |     |    |
| Account   | Title  | GF        |           | DSF | CPF | TVF |    |
|   |  | GFS<br>10 | GFL<br>11 |     |     |     |    |
| 6367  | Indian Education—JOM   |           | na        | na  | na  | na  |    |
| 6368  | Indian Education—ED  |           | na        | na  | na  | na  |    |
| 6376  | Targeted Assistance  |           | na        | na  |     |     | na |
| 6378  | Youth Training Programs  |           | na        | na  | na  | na  |    |
| 6388  | Child Care   | na        |           | na  | na  | na  |    |
| 6389  | Other Community Services   | na        |           | na  | na  | na  |    |
| 6398  | School Food Services   |           | na        | na  | na  | na  |    |
| 6399  | Transportation—Operations  |           | na        | na  | na  | na  |    |
| 6998  | USDA Commodities   |           | na        | na  | na  | na  |    |
| <b>7000</b>   | <b>Other School Districts (GL 960)</b>                               |           |           |     |     |     |    |
| 7100  | Program Participation—Unassigned                                     |           | na        | na  |     |     | na |
| 7121  | Special Education  |           | na        | na  | na  | na  |    |
| 7122  | Special Education—Infants and Toddlers                               |           | na        | na  | na  | na  |    |
| 7131  | Vocational Education   |           | na        | na  | na  | na  |    |
| 7145  | Skill Center   |           | na        | na  | na  | na  |    |
| 7147  | Skill Center—Facility Upgrades                                       |           | na        | na  | na  | na  |    |
| 7189  | Other Community Services   | na        |           | na  | na  | na  |    |
| 7197  | Support Services   |           | na        | na  | na  | na  |    |
| 7198  | School Food Services   |           | na        | na  | na  | na  |    |
| 7199  | Transportation   |           | na        | na  | na  | na  |    |
| 7301  | Nonhigh Participation  | na        |           | na  | na  | na  |    |
| <b>8000</b>   | <b>Other Entities (GL 960)</b>                                       |           |           |     |     |     |    |
| 8100  | Governmental Entities  |           | na        |     |     |     |    |
| 8101  | Governmental Entities—Enrichment                                     | na        |           | na  | na  | na  |    |
| 8188  | Child Care   | na        |           | na  | na  | na  |    |
| 8189  | Community Services   | na        |           | na  | na  | na  |    |
| 8198  | School Food Services   |           | na        | na  | na  | na  |    |
| 8199  | Transportation   |           | na        | na  | na  | na  |    |
| 8200  | Private Foundations  | na        |           | na  | na  | na  |    |
| 8500  | Educational Service Districts  |           | na        | na  |     |     |    |
| 8521  | Educational Service Districts—Special Education                      |           | na        | na  | na  | na  |    |
| 8522  | Educational Service Districts—Special Education—Infants and Toddlers |           | na        | na  | na  | na  |    |

| <b>LIST OF REVENUES AND OTHER FINANCING SOURCES BY FUND</b> |  |           |           |     |     |     |    |
|---|--|-----------|-----------|-----|-----|-----|----|
| <b>"na" indicates the account is closed in that fund.</b>   |  |           |           |     |     |     |    |
| Account   | Title                                    | GF        |           | DSF | CPF | TVF |    |
|   |  | GFS<br>10 | GFL<br>11 |     |     |     |    |
| <b>9000</b>   | <b>Other Financing Sources (GL 965)</b>  |           |           |     |     |     |    |
| 9100  | Sale of Bonds                            | na        |           |     |     |     |    |
| 9200  | Sale of Real Property                    | na        |           |     |     |     | na |
| 9300  | Sale of Equipment                        | na        |           | na  | na  |     |    |
| 9400  | Compensated Loss of Capital Assets       | na        |           | na  |     |     |    |
| 9500  | Long-Term Financing                      | na        |           | na  |     |     |    |
| 9600  | Sale of Refunding Bonds                  | na        | na        |     | na  |     | na |
| 9900  | Transfers – Redirection of Apportionment |           | na        |     |     |     |    |
| 9901  | Transfers – Other Resources              | na        |           |     |     |     |    |

## 1000 Local Taxes (GL 960)

### **1100 Local Property Tax**

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

Record revenue from real and personal property tax collections. Joint local property taxes received by a county other than the primary county should be recognized as revenue when the secondary county receives it.

(Reference: RCW 84.52.050, 84.52.053, 84.52.056.)

### **1300 Sale of Tax Title Property**

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

Record revenue from the district's share of the proceeds from sales of properties acquired by the county through foreclosure of tax liens.

(Reference: RCW 36.35.120 and 35.49.160.)

### **1400 Local in Lieu of Taxes**

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

Record revenue from local sources in lieu of property tax. If these amounts are from another tax that is substituting for the property tax, it should be recorded in the

specific in lieu of tax revenue account provided for it or, if there is no specific revenue account otherwise provided, in Revenue Account 1900 Other Local Taxes.

(Reference: RCW 35.82.210, 35.83.040, 79.66.100.)

**Note:** The General Fund revenue in this account reduces the state payment to the district in Revenue Account 3100 Apportionment.

***1500 Timber Excise Tax***

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

Record revenue from the tax distributed to counties by the Department of Revenue. The amounts received from the Timber-Assessed Valuation (TAV) distributions represent a portion of the special levy.

(Reference: RCW 84.33.081.)

***1600 County-Administered Forests***

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

Record revenue from the district's share of income produced from the utilization or depletion of natural resources existing in lands acquired by the county through foreclosures of tax liens. This account should be used only by school districts in certain counties (primarily Grays Harbor County), which have elected not to deed such lands to the state. Revenue from similar lands in other counties has been deeded by those counties to the State Forest Board and is recorded in Revenue Account 3600 State Forests.

***1900 Other Local Taxes***

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

Record revenue from other local taxes that do not belong in Revenue Accounts 1100 through 1600.

**2000 Local Support Non-Tax (GL 960)**

Revenue recorded under this category includes those locally generated resources not resulting from tax assessments.

**2100 Tuition and Fees—Unassigned**

Applicable Fund: (GFL)

Record revenue from tuition and fees to attend or participate in an activity or academic event not assigned to another specific revenue account. This should include revenues from tuition and fees not funded by basic education, or levy.

(Reference: AGO 73-11.)

**2122 Special Education—Infants and Toddlers—Tuition and Fees**

Applicable Fund: (GFL)

Record fees collected from parents for the provision of early intervention services to children with disabilities from birth through age two.

**2131 Secondary Vocational Education—Tuition and Fees**

Applicable Fund: (GFL)

Record revenue from tuition paid by nonresident students to attend vocational education programs.

**2145 Skill Center—Tuition and Fees**

Applicable Fund: (GFL)

Record revenue from tuition and fees charged to students enrolled in a course offered in a skill center.

**2171 Traffic Safety—Education Fees**

Applicable Fund: (GFL)

Record revenue from traffic safety education fees paid by an enrolled student in a traffic safety education course. These fees must be used to pay costs of traffic safety education courses and may not exceed total expenditures in Program 71.

(Reference: RCW 28A.220.040.)

**2173 Summer School—Tuition and Fees**

Applicable Fund: (GFL)

Record revenue from tuition and fees charged to summer school students.

(Reference: RCW 28A.320.500.)

**2186 Community School—Tuition and Fees**

Applicable Fund: (GFL)

Record revenue from fees charged to students in community education (schools) programs.

(Reference: RCW 28A.620.020.)

**2188 Child Care—Tuition and Fees**

Applicable Fund: (GFL)

Record revenue from tuition and fees for district-provided child care. Do not include payments from OSPI or other state agencies.

(Reference: RCW 28A.215.010.)

**2200 Sales of Goods, Supplies, and Services—Unassigned**

Applicable Fund: (GFL, CPF, TVF)

Record revenue derived from the sales of goods, supplies, and services that is not assigned to a specific program. Include classroom fees that represent the sale of optional student materials or project materials consumed or kept by the student. Include fees that represent the sale of services.

(Reference: AGO 73-11, RCW 28A.335.090, RCW 39.33.070.)

**2231 Secondary Vocational Education—Sales of Goods, Supplies, and Services**

Applicable Fund: (GFL)

Record revenue from the sales of goods, supplies, and services by the secondary vocational education program. Include the sale of supplies used by students in projects.

**2245 Skill Center—Sales of Goods, Supplies, and Services**

Applicable Fund: (GFL)

Record revenue from sales by auxiliary enterprises that provide goods and services to students and to the public by operating as part of an instructional program in the skill center, that is, Program 45.

**2288 Child Care—Sales of Goods, Supplies, and Services**

Applicable Fund: (GFL)

Record revenue from the sales of goods, supplies, or services by the child care program. Also record revenue from the sale of meals in the Child Care Food Program. Do not use this revenue account to record federal meal reimbursements.

**2289 Other Community Services—Sales of Goods, Supplies, and Services**

Applicable Fund: (GFL)

Record revenue from the sales of goods, supplies, services, or non-to-from transportation by the community service program. Also record revenue from the sale of meals and a la carte items in the summer food service program and other community service programs when the expenditures have been recorded in Program 89 (such charges should recover cost of labor, materials, and indirect costs). Revenue from catering is also recorded here.

Additionally, record revenue from bus riders for the use of the district's school buses, such as reimbursements from community groups. Transportation operation allocation received from the state is recorded in Revenue Account 4199 Transportation—Operations.

**2298 School Food Services—Sales of Goods, Supplies, and Services**

Applicable Fund: (GFS)

Record revenue from the sale of meals and a la carte items served during the regular school day. Exclude revenues from the sale of meals and a la carte items served in the child care food program, which are recorded in Revenue Account 2288. Also exclude revenues from the sale of meals and a la carte items in the summer food and community service programs, which are recorded in Revenue Account 2289.

(Reference: RCW 28A.235.100, chapter 392-157 WAC.)

**2300 Investment Earnings**

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

Record revenue from the investment of moneys. This also includes earnings from depository bank accounts and apportionment advances. Investment service fees charged by the county treasurer or other qualified public depositories should be netted from the earnings amount recorded as district revenue.

(Reference: RCW 28A.320.320.)

**2400 Interfund Loan Interest Earnings**

Applicable Fund: (GFL, CPF)

Record revenue from interest proceeds received by a loaning fund for a temporary loan to another borrowing fund. The interest rate charged shall not be less than the current county warrant interest rate. Interfund loans must be accomplished by a formal resolution approved by the board of directors.

(Reference: WAC 392-123-150.)

**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.)

**2500 Gifts, Grants, and Donations (Local)**

Applicable Fund: (GFL, CPF, TVF)

Record revenue from gifts, grants, conveyances, devices, and bequests of personal or real property, in trust or otherwise, for use or benefit of the district or its students. The board of directors shall administer the proceeds from these receipts for scholarship, instructional, and student aid purposes in accordance with applicable terms and conditions. For information on recording PPTF additions, refer to Chapter 13. Amounts from private foundations that are material in nature are recorded in Revenue 8200, Private Foundations.

(Reference: RCW 28A.320.030.)

**2600 Fines and Damages**

Applicable Fund: (GFL, CPF, TVF)

Record revenue from individuals for fines imposed for destruction of school property, and for payments made to reimburse the district for damage done to school property.

Refundable deposits made to cover the damage or loss of loaned textbooks and materials should not be recorded in this account, but instead in General Ledger Account 650 Deposits. When the refund will not be made because of loss or damage, this revenue account shall be credited and the 650-account debited.

(Reference: RCW 28A.635.060.)

**2700 Rentals and Leases**

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

Record revenue from the lease, rental, or occasional use of school property. Revenues derived from these sources shall be deposited in the Capital Projects Fund or Debt Service Fund, except for moneys required to be expended for maintenance, utility insurance, or any other costs associated with the lease or rental of such property, which must be deposited in the district's General Fund.

Rental and lease revenue may be deposited to the General Fund to be used exclusively for nonrecurring costs related to operating school facilities including, but not limited to, expenses for maintenance at the option of the board of directors and after an evaluation of the sufficiency of the Capital Projects Fund to meet demands for new construction and improvements.

Revenues derived from personal property of the district shall be deposited in the General Fund.

(Reference: RCW 28A.335.060, 28A.335.150, and WAC 392-142-255.)

**2800 Insurance Recoveries**

Applicable Fund: (GFL, CPF, TVF)

Record revenue from an insurer for damages incurred by the district.

Refer to Revenue Account 9400 Compensated Loss of Capital Assets for insurance recoveries for capital assets.

**2900 Local Support Non-Tax—Unassigned**

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

Record revenue from any local non-tax source for which a specific revenue account is not provided. Include in this account items such as county-assessed impact fees and the difference in the amount recorded as revenue and the amount actually deposited (cash over and short.)

**2910 E-Rate**

Applicable Fund: (GFL, CPF)

Record revenue from the Universal Service Fund discounts for telecommunications, internet access, and internal connections.

**2998 Local School Food Services—non NSLP**

Applicable Fund: (GFL)

Record 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.)

**3000 State Revenue—General Purpose (GL 960)**

**3100 Apportionment**

Applicable Fund: (GFS)

Record revenue from the State General Fund for the operation of the basic education program in the common schools, including apportionment advances. Amounts distributed through the apportionment payment system that are not part of the basic education allocation are not to be recorded in this account.

Refer to Revenue Account 2300 Investment Earnings for investment earnings from advances of apportionment.

(Reference: RCW 28A.150.380 and 28A.510.250.)

**Note:** The General Fund revenue in accounts 1400, 1600, 3600, and 5400 are equalized in this account.

**3121 Special Education—General Apportionment**

Applicable Fund: (GFS)

Record general apportionment revenue from OSPI to the special education program. This revenue is redirected by OSPI to the Special Education program under the Washington State Excess Costs methodology adopted Fall of 2007.

(Reference: 2007–09 State Biennial Operating Budget, Section 507.)

**3300 Local Effort Assistance**

Applicable Fund: (GFL)

Record revenue from the state that is meant to lessen the impact of high property tax rates due to low property valuations.

(Reference: RCW 28A.500.010.)

**3600 State Forests**

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

Record revenue from the Department of Natural Resources distributed to school districts from the lease of State Forest Board lands or from the sale of forest and mineral products from those lands.

(Reference: RCW 79.64.110.)

**3900 Other State General Purpose—Unassigned**

Applicable Fund: (GFS, DSF, CPF)

Record revenue for general purposes from the state for which a specific revenue account has not been provided.

**4000 State Revenue—Special Purpose (GL 960)**

**Coding Notes:**

- Revenues beginning with **41** are state revenues that come to the district through OSPI.
- Revenues beginning with **42** are state revenues paid directly to vendors or contractors by the state on the district's behalf.
- Revenues beginning with **43** are state revenues that come to the district through other state agencies.

**4100 Special Purpose—Unassigned**

Applicable Fund: (GFS, CPF, TVF)

Record revenue from OSPI for special purpose programs for which a specific revenue account has not been provided. This includes amounts paid to the district by OSPI for district employees, including substitute teacher reimbursement, to attend meetings or conferences sponsored by OSPI.

**4121 Special Education**

Applicable Fund: (GFS)

Record revenue from OSPI for programs that provide for the education of students with disabilities including preschool. Also, include revenues for home hospital per WAC 392-172A-02100.

(Reference: RCW 28A.155.010, 28A.155.020, 28A.155.050, 28A.155.070.)

**4122 Special Education—Infants and Toddlers—State**

Applicable Fund: (GFS)

Record revenues from OSPI for providing early intervention services to children with disabilities. Only money received for services for children from birth through age two are included.

(Reference: RCW 28A.155.065.)

**4126 State Institutions—Special Education**

Applicable Fund: (GFS)

Record revenue from OSPI for programs in institutions for persons with disabilities. The institutions are established by DSHS for care and treatment of persons with exceptional needs by reason of mental or physical deficiency.

**4130 State Funding Assistance—Paid Direct to District**

Applicable Fund: (CPF)

Record revenue from OSPI assistance moneys paid directly to the district for renovation or construction of school plant facilities.

State assistance moneys paid directly to contractors are recorded in Revenue Account 4230 State Funding Assistance—Paid Direct to Contractor. State assistance moneys paid to districts by state agencies other than OSPI are recorded in Revenue Account 4330 State Funding Assistance—Other.

**4139 Career Launch**

Applicable Fund: (GFS)

Record revenue from OSPI supporting career connected learning opportunities and student enrollment in the Career Launch program.

**4155 Learning Assistance**

Applicable Fund: (GFS)

Record revenue from OSPI that provides learning assistance programs to public school students who are deficient in basic skills.

(Reference: RCW 28A.165.070.)

**4156 State Institutions, Centers, and Homes—Delinquent**

Applicable Fund: (GFS)

Record revenue from OSPI for education of juveniles in residential facilities operated by the Department of Social and Health Services, detention centers operated by counties, and adult correctional facilities operated by the Department of Corrections.

(Reference: Chapter 28A.190 RCW, RCW 13.04.145, chapter 244 Laws of 1998, and chapter 392-122 WAC.)

**4158 Special and Pilot Programs**

Applicable Fund: (GFS)

Record revenue from OSPI for special and pilot programs including, but not limited to, drug and alcohol prevention; cultural enrichment; preschool education (excluding children with disabilities); alternative education; environmental education; the Pacific Science Center; Teacher Assistance Program (TAP); and programs for potential high school dropouts.

**4159 Institutions—Juveniles in Adult Jails**

Applicable Fund: (GFS)

Record revenue received from OSPI to pay for education programs provided to juveniles who are incarcerated in adult jail facilities

(Reference: RCW 28A.194, WAC 392-122-205 and 392-122-228.)

**4165 Transitional Bilingual**

Applicable Fund: (GFS)

Record revenue from OSPI to provide financial assistance for programs to help meet the extra expenditures for the education of students whose primary language is not English.

(Reference: RCW 28A.180.010 and 28A.180.080.)

**4171 Traffic Safety Education—Inactive Account**

Applicable Fund: (GFS)

*Effective FY 2002–03, state funding for traffic safety education is not currently being funded.* Record revenue from OSPI for traffic safety education courses.

(Reference: RCW 28A.220.010 through 28A.220.900 and chapter 392-153 WAC.)

**4174 Highly Capable**

Applicable Fund: (GFS)

Record revenue from OSPI for instructional programs designed to serve highly capable students.

(Reference: RCW 28A.185.010 through 28A.185.030 and chapter 392-170 WAC.)

**4188 Child Care**

Applicable Fund: (GFL)

Record revenue from OSPI for the purpose of operating child care programs.

**4198 School Food Services**

Applicable Fund: (GFS)

Record revenue from OSPI that is based on the number of reimbursable student meals served in the food services program. It represents the state's matching requirement for federal lunch program funding. Refer to revenue accounts in the 6000 series for revenue from federal grants and reimbursements for the National School Breakfast, Lunch, and Milk programs.

(Reference: RCW 28A.235.100 and chapter 392-157 WAC.)

**4199 Transportation—Operations**

Applicable Fund: (GFS)

Record revenue from OSPI for the operation of the pupil transportation program.

(Reference: RCW 28A.160.010, 28A.160.030, and 28A.160.150.)

**4230 State Funding Assistance—Paid Direct to Contractor**

Applicable Fund: (CPF)

Record revenue from state assistance moneys paid directly to contractors for renovation or construction of school district facilities. State assistance paid to the district from OSPI are recorded in Revenue Account 4130 State Funding Assistance—Paid Direct to District. State assistance paid to districts by agencies other than OSPI are recorded in Revenue Account 4330 State Funding Assistance—Other.

**4300 Other State Agencies—Unassigned**

Applicable Fund: (GFS, CPF, TVF)

Record revenue for special purposes from state entities other than OSPI for which a specific revenue account has not been provided.

**4321 Special Education**

Applicable Fund: (GFS)

Record revenue paid from other agencies for programs that provide for the education of students with disabilities, including preschool. Also include revenues for home hospital per WAC 392-172A-02100. Also include the state portion of Medicaid reimbursement received by the district (see Chapter 7).

(Reference: RCW 28A.155.010, 28A.155.020, 28A.155.050, 28A.155.070.)

**4322 Special Education—Infants and Toddlers—State**

Applicable Fund: (GFS)

Record revenues from state agencies other than OSPI for providing early intervention services to children with disabilities. Only money received for services for children from birth through age two are included.

(Reference: RCW 28A.155.065.)

**4326 State Institutions—Special Education**

Applicable Fund: (GFS)

Record revenue from other agencies for programs in institutions for persons with disabilities. The institutions are established by DSHS for care and treatment of persons with exceptional needs by reason of mental or physical deficiency.

**4330 State Funding Assistance—Other**

Applicable Fund: (CPF)

Record revenue for state assistance moneys paid to districts by state agencies other than OSPI, for renovation or construction of plant facilities of the school district.

State assistance moneys paid directly to the district are recorded in Revenue Account 4130 State Funding Assistance—Paid Direct to District. State assistance moneys paid directly to contractors are recorded in Revenue Account 4230 State Funding Assistance—Paid Direct to Contractor.

**4356 State Institutions—Centers and Homes**

Applicable Fund: (GFS)

Record revenue from other agencies for education of juveniles in residential facilities operated by DSHS, detention centers operated by counties, and adult correctional facilities operated by the Department of Corrections.

(Reference: Chapter 28A.190 RCW, RCW 13.04.145, chapter 244 Laws of 1998, and chapter 392-122 WAC.)

**4358 Special and Pilot Programs**

Applicable Fund: (GFS)

Record revenue from other agencies for special and pilot programs including, but not limited to, drug and alcohol prevention; cultural enrichment; preschool education (excluding children with disabilities); alternative education; environmental education; the Pacific Science Center; and programs for potential high school dropouts.

**4365 Transitional Bilingual**

Applicable Fund: (GFS)

Record revenue from the state, other than OSPI, to provide financial assistance for programs to help meet the extra expenditures for the education of students whose primary language is not English.

(Reference: RCW 28A.180.010 and 28A.180.080.)

**4388 Child Care—Other State Agencies**

Applicable Fund: (GFL)

Record revenue from other state agencies, such as the Department of Social and Health Services, for childcare services provided by the school district.

**4398 School Food Services**

Applicable Fund: (GFS)

Record revenue from other agencies that is based on the number of reimbursable student meals served in the food services program. It represents the state's matching requirement for federal lunch program funding.

Refer to Revenue Account 6000 series for revenue from federal grants and reimbursements for the National School Breakfast, Lunch, and Milk programs.

(Reference: RCW 28A.235.100 and chapter 392-157 WAC.)

**4399 Transportation—Operations**

Applicable Fund: (GFS)

Record revenue from other agencies for the operation of the pupil transportation program.

(Reference: RCW 28A.160.010, 28A.160.030, and 28A.160.150.)

**4499 Transportation—Depreciation**

Applicable Fund: (TVF)

Record revenue from the state for the acquisition of student vehicle transportation. This yearly allocation is based on either the depreciation or replacement cost of the existing bus fleet. Depreciation or replacement cost depends on the date when the vehicle was acquired.

For school districts using contractor-owned school buses, the equivalent depreciation reimbursements from the state for those privately owned buses are recorded in General Fund Revenue Account 4199 Transportation—Operations.

(Reference: RCW 28A.160.200 and chapter 392-142 WAC.)

**5000 Federal Revenue—General Purpose (GL 960)**

**5200 General Purpose Direct Federal Grants—Unassigned**

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

Record revenue from federal unassigned general-purpose grants. An example of this is Taylor Grazing.

**5300 Impact Aid—Maintenance and Operations**

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

Record revenue from federal grants to school districts based on students whose parents work or live on federal property. These moneys compensate school districts for loss of local taxes on federal property.

(Reference: Every Student Succeeds Act, Title VII.)

**5329 Impact Aid—Special Education Funding**

Applicable Fund: (GFL)

Record revenue from the U.S. Department of Education federal Impact Aid Program as identified on the Voucher for Impact Aid Section 7003(d) payment.

(Reference: Every Student Succeeds Act, Title VII.)

**5400 Federal in Lieu of Taxes**

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

Record revenue from the Federal Housing Administration, Bureau of Land Management, Military Forest Yield and Reclamation Projects.

(Reference: RCW 84.72.020 and WAC 392-121-415.)

**Note:** The General Fund revenue in this account reduces the state payment to the district in Revenue Account 3100 Apportionment.

**5500 Federal Forests**

Applicable Fund: (GFL, DSF, CPF)

Record revenue from the distribution of federal forest fees.

Districts are allowed to keep all of their federal forest revenue with no conditional requirements to qualify. During the 2020–21 school year, school districts receiving federal forest revenues shall not have their general apportionment reduced.

**5600 Qualified Bond Interest Credit—Federal**

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

Record payments received from the Department of the Treasury that are refundable tax credits paid on certain qualified tax credit bonds issued by the district. Eligible bonds are the following:

- Build America Bonds issued after February 17, 2009, and before January 1, 2011, as authorized under the American Recovery and Reinvestment Act of 2009.
- Qualified Zone Academy Bonds issued after March 18, 2010, as authorized under the Hiring Incentives to Restore Employment Act of 2010.

- Qualified School Construction Bonds issued after March 18, 2010, as authorized under the Hiring Incentives to Restore Employment Act of 2010.

Eligible bonds must meet all other statutory requirements specific to the type of bond being issued, and districts must make an irrevocable election to have the tax credit rules apply to the bond issue.

(Reference: American Recovery and Reinvestment Act of 2009, P.L. 111-5, Section 1531; Hiring Incentives to Restore Employment Act of 2010, P.L. 111-147, Section 301.)

## **6000 Federal Revenue—Special Purpose (GL 960)**

### **Coding Notes:**

- Revenues beginning with **61** are federal revenues that come through OSPI.
- Revenues beginning with **62** are federal revenues that come directly from a federal agency.
- Revenues beginning with **63** are federal revenues that come indirectly through a nonfederal agency other than OSPI.

### **6100 Special Purpose—OSPI Unassigned**

Applicable Fund: (GFS, TVF)

Record revenue from any federal source distributed through OSPI that is not assignable to a specific revenue account in the 6000 series. Examples include:

- AIDS Education
- Character Education
- Class Size Reduction
- DASA Prevention and Intervention
- Linking Education
- Reading Excellence
- REAP
- Teen Aware

### **6111 Special Purpose—GEER**

Applicable Fund: (GFS, CPF)

Record federal resources provided by the Governor's Emergency Education Relief (GEER) Fund. Pursuant to its authority and subject to conditions and restrictions, the

Office of Financial Management (OFM) has allocated CARES Act resources to school districts via OSPI. Information regarding this aid package was distributed via OSPI GovDelivery on December 11, 2020. Districts should track allowable expenditures related to this resource in Program 11.

See 6211 for this type of revenue received directly from the federal agency.  
See 6311 for this type of revenue received from nonfederal agencies other than OSPI.

(Ref. Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136; Section 18002)

**6112 Special Purpose—ESSER II**

Applicable Fund: (GFS, CPF)

Record federal resources provided by the Elementary and Secondary School Emergency Relief II (ESSER II) funds under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. Districts should track allowable expenditures related to this resource in Program 12, Districts submit expenditure claims and attest that costs are an allowable use of the funds.

See 6212 for this type of revenue received directly from the federal agency.  
See 6312 for this type of revenue received from nonfederal agencies other than OSPI.

(Ref. Coronavirus Response and Relief Supplemental Appropriations Act, 2021. (CRRSA) Public Law 116-260; Section 313)

**6113 Special Purpose—ESSER III**

Applicable Fund: (GFS, CPF)

Record federal resources provided by the American Rescue Plan Act of 2021; SEC. 2001. Elementary and Secondary School Emergency Relief Fund. Districts should track allowable expenditures related to this resource in Program 13, Districts submit expenditure claims and attest that costs are an allowable use of the funds.

See 6213 for this type of revenue received directly from the federal agency.  
See 6313 for this type of revenue received from nonfederal agencies other than OSPI.

(Ref. Section 2001 of the American Rescue Plan Act (ARP Act) of 2021)

**6114 Special Purpose—ESSER III—Supplemental—Learning Loss**

Applicable Fund: (GFS)

Record federal resources provided by the American Rescue Plan Act of 2021; Sec. 2001 (e)(1), the American Rescue Plan act of 2021, P.L. 117-2 for subgrants to local education agencies to address learning loss. Districts should track allowable expenditures related to this resource in Program 14. Districts submit expenditure claims and attest that costs are an allowable use of the funds.

See 6214 for this type of revenue received directly from the federal agency.  
See 6314 for this type of revenue received from nonfederal agencies other than OSPI.

(Ref. Section 2001 (e)(1) of the American Rescue Plan Act (ARP Act) of 2021)

**6118 Special Purpose—Reserve G**

Applicable Fund: (GFS)

This is a unique revenue code reserved for special funding purposes as assigned by OSPI. When designated for use, districts should track allowable expenditures related to this resource in Program 18.

See 6218 for this type of revenue received directly from the federal agency.  
See 6318 for this type of revenue received from nonfederal agencies other than OSPI.

**6119 Special Purpose—Reserve H**

Applicable Fund: (GFS)

This is a unique revenue code reserved for special funding purposes as assigned by OSPI. When designated for use, districts should track allowable expenditures related to this resource in Program 19.

See 6219 for this type of revenue received directly from the federal agency.  
See 6319 for this type of revenue received from nonfederal agencies other than OSPI.

**6121 Special Education—Medicaid Reimbursements**

Applicable Fund: (GFS)

Record federal Medicaid reimbursements for medical services and self-billing, and other administrative fees distributed through OSPI.

**Note:** Districts receiving Medicaid reimbursements through the state Health Care Authority should be using Revenue 6321 instead of 6121.

See 6221 for this type of revenue received directly from the federal agency.  
See 6321 for this type of revenue received from agencies other than OSPI.

(Reference: RCW 74.09.5255.)

**6122 Special Education—Infants and Toddlers—Medicaid Reimbursements**

Applicable Fund: (GFS)

Record Medicaid reimbursement revenues relating to the provision of early intervention services for children with disabilities from birth through age two. Only record revenues received *directly from OSPI* in this account.

See 6222 for this type of revenue received directly from a federal agency.  
See 6322 for this type of revenue received from state agencies other than OSPI.

**6123 Special Education—ARP—IDEA**

Applicable Fund: (GFS)

Record revenue received through OSPI from federal grants to assist school districts in providing supplemental services imposed by the requirement to provide a free appropriate public education to all eligible special education students. Include special education safety net awards.

See 6223 for this type of revenue received directly from the federal agency.  
See 6323 for this type of revenue received from non-federal agencies other than OSPI.

(Reference: Individuals with Disabilities Education Act (IDEA) American Rescue Plan Act, HR 1319 – ARP Act: Sec. 2014.)

**6124 Special Education—Supplemental**

Applicable Fund: (GFS)

Record revenue received through OSPI from federal grants to assist school districts in providing supplemental services imposed by the requirement to provide a free appropriate public education to all eligible special education students. Include special education safety net awards.

See 6224 for this type of revenue received directly from the federal agency.

See 6324 for this type of revenue received from agencies other than OSPI.

(Reference: Individuals with Disabilities Education Act (IDEA) Amendments of 2004, Public Law 108-446.)

**6125 Special Education—Infants and Toddlers—Federal**

Applicable Fund: (GFS)

Record federal revenues received for the provision of early intervention services for children with disabilities from birth through age two, as detailed in Part C of the Individuals with Disabilities Education Act.

See 6225 for this type of revenue received directly from the federal agency.

See 6325 for this type of revenue received from state agencies other than OSPI.

(Reference: Individuals with Disabilities Education Act (IDEA) Amendments of 2004, Public Law 108-446; 20 U.S.C. Chapter 33 Subchapter III.)

**6138 Secondary Vocational Education**

Applicable Fund: (GFS)

Record revenue received through OSPI from federal grants used to assist school districts in providing improved vocational-technical educational programs that lead to academic and occupational skills needed to work in a technologically advanced society.

See 6238 for this type of revenue received directly from the federal agency.

See 6338 for this type of revenue received from agencies other than OSPI.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

**6140 Impact Aid—Construction**

Applicable Fund: (CPF)

Record revenue received through OSPI from federal grants to provide assistance for the construction of urgently needed minimum school facilities. This occurs where districts:

- (1) have had substantial enrollment increases due to new or increased federal activities;
- (2) have children residing on federal property where state or local moneys cannot be spent on the education of federally connected children;
- (3) are comprised mainly of Indian lands or that provide a free public education to children who reside on Indian lands, and districts that are comprised mainly of federal property and that have inadequate facilities; and
- (4) have facilities in need of reconstruction because of a presidentially declared disaster.

See 6240 for this type of revenue received directly from the federal agency.

See 6340 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act, Title VII; 34 CFR.)

**6146 Skill Center**

Applicable Fund: (GFS)

Record revenue received through OSPI from federal grants to assist school districts in providing occupational skills needed to work in a technologically advanced society through the use of a skill center.

See 6246 for this type of revenue received directly from the federal agency.

See 6346 for this type of revenue received from agencies other than OSPI.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

**6151 ESEA Disadvantaged—Federal**

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to assist school districts in providing services to educationally deprived children living in low-income areas,

local institutions for neglected and delinquent youth, and youth living in non-state operated group homes. Schools identified for supplemental services under school improvement should report revenues for services to students from low socio-economic families.

Specific programs include, but are not limited to, the following:

- Title I, Part A—Basic (includes Title I, Part A set aside for neglected and delinquent included in Title I, Part D, subpart 2)
- Title I, Part B 2—Early Reading First
- Title I, Part B 3—Even Start
- Title I, Part F—Comprehensive School Reform
- Title I, Part G—Advanced Placement
- Title X, Part C—McKinney-Vento Homeless Assistance Act, Subtitle B

See 6251 for this type of revenue received directly from the federal agency.  
See 6351 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act, Title I, Parts A, B, F, and G, Title X; 34 CFR; RCW 28A.300.070; chapter 392-163 WAC.)

### **6152 Other Title Grants Under ESEA—Federal**

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI designed to assist school districts in improving the quality of education. Specific programs include, but are not limited to, the following:

- Title II, Part A—State Grants for Improving Teacher Quality
- Title II, Part D (1), (2), and (3)—Educational Technology
- Title IV, Part A—Safe and Drug-Free Schools
- Title IV, Part A—Community Service for Expelled Students
- Title IV, Part B—21<sup>st</sup> Century Learning Centers
- Title V, Part B (1) and (2)—Rural and Low Income Schools

See 6252 for this type of revenue received directly from the federal agency.  
See 6352 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act.)

**6153 ESEA Migrant—Federal**

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to assist school districts in providing services to migratory children ages 3 through 21; or until the high school graduation of migratory agricultural workers or migratory fishers who have moved from one school district to another during the past 36 months to obtain temporary or seasonal employment in agriculture, fishing, or related food-processing activities.

See 6253 for this type of revenue received directly from the federal agency.  
See 6353 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act, Title I, Part C; 34 CFR, 206; RCW 28A.300.070; chapter 392-164 WAC.)

**6154 Reading First**

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to assist school districts in establishing K–3 reading programs that are based on scientifically based reading research, to provide professional development to teachers in using scientifically based reading research, programs, and assessments, and to strengthen coordination among schools, early literacy, and family literacy programs.

See 6254 for this type of revenue received directly from the federal agency.  
See 6354 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act, Title I, Part B(1).)

**6157 Institutions—Neglected and Delinquent**

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to assist school districts in providing services to children under 21 years of age that have been placed in a state institution for neglected or delinquent children, adult correctional institution, or community day program operated by a state agency.

See 6257 for this type of revenue received directly from the federal agency.  
See 6357 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act, Title I, Part D subpart 1; 34 CFR, 200.)

**6161 Head Start**

Applicable Fund: (GFL)

Record revenue from federal grants received through OSPI to assist school districts in providing comprehensive health, educational, nutritional, social, and other services primarily to economically disadvantaged children from age 3 up to school age, and to involve parents in activities with their children so that the children will attain overall social competence.

See 6261 for this type of revenue received directly from the federal agency.

See 6361 for this type of revenue received from agencies other than OSPI.

(Reference: 45 CFR, 1300.)

**6162 Math and Science—Professional Development**

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to assist school districts to participate in professional development activities that increase the subject matter knowledge and instructional skills of science, mathematics, and technical education with respect to achievement in science, mathematics, reading to learn, and technical writing.

See 6262 for this type of revenue received directly from the federal agency.

See 6362 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act, Title II, Part B Mathematics and Science Partnerships.)

**6164 Limited English Proficiency**

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI for language instruction for students with limited English proficiency, such as bilingual, and immigrant students.

See 6264 for this type of revenue received directly from the federal agency.

See 6364 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act, Title III.)

**6167 Indian Education—JOM**

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to assist school districts in providing supplemental education programs for children who are (1) enrolled members (or at least quarter-blood members) of federally recognized tribes eligible for service by the Bureau of Indian Education and (2) between age 3 and grade 12 with priority given to those residing on or near Indian reservations. (Education contracts under Johnson-O'Malley Act.)

See 6267 for this type of revenue received directly from the federal agency.  
See 6367 for this type of revenue received from agencies other than OSPI.

(Reference: 25 CFR.)

**6168 Indian Education—ED**

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to support the efforts of school districts in developing and carrying out supplementary, elementary, and secondary school programs designed to meet the unique educational and culturally related academic needs of Indian children.

See 6268 for this type of revenue received directly from the federal agency.  
See 6368 for this type of revenue received from agencies other than OSPI.

(Reference: 34 CFR.)

**6176 Targeted Assistance**

Applicable Fund: (GFS, CPF)

Record revenue from federal grants received through OSPI, authorized under Title I, Part A of the Improving America's School Act of 1994 (IASA).

See 6276 for this type of revenue received directly from the federal agency.  
See 6376 for this type of revenue received from agencies other than OSPI.

(Reference: Improving America's School Act of 1994, Title I, Part A; chapter 392-165 WAC.)

**6178 Youth Training Programs**

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to assist school districts in providing job training and related assistance to economically disadvantaged individuals and others who face significant employment barriers.

See 6278 for this type of revenue received directly from the federal agency.

See 6378 for this type of revenue received from agencies other than OSPI.

**6188 Child Care**

Applicable Fund: (GFL)

Record revenue from federal grants and reimbursements received through OSPI to assist school districts in providing nonprofit child care programs.

See 6288 for this type of revenue received directly from the federal agency.

See 6388 for this type of revenue received from agencies other than OSPI.

(Reference: 7 CFR.)

**6189 Other Community Services**

Applicable Fund: (GFL)

Record revenue from the federal government received through OSPI for community services not specifically identified in the revenue code structure.

See 6289 for this type of revenue received directly from the federal agency.

See 6389 for this type of revenue received from agencies other than OSPI.

**6198 School Food Services**

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI for the reimbursement of eligible school breakfasts, lunches, snacks, and milks served. Also record revenue from federal breakfast program start-up grants and the Fresh Fruits and Vegetable Program. Also include federal reimbursements for Child and Adult Care Food Programs (CACFP) and the Summer Food Service Programs (SFSP).

See 6298 for this type of revenue received directly from the federal agency.

See 6398 for this type of revenue received from agencies other than OSPI.

(Reference: 7 CFR; RCW 28A.235.100; chapter 392-157 WAC.)

**6199 Transportation—Operations**

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI for transportation operations.

See 6299 for this type of revenue received directly from the federal agency.  
See 6399 for this type of revenue received from agencies other than OSPI.

**6200 Direct Special Purpose Grants**

Applicable Fund: (GFS, CPF, TVF)

Record revenue from special purpose federal grants distributed directly from federal government agencies that are not specifically identified by the revenue code structure.

**6211 Special Purpose—GEER**

Applicable Fund: (GFS, CPF)

Record federal resources provided directly by a federal agency pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136; Section 18002, also known as the Governor’s Emergency Education Relief (GEER) Fund. Districts should track and segregate allowable expenditures related to this resource in Program 11.

See 6111 for this type of revenue received from OSPI.  
See 6311 for this type of revenue received from nonfederal agencies other than OSPI.

**6212 Special Purpose—ESSER II**

Applicable Fund: (GFS, CPF)

Record federal resources received directly from a federal agency pursuant to the Elementary and Secondary School Emergency Relief II (ESSER II) funds under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; Public Law 116-260; Section 313. Districts should track and segregate allowable expenditures related to this resource in Program 12.

See 6112 for this type of revenue received from OSPI.  
See 6312 for revenue received from nonfederal agencies other than OSPI.

**6213 Special Purpose—ESSER III**

Applicable Fund: (GFS, CPF)

Record federal resources received directly from a federal agency pursuant to the American Rescue Plan Act of 2021; SEC. 2001. Elementary and Secondary School Emergency Relief Fund. Districts should track and segregate allowable expenditures related to this resource in Program 13.

See 6113 for this type of revenue received from OSPI.

See 6313 for revenue received from nonfederal agencies other than OSPI.

**6214 Special Purpose—ESSER III—Supplemental—Learning Loss**

Applicable Fund: (GFS)

Record federal resources received directly from a federal agency pursuant to the American Rescue Plan Act of 2021; Sec. 2001 (e)(1), P.L. 117-2 for subgrants to local education agencies to address learning loss. Districts should track allowable expenditures related to this resource in Program 14. Districts submit expenditure claims and attest that costs are an allowable use of the funds.

See 6114 for this type of revenue received from OSPI.

See 6314 for revenue received from nonfederal agencies other than OSPI.

**6218 Special Purpose—Reserve G**

Applicable Fund: (GFS)

This is a unique revenue code reserved for special funding purposes as assigned by OSPI. When designated for use districts should track and segregate allowable expenditures related to this resource in Program 18.

See 6118 for this type of revenue received from OSPI.

See 6318 for revenue received from nonfederal agencies other than OSPI.

**6219 Special Purpose—Reserve H**

Applicable Fund: (GFS)

This is a unique revenue code reserved for special funding purposes as assigned by OSPI. When designated for use, districts should track and segregate allowable expenditures related to this resource in Program 19.

See 6119 for this type of revenue received from OSPI.

See 6319 for revenue received from nonfederal agencies other than OSPI.

**6221 Special Education—Medicaid Reimbursements**

Applicable Fund: (GFS)

Record federal Medicaid reimbursements for medical services and self-billing, and other administrative fees distributed directly from the federal agency.

See 6121 for this type of revenue received from federal grants through OSPI.

See 6321 for this type of revenue received from agencies other than OSPI.

(Reference: RCW 74.09.5255.)

**6222 Special Education—Infants and Toddlers—Medicaid Reimbursements**

Applicable Fund: (GFS)

Record Medicaid reimbursement revenues relating to the provision of early intervention services for children with disabilities from birth through age two. Only record revenues received *directly from the federal agency* in this account.

See 6122 for this type of revenue received from OSPI.

See 6322 for this type of revenue received from agencies other than OSPI.

**6223 Special Education—ARP—IDEA**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing supplemental services imposed by the requirement to provide a free appropriate public education to all eligible special education students. Include special education safety net awards.

See 6123 for this type of revenue received from federal grants through OSPI.

See 6323 for this type of revenue received from non-federal agencies other than OSPI.

(Reference: Individuals with Disabilities Education Act (IDEA) American Rescue Plan Act, HR 1319 – ARP Act: Sec. 2014.)

**6224 Special Education—Supplemental**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing supplemental services imposed by the requirement to provide a free appropriate public education to all eligible special education students.

See 6124 for this type of revenue received from federal grants through OSPI.

See 6324 for this type of revenue received from agencies other than OSPI.

(Reference: Individuals with Disabilities Education Act (IDEA) Amendments of 2004, Public Law 108-446.)

**6225 Special Education—Infants and Toddlers—Federal**

Applicable Fund: (GFS)

Record federal revenues received for the provision of early intervention services for children with disabilities from birth through age two, as detailed in Part C of the Individuals with Disabilities Education Act. Only record revenues received *directly from the federal agency* in this account.

See 6125 for this type of revenue received from OSPI.

See 6325 for this type of revenue received from agencies other than OSPI.

(Reference: Individuals with Disabilities Education Act (IDEA) Amendments of 2004, Public Law 108-446; 20 U.S.C. Chapter 33 Subchapter III.)

**6238 Secondary Vocational Education**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency used to assist school districts in providing improved vocational-technical educational programs that lead to academic and occupational skills needed to work in a technologically advanced society.

See 6138 for this type of revenue received from federal grants through OSPI.

See 6338 for this type of revenue received from agencies other than OSPI.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

**6240 Impact Aid—Construction**

Applicable Fund: (CPF)

Record revenue from federal grants received directly from the federal agency to provide assistance for the construction of urgently needed minimum school facilities. This occurs where districts:

- (1) have had substantial enrollment increases due to new or increased federal activities;
- (2) have children residing on federal property where state or local moneys cannot be spent on the education of federally connected children;
- (3) are comprised mainly of Indian lands or that provide a free public education to children who reside on Indian lands, and districts that are comprised mainly of federal property and that have inadequate facilities; and
- (4) have facilities in need of reconstruction because of a presidentially declared disaster.

See 6140 for this type of revenue received from federal grants through OSPI.

See 6340 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act, Title VII; 34 CFR.)

**6246 Skill Center**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing occupational skills needed to work in a technologically advanced society through the use of a skill center.

See 6146 for this type of revenue received from federal grants through OSPI.

See 6346 for this type of revenue received from agencies other than OSPI.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

**6251 ESEA Disadvantaged—Federal**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing services to educationally deprived children living in

low-income areas, local institutions for neglected and delinquent youth, and youth living in non-state operated group homes. Schools identified for supplemental services under school improvement should report revenues for services to students from low socio-economic families.

Specific programs include, but are not limited to, the following:

- Title I, Part A—Basic (includes Title I, Part A set aside for neglected and delinquent included in Title I, Part D, subpart 2)
- Title I, Part B 2—Early Reading First
- Title I, Part B 3—Even Start
- Title I, Part F—Comprehensive School Reform
- Title I, Part G—Advanced Placement
- Title X, Part C— McKinney-Vento Homeless Assistance Act, Subtitle B

See 6151 for this type of revenue received from federal grants through OSPI.  
See 6351 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act, Title I, Parts A, B, F, and G, Title X; 34 CFR; RCW 28A.300.070; chapter 392-163 WAC.)

### **6252 Other Title Grants Under ESEA—Federal**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency designed to assist school districts in improving the quality of education. Specific programs include, but are not limited to, the following:

- Title II, Part A—State Grants for Improving Teacher Quality
- Title II, Part D (1), (2), and (3)—Educational Technology
- Title IV, Part A—Safe and Drug-Free Schools
- Title IV, Part A—Community Service for Expelled Students
- Title IV, Part B—21<sup>st</sup> Century Learning Centers
- Title V, Part B (1) and (2)—Rural and Low-Income Schools

See 6152 for this type of revenue received from federal grants through OSPI.  
See 6352 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act.)

**6253 ESEA Migrant—Federal**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing services to migratory children ages 3 through 21; or until the high school graduation of migratory agricultural workers or migratory fishers who have moved from one school district to another during the past 36 months to obtain temporary or seasonal employment in agriculture, fishing, or related food-processing activities.

See 6153 for this type of revenue received from federal grants through OSPI.

See 6353 for this type of revenue received from agencies other than OSPI.

(Reference: ESSA, Title I, Part C; 34 CFR; RCW 28A.300.070; chapter 392-164 WAC.)

**6254 Reading First**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency to assist school districts in establishing K–3 reading programs that are based on scientifically based reading research, to provide professional development to teachers in using scientifically based reading research, programs, and assessments, and to strengthen coordination among schools, early literacy, and family literacy programs.

See 6154 for this type of revenue received from federal grants through OSPI.

See 6354 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act, Title I, Part B (1).)

**6257 Institutions—Neglected and Delinquent**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing services to children under 21 years of age that have been placed in a state institution for neglected or delinquent children, adult correctional institution, or community day program operated by a state agency.

See 6157 for this type of revenue received from federal grants through OSPI.

See 6357 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act, Title I, Part D, subpart 1; 34 CFR, 200.)

**6261 Head Start**

Applicable Fund: (GFL)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing comprehensive health, educational, nutritional, social, and other services primarily to economically disadvantaged children from age 3 up to school age, and to involve parents in activities with their children so that the children will attain overall social competence.

See 6161 for this type of revenue received from federal grants through OSPI.

See 6361 for this type of revenue received from agencies other than OSPI.

(Reference: 45 CFR, 1300.)

**6262 Math and Science—Professional Development**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency to assist school districts to participate in professional development activities that increase the subject matter knowledge and instructional skills of science, mathematics, and technical education with respect to achievement in science, mathematics, reading to learn, and technical writing.

See 6162 for this type of revenue received from federal grants through OSPI.

See 6362 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act, Title II, Part B Mathematics and Science Partnerships.)

**6264 Limited English Proficiency**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency for language instruction for students with limited English proficiency, such as bilingual, and immigrant students.

See 6164 for this type of revenue received from federal grants through OSPI.

See 6364 for this type of revenue received from agencies other than OSPI.

(Reference: Every Student Succeeds Act, Title III.)

**6267 Indian Education—JOM**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the Bureau of Indian Education to assist school districts in providing supplemental education programs for children who are (1) enrolled members (or at least quarter-blood members) of federally recognized tribes eligible for service by the Bureau of Indian Education and (2) between age 3 and grade 12 with priority given to those residing on or near Indian reservations. (Education contracts under Johnson-O'Malley Act.)

See 6167 for this type of revenue received from federal grants through OSPI.  
See 6367 for this type of revenue received from agencies other than OSPI.

(Reference: 25 CFR.)

**6268 Indian Education—ED**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the Department of Education to support the efforts of school districts in developing and carrying out supplementary, elementary, and secondary school programs designed to meet the unique educational and culturally related academic needs of Indian children.

See 6168 for this type of revenue received from federal grants through OSPI.  
See 6368 for this type of revenue received from agencies other than OSPI.

(Reference: 34 CFR.)

**6276 Targeted Assistance**

Applicable Fund: (GFS, CPF)

Record revenue from federal grants received directly from the federal agency authorized under Title I, Part A of the Improving America's School Act of 1994 (IASA).

See 6176 for this type of revenue received from federal grants through OSPI.  
See 6376 for this type of revenue received from agencies other than OSPI.

(Reference: Improving America's School Act of 1994, Title I, Part A; chapter 392-165 WAC.)

**6278 Youth Training Programs**

Applicable Fund: (GFS)

Record revenue from federal grants received directly through the federal agency to assist school districts in providing job training and related assistance to economically disadvantaged individuals and others who face significant employment barriers.

See 6178 for this type of revenue received from federal grants through OSPI.

See 6378 for this type of revenue received from agencies other than OSPI.

**6288 Child Care**

Applicable Fund: (GFL)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing nonprofit child care programs.

See 6188 for this type of revenue received from federal grants through OSPI.

See 6388 for this type of revenue received from agencies other than OSPI.

**6289 Other Community Services**

Applicable Fund: (GFL)

Record revenue received directly from the federal agency for community services not specifically identified in the revenue code structure.

See 6189 for this type of revenue received from federal grants through OSPI.

See 6389 for this type of revenue received from agencies other than OSPI.

**6298 School Food Services**

Applicable Fund: (GFS)

Record revenue received directly from the federal agency for the reimbursement of eligible school breakfasts, lunches, snacks, and milks served. Also record revenue from federal breakfast program start-up grants and the Fresh Fruit and Vegetable Program. Also include federal reimbursements for Child and Adult Care Food Programs (CACFP) and the Summer Food Service Programs (SFSP).

See 6198 for this type of revenue received from federal grants through OSPI.

See 6398 for this type of revenue received from agencies other than OSPI.

(Reference: 7 CFR; RCW 28A.235.100; chapter 392-157 WAC.)

**6299 Transportation—Operations**

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency for transportation operations.

See 6199 for this type of revenue received from federal grants through OSPI.

See 6399 for this type of revenue received from agencies other than OSPI.

**6300 Federal Grants Through Other Entities—Unassigned**

Applicable Fund: (GFS, CPF, TVF)

Record federal grant revenue received indirectly through non-federal entities other than OSPI.

**6310 Medicaid Administrative Match**

Applicable Fund: (GFS)

Record revenue received from the Department of Social and Health Services for outreach and linkage services to students and families eligible for Medicaid benefits.

(Reference: Title XIX of the Social Security Act as amended.)

**6311 Special Purpose—GEER**

Applicable Fund: (GFS, CPF)

Record federal resources provided by a nonfederal agency other than OSPI pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136; Section 18002, also known as the Governor’s Emergency Education Relief (GEER) Fund. Districts should track and segregate allowable expenditures related to this resource in Program 11.

See 6111 for this type of revenue received from OSPI.

See 6211 for this type of revenue received directly from a federal agency.

**6312 Special Purpose—ESSER II**

Applicable Fund: (GFS, CPF)

Record federal resources provided by a nonfederal agency other than OSPI pursuant to the Elementary and Secondary School Emergency Relief II (ESSER II) funds under

the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act Public; Law 116-260; Section 313. Districts should track, and segregate allowable expenditures related to this resource in Program 12.

See 6112 for this type of revenue received from OSPI.

See 6212 for this type of revenue received directly from a federal agency.

**6313 Special Purpose—ESSER III**

Applicable Fund: (GFS, CPF)

Record federal resources provided by a nonfederal agency other than OSPI pursuant to the American Rescue Plan Act of 2021; SEC. 2001. Elementary and Secondary School Emergency Relief Fund. Districts should track, and segregate allowable expenditures related to this resource in Program 13.

See 6113 for this type of revenue received from OSPI.

See 6213 for this type of revenue received directly from a federal agency.

**6314 Special Purpose—ESSER III—Supplemental—Learning Loss**

Applicable Fund: (GFS)

Record federal resources provided by a nonfederal agency other than OSPI pursuant to the American Rescue Plan Act of 2021; Sec. 2001 (e)(1), P.L. 117-2 for subgrants to local education agencies to address learning loss. Districts should track allowable expenditures related to this resource in Program 14. Districts submit expenditure claims and attest that costs are an allowable use of the funds.

See 6114 for this type of revenue received from OSPI.

See 6214 for this type of revenue received directly from a federal agency.

**6318 Special Purpose—Reserve G**

Applicable Fund: (GFS)

This is a unique revenue code reserved for special funding purposes as assigned by OSPI. When designated for use, districts should track allowable expenditures related to this resource in Program 18.

See 6118 for this type of revenue received from OSPI.

See 6218 for this type of revenue received directly from a federal agency.

**6319 Special Purpose—Reserve H**

Applicable Fund: (GFS)

This is a unique revenue code reserved for special funding purposes as assigned by OSPI. When designated for use, districts should track allowable expenditures related to this resource in Program 19.

See 6119 for this type of revenue received from OSPI.

See 6219 for this type of revenue received directly from a federal agency.

**6321 Special Education—Medicaid Reimbursements**

Applicable Fund: (GFS)

Record federal Medicaid reimbursements for medical services and self-billing and other administrative fees distributed through other entities, such as DSHS. **Note:** Districts that receive Medicaid reimbursements from the state Health Care Authority should record the federal portion of those reimbursements in this account (see Chapter 7).

See 6121 for this type of revenue received from federal grants through OSPI.

See 6221 for this type of revenue received directly from the federal agency.

(Reference: RCW 74.09.5255.)

**6322 Special Education—Infants and Toddlers—Medicaid Reimbursements**

Applicable Fund: (GFS)

Record Medicaid reimbursement revenues relating to the provision of early intervention services for children with disabilities from birth through age two. Only record revenues received *from agencies other than OSPI* in this account.

See 6122 for this type of revenue received from OSPI.

See 6222 for this type of revenue received directly from the federal agency.

**6323 Special Education—ARP—IDEA**

Applicable Fund: (GFS)

Record revenue from federal grants to assist school districts in providing supplemental services imposed by the requirement to provide a free appropriate

public education to all eligible special education students. Include special education safety net awards.

See 6123 for this type of revenue received from federal grants through OSPI.  
See 6223 for this type of revenue received directly from the federal agency.

(Reference: Individuals with Disabilities Education Act (IDEA) American Rescue Plan Act, HR 1319 – ARP Act: Sec. 2014.)

**6324 Special Education—Supplemental**

Applicable Fund: (GFS)

Record revenue from federal grants to assist school districts in providing supplemental services imposed by the requirement to provide a free appropriate public education to all eligible special education students.

See 6124 for this type of revenue received from federal grants through OSPI.  
See 6224 for this type of revenue received directly from the federal agency.

(Reference: Individuals with Disabilities Education Act (IDEA) Amendments of 2004, Public Law 108-446.)

**6325 Special Education—Infants and Toddlers—Federal**

Applicable Fund: (GFS)

Record federal revenues received for the provision of early intervention services for children with disabilities from birth through age two, as detailed in Part C of the Individuals with Disabilities Education Act. Only record revenues received *from agencies other than OSPI* in this account.

See 6125 for this type of revenue received from OSPI.  
See 6225 for this type of revenue received directly from the federal agency.

**6338 Secondary Vocational Education**

Applicable Fund: (GFS)

Record revenue from federal grants used to assist school districts in providing improved vocational-technical educational programs that lead to academic and occupational skills needed to work in a technologically advanced society.

See 6138 for this type of revenue received from federal grants through OSPI.

See 6238 for this type of revenue received directly from the federal agency.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

**6340 Impact Aid—Construction**

Applicable Fund: (CPF)

Record revenue from federal grants to provide assistance for the construction of urgently needed minimum school facilities. This occurs where districts:

- (1) have had substantial enrollment increases due to new or increased federal activities;
- (2) have children residing on federal property where state or local moneys cannot be spent on the education of federally connected children;
- (3) are comprised mainly of Indian lands or that provide a free public education to children who reside on Indian lands, and districts that are comprised mainly of federal property and that have inadequate facilities; and
- (4) have facilities in need of reconstruction because of a presidentially declared disaster.

See 6140 for this type of revenue received from federal grants through OSPI.

See 6240 for this type of revenue received directly from the federal agency.

(Reference: Every Student Succeeds Act, Title VII; 34 CFR.)

**6346 Skill Center**

Applicable Fund: (GFS)

Record revenue from federal grants received to assist school districts in providing occupational skills needed to work in a technologically advanced society through the use of a skill center.

See 6146 for this type of revenue received from federal grants through OSPI.

See 6246 for this type of revenue received directly from the federal agency.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

**6351 ESEA Disadvantaged—Federal**

Applicable Fund: (GFS)

Record revenue from federal grants to assist school districts in providing services to educationally deprived children living in low-income areas, local institutions for neglected and delinquent youth, and youth living in non-state operated group homes. Schools identified for supplemental services under school improvement should report revenues for services to students from low socio-economic families.

Specific programs include, but are not limited to, the following:

- Title I, Part A—Basic (includes Title I, Part A set aside for neglected and delinquent included in Title I, Part D, subpart 2)
- Title I, Part B 2—Early Reading First
- Title I, Part B 3—Even Start
- Title I, Part F—Comprehensive School Reform
- Title I, Part G—Advanced Placement
- Title X, Part C—McKinney-Vento Homeless Assistance Act, Subtitle B

See 6151 for this type of revenue received from federal grants through OSPI.

See 6251 for this type of revenue received directly from the federal agency.

(Reference: Every Student Succeeds Act, Title I, Parts A, B, F, and G, Title X; 34 CFR; RCW 28A.300.070; chapter 392-163 WAC.)

**6352 Other Title Grants Under ESEA—Federal**

Applicable Fund: (GFS)

Record revenue from federal grants received through nonfederal agencies other than OSPI designed to assist school districts in improving the quality of education.

See 6152 for this type of revenue received for federal grants through OSPI.

See 6252 for this type of revenue received directly from the federal agency.

(Reference: Every Student Succeeds Act.)

**6353 ESEA Migrant—Federal**

Applicable Fund: (GFS)

Record revenue from federal grants to assist school districts in providing services to migratory children ages 3 through 21; or until the high school graduation of

migratory agricultural workers or migratory fishers who have moved from one school district to another during the past 36 months to obtain temporary or seasonal employment in agriculture, fishing, or related food-processing activities.

See 6153 for this type of revenue received from federal grants through OSPI.  
See 6253 for this type of revenue received directly from the federal agency.

(Reference: Every Student Succeeds Act, Title I, Part C; 34 CFR; RCW 28A.300.070; chapter 392-164 WAC.)

**6354 Reading First**

Applicable Fund: (GFS)

Record revenue from federal grants to assist school districts in establishing K–3 reading programs that are based on scientifically based reading research, to provide professional development to teachers in using scientifically based reading research, programs, and assessments, and to strengthen coordination among schools, early literacy, and family literacy programs.

See 6154 for this type of revenue received from federal grants through OSPI.  
See 6254 for this type of revenue received directly from the federal agency.

(Reference: Every Student Succeeds Act, Title I, Part B[1].)

**6357 Institutions—Neglected and Delinquent**

Applicable Fund: (GFS)

Record revenue from federal grants to assist school districts in providing services to children under 21 years of age that have been placed in a state institution for neglected or delinquent children, adult correctional institution, or community day program operated by a state agency.

See 6157 for this type of revenue received from federal grants through OSPI.  
See 6257 for this type of revenue received directly from the federal agency.

(Reference: Every Student Succeeds Act, Title 1, Part D; 34 CFR.)

**6361 Head Start**

Applicable Fund: (GFL)

Record revenue from federal grants to assist school districts in providing comprehensive health, educational, nutritional, social, and other services primarily to economically disadvantaged children from age 3 up to school age and to involve parents in activities with their children so that the children will attain overall social competence.

See 6161 for this type of revenue received from federal grants through OSPI.  
See 6261 for this type of revenue received directly from the federal agency.

(Reference: 45 CFR.)

**6362 Math and Science—Professional Development**

Applicable Fund: (GFS)

Record revenue from federal grants to assist school districts to participate in professional development activities that increase the subject matter knowledge and instructional skills of science, mathematics, and technical education with respect to achievement in science, mathematics, reading to learn, and technical writing.

See 6162 for this type of revenue received from federal grants through OSPI.  
See 6262 for this type of revenue received directly from the federal agency.

(Reference: Every Student Succeeds Act, Title II, Part B Mathematics and Science Partnerships.)

**6364 Limited English Proficiency**

Applicable Fund: (GFS)

Record revenue from federal grants to assist school districts in developing and providing services to children with limited proficiency in understanding, speaking, reading, or writing English.

See 6164 for this type of revenue received from federal grants through OSPI.  
See 6264 for this type of revenue received directly from the federal agency.

(Reference: 34 CFR; Title III, Part A.)

**6367 Indian Education—JOM**

Applicable Fund: (GFS)

Record revenue from federal grants received indirectly through the tribes to assist school districts in providing supplemental education programs for children who are (1) enrolled members (or at least quarter-blood members) of federally recognized tribes eligible for service by the Bureau of Indian Education and (2) between age 3 and grade 12 with priority given to those residing on or near Indian reservations. (Education contracts under Johnson-O'Malley Act.)

See 6167 for this type of revenue received from federal grants through OSPI.  
See 6267 for this type of revenue received directly from the federal agency.

(Reference: 25 CFR.)

**6368 Indian Education—ED**

Applicable Fund: (GFS)

Record revenue from federal grants to support the efforts of school districts in developing and carrying out supplementary, elementary, and secondary school programs designed to meet the unique educational and culturally related academic needs of Indian children.

See 6168 for this type of revenue received from federal grants through OSPI.  
See 6268 for this type of revenue received directly from the federal agency.

(Reference: 34 CFR.)

**6376 Targeted Assistance**

Applicable Fund: (GFS, CPF)

Record revenue from federal grants authorized under Title I, Part A of the Improving America's School Act of 1994 (IASA).

See 6176 for this type of revenue received from federal grants through OSPI.  
See 6276 for this type of revenue received directly from the federal agency.

(Reference: Improving America's School Act of 1994, Title I, Part A; chapter 392-165 WAC.)

**6378 Youth Training Programs**

Applicable Fund: (GFS)

Record revenue from federal grants received indirectly through agencies other than OSPI to assist school districts in providing job training and related assistance to economically disadvantaged individuals and others who face significant employment barriers.

See 6178 for this type of revenue received from federal grants through OSPI.  
See 6278 for this type of revenue received directly from the federal agency.

**6388 Child Care**

Applicable Fund: (GFL)

Record revenue from federal grants to assist school districts in providing nonprofit child care programs.

See 6188 for this type of revenue received from federal grants through OSPI.  
See 6288 for this type of revenue received directly from the federal agency.

**6389 Other Community Services**

Applicable Fund: (GFL)

Record revenue from the federal government for community services not specifically identified in the revenue code structure.

See 6189 for this type of revenue received for federal grants through OSPI.  
See 6289 for this type of revenue received directly from the federal agency.

**6398 School Food Services**

Applicable Fund: (GFS)

Record revenue received for the reimbursement of eligible school breakfasts, lunches, snacks, and milks served. Also record revenue from federal breakfast program start-up grants and the Fresh Fruit and Vegetable Program. Also include federal reimbursements for Child and Adult Care Food Programs (CACFP) and the Summer Food Service Programs (SFSP).

See 6198 for this type of revenue received from federal grants through OSPI.  
See 6298 for this type of revenue received directly from the federal agency.

(Reference: 7 CFR; RCW 28A.235.100; chapter 392-157 WAC.)

**6399 Transportation—Operations**

Applicable Fund: (GFS)

Record revenue from federal grants for transportation operations.

See 6199 for this type of revenue received from federal grants through OSPI.

See 6299 for this type of revenue received directly from the federal agency.

**6998 USDA Commodities**

Applicable Fund: (GFS)

Record as revenue the value of USDA commodities received as reported on the Statement of Commodities Shipped Report. If applicable, include cash in lieu of commodities distributed to the district during the year. The value of the commodities is determined by the USDA and reported to the districts by OSPI in the Commodity Receiving Report.

(Reference: 7 CFR.)

**7000 Other School Districts (GL 960)**

**7100 Program Participation—Unassigned**

Applicable Fund: (GFS, CPF)

Record nonfederal revenue from other school districts not assigned to a specific program.

**7121 Special Education**

Applicable Fund: (GFS)

Record revenue from other school districts for educational programs for students with disabilities.

**7122 Special Education—Infants and Toddlers**

Applicable Fund: (GFS)

Record revenues received from other school districts for the provision of early intervention services for children with disabilities from birth through age two. Similar

revenues received for services provided when the child reaches age three should be recorded in revenue account 7121.

**7131 Vocational Education**

Applicable Fund: (GFS)

Record revenue from other school districts to pay for tuition-free interdistrict cooperative programs in vocational education.

(Reference: RCW 28A.335.160 and chapter 392-135 WAC.)

**7145 Skill Center**

Applicable Fund: (GFS)

Record revenue from other school districts to pay for interdistrict skill center programs.

**7147 Skill Center–Facility Upgrades**

Applicable Fund: (GFS)

Host districts record revenue from other school districts participating in an interdistrict skill center program. These resources are restricted for use to provide a separate minor repair and maintenance capital account on facilities constructed or renovated with state funding. The host district has authority to collect those deposits by charging participating districts an annual per-pupil facility fee.

(Reference: SSB 5644)

**7189 Other Community Services**

Applicable Fund: (GFL)

Record revenues received from other school districts for community service activities. This includes revenues related to non-to-from transportation expenditures, and revenues from other districts relating to the maintenance of pupil transportation equipment under an interlocal cooperative agreement.

**7197 Support Services**

Applicable Fund: (GFS)

Record revenue received from other school districts for interdistrict support services such as printing and data processing.

(Reference: RCW 28A.335.160 and chapter 392-135 WAC.)

**7198 School Food Services**

Applicable Fund: (GFS)

Record revenue received from other school districts for the reimbursement of food service expenditures.

(Reference: RCW 28A.235.100 and chapter 392-157 WAC.)

**7199 Transportation**

Applicable Fund: (GFS)

Record revenue received from other school districts for the reimbursement of transportation expenditures.

(Reference: RCW 28A.160.010.)

**7301 Nonhigh Participation**

Applicable Fund: (GFL)

Record revenue received from nonhigh school districts for the education of high school students.

(Reference: RCW 28A.160.010 and chapter 392-132 WAC.)

**8000 Other Entities (GL 960)**

Revenue recorded in this category comes from nonfederal resources provided by local agencies, governments, foundations, and governmental associations not provided for elsewhere. State resources should be recorded under the 3000 or 4000 series. Federal resources should be recorded in the 5000 or 6000 series.

**8100 Governmental Entities**

Applicable Fund: (GFS, CPF, TVF)

Record nonfederal revenue from governmental entities such as local agencies, governments, and governmental associations.

Do not include those revenues coming from OSPI, the federal government, non-governmental entities, state resources, ESDs, or other school districts.

(Reference: RCW 28A.160.080, 28A.160.090.)

**8101 Governmental Entities—Enrichment**

Applicable Fund: (GFL, CPF, TVF)

Record certain local resources provided by governmental entities such as local agencies, governments, and governmental associations. These resources are in support of the various enrichment programs provided by school districts as authorized by the school district board of directors.

This revenue code is not applicable for resources provided through OSPI, the federal government, non-governmental entities, state resources, ESDs, or other school districts.

(Reference: RCW 28A.320.015)

**8188 Child Care**

Applicable Fund: (GFL)

Record revenue from local governments to provide child care programs.

**8189 Community Services**

Applicable Fund: (GFL)

Record revenue from local governments for community service activities.

**8198 School Food Services**

Applicable Fund: (GFS)

Record revenue from volunteers, public agencies, political subdivisions, or associations that serve public entities while using school facilities, other local child nutrition programs, and for school or employee functions.

(Reference: RCW 28A.235.120.)

**8199 Transportation**

Applicable Fund: (GFS)

Record revenue from public agencies, political subdivisions (cities, counties, fire departments, etc.) for work performed on their transportation vehicles.

**8200 Private Foundations**

Applicable Fund: (GFL)

Record revenue from private foundations including, but not limited to, grants that are restricted as to their use and are material in nature.

**8500 Educational Service Districts**

Applicable Fund: (GFS, CPF, TVF)

Record nonfederal revenue from educational service districts.

**8521 Educational Service Districts—Special Education**

Applicable Fund: (GFS)

Record nonfederal revenue from an Educational Service District for reimbursement of costs relating to a district's Special Education program.

**8522 Educational Service Districts—Special Education—Infants and Toddlers**

Applicable Fund: (GFS)

Record revenues received from an educational service district for the provision of early intervention services for students with disabilities from birth through age two. Similar revenues received for services provided when the child reaches age three should be recorded in revenue account 8521.

**9000 Other Financing Sources (GL 965)**

**9100 Sale of Bonds**

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

Record the face value of the bond sale. Bond issuance costs such as underwriter's fees, legal counsel, and financial advisor's fees are charged to Account 530 Expenditures in the fund receiving the proceeds from the bond sale. The bond premium or discount resulting from the difference between the stated interest rate and the market interest rate is recorded as an other financing source (premium) or other financing use (discount).

**9200 Sale of Real Property**

Applicable Fund: (GFL, CPF, DSF)

Record the proceeds from the sale of land or buildings. Per RCW 28A.335.130, the proceeds from any sale of school district real property by a board of directors shall be deposited to the Debt Service Fund or the Capital Projects Fund, except for amounts required to be expended for the costs associated with the sale of such property, which moneys may be deposited into the fund from which the expenditure was incurred. For real property to be sold, it must have been declared surplus by the board of directors.

(Reference: RCW 28A.335.090, 28A.335.120, 28A.335.130, 28A.335.240.)

RCW 84.04.090 – Defines “Real Property.”

RCW 84.04.080 – Defines “Personal Property.”

**9300 Sale of Equipment**

Applicable Fund: (GFL, TVF)

Record the proceeds from the sale of surplus equipment. Monies derived from pupil transportation vehicles shall be deposited in the district’s transportation vehicle fund. Monies derived from other personal property shall be deposited in the district’s general fund. For equipment to be sold, it must be declared surplus by the board of directors, advertised, and at least 30 days must pass before sale.

(Reference: RCW 28A.335.060, RCW 28A.335.180.)

**9400 Compensated Loss of Capital Assets**

Applicable Fund: (GFL, CPF, TVF)

Record the proceeds from insurance recoveries or other compensation for loss of capital assets. Refer to Revenue Account 2800 Insurance Recoveries for insurance recoveries other than capital assets.

**9500 Long-Term Financing**

Applicable Fund: (GFL, CPF, TVF)

Record the financial inflows from long-term financing as evidenced by a formal contract for the purchase of specific services or equipment (e.g., leases for the

purchase of equipment). The contract obligates the borrower to make payments in future years.

### ***9600 Sale of Refunding Bonds***

Applicable Fund: (DSF)

Record the proceeds from the issuance of new debt in an advance refunding plus any discount related to underwriter's fees. The contra entry for any discount related to underwriter's fees deducted from the proceeds of a refunding bond sale is a debit to General Ledger Account 535 Other Financing Uses (Actual). Payments made to the escrow agent for underwriter's fees from other resources provided by the school district should be recorded as a debit to General Ledger Account 530 Expenditures. The amount recorded under this account is net of any premium received or discount deducted because the stated rate of interest on the bonds sold was different from the market rate of interest.

### ***9900 Transfers—Redirection of Apportionment***

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

Record the receipt of nonreciprocal redirections of apportionment from the General Fund to another fund. For guidance on nonreciprocal interfund transfers, refer to Chapter 3 and the section titled Interfund Activities.

### ***9901 Transfers—Other Resources***

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

Record the receipt of nonreciprocal local resources from one fund to another. For guidance on nonreciprocal interfund transfers, refer to Chapter 3 and the section titled Interfund Activities.

## **FEDERAL ASSISTANCE**

The federal government provides assistance to school districts as aid and reimburse for costs incurred. Most federal financial assistance is in the form of cash awards. However, there are programs that do not involve cash transactions (e.g., food stamps, food commodities, loan guarantees, interest rate subsidies, or insurance). Some programs include both cash and noncash assistance.

Direct federal grants are distinguished from indirect grants by the fact that direct grants are received from a federal department or agency without passing through an intermediary state or local government or another nonfederal agency. Programs provided by the federal government are classified into 15 types of assistance: eight nonfinancial and seven financial.

The financial types of assistance available to school districts are listed below:

- Formula grants
- Project grants
- Direct payments
- Direct loans
- Guaranteed or insured loans
- Insurance
- Sale, exchange, or donation of property and goods

### **Reporting Catalog of Federal Domestic Assistance (CFDA) Numbers**

The Catalog of Federal Domestic Assistance is the basic reference source of federal programs. CFDA numbers are generally five digits with a period between the second and third digits. The first two digits are assigned to the federal awarding agency (e.g., 10.550 is Food Distribution under the National School Lunch Act).

Every effort should be made to obtain the CFDA number for each program for which federal assistance is received. It is best to obtain this information when the contract or agreement is entered into. The catalog of Federal Domestic Assistance is available online at [Assistance Listings](#).

If a program has no identifying number, the first two digits of the assigned two-digit agency number should be used to indicate the federal agency that provided the award. After these digits a period should be placed and the word "unknown" written.

Example: "10.unknown" or "10.999" indicate a program from the Department of Agriculture for which the CFDA number could not be obtained.

Selected two-digit agency numbers are listed here as a reference:

| Selected Two-Digit Federal Agency Numbers |  |    |   |
|---|--|----|---|
| 10  | Department of Agriculture                          | 47 | National Science Foundation             |
| 11  | Department of Commerce                             | 64 | Veterans Affairs, Department of         |
| 12  | Department of Defense                              | 66 | Environmental Protection Agency         |
| 14  | Department of Housing and Urban Development        | 81 | Department of Energy                    |
| 15  | Department of Interior                             | 83 | Federal Emergency Management Agency     |
| 16  | Department of Justice                              | 84 | Department of Education                 |
| 20  | Department of Transportation                       | 85 | Scholarship Foundations                 |
| 42  | Library of Congress                                | 93 | Department of Health and Human Services |
| 45  | National Endowment for the Arts and the Humanities | 97 | Department of Homeland Security         |

## **CHAPTER 6 – General Fund Expenditure Accounts**

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| 9720 Buildings .....                                 | 80        |
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| 9731 Machinery .....                                 | 80        |
| 9732 Vehicles .....                                  | 81        |
| 9733 Furniture and Fixtures .....                    | 81        |
| 9734 Technology-Related Hardware .....               | 81        |
| 9735 Technology Software .....                       | 81        |
| 9739 Other Equipment .....                           | 81        |
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## **INTRODUCTION**

This chapter illustrates the subsidiary expenditure account structure and contains the listing of expenditure accounts for the school district's General Fund. Because expenditure account structures and account numbers are not uniform for all funds, this chapter is dedicated to the General Fund.

The user can find expenditure information on other funds by referring to other chapters dedicated to that purpose. Information about the Capital Projects Fund and the Transportation Vehicle Fund Accounting is found in Chapter 10; Debt Service Fund Accounting is Chapter 11; The Associated Student Body (ASB) Fund is Chapter 12; and Fiduciary Activity is Chapter 13.

In each fund, subsidiary expenditure accounts are summarized in General Ledger Account 530 Expenditures and controlled by establishing estimates in Account 900 Appropriations for Expenditures.

Each district shall maintain general ledger accounts that show the amount appropriated and the amount expended. The purpose of this requirement is to guard against the creation of liabilities in excess of the appropriations approved by the board of directors. General ledger accounts are also provided for the purpose of creating a formal accounting record of encumbrances. At the end of the year, outstanding encumbrances are closed to Account 820 Committed to Encumbrances. At the start of the next fiscal year, encumbrances should be reestablished, if still valid (GASB Cod. Sec. 1700.128). See Chapter 7 General Journal Entries for recording illustrations and the Administrative, Budgeting and Financial Reporting (ABFR) Handbook for the note disclosures required.

### **General Fund Account Structure**

The account structure for general fund expenditures is summarized in the following table format: Fund – Sub-Fund – Program – Activity – Object/NCES Object – Location:

| The General Fund Account Structure for Revenues and Expenditures |         |         |         |          |             |          |
|--|---------|---------|---------|----------|-------------|----------|
| Fund / Sub-Fund  | GL Code | Program | Revenue | Activity | Object/NCES | Location |
| 1 / 1  | 530     | 2       |         | 2        | 1 / 3       | 4        |
| 1 / 1  | 960     | 2       | 2       |          |             |          |

### ***Fund and Sub-Fund***

For reporting purposes to OSPI, the Fund segment is a single integer. Beginning in fiscal year 2018–19, a local revenue sub-fund of its general fund is established to account for the financial operations of a school district that are paid from local revenues per RCW 28A.320.330. The Sub-Fund element was added to the account code structure and is also a single integer.

Beginning in fiscal year 2019–20 the Fund and Sub-Fund segment will be combined for F-196 reporting purposes and the two-digit segment will be reported to OSPI.

The sub-fund represents a sub-set of the General Fund and is only applicable to revenues 960 and 965 and expenditures 530, 535, and 536. There is only one General Fund Balance Sheet; but the sub-fund concept will be segregated on the Statement of Revenues, Expenditures, and Changes in Fund Balance in a subsidiary financial statement to report the Sub-Fund Activities to OSPI. The sub-fund concept is described in the Introduction section at the beginning of the Accounting Manual.

### ***Program and Revenue Codes***

The program codes classify revenues and expenditures into the plan of activities and procedures designed to accomplish a predetermined set of objectives. Eight broad areas are identified in this chapter that are intended to capture similar instructional services delivered to public schools: Regular Instruction; Special Education; Vocational Education; Skill Centers; Compensatory Education; Other Instructional Programs; Community Services; and Support Services. Specific programs are described later in this chapter.

Revenue codes are explained in Chapter 5: The first two digits of a revenue code reflects the source of the funds; the program code is represented in the last two digits of the revenue codes. The table below is a cross-reference for program codes to revenues.

### ***Activity Codes***

The activity describes the function for which a service or material object is acquired. The activities of a school district are classified into nine broad areas: Administration; Instruction; Instructional Support; School Food Services; Pupil Transportation; Maintenance and Operation; Other Services; Debt Service; and Public Activities. Activities are described later in this chapter.

### ***Object Codes and NCES Object Codes***

Object codes are used to describe the service or commodity obtained as the result of a specific expenditure. Beginning in fiscal year 2019–20, school districts will report expenditures using a four-digit Object Code to OSPI.

Object of expenditures are classified by the first integer into nine broad areas used in school district accounting:

- (0) Debit Transfer
- (1) Credit Transfer
- (2) Salaries—Certificated Employees
- (3) Salaries—Classified Employees
- (4) Employee Benefits and Payroll Taxes
- (5) Supplies, Instructional Resources, and Non-capitalized Items
- (7) Purchased Services
- (8) Travel
- (9) Capital Outlay

The object code is further classified by a specific three-digit code. These three-digit codes are modelled after National Center for Education Statistics (NCES) object codes to provide detailed expenditure information necessary for federal reporting and comparability across districts. The four-digit object codes are described later in this chapter.

### ***Location Codes***

Location codes permit expenditures to be segregated to educational sites. Beginning in fiscal year 2019–20, school districts will report expenditure information using approved, four-digit Location Codes to OSPI on the F-196. If the school district's accounting software does not contain four-digits in its location code segment, districts must create crosswalks to upload information for F-196 reporting.

In general, the approved location codes are provided to school districts by OSPI to support the flow of education-related information back to the state. The location codes are commonly used by school districts in other fiscal reporting platforms including personnel and enrollment reporting. For the purpose of reporting expenditure information to OSPI, the approved location codes are classified into two broad categories:

- K–12 Instructional: locations that record student enrollment counts from P-223 and other Enrollment Reports.
- Non-Instructional: locations that do not record student enrollment such as district administration, maintenance facilities, and bus barns.

### Allocating Non-Instructional Costs to Instructional Locations

Under the Every Student Succeeds Act (ESSA), Section 1111 (h), the state must produce annual reports on the per-pupil expenditures of federal, state, and local funds for each school district and for each school in the state. The reporting requirements prescribe that district-level, non-instructional location costs be allocated to the school level to provide uniformed results.

Non-Instructional cost allocation should begin at the school district level. At year end, school districts should evaluate specific non-instructional expenditures and allocate those expenditures to the applicable school locations. For example, if the district has itinerant staff expenditures in a non-instructional location, and that staff works in three of the district's eight school locations, the district should consider allocating the itinerant expenditures to only the three school locations they visit. The allocation of costs to the three school sites can be based on a methodology designed to attribute those costs to the school level in a uniformed manner such as a per-pupil served by location. If a school district identifies other program-specific expenditures in non-instructional locations, the district should assign those costs to the appropriate school locations that provide the program. For example, if the school district has CTE director expenditures in a non-instructional location, those program-related expenditures should be allocated to the appropriate school locations served by the program.

Other non-instructional expenditures, such as the superintendent's office, the business office, and human resources can be allocated to instructional locations in a uniformed methodology such as AAFTE at each school.

Non-instructional expenditures submitted on the annual F-196 will be allocated by OSPI to instructional locations using similar uniformed methodologies.

## **PROGRAM-REVENUE DESCRIPTIONS**

| <b>PROGRAM-REVENUE DESCRIPTIONS</b>    |  |                 |                             |
|--|--|-----------------|-----------------------------|
| <b>Program</b>                         | <b>Description</b>                                   | <b>Revenues</b> | <b>Description</b>          |
| <b>Regular Instruction</b>             |  |                 |                             |
| 01                                     | Basic Education                                      | 7301            | Nonhigh Participation       |
| 02                                     | Basic Education—Alternative Learning Experience      |                 |                             |
| 03                                     | Basic Education—Dropout Reengagement                 |                 |                             |
| <b>Federal Special Purpose Funding</b> |  |                 |                             |
| 11                                     | Special Purpose—GEER                                 | 6111            | CARES ACT                   |
|  |  | 6211            |                             |
|  |  | 6311            |                             |
| 12                                     | Special Purpose—ESSER II                             | 6112            | CRRSA ACT                   |
|  |  | 6212            |                             |
|  |  | 6312            |                             |
| 13                                     | Special Purpose—ESSER III                            | 6113            | ARP ACT                     |
|  |  | 6213            |                             |
|  |  | 6313            |                             |
| 14                                     | Special Purpose—ESSER III—Supplemental—Learning Loss | 6114            | ARP ACT                     |
|  |  | 6214            |                             |
|  |  | 6314            |                             |
| 18                                     | Special Purpose—Reserve G                            | 6118            |                             |
|  |  | 6218            |                             |
|  |  | 6318            |                             |
| 19                                     | Special Purpose—Reserve H                            | 6119            |                             |
|  |  | 6219            |                             |
|  |  | 6319            |                             |
| <b>Special Education Instruction</b>   |  |                 |                             |
| 21                                     | Special Education—Supplemental—State                 | 3121            | Basic Education Redirection |
|  |  | 4121            | Special Education           |
|  |  | 4321            |                             |
|  |  | 7121            |                             |
|  |  | 6121            |                             |
|  |  | 6221            |                             |
|  |  | 6321            |                             |
| 8521                                   |  |                 |                             |

| <b>PROGRAM-REVENUE DESCRIPTIONS</b>     |  |                 |   |
|---|--|-----------------|---|
| <b>Program</b>                          | <b>Description</b>                                 | <b>Revenues</b> | <b>Description</b>  |
| 22                                      | Special Education—Infants and Toddlers—State       | 2122            | Special Education—Infants and Toddlers                                |
|   |  | 4122            |   |
|   |  | 4322            |   |
|   |  | 6122            |   |
|   |  | 6222            |   |
|   |  | 6322            |   |
|   |  | 7122            |   |
| 23                                      | Special Education—ARP—IDEA                         | 6123            | ARP ACT   |
|   |  | 6223            |   |
|   |  | 6323            |   |
| 24                                      | Special Education—Supplemental—Federal             | 6124            | Special Education—Supplemental  |
|   |  | 6224            |   |
|   |  | 6324            |   |
| 25                                      | Special Education—Infants and Toddlers—Federal     | 6125            | Special Education—Infants and Toddlers—Federal                        |
|   |  | 6225            |   |
|   |  | 6325            |   |
| 26                                      | Special Education—Institutions—State               | 4126            | State Institutions—Special Education                                  |
|   |  | 4326            |   |
| 29                                      | Special Education—Other—Federal                    | 5329            | Impact Aid—Special Education Funding                                  |
| <b>Vocational Education Instruction</b> |  |                 |   |
| 31                                      | Vocational—Basic—State                             | 2131            | Secondary Vocational Education—Tuition and Fees                       |
|   |  | 2231            | Secondary Vocational Education—Sales of Goods, Supplies, and Services |
|   |  | 7131            | Vocational Education  |
| 34                                      | Middle School Career and Technical Education—State |                 |   |
| 38                                      | Vocational—Federal                                 | 6138            | Secondary Vocational Education  |
|   |  | 6238            |   |
|   |  | 6338            |   |
| 39                                      | Vocational—Other Categorical                       |                 |   |
| <b>Skill Center Instruction</b>         |  |                 |   |
| 45                                      | Skill Center—Basic—State                           | 2145            | Skill Center—Tuition and Fees   |
|   |  | 2245            | Skill Center—Sales of Goods, Supplies, and Services                   |
|   |  | 7145            | Skill Center  |

| <b>PROGRAM-REVENUE DESCRIPTIONS</b>       |   |                 |   |
|---|---|-----------------|---|
| <b>Program</b>                            | <b>Description</b>                                  | <b>Revenues</b> | <b>Description</b>                                |
| 46  | Skill Center—Federal                                | 6146            | Skill Center                                      |
|   |   | 6246            |   |
|   |   | 6346            |   |
| 47  | Skill Center—Facility Upgrades                      | 7147            | Skill Center—Facility Upgrades                    |
| <b>Compensatory Education Instruction</b> |   |                 |   |
| 51  | ESEA Disadvantaged—Federal                          | 6151            | Disadvantaged                                     |
|   |   | 6251            |   |
|   |   | 6351            |   |
| 52  | Other Title Grants Under ESEA—Federal               | 6152            | School Improvement                                |
|   |   | 6252            |   |
|   |   | 6352            |   |
| 53  | ESEA Migrant—Federal                                | 6153            | Migrant   |
|   |   | 6253            |   |
|   |   | 6353            |   |
| 54  | Reading First—Federal                               | 6154            | Reading First                                     |
|   |   | 6254            |   |
|   |   | 6354            |   |
| 55  | Learning Assistance Program—State                   | 4155            | Learning Assistance                               |
| 56  | State Institutions, Centers, and Homes—Delinquent   | 4156            | State Institutions, Centers, and Homes—Delinquent |
|   |   | 4356            | State Institutions—Centers and Homes              |
| 57  | State Institutions—Neglected and Delinquent—Federal | 6157            | Institutions—Neglected and Delinquent             |
|   |   | 6257            |   |
|   |   | 6357            |   |
| 58  | Special and Pilot Programs—State                    | 4158            | Special and Pilot Programs                        |
|   |   | 4358            |   |
| 59  | Institutions—Juveniles in Adult Jails               | 4159            | Institutions—Juveniles in Adult Jails             |
| 61  | Head Start—Federal                                  | 6161            | Head Start  |
|   |   | 6261            |   |
|   |   | 6361            |   |
| 62  | Math and Science—Professional Development—Federal   | 6162            | Math and Science—Professional Development         |
|   |   | 6262            |   |
|   |   | 6362            |   |
| 64  | Limited English Proficiency—Federal                 | 6164            | Limited English Proficiency                       |
|   |   | 6264            |   |
|   |   | 6364            |   |

| <b>PROGRAM-REVENUE DESCRIPTIONS</b> |                                 |                 |   |
|-------------------------------------|---------------------------------|-----------------|---|
| <b>Program</b>                      | <b>Description</b>              | <b>Revenues</b> | <b>Description</b>                        |
| 65                                  | Transitional Bilingual—State    | 4165            | Transitional Bilingual                    |
|                                     |                                 | 4365            |   |
| 67                                  | Indian Education—Federal—JOM    | 6167            | Indian Education—JOM                      |
|                                     |                                 | 6267            |   |
|                                     |                                 | 6367            |   |
| 68                                  | Indian Education—Federal—ED     | 6168            | Indian Education—ED                       |
|                                     |                                 | 6268            |   |
|                                     |                                 | 6368            |   |
| 69                                  | Compensatory—Other              |                 |   |
| <b>Other Instructional Programs</b> |                                 |                 |   |
| 71                                  | Traffic Safety                  | 2171            | Traffic Safety—Education Fees             |
|                                     |                                 | 4171            | Traffic Safety Education—Inactive Account |
| 73                                  | Summer School                   | 2173            | Summer School—Tuition and Fees            |
| 74                                  | Highly Capable                  | 4174            | Highly Capable                            |
| 76                                  | Targeted Assistance—Federal     | 6176            | Targeted Assistance                       |
|                                     |                                 | 6276            |   |
|                                     |                                 | 6376            |   |
| 78                                  | Youth Training Programs—Federal | 6178            | Youth Training Programs                   |
|                                     |                                 | 6278            |   |
|                                     |                                 | 6378            |   |
| 79                                  | Instructional Programs—Other    |                 |   |
| <b>Community Services</b>           |                                 |                 |   |
| 81                                  | Public Radio and Television     |                 |   |
| 86                                  | Community Schools               | 2186            | Community School—Tuition and Fees         |
| 88                                  | Child Care                      | 2188            | Child Care—Tuition and Fees               |
|                                     |                                 | 4188            | Child Care                                |
|                                     |                                 | 4388            |   |
|                                     |                                 | 6188            |   |
|                                     |                                 | 6288            |   |
|                                     |                                 | 6388            |   |
| 8188                                |                                 |                 |   |

| <b>PROGRAM-REVENUE DESCRIPTIONS</b>                   |                          |                 |                             |
|---|--------------------------|-----------------|-----------------------------|
| <b>Program</b>  | <b>Description</b>       | <b>Revenues</b> | <b>Description</b>          |
| 89  | Other Community Services | 2289            | Other Community Services    |
|   |                          | 6189            |                             |
|   |                          | 6289            |                             |
|   |                          | 6389            |                             |
|   |                          | 7189            |                             |
|   |                          | 8189            |                             |
| <b>Support Services</b>                               |                          |                 |                             |
| 97  | Districtwide Support     | 7197            | Support Services            |
| 98  | School Food Services     | 2298            | School Food Services        |
|   |                          | 2998            |                             |
|   |                          | 4198            |                             |
|   |                          | 4398            |                             |
|   |                          | 6198            |                             |
|   |                          | 6298            |                             |
|   |                          | 6398            |                             |
|   |                          | 6998            |                             |
|   |                          | 7198            |                             |
|   |                          | 8198            |                             |
| 99  | Pupil Transportation     | 4199            | Transportation—Operations   |
|   |                          | 4499            | Transportation—Depreciation |
|   |                          | 4399            | Transportation              |
|   |                          | 6199            |                             |
|   |                          | 6299            |                             |
|   |                          | 6399            |                             |
|   |                          | 7199            |                             |
|   |                          | 8199            |                             |
| <b>Other Revenue Accounts</b>                         |                          |                 |                             |
| <b>1000 Local Support Tax</b>                         |                          |                 |                             |
| No specific Programs assigned to these revenue codes. |                          | 1100            | Local Property Tax          |
|   |                          | 1300            | Sale of Tax Title Property  |
|   |                          | 1400            | Local In Lieu of Taxes      |
|   |                          | 1500            | Timber Excise Tax           |
|   |                          | 1600            | County-Administered Forests |
|   |                          | 1900            | Other Local Taxes           |

| <b>PROGRAM-REVENUE DESCRIPTIONS</b>                   |                    |                 |   |
|---|--------------------|-----------------|---|
| <b>Program</b>  | <b>Description</b> | <b>Revenues</b> | <b>Description</b>                                |
| <b>2000 Local Support Non-tax</b>                     |                    |                 |   |
| No specific Programs assigned to these revenue codes. |                    | 2100            | Tuition and Fees—Unassigned                       |
|   |                    | 2200            | Sales of Goods, Supplies, and Services—Unassigned |
|   |                    | 2300            | Investment Earnings                               |
|   |                    | 2400            | Interfund Loan Interest Earnings                  |
|   |                    | 2450            | Other Interest Earnings                           |
|   |                    | 2500            | Gifts, Grants, and Donations                      |
|   |                    | 2600            | Fines and Damages                                 |
|   |                    | 2700            | Rentals and Leases                                |
|   |                    | 2800            | Insurance Recoveries                              |
|   |                    | 2900            | Local Support Non-Tax—Unassigned                  |
|   | 2910               | E-Rate          |   |
| <b>3000 State Revenue—General Purpose</b>             |                    |                 |   |
| No specific Programs assigned to these revenue codes. |                    | 3100            | Apportionment                                     |
|   |                    | 3300            | Local Effort Assistance                           |
|   |                    | 3600            | State Forests                                     |
|   |                    | 3900            | Other State General Purpose—Unassigned            |
| <b>4000 State Revenue—Special Purpose</b>             |                    |                 |   |
| No specific Programs assigned to these revenue codes. |                    | 4100            | Special Purpose—Unassigned                        |
|   |                    | 4130            | State Matching—Paid Direct to District (CPF)      |
| No specific Programs assigned to these revenue codes. |                    | 4230            | State Matching—Paid Direct to Contractor (CPF)    |
|   |                    | 4300            | Other State Agencies—Unassigned                   |
| <b>5000 Federal Revenue—General Purpose</b>           |                    |                 |   |
| No specific Programs assigned to these revenue codes. |                    | 5200            | General Purpose Direct Federal Grants—Unassigned  |
|   |                    | 5300            | Impact Aid—Maintenance and Operations             |
|   |                    | 5400            | Federal in Lieu of Taxes                          |
|   |                    | 5500            | Federal Forests                                   |
|   |                    | 5600            | Qualified Bond Interest Credit—Federal            |

| <b>PROGRAM–REVENUE DESCRIPTIONS</b>                                  |                    |                 |  |
|--|--------------------|-----------------|--|
| <b>Program</b>   | <b>Description</b> | <b>Revenues</b> | <b>Description</b>                               |
| <b>6000 Federal Revenue—Special Purpose</b>                          |                    |                 |  |
| No specific Programs assigned to these revenue codes.                |                    | 6100            | Special Purpose—OSPI Unassigned                  |
|  |                    | 6200            | Direct Special Purpose Grants                    |
|  |                    | 6300            | Federal Grants Through Other Entities—Unassigned |
|  |                    | 6310            | Medicaid Administrative Match                    |
| <b>7000 Revenues From Other School Districts</b>                     |                    |                 |  |
| No specific Programs assigned to this revenue code.                  |                    | 7100            | Program Participation—Unassigned                 |
| <b>8000 Revenues From Other Entities</b>                             |                    |                 |  |
| No specific Programs assigned to these revenue codes.                |                    | 8100            | Governmental Entities                            |
|  |                    | 8101            | Governmental Entities—Enrichment                 |
|  |                    | 8200            | Private Foundations                              |
|  |                    | 8500            | Educational Service Districts                    |
| <b>9000 Other Financing Source Accounts</b>                          |                    |                 |  |
| No specific Programs assigned to these other financing source codes. |                    | 9100            | Sale of Bonds                                    |
|  |                    | 9200            | Sale of Real Property                            |
|  |                    | 9300            | Sale of Equipment                                |
|  |                    | 9400            | Compensated Loss of Capital Assets               |
|  |                    | 9500            | Long-Term Financing                              |
|  |                    | 9600            | Sale of Refunding Bonds                          |
|  |                    | 9900            | Transfers—Redirection of Apportionment           |
|  |                    | 9901            | Transfers—Other Resources                        |

## **GENERAL FUND EXPENDITURES**

### **Program Codes**

#### ***00 Regular Instruction***

- 01 Basic Education
- 02 Basic Education—Alternative Learning Experience
- 03 Basic Education—Dropout Reengagement

#### ***10 Federal Special Purpose Funding***

- 11 Special Purpose—GEER
- 12 Special Purpose—ESSER II
- 13 Special Purpose—ESSER III
- 14 Special Purpose—ESSER III—Supplemental—Learning Loss
- 18 Special Purpose—Reserve G
- 19 Special Purpose—Reserve H

#### ***20 Special Education Instruction***

- 21 Special Education—Supplemental—State
- 22 Special Education—Infants and Toddlers—State
- 23 Special Education—ARP—IDEA—Supplemental—Federal
- 24 Special Education—Supplemental—Federal
- 25 Special Education—Infants and Toddlers—Federal
- 26 Special Education—Institutions—State
- 29 Special Education—Other—Federal

#### ***30 Vocational Education Instruction***

- 31 Vocational—Basic—State
- 34 Middle School Career and Technical Education—State
- 38 Vocational—Federal
- 39 Vocational—Other Categorical

**40 Skill Center Instruction**

- 45 Skill Center—Basic—State
- 46 Skill Center—Federal
- 47 Skill Center—Facility Upgrades

**50–60 Compensatory Education Instruction**

- 51 ESEA Disadvantaged—Federal
- 52 Other Title Grants Under ESEA—Federal
- 53 ESEA Migrant—Federal
- 54 Reading First—Federal
- 55 Learning Assistance Program—State
- 56 State Institutions, Centers, and Homes—Delinquent
- 57 State Institutions—Neglected and Delinquent—Federal
- 58 Special and Pilot Programs—State
- 59 Institutions—Juveniles in Adult Jails
- 61 Head Start—Federal
- 62 Math and Science—Professional Development—Federal
- 64 Limited English Proficiency—Federal
- 65 Transitional Bilingual—State
- 67 Indian Education—Federal—JOM
- 68 Indian Education—Federal—ED
- 69 Compensatory—Other

**70 Other Instructional Programs**

- 71 Traffic Safety
- 73 Summer School
- 74 Highly Capable
- 76 Targeted Assistance—Federal
- 78 Youth Training Programs—Federal
- 79 Instructional Programs—Other

**80 Community Services**

- 81 Public Radio and Television
- 86 Community Schools
- 88 Child Care
- 89 Other Community Services

## ***90 Support Services***

- 97 Districtwide Support
- 98 School Food Services
- 99 Pupil Transportation

## **PROGRAM EXPENDITURE CODES**

Educational programs consist of activities of a school district which are directly involved in the instruction and education of students.

### **00 Regular Instruction**

#### ***01 Basic Education***

Record expenditures to provide free appropriate kindergarten through twelfth grade public education to pupils, which shall include instruction in reading, language arts, mathematics, social studies, science, music, art, health, physical education, industrial arts, and other subjects and activities, deemed appropriate by the school district.

(Reference: RCW 28A.150.210 and 28A.150.220.)

#### ***02 Basic Education—Alternative Learning Experience***

Record expenditures providing basic education to students claimed for state apportionment under the provision of WAC 392-121-182 Alternative Learning Experience. This would include expenditures for providing basic education to those students that are enrolled in an on-line program as defined in WAC 392-502-010.

Expenditures are allowed in Activity 32 Instructional Technology within this program only to the extent that they are directly related to the ALE program. Examples of allowable expenditures for this program are computers and related hardware necessary to run the program, software and software licenses, and other charges that are directly attributable to the program.

(Reference: RCW 28A.150.262, WAC 392-121-182, WAC 392-502-010, Chapter 37, Laws of 2010 1<sup>st</sup> Special Session, ¶501(1)(p).)

### ***03 Basic Education—Dropout Reengagement***

Record expenditures providing basic education to students, claimed for state apportionment under the provision of ESSHB 1418, for a statewide dropout reengagement system to provide appropriate educational opportunities and access to services for students age sixteen to twenty-one who have dropped out of high school or are not accumulating sufficient credits to reasonably complete a high school diploma in a public school before the age of twenty-one.

(Reference: RCW 28A.175.100, 28A.175.105 through 28A.175.115.)

## **10 Federal Special Purpose Funding**

Responding to the severe health and economic impacts created by the COVID pandemic, the federal government has passed several aid packages to respond to the coronavirus. Program expenditure type 10 includes the series of programs to provide relief services to the education systems; and to protect and enhance the student learning environment. The aid packages contain multiple programs. School districts are required to track allowable costs separately in their Chart of Accounts and not commingle or mix the grant awards.

### ***11 Special Purpose—GEER***

Record expenditures for allowable costs provided by the Governor’s Emergency Education Relief (GEER) Fund. Pursuant to its authority and subject to conditions and restrictions, the Office of Financial Management (OFM) has allocated CARES Act resources to LEAs.

(Ref. CARES Act, Public Law 116-136; Section 18002)

### ***12 Special Purpose—ESSER II***

Record expenditures for allowable costs pursuant to the Elementary and Secondary School Emergency Relief II (ESSER II) funds under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. LEAs may use federal ESSER II funds for the same activities allowable under the federal guidance for ESSER I. This includes, but is not limited to activities authorized by ESSA, IDEA, Carl D Perkins CTE Act, McKinney-Vento, and other activities necessary to maintain the operation of and continuity of services in the LEA.

(Ref. CRRSA Act 2021 Public Law 116-260; Section 313)

**13 Special Purpose—ESSER III**

Record expenditures for allowable costs pursuant to the Elementary and Secondary School Emergency Relief III (ESSER III) funds under the American Rescue Plan Act of 2021; SEC. 2001, Elementary and Secondary School Emergency Relief Fund. LEAs may use federal ESSER III funds for the same activities allowable under the federal guidance for ESSER II. This includes, but is not limited to activities authorized by ESSA, IDEA, Carl D Perkins CTE Act, McKinney-Vento, and other activities necessary to maintain the operation of and continuity of services in the LEA.

(Ref. Section 2001 of the American Rescue Plan Act (ARP Act) of 2021)

**14 Special Purpose—ESSER III—Supplemental—Learning Loss**

Record expenditures for allowable costs pursuant to the Elementary and Secondary School Emergency Relief III (ESSER III) funds under the American Rescue Plan Act of 2021; SEC. 2001. School districts shall reserve not less than 20% of such funds to address learning loss through the implementation of evidence-based interventions, such as summer learning or summer enrichment, extended day, comprehensive afterschool programs, or extended school year programs, and ensure that such interventions respond to students' academic, social, and emotional needs and address the disproportionate impact of the coronavirus on the student subgroups described in section 1111(b)(2)(B)(xi) of the Elementary and Secondary Education Act of 1965 (20 U.S.C.6311(b)(2)(B)(xi)); each major racial and ethnic group, children from low-income families, children with disabilities, English learners, gender, migrant students, students experiencing homelessness, and children and youth in foster care.

(Ref. Section 2001 (e)(1) of the American Rescue Plan Act (ARP Act) of 2021)

**18 Special Purpose—Reserve G**

Record expenditures on allowable cost for federal special purpose aid. This program is held in reserve by OSPI. It should not be used until approved and prescribed by OSPI.

**19 Special Purpose—Reserve H**

Record expenditures on allowable cost for federal special purpose aid. This program is held in reserve by OSPI. It should not be used until approved and prescribed by OSPI.

## 20 Special Education Instruction

Program expenditure type 20 includes the series of programs for the education of eligible special education students.

Record in these programs the excess cost expenditures for providing special education and related services to special education-eligible students.

“Excess costs” are those expenditures for special education and related services for special education students that exceed the amount needed to provide a basic education to those students. Basic education costs are to be recorded in Program 01 Basic Education.

An “eligible special education student” means a student receiving specially designed instruction in accordance with a properly formulated individualized education program (IEP).

Special education students are individuals classified as developmentally delayed, intellectually disabled, multi-disabled, deaf-blind, hearing impaired, deaf, communication disordered, visually disabled, emotionally or behaviorally disabled, orthopedically impaired, health impaired, specific learning disabled, autistic, or traumatic brain injured who, by reason thereof, require special education and related services.

Beginning with the 2007–08 school year, districts are subject to the Washington State Excess Cost Method (WSECM).

The WSECM relies on each school district’s Federal Child Count Report–Implementation of Least Restrictive Environment, to determine the amount of service provided to special education students outside the regular classroom.

The WSECM assumes that:

- Special education students receive their appropriate share of basic education support from basic education staff when served in the regular classroom.
- When special education students are served outside the regular classroom, basic education dollars follow them to partially support the special education services.

**21 Special Education—Supplemental—State**

Record special education expenditures funded by state and other sources. Include preschool special education expenditures. Also include expenses for providing home hospital services per WAC 392-172A-02100 and Medicaid school-based healthcare services for eligible special education students.

**22 Special Education—Infants and Toddlers—State**

Record expenditures for providing early intervention services to all children with disabilities from birth through age two. School districts provide or contract for early intervention services in partnership with local birth through two lead agencies and birth through two providers. Once a child reaches age three, record Individual Education Plan (IEP) expenditures in Program 21 Special Education—Supplemental—State.

(Reference: RCW 28A.155.065.)

**23 Special Education—ARP—IDEA—Federal**

Record expenditures for allowable costs pursuant to the Elementary and Secondary School Emergency Relief III (ESSER III) funds under the American Rescue Plan Act of 2021; SEC. 2014, Elementary and Secondary School Emergency Relief Fund. LEAs shall use ARP—IDEA resources for special education excess cost expenditures allowable under the Individuals with Disabilities Education Act (IDEA).

**24 Special Education—Supplemental—Federal**

Record special education excess cost expenditures for federal grants under the Individuals with Disabilities Education Act (IDEA). Federally funded portions of the safety net award (revenue code 6124) should be reflected in program 24 expenditures.

IDEA resources are intended to supplement and, to the extent practicable, increase the level of state and local moneys expended for the education of special education students and in no case to supplant such state and local funds.

**25 Special Education—Infants and Toddlers—Federal**

Record expenditures for providing early intervention services to all children with disabilities from birth through age two, under Part C of the Individuals with Disabilities Education Act.

**26 Special Education—Institutions—State**

Record special education expenditures for conducting approved education programs for students in state residential institutions for the disabled or emotionally disturbed.

**29 Special Education—Other—Federal**

Record special education federal excess cost expenditures (see definition under Program 24 above) for non-designated federal special education sources. An example of this is the 8003(d) portion of impact aid.

**30 Vocational Education Instruction**

Record the direct expenditures incurred for operating vocational education secondary programs approved by OSPI.

**31 Vocational—Basic—State**

Record expenditures for work skills programs that have been approved for funding by OSPI, including state or local match requirements for federal vocational grants. Vocational work skills include, but are not limited to, family and consumer sciences education, business education, marketing education, agriculture education, health occupations education, trade and industrial education, technology education, and career education.

(Reference: RCW 28A.150.220.)

**34 Middle School Career and Technical Education—State**

Record expenditures for OSPI approved Career and Technical Education programs provided to middle school (grades 7 & 8) students.

(Reference: 2007–09 State Biennial Operating Budget, Section 513(10).)

### ***38 Vocational—Federal***

Record expenditures from federal grants to assist school districts in providing improved educational programs that lead to academic and occupational skills to work in a technologically advanced society.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

### ***39 Vocational—Other Categorical***

Record expenditures for vocational education programs for secondary students funded by categorical sources that are not identified with a specific program number in the 30 series.

## **40 Skill Center Instruction**

Record direct expenditures incurred for operating a skill center program approved by OSPI. The skill center is encouraged to direct charge expenditures such as insurance and items related to grounds and maintenance.

### ***45 Skill Center—Basic—State***

Record expenditures for secondary vocational skill center programs that have been approved for funding by OSPI, including state or local match requirements for federal vocational grants. Teacher salaries and other curricular expenditures should be charged to this program. The skill center program director should be charged to Activity 23 Principal's Office.

### ***46 Skill Center—Federal***

Record expenditures from federal grants to assist school districts in providing improved educational programs that lead to academic and occupational skills to work in a technologically advanced society through the use of a skill center.

(Reference: 20 USC 2301–2465 and 34 CFR 401.)

**47 Skill Center—Facility Upgrades**

Record expenditures for a separate minor repair and maintenance capital account on facilities constructed or renovated with state funding. The use of these funds is a supplement for specific renovations, repairs, and maintenance purposes. Financial resources used for this purpose may not replace routine annual preventive maintenance expenditures included in Program 45, Skill Center–Basic–State.

(Reference: SSB 5644)

**50–60 Compensatory Education Instruction**

Programs designed to assist student participation in the regular instruction programs.

**51 ESEA Disadvantaged—Federal**

Record expenditures for federal grant programs approved by OSPI to assist districts in providing services to educationally deprived children living in low-income areas. Also record expenditures from federal entitlement grants under ESEA Title I, Part D, subpart 2, local institutions to assist school districts providing services to children under 18 years of age who have been placed in local detention centers and group homes. Schools identified for supplemental services under school improvement should report expenditures for services to students from low socio-economic families. Specific programs include, but are not limited to, the following:

- Title I, Part A—Basic (includes Title I, Part A set aside for neglected and delinquent in Part D, subpart 2)
- Title I, Part B, 3—Even Start
- Title I, Part G—Advanced Placement
- Title X, Part C—McKinney-Vento Homeless Assistance Act, Subtitle B

(Reference: 20 USC 6301–6323, Every Student Succeeds Act, Title I, Parts A, B, F, and G; Title X; 34 CFR 200; RCW 28A.300.070; and chapter 392-163 WAC.)

**NOTE:** ESEA Title I, Part D, subpart 1 expenditures are recorded under program 57.

**52 Other Title Grants Under ESEA—Federal**

Record expenditures from federal grants designed to assist school districts in improving the quality of education. Specific programs include, but are not limited to, the following:

- Title II, Part A—State Grants for Improving Teacher Quality
- Title II, Part D (1), (2), and (3)—Educational Technology
- Title IV, Part A—Safe and Drug-Free Schools
- Title IV, Part A—Community Service for Expelled Students
- Title IV, Part B—21<sup>st</sup> Century Learning Centers
- Title V, Part B (1) and (2)—Rural and Low-Income Schools

(Reference: Every Student Succeeds Act.)

**53 ESEA Migrant—Federal**

Record expenditures for federal grant programs to assist districts in providing services to migratory children age 3 through 21, or until graduation, of migratory agricultural workers or of migratory fishers who have moved from one school district to another during the past 36 months to obtain temporary or seasonal employment in agriculture, fishing, or related food-processing activities.

(Reference: Every Student Succeeds Act, Title I, Part C; 34 CFR 206, RCW 28A.300.070, chapter 392-164 WAC.)

**54 Reading First—Federal**

Record expenditures from federal grants to assist school districts in establishing K–3 reading programs that are based on scientifically based reading research, to provide professional development to teachers in using scientifically based reading research, programs, and assessments, to strengthen coordination among schools, early literacy, and family literacy programs.

(Reference: No Child Left Behind, Title I, Part B [1].)

### ***55 Learning Assistance Program—State***

Record expenditures for state-funded assistance to students who are deficient in basic skills achievement in reading, mathematics, and language arts.

(Reference: RCW 28A.165.010 through 28A.165.090; chapter 392-162 WAC.)

### ***56 State Institutions, Centers, and Homes—Delinquent***

Record expenditures for the following:

- State group homes for delinquent youth—Educational programs provided by local school districts in facilities financed by the Division of Juvenile Rehabilitation of DSHS to house adjudicated youth 24 hours a day.
- Juvenile parole learning centers—Education provided under the guidance of local school districts in facilities for adjudicated youth funded by the Division of Juvenile Rehabilitation of DSHS.
- County detention centers—Education in facilities maintained for treatment and education of juveniles who have been placed under protective custody or have committed a criminal offense.
- State institutions for delinquent youth—Education in facilities established by DSHS for the diagnosis, confinement, and rehabilitation of juveniles committed by the courts.

(Reference: RCW 28A.190.020 through 28A.190.060.)

### ***57 State Institutions—Neglected and Delinquent—Federal***

Record expenditures from federal grants (Every Student Succeeds Act, Title I, Part D, subpart 1) to assist school districts in providing services to children under 21 years of age who have been placed in a state institution for neglected or delinquent children, in an adult correctional institution, or a community day program operated by a state agency.

(Reference: Every Student Succeeds Act, ESEA Title I, Part D, subpart 1.)

**NOTE:** ESEA Title I, Part D, subpart 2 expenditures are recorded under program 51.

**58 Special and Pilot Programs—State**

Record expenditures for state-funded special and pilot programs as defined by the state Legislature.

**59 Institutions—Juveniles in Adult Jails**

Record expenditures for providing a program of basic education to youth under the age of 18 who are incarcerated in adult correctional facilities.

(Reference: RCW 28A.194.005 through 28A.195.900, WAC 392-122-205 and 392-122-228.)

**61 Head Start—Federal**

Record expenditures from federal grants to assist school districts in providing comprehensive health, educational, nutritional, social, and other services primarily to economically disadvantaged children from age 3 to school age and to involve parents in activities with their children so that the children will attain overall social competence.

(Reference: 45 CFR 1300.)

**62 Math and Science—Professional Development—Federal**

Record expenditures from federal grants to assist school districts to participate in professional development activities that increase the subject matter knowledge and instructional skills of science, mathematics, and technical education with respect to achievement in science, mathematics, reading to learn, and technical writing.

(Reference: Every Student Succeeds Act, Title II, Part B, Mathematics and Science Partnerships.)

**64 Limited English Proficiency—Federal**

Record expenditures from federal grants to assist school districts in developing and providing services to children with limited proficiency in understanding, speaking, reading, or writing English.

(Reference: Every Student Succeeds Act, Title III; 20 USC 3281–3283; 20 USC 3291–3292; 34 CFR.)

**65 Transitional Bilingual—State**

Record expenditures for supplemental services for the benefit of students in the bilingual education program in the district. Under this program, an eligible student is one whose primary language is not English and whose English language skills are significantly deficient or absent.

(Reference: RCW 28A.180.010 through 28A.180.080.)

**67 Indian Education—Federal—JOM**

Record expenditures from federal grants to assist school districts in providing supplemental education programs for children who are (1) enrolled members (or at least quarter-blood members) of federally recognized tribes eligible for service by the Bureau of Indian Education and (2) are between age 3 through grade 12 with priority given to those residing on or near Indian reservations. (Education contracts under Johnson O'Malley Act [P.L. 93-638].)

(Reference: Johnson O'Malley Act (JOM) and 25 CFR.)

**68 Indian Education—Federal—ED**

Record expenditures for supplemental federal assistance to develop and carry out programs designed to meet the unique educational and culturally related academic needs of Indian pupils in public schools, with priority given to urban and other non-reservation-based Indian students.

(Reference: P.L. 103-82, 20 USC 7801.)

**69 Compensatory—Other**

Record expenditures for other compensatory programs. This could include programs funded in total or in part by counties, cities, foundations, or other private agencies not identified with specific expenditure program numbers previously listed in the 50 and 60 series; for example, Learn and Serve grants.

## **70 Other Instructional Programs**

### ***71 Traffic Safety***

Record the expenditures for accredited courses in traffic safety instruction. Traffic safety education develops student skills to safely operate motor vehicles, the knowledge of motor vehicle laws, and an understanding of causes and consequences of traffic accidents.

(Reference: chapter 28A.220 RCW and chapter 392-153 WAC.)

### ***73 Summer School***

Record expenditures for summer school programs.

(Reference: RCW 28A.320.500 and 28A.320.510.)

### ***74 Highly Capable***

Record expenditures for supplemental services for the benefit of highly capable pupils.

(Reference: RCW 28A.185.010 through 28A.185.030.)

### ***76 Targeted Assistance—Federal***

Record expenditures for promising educational programs for:

- At-risk students and those students who require higher than average expenditures to serve.
- Support for supplementary resources and instructional computer hardware.
- Schoolwide improvements.
- Professional development.
- Enhancement of student academic achievements.
- Other innovative projects.

(Reference: Improving America's Schools Act of 1994, Title I, Part A; 34 CFR 200; and chapter 392-165 WAC.)

**78 Youth Training Programs—Federal**

Record expenditures for federally funded programs to provide disadvantaged youth with job training. Examples include Job Training Partnership Act (JTPA) and Youth Work Experience programs.

(Reference: 29 USC 801 et. seq. and 20 CFR 680.)

**79 Instructional Programs—Other**

Record expenditures not directly identifiable with specific other instructional programs in the 70 series. Examples include, but are not limited to, the following:

- AIDS Education
- Character Education
- Drug and Alcohol Substance Abuse (DASA) Prevention and Intervention
- Refugee School Impact
- REAP
- Teen Aware
- GEAR UP

**80 Community Services**

Record in the 80 series expenditures for operating programs primarily for the benefit of the whole community or some segment of the community. Exclude regular instructional programs operated by the school district. This series includes direct expenditures for custodial and detention care of children and recreation such as ski school, swimming, and civic activities. Expenditures for feeding the elderly should be charged here by transfer from Program 98 School Food Services.

**81 Public Radio and Television**

Record expenditures for the operation of radio and television stations broadcasting on the public airwaves and accessible to the general public. Grants from the Corporation for Public Broadcasting or public donations in support of public broadcasting are expended in this program.

### **86 Community Schools**

Record expenditures for community education programs or service programs on a noncredit and nontuition basis.

(Reference: chapter 28A.620 RCW.)

### **88 Child Care**

Record expenditures for the care or instruction, or both, of children served by Preschool, Child Care, Play Groups, and Before-and-After School Care programs operated or supported by the school district.

Every board of directors shall have power to establish, equip, and maintain preschools for children of working parents, in cooperation with the federal government or any of its agencies, when in their judgment the best interests of their district will be subserved thereby.

Expenditures under federal funds or state appropriations made to carry out the purposes of RCW 28A.215.010 through 28A.215.050 shall be made by warrants issued by the state treasurer upon order of the superintendent of public instruction. School district may only utilize funds outside the state basic education appropriation and the state school transportation appropriation for services related to these programs.

Allowable program elements may include:

- Contract with public and private entities to conduct all or any portion of the management and operation of a child care program at a school district site or elsewhere.
- Establish charges based upon costs incurred, as outlined in RCW 28A.215.050.
- Transport children enrolled in a child care program to the program and to related sites as outlined in RCW 28A.215.050.

Program examples include, but are not limited to, the following:

- ECEAP
- Part-day or full-day preschool
- Preschool cooperatives
- Play groups (Kaleidoscope Play and Learn, 1-2-3 Grow and Learn)

(Reference: chapter 28A.215 RCW.)

### **89 Other Community Services**

Record expenditures for community service programs for which a specific program has not been assigned in the 80 series. Districts that are a part of a vehicle maintenance cooperative with other school districts should transfer costs for vehicles other than the district's school buses from Program 99 into this program using the debit-credit transfer procedure.

### **90 Support Services**

Support service programs consist of activities to accomplish objectives that support the educational programs of the district.

#### **97 Districtwide Support**

Record expenditures for districtwide support assigned to Activities 11 through 15, 25, 61 through 68, 72 through 75, and 83 through 85 that are not directly identifiable with any one program. These are shared expenditures related to operations of the school district as a whole rather than any particular program.

#### **98 School Food Services**

Record the direct expenditures for preparing and serving meals and a la carte items to pupils under the National School Lunch Program, School Breakfast Program, Special Milk Program, Seamless Summer Feeding Waiver, the Fresh Fruit and Vegetable Program, the Child and Adult Care Food Program and the Summer Food Services Program. Also, record the direct expenditures for serving meals and a la carte items to adults.

All food service program direct expenditures are charged and accounted for in Program 98. This includes, but is not limited to, expenditures incurred for the National School Lunch Program, School Breakfast Program, Special Milk Program, the Child and Adult Care Food Program and the Summer Food Services Program.

All other food service direct expenditures not incurred for one of the programs listed above are charged to Program 98 and later transferred to the program that sponsored the direct expenditures. Other programs utilizing food services are charged the costs in the Debit/Credit transfer process. Use Credit transfers (Activity

49) to transfer expenditures for food services to other programs and debit other program and activities as appropriate.

(Reference: 42 USC 1751–1760, 1779; P.L. 79-396, 89-642, 91-248, 95-166, 95-627, 96-499, 97-35; and 7 CFR 210 through 247.)

### **99 Pupil Transportation**

Record expenditures for transporting pupils to and from school, including between locations in the district, during the school year. Other transporting of students and nonstudents may be initially charged to this program when the expenditures cannot be easily and conveniently separated from the regular transportation expenditures (to and from school, including interdistrict) and then transferred to other programs as appropriate.

Transportation-related services as necessary to provide students with the opportunity to equitably access educational services in a remote learning environment are considered permissible transportation activities and deemed an allowable use of the current transportation allocation. See Activity 58 for detailed guidance.

Adult school crossing guards should be charged to Program 99. Adult supervision for programs such as Walking School Bus and other walk to school programs should also be charged to Program 99.

Appendix B contains more guidance on to and from transportation, including guidance on separating and removing costs that are non to and from transportation expenditures out of Program 99.

Credit transfers (Activity 59) to transfer expenditures for transportation to other programs and debit other program and activities as appropriate.

(Reference: chapter 28A.160 RCW.)

## **ACTIVITY EXPENDITURE CODES**

### **Activity Codes**

#### ***10 Administration***

- 11 Board of Directors
- 12 Superintendent's Office
- 13 Business Office
- 14 Human Resources
- 15 Public Relations

#### ***20 Instruction***

- 21 Supervision
- 22 Learning Resources
- 23 Principal's Office
- 24 Guidance and Counseling
- 25 Pupil Management and Safety
- 26 Health and Related Services
- 27 Teaching
- 28 Extracurricular
- 29 Payments to School Districts

#### ***30 Instructional Support***

- 31 Instructional Professional Development
- 32 Instructional Technology
- 33 Curriculum
- 34 Professional Learning–State

#### ***40 School Food Services***

- 41 Supervision
- 42 Food
- 44 Operations
- 49 Transfers

**50 Pupil Transportation**

- 51 Supervision
- 52 Operations
- 53 Maintenance
- 56 Insurance
- 58 Remote Learning Operations
- 59 Transfers

**60 Maintenance and Operation**

- 61 Supervision
- 62 Grounds Maintenance
- 63 Operation of Buildings
- 64 Maintenance
- 65 Utilities
- 67 Building and Property Security
- 68 Insurance

**70 Other Services**

- 72 Information Systems
- 73 Printing
- 74 Warehousing and Distribution
- 75 Motor Pool

**80 Debt Service**

- 83 Interest
- 84 Principal
- 85 Debt-Related Expenditures

**90 Public Activities**

- 91 Public Activities

## **10 Administration**

This series consists of those activities related to the general direction, regulation, and control of the affairs of the school district that are organization wide. These expenditures are to be charged to Program 97, Districtwide Support.

### ***11 Board of Directors***

Include those responsibilities that are not delegated but are retained and carried out by the school district's governing board. Delegated responsibilities will be charged to the activity in which the responsible person is charged.

Include such items as expenditures for board memberships, audits, elections, legal services, judgments not covered by insurance, census, and, as provided by RCW 36.70.015 for regional planning.

Election costs for successful bonds and levies for capital projects may be paid from the Capital Projects Fund. The Capital Projects Fund may reimburse election costs for unsuccessful levies paid from the General Fund if the levy is passed within the same fiscal year. The Capital Projects Fund may also reimburse election costs for prior unsuccessful bond elections paid from the General Fund to the extent such reimbursement complies with the federal tax code.

### ***12 Superintendent's Office***

This activity relates to districtwide administrative responsibility. It consists of general administration and superintendent's office.

### ***13 Business Office***

This activity consists of the financial and accounting operations of a district. Include districtwide research and planning for budgeting, accounting, bookkeeping and statistical services, business administration, fiscal control, purchasing, and payroll.

### ***14 Human Resources***

This activity consists of the personnel recruitment and placement activities of the district. This would include expenditures such as employee assistance programs,

employment services, classification and compensation, human resources information systems, labor relations, recruitment and development, employee association representatives, etc.

### ***15 Public Relations***

This activity consists of writing, editing, and other preparation necessary to disseminate educational and administrative information to parents, students, staff, and the general public through direct mailing, the various news media, email, internet websites, and personal contact.

## **20 Instruction**

This series consists of activities dealing directly with or aiding in the teaching of students or improving the quality of teaching, such as professional development. These are the activities of teachers, principals, consultants, supervisors of instruction, attendance services, guidance and counseling, psychological and speech services, health services, and social services.

Direct charging to specific instructional programs is done if the expenditures can be identified as applying to the specific program(s). Do not charge supportive services expenditures to Programs 97, 98, or 99 except for Activity 25 Pupil Management and Safety and Activity 29 Payments to School Districts.

### ***21 Supervision***

This activity is used to record expenditures for overall leadership for the instructional programs.

Include the expenditures for staff members providing supervision, coordination, evaluation, and development in instruction, instructional materials, and pupil services programs. Also include secretarial and clerical assistants along with nonemployee-related costs for these functions. Include expenditures for training supervisors for their supervisory activities.

### ***22 Learning Resources***

Include the part of the instructional program that provides services and materials specifically designed to improve learning through use of instructional or

educational aids. It provides for organizing learning resources in a systematic manner at locations where they are available for use by pupils and staff members in educational programs of the school. Learning resource materials include books, film, video, pictures, charts, models, and other materials for aiding instruction.

Operations performed under this activity include, but are not limited to, film inspection; audio-visual equipment operation; storing and dispensing of audio-visual materials and equipment; development of films, charts, models, and other materials for aiding instruction; and other activities which have as their purpose the improvement of learning through the use of pictures, films, tapes, or other media. Include such services as those of the audio-visual consultant, film inspector, film librarian, projectionist, programmer, graphic artist, librarians, and catalogers, and their secretarial, clerical, and other assistants. Include services, equipment, and materials designed to provide learning through the use of television or radio. Include such services as script writing, planning, and recording broadcast programs. In terms of personnel, it includes the director, projectionist, scriptwriter, camera operator, and secretarial, clerical, and other assistants. The operation of computers previously recorded in this activity should now be recorded in Activity 32 Instructional Technology.

### ***23 Principal's Office***

This activity covers management and coordination of a school unit. Specifically, it includes the implementation of administrative policies, assignment of duties to staff members, administration of the instructional program, evaluation of the efficiency of staff members, supervision of the maintenance and operation workers as their work may affect the school unit's program, management of records, coordination of the school unit's program of instruction with the districtwide program, and such other management and coordination of programs as required for the operation of an elementary or secondary school or school of adult education.

Include the duties of the principal, assistant principal, vice principal, and skill center director, and their secretarial and clerical assistants assigned to coordinate and manage the operation of a school unit, including attendance secretaries.

## ***24 Guidance and Counseling***

Include expenditures involved in aiding pupils to assess and understand their abilities, aptitudes, interests, environmental factors, and educational needs through activities such as student assessment testing.

Include that part of the pupil services program concerned with assisting pupils in increasing their understanding and use of educational and career opportunities. Include activities of the counselor, social worker, guidance director, secretaries, registrars, clerks, and other assistants, and outreach for deprived students or homeless liaison work.

## ***25 Pupil Management and Safety***

Include expenditures for hall guards, crossing guards, bus aides, playground aides, and pupil security personnel. Also include expenditures for lunchroom aides when their duties involve control and assistance of students. Lunchroom aides who assist in preparation or distribution of food are charged to Activity 44 Operations.

In addition, include personnel who are involved with early identification of patterns of nonattendance, analysis of causes of nonattendance, early professional action on problems of nonattendance, and enforcement of compulsory attendance laws. Attendance secretaries whose position does not involve resolving the nonattendance issues listed above should be coded to Activity 23.

Do not include expenditures for building security that must be charged to Activity 67 Building and Property Security.

Also include administrative expenses such as cell phones that are utilized by personnel responsible for pupil management and safety. The cost of adult crossing guards or adult supervisors for programs such as Walking School Bus should be charged to this activity within Program 99.

## ***26 Health and Related Services***

Include services in the field of physical and mental health consisting of medical, dental, optometry, psychiatric, doctor, nurse, orientation-mobility specialists, occupational therapists, and physical therapists. Also include duties of the psychologist, psychometrist, language pathologists, and audiometrists, and their secretarial, clerical, and other assistants.

## **27 Teaching**

Include expenditures of instructing pupils in a teacher-pupil learning situation where the teacher is regularly in the presence of the pupils or in regular communication with pupils (such as with distance learning and running start) in a systematic program designed to assist pupils in acquiring new or improved knowledge, skills, and understandings.

Include the direct expenditures for classroom teachers, teachers' aides, teachers of homebound, teachers of institutionalized, correspondence teachers, and others assigned to instruct pupils regularly in a teacher-pupil learning situation, and their secretaries, clerks, and other assistants.

Do not include the costs of textbooks, electronic textbooks, instructional software, science equipment, workbooks, and similar items. These costs should be charged to Activity 33 Curriculum.

The following costs are examples of materials and supplies that should be charged to this activity:

- Instructional materials
- Student supplies
- Student planners
- Classroom materials
- Reference materials used in the classroom
- Basic instructional supplies
- Basic instructional supplemental materials
- Test prep workbooks
- Science classroom chemicals

## **28 Extracurricular**

This activity is used to record expenditures directly related to student services such as coaching, class or student activity advising, supervising student body fund accounting, and related duties. (*Legal reference: AGO 1973, No. 11—Student Fees; AGO 1973, No. 22—Uniforms; see also AGO 1974, No. 21—Funding of Interscholastic Athletic Activities; RCW 28A.325.010 through 28A.325.030; chapter 392-138 WAC.*) Also include transportation expenditures (chartered or provided in-district) for extracurricular activities that are not recorded in the ASB Fund. District-

operated transportation expenditures should be charged to this activity using debit and credit transfer objects of expenditure.

Also chargeable to this account are expenditures directly related to skill center project (job) accounts, including bookstores and child care services. Child care services are charged to Activity 91 Public Activities in Program 88 Child Care.

### ***29 Payments to School Districts***

This activity is used to record payments to other school districts including, but not limited to, nonhigh, special education, and skill center payments by participating school districts.

## **30 Instructional Support**

The activities in this series are used to record expenditures that are incurred in support of the district's educational programs.

### ***31 Instructional Professional Development***

This activity is used to record expenditures for the instructional professional development of school district personnel. These include such activities as in-service training, workshops, conferences, demonstrations, and other activities related to the ongoing growth and development of personnel.

This activity may include course registration fees, tuition reimbursement, charges from external vendors to conduct training courses (at either school facilities or offsite), related travel and other expenditures associated with training and professional development.

Base salaries for attendees should not be coded to this activity. Assigned professional development staff will have their regular salaries charged to this activity. Additional contract days that are provided for the express purpose of professional development should be recorded in this category.

### ***32 Instructional Technology***

This activity is used to record expenditures relating to costs of computers and related equipment that is based in the school. Expenditures to be recorded in this

activity are computers and other classroom technology such as printers, projectors, document cameras, smart boards and other peripheral equipment. Software costs of operating school-based computers and other standard software installed on all school-based computers may be charged here. Expenditures for computer-based curriculum, such as digital textbooks or educational software, should be coded consistent with other curriculum under Activity 33.

The salary and benefit costs for those staff members that support instructional technology may be charged to this activity. Expenditures for districtwide technology, or central services such as a help desk or IT department should not be coded here but should be coded to Program 97 Activity 72.

### **33 Curriculum**

This activity is used to record costs relating to the development and implementation of curriculum for the school district. The term "curriculum" has two meanings. The first meaning of "curriculum" is all of the subjects and course offerings within a district, as well as policy and procedure changes that constitute a course of study. The second meaning of "curriculum" is all of the textbooks, electronic resources, and other instructional materials that are associated with a particular course offering.

The costs for salaries and benefits for this activity are limited to those staff members that support curriculum. This includes tasks such as proposing, researching, evaluating, recommending, planning, developing, or implementing changes to the overall curriculum of the district or to individual course offerings. It also includes reviewing and recommending changes to relevant school board policies and related administrative expenditures.

The cost of new and replacement textbooks and other materials that relate to curriculum implementation are recorded here. These are items that will be utilized in a classroom setting to provide instruction to students.

These costs include, but are not limited to:

- Textbooks
- Electronic textbooks (including annual licensing or subscription fees)
- Instructional software (including annual licensing or subscription fees)
- Durable equipment related to specific curriculum delivery
- Hands-on science kits
- Mathematic manipulatives

- Sheet music
- Workbooks and kits used in lieu of workbooks

The purchase of electronic equipment that will be used to deliver curriculum such as tablets, computers, or e-readers should not be charged to this activity. The cost of electronic equipment that is to be used in the classroom should be coded to Activity 32 Instructional Technology.

The cost for teacher training in the implementation of new curriculum, whether in the form of new courses of study or new textbooks for existing courses of study, should not be charged to this activity. The cost of training should be charged to Activity 31 Instructional Professional Development.

Consumable supplies, with the exception of workbooks, are not considered curriculum, and should be charged to Activity 27 Teaching.

### ***34 Professional Learning—State***

This activity is used to record expenditures for state-funded professional learning for certificated instructional staff. State-funded professional learning support and activities may include, but is not limited to, courses, workshops, institutes, networks, studio residencies, virtual learning modules, and conferences provided by for-profit and nonprofit entities outside the school such as universities, educational service districts, technical assistance providers, networks of content specialists, and other education organizations and associations. Assigned certificated professionals providing support and activities can have their regular salaries charged to this activity.

Activity 34, Professional Learning–State, is similar to Activity 31, Instructional Professional Development, with the following exceptions. Activity 34 is only open in state-funded programs. Activity 34 is closed to all programs that do not generate a funding allocation for this purpose. Classified staff salaries are closed in Activity 34. All classified staff costs associated with professional development should be coded to Activity 31.

Per RCW 28A.150.415, the funding provided under this section must be audited as part of the regular financial audits of school districts by the state auditor's office to ensure compliance with the limitations and conditions of this section. Expenditures related to the allocation must meet the definitions and standards provided in RCW 28A.415.430, 28A.415.432 and 28A.415.434. 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.

## **40 School Food Services**

The activities in this series are used to record operating expenditures for nutrition services (the preparation and serving of regular and incidental meals for pupils and teachers as provided by RCW 28A.235.120) provided in connection with regular school activities.

Expenditures identified with this series must be charged to Program 98 School Food Services, except:

- Expenditures chargeable to other programs for which program approval has been obtained through the use of debit and credit transfer objects.
- Expenditures chargeable to Program 73 Summer School and Program 89 Other Community Services through the use of debit and credit transfer objects.

### ***41 Supervision***

This activity is used to record the expenditures for managing, directing, and supervising the food service program. Services include those of supervisory, secretarial, and other assistants involved in the administration of the food service program. Examples include directors, director's support staff, and dieticians.

### ***42 Food***

Include the expenditures for all food (purchased and commodities) used in connection with the regular food services program including expenditures for processing, freight, delivery, and storage.

### ***44 Operations***

Include the direct expenditures for preparing and serving breakfasts and lunches in connection with school activities and the delivering of prepared meals to schools. Include services of cooks, cashiers, and kitchen help expenditures, contractual services, supplies, and materials (other than food), travel, and capital outlay. Include lunchroom aides who assist in food preparation or distribution.

**49 Transfers**

This activity, under Program 98 School Food Services, is used exclusively for transferring expenditures for banquets, feeding of the elderly, feeding approved child care children, and other feeding operations not chargeable to Program 98. Expenditures to be transferred out are accumulated in Activities 41 through 44 along with other school food services expenditures.

**50 Pupil Transportation**

This series is charged with expenditures related to the conveyance of pupils.

Expenditures identified with this series must be charged to Program 99 Pupil Transportation, except:

- Transportation expenditures chargeable to other programs for which program approval has been obtained through the use of debit and credit transfer objects.
- Expenditures chargeable to Program 73 Summer School and Program 89 Other Community Services through the use of debit and credit transfer objects.
- Purchases and rebuilding expenditures for pupil transportation vehicles must be charged to the Transportation Vehicle Fund.

**51 Supervision**

This activity is used to record expenditures relating to the overall supervision of the pupil transportation program. Include the expenditures for managing, directing, and supervising the transportation program. Services include those of supervisory, secretarial, and other assistants in establishing routings and schedules, supervision of vehicle operations and maintenance, dispatching, and training pupil transportation staff.

**52 Operations**

Include direct operating expenditures for buses and payments to firms for transporting pupils. The only salaries charged to this activity are those of the bus drivers. Include expenditures for the transportation of pupils by means other than school buses as well as expenditures for medical exams for bus drivers. Vehicle fuel costs should be charged to Object 5 under this activity.

**53 Maintenance**

The expenditures for maintaining pupil transportation vehicles are charged to this activity. Include such services as mechanical repair, painting, checking for safety, cleaning, greasing, and preventive maintenance. Also charged to this activity are tires, tubes, antifreeze, first aid kits, oils, lubricants, and fire extinguishers. Include rent, custodial, and related services for the garage, and the repair and maintenance of the garage buildings, grounds, and equipment. Also included are the expenditures for replacement and additional shop equipment.

**56 Insurance**

Include expenditures for insuring pupil transportation vehicles and providing the school district with liability protection. Types of insurance include liability, property damage, medical care, collision, fire, and theft damage.

**58 Remote Learning Operations**

Include direct operating expenditures for buses used in the remote learning operations. The only salaries charged to this activity are those of the bus drivers. Remote Learning services include:

- The use of bus drivers, and the corresponding use of school buses, to deliver one or more of the following education tools and services to students in their remote learning locations on a schedule to be determined by school districts:
  - learning materials, including but not limited to workbooks, homework packets, paper assignments, and other tangible instructional materials
  - meals; and
  - any hardware, Wi-Fi hotspots, or other technology solutions that increase student access to remote learning online curriculum; and
- The transportation of students to and from learning centers or other public or private agencies where educational and support services are provided to students.

Also include contracted service payments to firms for the direct costs incurred for operating buses in remote learning operations. Other portions of payments made to contracted firms for transportation-related services should be allocated to other appropriate activities within Program 99: Supervision, Maintenance, and Insurance.

Include other transportation expenditures for remote learning operations carried out by means other than school buses. Vehicle fuel costs should be charged to Object 5 under this activity.

School districts are required to track and document the specific time and uses of school buses and bus drivers to deliver remote learning services.

### ***59 Transfers***

Include the expenditures for providing transportation for pupils on trips in connection with educational programs, including exhibits, films, galleries, theaters, music halls, ski schools, environmental sites, and other locations for the purpose of broadening their knowledge and experience. Include motor pool expenditures originally charged to the Activity 50 series that must be transferred to Activity 75 Motor Pool. Expenditures to be transferred out are initially accumulated in Activities 51 through 53 along with other transportation expenditures.

## **60 Maintenance and Operation**

This series consists of activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in an efficient working condition. Expenditures identified with this series must be charged to Program 97 Districtwide Support, except:

- Expenditures identifiable with federal programs that should be charged directly or through the use of debit and credit transfer objects.
- Expenditures chargeable to a state program for which approval has been obtained for specific direct expenditures.
- Expenditures chargeable directly to Program 89 Other Community Services (Activities 63, 65, 67 and 68 only).
- Expenditures chargeable directly to Program 99 Pupil Transportation (Activities 62, 63, 64, and 67 only).
- Expenditures for Pupil Management and Safety are chargeable directly to Activity 25.

**61 Supervision**

This activity is used to record expenditures relating to the supervision of the maintenance and operations of the school district. Include the expenditures for the services of supervisory personnel and their secretarial and clerical assistants, property managers, assistant property managers, and those administrative expenses required for maintenance and operation oversight.

**62 Grounds Maintenance**

Include expenditures for routine care of grounds, such as raking, hoeing, watering, cutting, and protecting lawns, transplanting, trimming, and caring for flowerbeds. Include all related supplies and materials.

Maintenance includes expenditures for maintaining grounds and equipment. Include repairing or replacing walks, fences, tennis courts, playground surfaces, lawn sprinkling systems, outside flagpoles, driveways, and sewers.

**63 Operation of Buildings**

Operations encompass those activities related to a building's normal performance of the function for which it is used. Include expenditures for custodians. Include expenditures for all small equipment items and consumable supplies used by personnel in operating the building.

In addition, include rental expenditures for land and buildings for purposes other than pupil transportation. Equipment rentals are charged to the using activity and appropriate program.

**64 Maintenance**

Maintenance is the upkeep of property and equipment, work necessary to realize the originally anticipated useful life of a building. Included are expenditures for maintaining buildings and equipment through repair and upkeep. Services include, but are not limited to, repainting, redecorating, resurfacing, refinishing, reshingling, and repairing of structures, foundations, doors, windows, hardware, gutters, downspouts, window glass, window shades, stage curtains, drapes, and built-in equipment such as lockers, cabinets, Venetian blinds, swimming pool filtration equipment, soap and towel dispensers, bulletin boards, and door checks.

For example, include expenditures for moving portable structures and maintenance of service systems, including the repair and replacement of heating systems, electric lighting systems, bells, clocks, communication systems, voice systems, sewers, fire safety systems, plumbing systems, and elevators.

When the fabrication of equipment and furnishings by school employees is an appreciable expenditure, expenditures should be transferred to the using activity and appropriate program.

Contractual repair and maintenance of equipment, including audio-visual and refrigeration equipment, should be charged to the using activity and the appropriate program. Transfer in-house repair expenditures to the using program and activity by means of debit-credit transfer objects.

Maintenance of buildings and equipment for Program 99 Pupil Transportation should be charged to Activity 53, Pupil Transportation Maintenance.

### **65 Utilities**

Include expenditures for water, electricity, sewage, gas, coal, wood, oil, sanitary, recycling, basic voice telecommunications services, and other service assessments or charges. Telecommunications expenditures that are part of the instructional program, such as video or data transmission, may be charged directly to the appropriate activity or may be transferred using debit and credit transfer objects of expenditures. Utility costs may not be charged to any program in which this activity is not allowable.

### **67 Building and Property Security**

Include services designed to protect buildings and other property of the district from unlawful entry, vandalism, and burglary. Include the expenditures for security supervision, security patrols, intrusion devices, and cell phone expenses related to security supervision. Include maintenance of security devices and telephone line charges as well as monitoring expenditures. Also include expenditures for fire protection services. Charge services related to pupil management and safety to Activity 25.

## **68 Insurance**

Include provision for property, employee, liability insurance, and fidelity bonds in this activity. Insurance deductible amounts may be included in this activity. Do not include pupil transportation insurance that is charged to Activity 56 Insurance.

## **70 Other Services**

This series includes those services of information systems, printing, warehousing and distribution, and motor pool. The direct expenditures for traffic safety education recorded in Activity 75 Motor Pool will be transferred to Program 71 Traffic Safety.

Expenditures identified with this series will be charged to Program 97 Districtwide Support, except:

- Expenditures identifiable with federal programs that must be charged directly or through the use of debit and credit transfer objects.
- Expenditures chargeable to a state program for which program approval has been obtained.
- Expenditures in this series that are chargeable to any other program may be transferred to that program from Program 97 through the use of debit and credit transfer objects.

## **72 Information Systems**

Include all expenditures concerned with the operation of a recognized organizational unit that administers the district's information system. Such services as systems and database development and maintenance, processing data, and storage of data are charged here. Include the operation of the district's network including, but not limited to, server equipment, technology staff, maintenance costs and agreements, internet connection fees, right of way fees, operating systems and managing system software, content filtering, and network security.

Information systems expenditures that are specific to a program, such as computer-assisted instruction and classroom terminals, may be charged directly to the appropriate program and activity.

## **73 Printing**

Include the operating expenditures for duplicating, printing, or otherwise reproducing printed materials by a print shop and contracted printing services.

Transfer printing expenditures that are part of the instructional program to the appropriate activity through the use of debit and credit transfer objects.

#### ***74 Warehousing and Distribution***

Include the expenditures for distributing supplies, delivering mail, and the expenditures for operating a central warehouse. Warehousing and distribution expenditures that are part of other programs, such as delivery of meals to schools, may be charged directly to the appropriate activity or may be transferred through the use of debit and credit transfer objects.

#### ***75 Motor Pool***

If accumulating motor pool expenditures for allocation to using programs, include all direct expenditures for operating motor vehicles and other motor-driven transportation equipment used for purposes other than pupil transportation. Include the operating expenditures for staff cars, maintenance vehicles, traffic safety cars, delivery trucks, and other nonpupil transportation motor-driven equipment. Include the expenditures for the acquisition of vehicles and for contracted maintenance of vehicles. Direct expenditures that may have been originally charged to the pupil transportation program, such as gasoline, oil, parts, and repair, will be transferred to the activity periodically or at the end of the year.

Use debit and credit transfer objects of expenditure to transfer expenditures in this activity to the end-using program. Transfer operating expenditures for traffic safety cars to Program 71 Traffic Safety.

If a portion or all of the expenditures for vehicles used in a single program can be conveniently isolated without the use of this activity, it need not be used. Instead, charge the expenditures directly to the using program.

Districts that participate in maintenance and repair cooperatives for pupil transportation equipment with other school districts or for vehicles owned and operated by other governmental entities should record those activities in Program 89 Activity 75.

## **80 Debt Service**

Expenditures identified with this series are charged to Program 97 Districtwide Support.

### ***83 Interest***

Record warrant interest and all other interest expenditures, including interest on conditional sales contracts, purchase agreements, and interfund loans.

### ***84 Principal***

Record the principal portion of matured debt.

### ***85 Debt-Related Expenditures***

Record expenditures necessary to issue debt. Also record expenditures made to the U.S. Treasury rebating arbitrage earnings.

## **90 Public Activities**

This series consists of community-wide activities provided by the school district. They are not confined to one program, school, or narrow phase of school activity. Such expenditures are to be charged to Program 61 Head Start—Federal, Program 79 Instructional Programs—Other, Program 81 Public Radio and Television, Program 88 Child Care, and Program 89 Other Community Services.

### ***91 Public Activities***

Record expenditures for operating community service programs that are not charged to other specific activities. Include expenditures for ski schools, child care centers, servicing community transit bus fleets, etc.

## **OBJECT OF EXPENDITURE CODES**

Objects of expenditure codes describe the goods or services provided to accomplish the objectives of the program and activity. In the account code structure, the object code classifies the service or commodity obtained. The first digit of the object code is the traditional title categories that districts currently use. Program expenditure reports use object titles to display expenditures by activities within the program. The title category code segregates expenditures into groupings which describe the general nature of the goods or services. Following the one-digit object title is a three-digit National Center of Education Statistics (NCES) object code. The NCES codes are a nationally developed, uniformed classification system that specifically identify expenditures. The combination of the one-digit object title and the three-digit NCES code completes the four-digit object code segment.

School districts must report expenditures on the F-196 Financial Report using the four-digit object codes listed in this chapter. School districts have the option of customizing their account code structure; but custom codes must roll up or crosswalk to the required four-digit codes for F-196 reporting.

The title categories of the objects of expenditure are as follows:

- 0 Debit Transfer
- 1 Credit Transfer
- 2 Salaries—Certificated Employees
- 3 Salaries—Classified Employees
- 4 Employee Benefits and Payroll Taxes
- 5 Supplies, Instructional Resources, and Non-capitalized Items
- 6 (Not Used)
- 7 Purchased Services
- 8 Travel
- 9 Capital Outlay

## **NCES OBJECT CODES**

Three-digit NCES object codes describe the services or commodities obtained from specific expenditures and provides OSPI with the details required to align data to state and federal reporting objectives.

The NCES codes will be reported on the F-196 in combination with the object title codes, 0-9. Within the chart of accounts, this is commonly displayed as a four-digit expenditure segment OBBB. The "O" being the current 0-9 object title code; the "BBB" represents the three-digit NCES object code. Districts are encouraged, but not required, to embed the NCES code in the "sub-object" portion of the object code segment. The specific placement of the NCES code into a district's chart of accounts is at the discretion of the district and its accounting software provider.

Mandatory reporting of General Fund expenditures by the four-digit object codes begins in the 2019–20 fiscal year. OSPI will collect NCES data in the General Fund only. Districts may use these NCES codes in other government funds. The three-digit NCES codes are divided into nine expenditure categories:

- 100 Personal Services—Employee Salaries
  - The 100 series is used in combination with Object Title Codes 2 or 3
- 200 Personal Services—Employee Benefits
  - The 200 series is used in combination with Object Title Code 4
- 300 Purchased Services—Professional and Technical
  - The 300 series is used in combination with Object Title Code 7
- 400 Purchased Services—Property
  - The 400 series is used in combination with Object Title Code 7
- 500 Other Purchased Services
  - The 500 series is used in combination with Object Title Codes 7 or 8
- 600 Supplies
  - The 600 series is used in combination with Object Title Codes 5 or 7
- 700 Property
  - The 700 series is used in combination with Object Title Code 9
- 800 Debt Service and Miscellaneous
  - The 800 series is used in combination with Object Title Code 7
- 900 Other Items
  - The 900 series is used in combination with Object Title Codes 7 or 9

## **Object of Expenditure Code Description**

Specific NCES expenditure codes are listed under the nine major categories and within the Object of Expenditure Codes listed below.

### **Object 0000 Debit Transfer**

This object is used to transfer-in direct expenditures previously charged to another program.

### **Object 1000 Credit Transfer**

This object is used to transfer-out direct expenditures chargeable to another program.

### **Object 2XXX Salaries—Certificated Employees**

Object Title Code 2 is used to record all expenditures for salaries of certificated personnel employed by the district. Amounts paid for personal services to both permanent and temporary school district certificated employees, including personnel substituting for others in permanent positions and on long-term unpaid leave.

A certificated employee means a person who holds a professional education certificate issued by OSPI and is one of the following:

- The person is employed by a district in a position for which such certificate is required by statute rule of the State Board of Education or written policy or practice of the employing district.
- The person is employed by an agency in a position for which such certificate is required.
- The person is a superintendent or is hired to fill a position designated as, or which is in fact, deputy superintendent or assistant superintendent.

Salary expenditures are charged to specific object codes. The object codes listed below are for F-196 reporting.

### ***NCES Object Code Customization***

Your district can customize the codes for specific use. In most situations where a four-digit NCES object code ends in "0," districts can replace the last digit with codes "1" to

"9" to segregate types of costs within a category. For example: Salary code 2110 can be segregated into 2111 to 2119 by the district for internal use. All expenditures coded from 2110 to 2119 should be combined for reporting purposes on the F-196 under the object code 2110.

The types of certificated salaries include, but are not limited to:

| <b>Object Code</b>  | <b>Description</b>  |
|---|---|
| <b>Personal Services – Certificated Employee Salaries</b> |   |
| 2110  | Salaries of Regular Certificated Employee <ul style="list-style-type: none"> <li>• Basic employment contract, including retroactive pay</li> </ul>  |
| 2120  | Salaries of Temporary Certificated Employees and Substitutes <ul style="list-style-type: none"> <li>• Compensation of substitutes or other temporary personnel</li> </ul>   |
| 2130  | Salaries for Time Outside the Contracted Teaching Day not Paid by Contract <ul style="list-style-type: none"> <li>• Optional days</li> <li>• Miscellaneous hourly rates of compensation</li> </ul>  |
| 2140  | Salaries for Sabbatical Leave–Certificated  |
| 2150  | Supplemental Contracts–Certificated <ul style="list-style-type: none"> <li>• Supplemental teaching or academic duty contract</li> <li>• Supplemental extracurricular duty contract</li> <li>• Additional days contract</li> <li>• Other special contracts for time or responsibility</li> </ul>   |
| 2160  | Other Salaries–Certificated <ul style="list-style-type: none"> <li>• Special contract provisions such as tax-sheltered annuity, housing allowance, mileage, or auto allowance</li> <li>• Deferred, or grievance-awarded compensation</li> <li>• Annual sick leave buy-back</li> <li>• Retirement sick leave buy-back and vacation buy-back</li> <li>• Employment termination settlements</li> </ul> |
| 2170  | Other Salaries–NBCT <ul style="list-style-type: none"> <li>• National Board Certificated Teacher (NBCT)</li> </ul>  |

### **2110 – Salaries of Regular Certificated Employees**

Amounts paid to full-time and part-time-permanent certificated employees of the school district. Include basic teaching employment contracts. Exclude amounts paid

to employees for supplemental contracts. Use NCES code 2150 for supplemental contracts.

### ***2120 Salaries of Temporary Certificated Employees and Substitutes***

Amounts paid to substitute teachers and other temporary certificated employees of the school district who are hired on a temporary or substitute basis. Exclude amounts paid to employees for supplemental contracts. Use NCES code 2150 for supplemental contracts.

### ***2130 Salaries for Time Outside the Contracted Teaching Day not Paid by Contract***

Amounts paid to certificated employees of the school district in either temporary or permanent positions for work performed in addition to and outside of the normal work period for which the certificated employee is compensated under regular salaries and temporary salaries above. The terms of such payment are subject to federal, state, and local regulations and interpretation. Exclude amounts paid under supplemental contracts. Use NCES code 2150 for supplemental contracts.

### ***2140 Salaries for Sabbatical Leave–Certificated***

This object code is used to identify amounts paid by the School District to certificated employees on sabbatical leave. Exclude amounts paid under supplemental contracts. Use NCES code 2150 for supplemental contracts.

### ***2150 Supplemental Contracts–Certificated***

Amounts paid to certificated employees of the school district in either temporary or permanent positions for work performed under supplemental contracts which are in addition to and outside of the employee's regular work assignment. This includes time or responsibility compensation for such assignments as coaching, extra-curricular activity sponsorship, supplemental contract pay for curriculum development, and other arrangements that are not a part of an employee's base compensation package.

- Supplemental teaching or academic duty contract
- Supplemental Extracurricular duty contract
- Additional days contracts

**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

**2170 Other Salaries—NBCT**

This code is used to identify amounts paid by the school district for National Board Certificated Teacher (NBCT) bonuses.

**Object 3XXX Salaries—Classified Employees**

Object Title Code 3 is used to record the gross salary for personal services rendered by classified employees, including personnel substituting for those in permanent positions while on the payroll of the school district. A classified employee is any person employed by a district in a position that does not require a teaching certificate.

Classified employee salary expenditures are charged to specific object codes. The object codes listed below are for F-196 reporting.

**NCES Object Code Customization**

Your district can customize the codes for specific use. In most situations where a four-digit NCES object code ends in "0," districts can replace the last digit with codes "1" to "9" to segregate types of costs within a category. For example: Salary code 3110 can be segregated into 3111 to 3119 by the district for internal use. All expenditures coded from 3110 to 3119 should be combined for reporting purposes on the F-196 under the object code 3110.

| <b>Object Code</b> | <b>Description</b>   |
|--------------------|--|
| 3110               | Salaries of Regular Classified Employees   |
|                    | <ul style="list-style-type: none"> <li>• Compensation for assigned hours per day or paid days per year including, but not limited to, normal workdays and holidays</li> </ul>  |
| 3120               | Salaries of Temporary Classified Employees and Substitutes   |
|                    | <ul style="list-style-type: none"> <li>• Compensation of substitutes or other temporary personnel</li> </ul>   |
| 3130               | Salaries for Time Outside the Workday and Overtime Pay   |
|                    | <ul style="list-style-type: none"> <li>• Overtime hours or additional hours</li> <li>• Optional days</li> </ul>  |
| 3140               | Salaries for Sabbatical Leave–Classified   |
| 3150               | Supplemental Contracts–Classified  |
|                    | <ul style="list-style-type: none"> <li>• Supplemental extracurricular duty contract</li> <li>• Other special contracts for time or responsibility</li> </ul>   |
| 3160               | Other Salaries–Classified  |
|                    | <ul style="list-style-type: none"> <li>• Special contract provisions such as tax-sheltered annuity, housing allowance mileage, or auto allowance</li> <li>• Deferred, or grievance-awarded compensation</li> <li>• Annual sick leave buy-back</li> <li>• Retirement sick leave buy-back and vacation buy-back</li> <li>• Employment termination settlements</li> </ul> |

### ***3110 Salaries of Regular Classified Employees***

Amounts paid for work performed by full-time and part-time permanent classified employees of the school district. Exclude amounts paid under supplemental contracts for additional time or responsibility. Use NCES code 3150 for supplemental salaries.

### ***3120 Salaries of Temporary Classified Employees and Substitutes***

Amounts paid to substitute classified employees of the school district who are hired on a temporary or substitute basis. Exclude amounts paid under supplemental contracts for additional time or responsibility. Use NCES code 3150 for supplemental salaries.

**3130 Salaries for Time Outside the Workday and Overtime Pay**

Amounts paid to classified employees of the school district in either temporary or permanent positions for work performed in addition to the normal work period for which the classified employee is compensated under regular salaries and temporary salaries above. The terms of such payment are subject to federal, state, and local regulations and interpretation. Exclude amounts paid under supplemental contracts for additional time or responsibility. Use NCES code 3150 for supplemental salaries.

**3140 Salaries for Sabbatical Leave–Classified**

This object code is used to identify amounts paid by the school district to classified employees on sabbatical leave. Exclude amounts paid under supplemental contracts for additional time or responsibility. Use NCES code 3150 for supplemental salaries.

**3150 Supplemental Contracts–Classified**

Amounts paid to classified employees of the school district in either temporary or permanent positions for work performed under supplemental salary contracts which are in addition to the employee's regular work assignment. This includes time or responsibility compensation for such assignments as coaching, extra-curricular activity sponsorship, supplemental pay for curriculum development, and other arrangements that are not a part of an employee's base compensation package.

**3160 Other Salaries–Classified**

Amounts paid to classified employees of the school district for salaries not included 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

## Object 4XXX Employee Benefits and Payroll Taxes

Object Title Code 4 is used to record amounts paid by the school district on behalf of employees; generally, all expenditures for employee payroll-generated benefits and employer taxes. These amounts are not included in the gross salary but are in addition to that amount. Such payments are benefit payments and, while not paid directly to employees, are part of the cost of personal services. Employee benefits and payroll taxes are reported at the 4200 level to align with NCES object codes for personnel benefits and taxes. The following codes segregate the various benefits and taxes by employee type. These codes are required for F-196 reporting.

| <b>Object Code</b> | <b>Description</b>   |
|--------------------|--|
| 4212               | Group Insurance–Certificated Staff   |
|                    | <ul style="list-style-type: none"> <li>• Life, AD&amp;D, Long-Term and Short-Term Disability</li> </ul>                                |
| 4213               | Group Insurance–Classified Staff   |
|                    | <ul style="list-style-type: none"> <li>• Life, AD&amp;D, Long-Term and Short-Term Disability</li> </ul>                                |
| 4222               | Federally Mandated Insurance–Certificated Staff  |
|                    | <ul style="list-style-type: none"> <li>• OASI (social security and Medicare)</li> </ul>  |
| 4223               | Federally Mandated Insurance–Classified Staff  |
|                    | <ul style="list-style-type: none"> <li>• OASI (social security and Medicare)</li> </ul>  |
| 4232               | Retirement Contributions–Certificated Staff  |
|                    | <ul style="list-style-type: none"> <li>• State retirement systems (TRS)</li> <li>• Employee Local Retirement Plan</li> </ul>           |
| 4233               | Retirement Contributions–Classified Staff  |
|                    | <ul style="list-style-type: none"> <li>• State retirement systems (SERS and PERS)</li> <li>• Employee Local Retirement Plan</li> </ul> |
| 4242               | On-Behalf Payments–Certificated Staff  |
| 4243               | On-Behalf Payments–Classified Staff  |
| 4252               | Tuition Reimbursement–Certificated Staff   |
| 4253               | Tuition Reimbursement–Classified Staff   |
| 4262               | Unemployment Compensation–Certificated Staff   |
| 4263               | Unemployment Compensation–Classified Staff   |
| 4272               | Worker's Compensation–Certificated   |
|                    | <ul style="list-style-type: none"> <li>• Industrial insurance, medical aid, and supplemental pension contributions</li> </ul>          |
| 4273               | Worker's Compensation–Classified Staff   |
|                    | <ul style="list-style-type: none"> <li>• Industrial insurance, medical aid, and supplemental pension contributions</li> </ul>          |

| <b>Object Code</b> | <b>Description</b>                         |
|--------------------|--|
| 4282               | Health Benefits–Certificated Staff         |
|                    | • Medical, Dental, Vision, etc.            |
| 4283               | Health Benefits–Classified Staff           |
|                    | • Medical, Dental, Vision, etc.            |
| 4292               | Other Employee Benefits–Certificated Staff |
| 4293               | Other Employee Benefits–Classified Staff   |

**4212 Group Insurance–Certificated Staff****4213 Group Insurance–Classified Staff**

Employer’s share of life insurance, accidental death and disability, long-term disability, and short-term disability insurance plans.

**4222 Federally Mandated Insurance–Certificated Staff****4223 Federally Mandated Insurance–Classified Staff**

Employer’s share of federally mandated Medicare and Social Security insurance plans paid by the school district.

**4232 Retirement Contributions–Certificated Staff****4233 Retirement Contributions–Classified Staff**

Employer’s share of contributions into Washington State TRS, SERS, and PERS pension plans, or local employee retirement plans, paid by the school district.

**4242 On-Behalf Payments–Certificated Staff****4243 On-Behalf Payments–Classified Staff**

Payments made by the state or other governments on behalf of the school district that benefit active employees of the school district. An example of this would be if the state sent resources directly to the retirement systems as a state match of the retirement contributions of school district personnel. The flow of resources from the state to DRS are made on behalf of the school district.

**Note:** This account is not used to record benefit payments made by the district. This account would be used if another agency made benefit payments on behalf of the

district. An equal revenue amount should be recognized and recorded depending on the source of the payment.

***4252 Tuition Reimbursement–Certificated Staff***

***4253 Tuition Reimbursement–Classified Staff***

Amounts reimbursed by the school district to any employee qualifying for tuition reimbursement based on school district policy.

***4262 Unemployment Compensation–Certificated Staff***

***4263 Unemployment Compensation–Classified Staff***

Amounts paid by the school district to provide unemployment compensation for its employees. Also include amounts paid by the school district to provide paid family and medical leave for its employees under FMLA.

***4272 Workers' Compensation–Certificated Staff***

***4273 Workers' Compensation–Classified Staff***

Amounts paid by the school district to provide workers' compensation insurance for its employees.

***4282 Health Benefits–Certificated Staff***

***4283 Health Benefits–Classified Staff***

Amounts paid by the school district to provide health benefits for its current employees or retired employees for medical, dental, vision, and other medically related insurance coverage for whom benefits are paid.

***4292 Other Employee Benefits–Certificated Staff***

***4293 Other Employee Benefits–Classified Staff***

Amounts paid by the school district for employee assistance program benefits, which are not classified above. Depending upon the type of benefit, these may be included as gross income on W-2's (e.g., auto allowance).

## **Object 5XXX Supplies, Instructional Resources, and Non-capitalized Items**

Object Title Code 5 is used to record amounts paid for items that are consumed, worn out, or deteriorated through use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances. Supplies, instructional resources, and non-capitalized items are reported in the 56XX object code level to align with NCES object codes for supplies.

Non-capitalized items recorded here are items of equipment that are not reported under Object 9 Capital Outlay. The items must have a useful life of less than one year or have an acquisition cost that is less than \$5,000 or the minimum capitalization value established by the school district. Refer to the district's capital assets policy for the criteria for distinguishing between a supply item and an equipment item. Items that contribute to a district's capital assets must be coded as equipment items in the 97XX object code series.

### ***NCES Object Code Customization***

Your district can customize the codes for specific use. In most situations where a four-digit NCES object code ends in "0," districts can replace the last digit with codes "1" to "9" to segregate types of costs within a category. For example: General Supplies, code 5610, can be segregated into 5611 to 5619 by the district for internal use. All expenditures coded from 5610 to 5619 should be combined for reporting purposes on the F-196 under the object code 5610.

The types of supplies include, but are not limited to:

| <b>Object Code</b> | <b>Description</b>  |
|--------------------|---|
| 5610               | General Supplies: Instructional and Non-instructional Resources |
| 5626               | Motor Vehicle Fuels   |
| 5630               | Food (Programs 89 and 98 only)                                  |
| 5640               | Books and Periodicals   |
| 5650               | Supplies—Technology Related                                     |

**5610 General Supplies: Instructional and Non-instructional Resources**

Expenditures for the purchase of all consumable supplies (other than those listed for other NCES Object Codes below) for the operation of a school district. These items may also lose their identity through fabrication or incorporation into a different or more complex unit or structure. Include postage, freight, and cartage for the delivery of these supplies. Supplies, instructional resources, and other non-capitalized items include, but are not limited to:

- Accessories and parts
- Assessment tests
- Building and hardware supplies and components
- Copy supplies
- Custodial supplies
- Fertilizers
- Glassware
- Hand tools
- Instructional materials
- Lumber
- Office and library supplies
- Paper products
- Postage
- Preprinted forms
- Science class chemicals
- Transportation parts, and lubricants
- Workbooks and kits

**5626 Motor Vehicle Fuels**

Expenditures for gasoline, diesel, propane, and other fuels for use in motor vehicles; purchased in bulk or from service stations.

**5630 Food**

Expenditures for food used in the school food service program. This object code is used only in Program 98, Food Services, or in Program 89, for a Child and Adult Care Food Program (CACFP). This object code will also include any costs to process USDA Donated Food into alternate end products through commodity processing contracts.

Food acquired and used in instructional programs or for other purposes allowed by district policy is charged to object code 5610.

### ***5640 Books and Periodicals***

Expenditures for books, textbooks, and periodicals prescribed and available for general use, including library and reference books. This category includes the cost of workbooks, textbook binding, or repairs, as well as textbooks that are purchased to be resold or rented. Also recorded here are costs of binding or other repairs to school library books.

### ***5650 Supplies—Technology Related***

Technology-related supplies are typically used in conjunction with technology-related hardware or software. Some examples are electronic textbooks, CDs, flash or jump drives, parallel cables, and monitor stands. Software costs below the capitalization threshold should be reported here. E-readers, including Kindles and iPads, that fall below capitalization thresholds should be reported here.

Licenses and fees, for services such as subscriptions to research materials over the Internet, should be reported under 7530 Communications.

Items that contribute to a district's capital assets must be coded as equipment items in object code 9734 or 9735.

## **Object 6XXX (Not Used)**

## **Object 7XXX Purchased Services**

Object Title Code 7 is used to record expenditures for services and associated goods from independent contractors or service providers that are rendered to the school district under expressed or implied contracts, with the exception of specific expenditures entered into for the expressed purposes classified as Object 8 Travel. Independent contractors or service providers are not employees of the school district. Payments to independent contractors or service providers may include labor together with goods or materials and related charges furnished in the performance of such labor.

If such expenditures increase the value or life of an asset, they should be recorded in Object 9 Capital Outlay.

### **NCES Object Code Customization**

Your district can customize the codes for specific use. In most situations where a four-digit NCES object code ends in "0," districts can replace the last digit with codes "1" to "9" to segregate types of costs within a category. For example: Cleaning Services, code 7420, can be segregated into 7421 to 7429 by the district for internal use. All expenditures coded from 7420 to 7429 should be combined for reporting purposes on the F-196 under the object code 7420.

Purchased Services are segregated into several category types: 73XX is for professional and technical services; 74XX is for property services; 75XX is for other services; 76XX is energy related costs; 78XX is related to debt services; and 79XX is other items. Purchased services include, but are not limited to:

| <b>Object Code</b> | <b>Description</b>  |
|--------------------|---|
| <b>73XX</b>        | <b>Purchased Services—Professional and Technical</b>                    |
| 7310               | Office and Administrative Services                                      |
| 7311               | Election Fees   |
| 7320               | Professional Educational Services                                       |
| 7321               | Contracted Teachers   |
| 7322               | Contracted Educational Staff Associates                                 |
| 7330               | Employee Training and Development Services                              |
| 7340               | Other Professional Services   |
| 7341               | Legal Services for District Support                                     |
| 7342               | Audit Services  |
| 7343               | Other Legal Services  |
| 7350               | Technical Services  |
| 7351               | Data Processing and Coding Services                                     |
| 7352               | Other Technical Services  |
| <b>74XX</b>        | <b>Purchased Services—Property</b>                                      |
| 7410               | Utility Services (Water/Sewer)  |
| 7420               | Cleaning Services (Garbage Service, Contracted Custodial, Snow Removal) |
| <b>743X</b>        | <b>Repairs and Maintenance Services</b>                                 |
| 7431               | Non-Technology-Related Repairs and Maintenance                          |

| <b>Object Code</b> | <b>Description</b>  |
|--------------------|---|
| 7432               | Technology—Related Repairs and Maintenance                                      |
| <b>744X</b>        | <b>Rentals</b>  |
| 7441               | Rentals of Land and Buildings   |
| 7442               | Rentals of Equipment and Vehicles   |
| 7443               | Rentals of Computers and Related Equipment (Activities 32 and 72 only)          |
| 7450               | Contractor Services (minor renovating, remodeling)                              |
| 7490               | Other Purchased Property Services   |
| <b>75XX</b>        | <b>Other Purchased Services</b>   |
| <b>751X</b>        | <b>Student Transportation Services</b>  |
| 7511               | Student Transportation Purchased From Another School District or ESD            |
| 7512               | Student Transportation Purchased From an LEA or SEA Out-of-State                |
| 7519               | Student Transportation Services Purchased From Another Source                   |
| 7520               | Insurance Premiums (Property, Liability, Vehicle, etc.) (Not Employee Benefits) |
| 7530               | Communications  |
| 7540               | Advertising   |
| 7550               | Printing and Binding  |
| <b>756X</b>        | <b>Tuition—(Students)</b>   |
| 7565               | Tuition Paid to Postsecondary Schools (Dual Credit)                             |
| 7569               | Tuition—Other   |
| 7570               | Food Service Management (FSMC)  |
| 7580               | Registration and Entrance Fees  |
| <b>759X</b>        | <b>Interagency Purchased Services</b>   |
| 7591               | Services Purchased From Another School District or ESD                          |
| 7592               | Services Purchased From Another LEA or SEA Out-of-State                         |
| <b>762X</b>        | <b>Energy</b>   |
| 7621               | Natural Gas   |
| 7622               | Electricity   |
| 7623               | Bottled Gas   |
| 7624               | Oil   |
| 7625               | Coal  |
| 7629               | Other Energy  |
| <b>78XX</b>        | <b>Debt Service and Fees</b>  |

| <b>Object Code</b> | <b>Description</b>                                    |
|--------------------|---|
| 7810               | Dues and Fees   |
| 7820               | Settlements and Judgments Against the School District |
| <b>783X</b>        | <b>Debt-Related Expenditures and Expenses</b>         |
| 7831               | Redemption of Principal                               |
| 7832               | Interest on Long-Term Debt                            |
| 7833               | Bond Issuance and Other Debt-Related Costs            |
| 7835               | Interest on Short-Term Debt                           |
| <b>79XX</b>        | <b>Other Items</b>                                    |
| 7950               | Special Items   |
| 7960               | Extraordinary Items                                   |

### **73XX Purchased Services—Professional and Technical**

Services that by their nature can be performed only by persons or firms with specialized skills and knowledge. Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided. Included are the services of architects, engineers, auditors, medical doctors, lawyers, consultants, teachers, accountants, brokers, etc.

#### ***7310 Office and Administrative Services***

Services in support of the various policy-making and managerial activities of the school district. Included are management consulting activities oriented to general governance or business and financial management of the school district; school management support activities; and election services and tax collecting services.

#### ***7311 Election Fees***

Services in support of School Board authorized elections.

#### ***7320 Professional Educational Services***

Services supporting the instructional program and its administration. Included are curriculum improvement services, and contracted para educational services.

**7321 Contracted Teachers**

Contracted instructional services supporting the instructional program of the district as defined under WAC 392-121-206 and in association with the use of S-275 duty code 630.

**7322 Contracted Educational Staff Associates**

Services supporting the instructional program of the district as defined under WAC 392-121-206 and in association with the use of S-275 duty code 640. This includes counseling and guidance services, and library and media support services.

**7330 Employee Training and Development Services**

Services supporting the professional and technical development of school district personnel, including instructional, administrative, and service employees. Included are course registration fees, charges from external vendors to conduct training courses (at either school district facilities or off-site), and other expenditures associated with training by third-party vendors. All expenditures should be captured in this NCES Code regardless of the type or intent of the training course or professional learning activity.

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.

**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.

***7341 Legal Services for District Support***

Legal costs, associated with interpretation of laws and regulations, recorded in Program 97, Activity 11, Board of Directors, but not specifically associated with the Board of Directors.

***7342 Audit Services***

Audit costs recorded in Program 97, Activity 11, Board of Directors, and not directly charged to another program.

***7343 Other Legal Services***

All other legal costs supporting district services not related to the services incurred under Object Code 7341. This could include, but is not limited to work performed by personnel attorneys, construction attorneys, and contract write-up services.

***7350 Technical Services***

Services to the school district that are not regarded as professional; but require basic scientific knowledge, manual skills, or both. Included are purchasing and warehousing services, graphic arts, etc.

***7351 Data Processing and Coding Services***

Services to the school district including data entry, formatting, processing services, and programming.

***7352 Other Technical Services***

Services to the school district other than data processing and related services.

***74XX Purchased Services—Property***

Services purchased to operate, repair, maintain, and rent property owned or used by the school district. These services are performed by persons other than school district employees. Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

**7410 Utility Services**

Expenditures for utility services other than energy services supplied by public or private organizations. Water and sewer services are included here.

Cleaning services are not included here but are coded to 7420; Telephone and internet services are not included here but are coded to 7530. Energy services are classified under the 762X object code series.

**7420 Cleaning Services**

Services purchased to clean buildings (apart from services provided by school district employees), including, but not limited to, recycling, shredding, and garbage disposal services, snow plowing, custodial services, laundry services, and lawn care services.

**743X Repairs and Maintenance Services**

Expenditures for repairs and maintenance services not provided directly by school district personnel. These include contracts and agreements covering the upkeep of buildings and equipment.

**7431 Non-Technology-Related Repairs and Maintenance**

Contracts and agreements covering the upkeep of buildings and non-technology equipment. Costs for renovating and remodeling are not included here but are classified under NCES Code 7450.

**7432 Technology Related Repairs and Maintenance**

Expenditures for repairs and maintenance services for technology equipment that are not directly provided by school district personnel. This includes ongoing service agreements for technology hardware (e.g., personal computers and servers).

**744X Rentals**

Costs for renting or leasing land, buildings, equipment, and vehicles.

**7441 Rentals of Land and Buildings**

Expenditures for leasing or renting land and buildings for both temporary and long-range use by the school district.

**7442 Rentals of Equipment and Vehicles**

Expenditures for leasing or renting equipment or vehicles for both temporary and long-range use of the school district. This includes bus and other vehicle rental when operated by a local school district and similar rental agreements. Include rental vehicles for driver's education programs here. This should be coded to the Program and Activity where the equipment or vehicle is used. This code excludes the costs associated with the rental of computers or other technology-related equipment.

**7443 Rentals of Computers and Related Equipment**

Expenditures for leasing or renting computers or related equipment for both temporary and long-range use. This should be coded to the Program where the equipment is being used. For use with Activity 32 and 72 only.

**7450 Contractor Services**

Includes amounts paid to contractors for minor, renovating, and remodeling of facilities. Expenditures related to contracts and agreements covering the upkeep of buildings and non-technology equipment should be charged to 7431. Expenditures related to new construction and major renovation should be charged to NCES Code 9720.

**7490 Other Purchased Property Services**

Purchased property services which are not classified above. Include moving costs associated with classroom reassignments and redesigns. Communication services are not included here but are included in NCES Code 7530.

**75XX Other Purchased Services**

Amounts paid for services rendered by organizations or personnel not on the payroll of the school district (separate from Professional and Technical Services or Property

Services). While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

### ***751X Purchased Services—Student Transportation Services***

Expenditures for transporting students to and from school and other activities. Expenditures for the rental of buses, operated by personnel on the payroll of the school district, are not recorded here but under object code 7442.

#### ***7511 Student Transportation Purchased From Another School District or ESD***

Payments to the ESD or another school district for transporting students to and from school and school-related events. Include expenditures related to Transportation Cooperatives. To-and-From transportation is coded to Program 99. Non-To-and-From transportation is coded to the Program utilizing the service. Expenditures for the rental of buses, operated by personnel on the payroll of the school district, are not recorded here but under object code 7442.

#### ***7512 Student Transportation Purchased From an LEA or SEA Out-of-State***

Payments to other LEA OR SEA outside the state for transporting students to and from school and school-related events. To-and-From transportation is coded to Program 99. Non-To-and-From transportation is coded to the Program utilizing the service.

#### ***7519 Student Transportation Services Purchased From Another Source***

Payments to persons or agencies other than school districts for transporting children to and from school and school-related events. Include payments for contracted vendor services and reimbursements for student transportation on public carriers.

#### ***7520 Insurance Premiums***

Expenditures for all types of insurance coverage, including property, liability, fidelity, and vehicle insurance. Employee insurance benefits are coded to the 42XX series.

#### ***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.

### ***7540 Advertising***

Expenditures for announcements in professional publications, newspapers, or broadcasts over radio and television. These expenditures include advertising for such purposes as personnel recruitment, legal ads, new and used equipment, and sale of property. Costs for professional advertising or public relations services are not recorded here but are charged to NCES Code 7340.

### ***7550 Printing and Binding***

Expenditures for job printing and binding, usually according to specifications of the school district. This includes designing and printing forms and posters as well as printing and binding school district publications.

Preprinted standard forms are not charged here, but are recorded under 5610, General Supplies.

The costs of binding and other repairs to schoolbooks are not charged here, but are recorded under 5640, Books and Periodicals.

### ***756X Tuition***

Contracted expenditures to reimburse other educational agencies for instructional services to students of the paying school district.

### ***7565 Tuition Paid to Postsecondary Schools***

Contracted expenditures to reimburse Postsecondary Schools for instructional services to students of the paying school district. Included here are payments made in association with dual credit programs such as Running Start.

**7569 Tuition—Other**

Tuition paid to other governmental organizations as reimbursement for providing specialized instructional services to resident students of the paying school district. Examples may include services from out-of-state educational agencies and district placement for special educational services.

**7570 Food Service Management**

Expenditures for the operation of a local food service facility by other than employees of the school district. Included are contracted services, such as food preparation, associated with the food service operation. Fixed fee contracts for food service used by those Districts who are paying an outside vendor a fixed fee for their food service costs. Used only with Food Services, Program 98.

Direct expenditures by the school district for food, supplies, labor, and equipment would be charged to the appropriate NCES Code.

**7580 Registration and Entrance Fees**

This account is used to record expenditures for authorized registration and entrance fees in accordance with the policies of the school district. Payments for event registrations and entrance costs are charged here. Travel, meals, and lodging costs should be charged to NCES Code 8580. Employee training courses or professional learning activities should be charged to NCES Code 7330.

**759X Interagency Purchased Services**

Any interdistrict payments other than tuition or transportation should be classified here. This code identifies payments for services made between a school district and other government entities. Examples of such services are data processing, media services, nursing, and guidance.

**7591 Services Purchased From Another School District or ESD**

Payments to ESDs or other school districts within the state for services other than tuition or transportation. Examples of such services are data processing, purchasing, nursing and guidance, assessment, and membership costs. Tuition must be reported with NCES Code 7569. Transportation must be reported with NCES Code 7511.

**7592 Services Purchased From Another LEA or SEA Out-of-State**

Payments to another LEA or SEA outside the state for services other than tuition or transportation. Examples of such services are data processing, purchasing, nursing, and guidance. Tuition must be reported with NCES Code 7569. Transportation must be reported with NCES Code 7512.

**762X Energy**

Record expenditures for energy, including natural gas, electricity, bottled gas, oil, coal, and for services received from public and private utility companies as described below. Vehicle fuel is recorded as a supply cost under code 5626.

**7621 Natural Gas**

Expenditures for gas utility services from a private or public utility company.

**7622 Electricity**

Expenditures for electric utility services from private or public utility company.

**7623 Bottled Gas**

Expenditures for bottled gas, such as propane gas received in tanks normally used for heating. Propane fuel used as fuel for buses should be coded to 5626.

**7624 Oil**

Expenditures for bulk oil normally used for heating.

**7625 Coal**

Expenditures for coal normally used for heating.

**7629 Other Energy**

Expenditures for energy that cannot be classified in one of the foregoing categories.

## **78XX Debt Service and Fees**

Amounts paid for goods and services not otherwise classified above.

### ***7810 Dues and Fees***

Expenditures or assessments for membership in professional or other organizations, as well as student fees (such as entry fees to contest). Tuition expenditures should be reported in NCES Codes 7565 or 7569. Expenditures associated with registration, participation, or entrance to an event should be coded to NCES Code 7580. Fees for professional services should be charged to the appropriate 73XX series code.

### ***7820 Settlements and Judgements Against the School District***

Expenditures from current funds for all judgments (except as indicated below) against the school district that are not covered by liability insurance but are of a type that might have been covered by insurance. Amounts paid as the result of mediation or court decisions are recorded here. This would include student transportation liability claims incurred and paid by the school district. Judgments against the school district resulting from failure to pay bills or debt service are recorded under the appropriate expenditure accounts as though the bills or debt service had been paid when due. The proper coding for employee disputes usually is dictated by the terms of the legal settlement (e.g., employee disputes, which award compensation, should be coded to salary). Code 7820 is appropriate for noncompensation post-employment settlements.

## ***783X Debt-Related Expenditures and Expenses***

### ***7831 Redemption of Principal***

Expenditures to retire bonds (including current and advance refundings) and long-term loans, including lease-purchase arrangements. For use with Activity 84 only.

### ***7832 Interest on Long-Term Debt***

Expenditures for interest on bonds and notes, including lease-purchase arrangements. For use with Activity 83 only.

### ***7833 Bond Issuances and Other Debt-Related Costs***

Expenses in connection with bond and other debt issuance costs, including lease-purchase debt issuance costs. For use with Activity 85 only.

### ***7835 Interest on Short-Term Debt***

Expenditures for interest on short-term debt or anticipation notes. For use with Activity 83 only.

## **79XX Other Items**

This series of codes is used to classify transactions which are unusual and infrequent. Costs recorded here require accounting control and reporting by the school district.

### ***7950 Special Items***

This code is used to classify special items in accordance with GASB Statement 34. Included are transactions or events within the control of the school district administration that are either unusual in nature or infrequent in occurrence. For some districts, this may include termination benefits resulting from workforce reductions; or costs in connection with an early retirement program offered to all employees represented in one or more classes of employees. Special items may also include events that are not within the control of the district.

In the governmental funds, these items should be separately captioned and disclosed in the Notes to the Financial Statements.

### ***7960 Extraordinary Items***

This code is used to classify items in accordance with APB Opinion No. 30 which are transactions or events that are both unusual in nature and infrequent in occurrence. For some districts, this may include significant costs related to a natural disaster caused by fire, flood, tornado, hurricane, or hailstorm; or costs related to an environmental disaster.

In the governmental funds, these items should be separately captioned and disclosed in the Notes to the Financial Statements.

## Object 8XXX Travel

Object Title Code 8 is used to record expenditures for authorized travel in accordance with the policies of the school district. This travel may include contractual services for transporting school district employees, students, employment candidates, and representatives from place to place and the furnishing of accommodations incidental to travel and other expenditures necessitated by travel. Do not include expenditures for transporting students to and from school, instruction sites, or extracurricular activities which are recorded in Program 99 or the ASB Fund.

### ***NCES Object Code Customization***

Your district can customize the codes for specific use. In most situations where a four-digit NCES object code ends in "0," districts can replace the last digit with codes "1" to "9" to segregate types of costs within a category. For example: Employee Travel, code 8580, can be segregated into 8581 to 8589 by the district for internal use. All expenditures coded from 8580 to 8589 should be combined for reporting purposes on the F-196 under the object code 8580.

| <b>Object Code</b> | <b>Description</b>         |
|--------------------|----------------------------|
| 8580               | Travel, Meals, and Lodging |

### ***8580 Travel, Meals, and Lodging***

Expenditures for transportation, meals, lodging, and other expenses authorized in accordance with the policies of the school district. This travel may include contractual services for transporting school district employees, students, employment candidates, and representatives from place to place and the furnishing of accommodations incidental to travel and other expenditures necessitated by travel. Payments for per diem in lieu of reimbursements for subsistence are also charged here. Registration and entrance registration fees should be coded to NCES Code 7580. Contractual services, providing student transportation, should be charged to 7511, 7512, or 7519. Trip costs that utilize the district's bus fleet are charged out from Program 99 to the program utilizing the service in the debit and credit transfer process.

Travel expenditures include the following:

- Airplane, railroad, bus, and taxi
- Automobile rental
- Incidental expenditures, such as:
  - Baggage transfer fees
  - Garage
  - Parking
  - Storage
  - Lodging and meal subsistence on an actual or per diem basis
  - Mileage for use of personal automobile

## **Object 9XXX Capital Outlay**

Object Title Code 9 is used to record expenditures for capitalized equipment and improvements to buildings and grounds infrastructure. While real property and buildings are included in the list of NCES Object Codes described below, related expenditures shall be included in the Capital Projects Fund according to RCW 28A.320.330 (2).

Equipment is defined as a nonexpendable, tangible item of personal property having a useful life of more than one year and an acquisition cost which is the lesser of the capitalization policy established by the school district or \$5,000. Included are those items composed of component items (individually not meeting the capitalization amount, but in total meets the capitalization amount).

Improvements to buildings and grounds infrastructure are defined as those expenditures that materially increase the value or useful life of the buildings or grounds facility.

Capital outlay expenditures may include, but are not limited to, the following:

- Air conditioner and other cooling equipment
- Automobiles, trucks, tractors, vans, and other vehicles
- Boilers, furnaces, and other heating equipment
- Building and equipment major repairs and improvements
- Communications equipment
- Computers, printers, and other peripheral equipment
- Furniture and fixtures
- Instructional equipment
- Lunchroom equipment
- Office machines

| <b>Object Code</b> | <b>Description</b>          |
|--------------------|-----------------------------|
| <b>97XX</b>        | <b>Property</b>             |
| 9710               | Land and Improvements       |
| 9720               | Buildings                   |
| <b>973X</b>        | <b>Equipment</b>            |
| 9731               | Machinery                   |
| 9732               | Vehicles                    |
| 9733               | Furniture and Fixtures      |
| 9734               | Technology-Related Hardware |
| 9735               | Technology Software         |
| 9739               | Other Equipment             |
| <b>99XX</b>        | <b>Other Items</b>          |
| 9950               | Special Items               |
| 9960               | Extraordinary Items         |

## **97XX Property**

RCW 28A.320.330 (2) states that a capital projects fund (CPF) shall be established for major capital purchases. In general, CPF money is used for the purposes described in RCW 28A.530.010, which includes, but is not limited to, land and buildings. Normally, NCES Code 9710, Land, and 9720, Buildings, are related to purchases in the Capital Projects Fund.

The NCES codes are not necessary in the CPF because related purchases are recorded by Type Code. In the event a district wishes to utilize object codes in their CPF, the object codes are described here.

Expenditures for acquiring capital assets, including land or existing buildings; improvements of grounds; initial equipment; additional equipment; and replacement of equipment. Items that do not contribute to a district's capital assets, as evaluated by the district's capital assets policy, may be coded as supply items.

### ***9710 Land and Improvements***

This expenditure code is used for the purchase of land and the original improvements thereon. Purchases of air and mineral rights are included here. Also included are special assessments against the school district for capital improvements, such as streets, curbs, and drains.

### **9720 Buildings**

This expenditure code is used for the acquisition of existing buildings and construction of buildings, major permanent structural alterations, renovations, fire protection systems, and other service systems.

- Expenditures for installment or lease payments, except interest, that have a terminal date and result in the acquisition of buildings should be assigned to NCES Codes 7831 and 7832.
- Expenditures contracted for minor alterations and renovations of buildings should be recorded under NCES Code 7450.
- Buildings built and alterations performed by the school district's own staff are charged to NCES Codes 21XX, 31XX, 42XX, 5610, and 9730, as appropriate.
- Building rent is recorded in NCES Code 7441.

### **973X Equipment**

Expenditures for the initial and replacement items of equipment, such as machinery, furniture, fixtures, and vehicles. Machinery, vehicles, furniture, and fixtures (including teacher desks, chairs, and file cabinets), technology equipment, and other equipment acquired for a particular program should be charged to the appropriate program code. The district's capital asset policy establishes criteria for when equipment must be capitalized and included on the district's property inventory records. Usually, this criterion requires equipment costing above a certain dollar amount to be capitalized. Capitalized equipment must be coded with Object Code 9.

- Machinery, vehicles, furniture, and fixtures, which do not meet the criteria for capitalization, should be coded to NCES Code 5610, Supplies.
- Technology-related equipment, which does not meet the criteria for capitalization, should be coded to Object Code 5 in NCES Code 5650, Supplies–Technology Related.
- Districts may use these object codes in the CPF and TVF, but there are no reporting requirements to do so.

### **9731 Machinery**

Expenditures for equipment usually composed of a complex combination of parts (excluding vehicles). Examples are ovens, freezers, lathes, drill presses, printing presses, microscopes, etc.

**9732 Vehicles**

Expenditures for vehicles that are licensed and to be used to transport persons or objects. Examples are automobiles, trucks, buses, station wagons, and vans.

**9733 Furniture and Fixtures**

Expenditures for equipment used for sitting; as a support for writing and work activities; and a storage space for material items.

**9734 Technology-Related Hardware**

Expenditures for technology-related equipment and technology infrastructure. These costs include those associated with the purchase of network equipment, servers, PCs, printers, other peripherals, and devices. Technology-related hardware that meet the standards for classification as a supply should be coded to Object Code 5, NCES Code 5650, Supplies–Technology Related.

**9735 Technology Software**

Expenditures for purchased software used for educational or administrative purposes that exceed the capitalization threshold. Expenditures for software that meet the standards for classification as a supply should be coded to NCES Code 5650, Supplies–Technology Related.

**9739 Other Equipment**

Expenditures for all other equipment not classified elsewhere in the 973X NCES Code series.

**99XX Other Items****9950 Special Items**

This code is used to classify special items in accordance with GASB Statement 34. Included are transactions or events within the control of the school district administration that are either unusual in nature or infrequent in occurrence. For some districts, this may include termination benefits resulting from workforce reductions; or costs in connection with an early retirement program offered to all employees represented in one or more classes of employees. Special items may also include events that are not within the control of the district.

In the governmental funds, these items should be separately captioned and disclosed in the Notes to the Financial Statements.

### ***9960 Extraordinary Items***

This code is used to classify items in accordance with APB Opinion No. 30 which are transactions or events that are both unusual in nature and infrequent in occurrence. For some districts, this may include significant costs related to a natural disaster caused by fire, flood, tornado, hurricane, or hailstorm; or costs related to an environmental disaster.

In the governmental funds, these items should be separately captioned and disclosed in the Notes to the Financial Statements.

## **TRANSFER OBJECTS OF EXPENDITURE**

The transfer objects of expenditure enable a district to transfer certain direct charges to the program using the resources. The transfer objects of expenditure consist of both credit objects of expenditure (Object 1) and debit objects of expenditure (Object 0).

The use of the credit objects of expenditure is limited to certain expenditure centers that manufacture or produce a finished product or service. These manufacturing or servicing expenditure centers are found only in the following three programs: Program 97 Districtwide Support, Program 98 School Food Services, and Program 99 Pupil Transportation.

The finished product or service is in turn used or consumed by other programs. Debit transfer objects of expenditure are used to charge these expenditures to the using programs.

The total debit transfer objects of expenditure must always be in balance with total credit transfer objects of expenditure and must be used exclusively to transfer expenditures from the allowed expenditure centers. While total debit and credit transfer objects must be equal, they do not need to be equal in any particular activity. The debit transfers to a specific activity do not have to equal the credit transfers from that same activity. The debit transfers typically should be to other activities in the recipient program. The transfer objects of expenditure must not be used to correct coding or other errors made on original entries.

Debit transfer objects of expenditure are permitted, unless specifically prohibited, in all activities that have at least one of the Objects of Expenditure 5 through 9 open. This is because the purchased goods and services normally shown in these objects potentially could have been obtained from the production centers in Programs 97, 98, or 99.

Debit transfer objects of expenditure must not be used by districts to direct charge vendor billings to recipient programs for products or services not produced by the manufacturing or servicing expenditure centers of the school district. These must be charged directly to the appropriate activity and object of expenditure in the recipient program.

### **Credit Transfer Limitations**

The use of credit transfer objects of expenditure is limited to transferring certain expenditures from the following activities. Please note two separate activities are provided for making the credit transfer object of expenditure. These two separate activities are Activity 49 Transfers and Activity 59 Transfers. Also note that the definitions of Activity 49 and Activity 59 parallel each other.

#### ***School Food Services Series—41 through 44***

The credit transfer object of expenditure is used to transfer to the using program expenditures for banquets, feeding of the elderly, and other feeding operations not chargeable to Program 98 School Food Services. Expenditures for banquets, feeding of the elderly, and other feeding programs provided by outside vendors, and not by Program 98 resources or contractors, should be direct charged to the recipient program.

#### ***Pupil Transportation Series—51 through 56***

The credit transfer object of expenditure is used to transfer to the using program expenditures for field trips, roter buses, and ski school transportation not chargeable to Program 99 Pupil Transportation. Such expenditures are typically charged to the using program on an hourly and mileage rate basis. Also included are motor pool expenditures initially charged to these activities because of common gasoline and maintenance facilities. Expenditures for field trips, roter buses, etc., provided by outside vendors and not by Program 99 resources or contractors should be direct charged to the recipient program.

### ***Activity 64 Maintenance***

The credit transfer object of expenditure is used to transfer to the using program expenditures for maintenance not chargeable to Program 97 Districtwide Support.

Examples include the credit transfer object of expenditure used to transfer the expenditures of building remodeling not chargeable to Program 97 for work performed by the school district's own labor force to categorical programs that allow such remodeling expenditures for reimbursement purposes.

Similarly, the credit transfer object of expenditure is used to transfer the expenditures of furniture and equipment built or rebuilt by the school district's own labor force to the program using the furniture.

The following two activities use the "job order" approach for accumulating production center expenditure data because they typically consist of separable, discrete orders or jobs.

### ***Activity 72 Information Systems***

The expenditures for information systems may be charged to the using program and activity by use of the credit transfer object of expenditure.

### ***Activity 73 Printing***

The expenditures for printing may be charged to the using program and activity by use of the credit transfer object of expenditure. Since the printing activity is producing a product to be used by various programs and activities, Activity 73 Printing should be considered conceptually to be costed in its entirety to the programs and activities that use the printed material.

### ***Activity 74 Warehousing and Distribution***

The expenditures for warehousing and distribution may be charged to the using program and activity by use of the credit transfer object of expenditure.

### ***Activity 75 Motor Pool***

The credit transfer object of expenditure will be used to transfer the expenditure of operations of motor pool to the using program and activity. Since various

programs and activities use the motor pool, Activity 75 Motor Pool should be considered conceptually to be costed in its entirety to the using programs and activities. Such expenditures are typically charged out on an hourly and mileage rate basis.

### Debit and Credit Transfer Illustrations

The use of debit-credit objects to transfer expenditures to other programs or activities are illustrated below. In general, the use of the debit transfer object of expenditure is available in any program-activity in which Objects of Expenditure 5 through 9 are open.

Through the use of the transfer objects of expenditure, school districts will be able to record and report costs of programs both before and after transfers. This will enable school districts to charge expenditure centers and at the same time maintain budgetary control over these manufacturing and service-producing expenditure centers. This full disclosure accounting will give visibility to the transfers.

Illustration A: To transfer banquet expenditures related to a local community organization to Program 89.

(Dr) Program 89, Activity 91, Object 0  
 (Cr) Program 98, Activity 49, Object 1

A banquet was held in the school for a local civic organization. Original charges were incurred through Program 98 School Food Services and Activities Series 41 through 44. This entry transfers the charges to Program 89 Other Community Services and Activity 91 Public Activities.

|   |           |      |   |   |
|---|-----------|------|---|---|
| Indicates Debit Transfer _____            | 0         |      |   |   |
| Activity 91 Public Activities _____       | 91        |      |   |   |
| Program 89 Other Community Services _____ | 89        |      |   |   |
|   | (Dr) 89 - | 91 - | 0 |   |
|   | (Cr) 98 - | 49 - | 1 |   |
| Program 98 School Food Services _____     | 98        |      |   |   |
| Activity 49 Transfers _____               | 49        |      |   |   |
| Indicates Credit Transfer _____           |           |      |   | 1 |

Illustration B: To transfer pupil transportation expenditures to the local skill center.

(Dr) Program 45, Activity 27, Object 0  
(Cr) Program 99, Activity 59, Object 1

School buses were used to transport pupils on a skill center project. Original charges were incurred through Program 99 Pupil Transportation and Activity Series 51 through 57. This entry transfers the charge to Program 45 Skill Center Basic—State and Activity 27 Teaching.

|                                     |       |      |      |      |
|-------------------------------------|-------|------|------|------|
| Indicates Debit Transfer            | _____ | 0    |      |      |
| Activity 27 Teaching                | _____ | 27   |      |      |
| Program 45 Skill Center Basic—State | _____ | 45   |      |      |
|                                     | (Dr)  | 45 - | 27 - | 0    |
|                                     |       | (Cr) | 99 - | 59 - |
| Program 99 Pupil Transportation     | _____ | 99   |      |      |
| Activity 59 Transfers               | _____ | 59   |      |      |
| Indicates Credit Transfer           | _____ |      |      | 1    |

Illustration C: To transfer vehicle expenditures to Program 71.

(Dr) Program 71, Activity 27, Object 0  
(Cr) Program 97, Activity 75, Object 1

The expenditures for operating traffic safety education vehicles were originally charged to Program 97 Districtwide Support and Activity 75 Motor Pool. This entry transfers the charge to Program 71 Traffic Safety and Activity 27 Teaching.

|                                 |       |      |      |      |
|---------------------------------|-------|------|------|------|
| Indicates Debit Transfer        | _____ | 0    |      |      |
| Activity 27 Teaching            | _____ | 27   |      |      |
| Program 71 Traffic Safety       | _____ | 71   |      |      |
|                                 | (Dr)  | 71 - | 27 - | 0    |
|                                 |       | (Cr) | 97 - | 75 - |
| Program 97 Districtwide Support | _____ | 97   |      |      |
| Activity 75 Motor Pool          | _____ | 75   |      |      |
| Indicates Credit Transfer       | _____ |      |      | 1    |

Illustration D: To transfer district printing expenditures to Program 21.

(Dr) Program 21, Activity 27, Object 0  
 (Cr) Program 97, Activity 73, Object 1

The expenditure for printing some instructional material for the special education program was originally charged to Program 97 Districtwide Support and Activity 73 Printing. This entry transfers the charge to Program 21 Special Education, and Activity 27 Teaching.

|                                      |      |      |      |   |
|--------------------------------------|------|------|------|---|
| Indicates Debit Transfer_____        | 0    |      |      |   |
| Activity 27 Teaching_____            | 27   |      |      |   |
| Program 21 Special Education_____    | 21   |      |      |   |
|                                      |      |      |      |   |
| (Dr)                                 | 21 - | 27 - | 0    |   |
|                                      |      |      |      |   |
|                                      | (Cr) | 97 - | 73 - | 1 |
|                                      |      |      |      |   |
| Program 97 Districtwide Support_____ | 97   |      |      |   |
| Activity 73 Printing_____            | 73   |      |      |   |
| Indicates Credit Transfer_____       | 1    |      |      |   |

Illustration E: To transfer furniture expenditures to the appropriate program.

(Dr) Program 01, Activity 27, Object 0  
 (Cr) Program 97, Activity 64, Object 1

The expenditure for fabricating furniture for a classroom was originally charged to Program 97 Districtwide Support and Activity 64 Maintenance. This entry transfers the charge to Program 01 Basic Education and Activity 27 Teaching.

|                                      |      |      |      |   |
|--------------------------------------|------|------|------|---|
| Indicates Debit Transfer_____        | 0    |      |      |   |
| Activity 27 Teaching_____            | 27   |      |      |   |
| Program 01 Basic Education_____      | 01   |      |      |   |
|                                      |      |      |      |   |
| (Dr)                                 | 01 - | 27 - | 0    |   |
|                                      |      |      |      |   |
|                                      | (Cr) | 97 - | 64 - | 1 |
|                                      |      |      |      |   |
| Program 97 Districtwide Support_____ | 97   |      |      |   |
| Activity 64 Maintenance_____         | 64   |      |      |   |
| Indicates Credit Transfer_____       | 1    |      |      |   |

Illustration F: To transfer pupil transportation expenditures to basic education.

(Dr) Program 01, Activity 27, Object 0  
 (Cr) Program 99, Activity 59, Object 1

School buses were used to transport pupils to an ecology field trip. Originally charged to Program 99 Pupil Transportation and Activity Series 51 to 54. This entry transfers the trip cost to Program 01 Basic Education and Activity 27 Teaching.

|                                 |      |      |   |  |  |
|---------------------------------|------|------|---|--|--|
| Indicates Debit Transfer        | 0    |      |   |  |  |
| Activity 27 Teaching            | 27   |      |   |  |  |
| Program 01 Basic Education      | 01   |      |   |  |  |
|                                 |      |      |   |  |  |
| (Dr)                            | 01 - | 27 - | 0 |  |  |
| (Cr)                            | 99 - | 59 - | 1 |  |  |
|                                 |      |      |   |  |  |
| Program 99 Pupil Transportation | 99   |      |   |  |  |
| Activity 59 Transfers           | 59   |      |   |  |  |
| Indicates Credit Transfer       | 1    |      |   |  |  |

Illustration G: To transfer remodeling expenditures to the disadvantaged program.

(Dr) Program 51, Activity 27, Object 0  
 (Cr) Program 97, Activity 64, Object 1

A building was partially remodeled by school district employees to accommodate Title I classes. Original charges were incurred through Program 97 Districtwide Support and Activity 64 Maintenance, and Objects 3, 4, 5, and 7. This entry transfers the charges to the end using Program 51 Disadvantaged—Federal and Activity 27 Teaching.

|                                 |      |      |   |  |  |
|---------------------------------|------|------|---|--|--|
| Indicates Debit Transfer        | 0    |      |   |  |  |
| Activity 27 Teaching            | 27   |      |   |  |  |
| Program 51 Disadvantaged        | 51   |      |   |  |  |
|                                 |      |      |   |  |  |
| (Dr)                            | 51 - | 27 - | 0 |  |  |
| (Cr)                            | 97 - | 64 - | 1 |  |  |
|                                 |      |      |   |  |  |
| Program 97 Districtwide Support | 97   |      |   |  |  |
| Activity 64 Maintenance         | 64   |      |   |  |  |
| Indicates Credit Transfer       | 1    |      |   |  |  |

Illustration H: To transfer motor pool expenditures to the appropriate program.

(Dr) Program 97, Activity 75, Object 0  
(Cr) Program 99, Activity 59, Object 1

Motor pool vehicle costs were initially charged to Program 99 Pupil Transportation because of common gas and maintenance facilities. Original charges were to Activity Series 51 through 59 (52 Operations and 53 Maintenance). This entry transfers the charge to Program 97 Districtwide Support and Activity 75 Motor Pool.

|                                 |      |      |   |   |
|---------------------------------|------|------|---|---|
| Indicates Debit Transfer        | 0    |      |   |   |
| Activity 75 Motor Pool          | 75   |      |   |   |
| Program 97 Districtwide Support | 97   |      |   |   |
|                                 |      |      |   |   |
| (Dr)                            | 97 - | 75 - | 0 |   |
| (Cr)                            | 99 - | 59 - | 1 |   |
|                                 |      |      |   |   |
| Program 99 Pupil Transportation | 99   |      |   |   |
| Activity 59 Transfers           | 59   |      |   |   |
| Indicates Credit Transfer       |      |      |   | 1 |

Illustration I: To transfer expenditures for rooter buses to basic education.

(Dr) Program 01, Activity 28, Object 0  
(Cr) Program 99, Activity 59, Object 1

School buses were used as rooter buses to transport pupils to a school athletic meet. Original charges were to Program 99 Pupil Transportation and Activity Series 51 through 57. This entry transfers the charges to Program 01 Basic Education and Activity 28 Extracurricular.

|                                 |      |      |   |   |
|---------------------------------|------|------|---|---|
| Indicates Debit Transfer        | 0    |      |   |   |
| Activity 28 Extracurricular     | 28   |      |   |   |
| Program 01 Basic Education      | 01   |      |   |   |
|                                 |      |      |   |   |
| (Dr)                            | 01 - | 28 - | 0 |   |
| (Cr)                            | 99 - | 59 - | 1 |   |
|                                 |      |      |   |   |
| Program 99 Pupil Transportation | 99   |      |   |   |
| Activity 59 Transfers           | 59   |      |   |   |
| Indicates Credit Transfer       |      |      |   | 1 |

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## **CHAPTER 7 – General Journal Entries**

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## **INTRODUCTION**

The following pages have examples of the types of general journal entries common to school districts and may not be all-inclusive. Although district accounting records may contain more detail than presented here, these entries only display state required accounting segments. Refer to chapters 4, 5, and 6, for the state required account segments. Accounting software used by districts may generate some of these entries. Refer to the district's software manuals for guidance.

### **Overview of Basic Accounting Equations**

Basic double entry accounting provides that assets, deferred outflows of resources (DOR), and expenditure accounts normally carry debit balances (DR). Liabilities, deferred inflows of resources (DIR), fund balance equity, and revenues normally carry credit balances (CR). Balance sheet accounts consist of assets plus deferred outflows minus liabilities minus deferred inflows to equal fund balance. The statement of revenues, expenditures and changes in fund balance consists of revenues minus expenditures to equal the change in fund balance.

| <b>Balance Sheet</b> |    |     |     |     |                 |             |    |     |     |     |              |    |
|----------------------|----|-----|-----|-----|-----------------|-------------|----|-----|-----|-----|--------------|----|
| Debit Balances       |    |     |     | (=) | Credit Balances |             |    |     |     |     |              |    |
| Assets               |    | (+) | DOR |     | (-)             | Liabilities |    | (-) | DIR | (=) | Fund Balance |    |
| DR                   | CR |     | DR  | CR  |                 | DR          | CR |     | DR  | CR  | DR           | CR |
| +                    | -  |     | +   | -   |                 | -           | +  |     | -   | +   | -            | +  |

| <b>Statement of Revenues, Expenditures, and Changes in Fund Balance</b> |    |     |              |    |     |                        |    |
|---|----|-----|--------------|----|-----|------------------------|----|
| Revenues  |    | (-) | Expenditures |    | (=) | Change in Fund Balance |    |
| DR  | CR |     | DR           | CR |     | DR                     | CR |
| -   | +  |     | +            | -  |     | -                      | +  |

## **JOURNAL ENTRIES**

### **Opening Entries**

#### **Fiscal Year Opening Entry—All Funds Except Fiduciary Funds**

(Commonly software generated)

| General Ledger Account | Account Title                                     | Applicable Fund   | Debit | Credit |
|------------------------|---|-------------------|-------|--------|
| 200                    | Imprest Cash                                      | GF, ASB, CPF      | X     |        |
| 230                    | Cash on Hand                                      | ALL               | X     |        |
| 240                    | Cash on Deposit With County Treasurer             | ALL               | X     |        |
| 250                    | Cash With Fiscal Agent                            | DSF               | X     |        |
| 310                    | Taxes Receivable                                  | GF, DSF, CPF, TVF | X     |        |
| 320                    | Due From Other Funds                              | ALL               | X     |        |
| 330                    | Due From Other Governmental Units                 | ALL               | X     |        |
| 340                    | Accounts Receivable                               | ALL               | X     |        |
| 350                    | Interfund Loans Receivable                        | GF, CPF           | X     |        |
| 360                    | Accrued Interest Receivable                       | ALL               | X     |        |
| 410                    | Inventory—Supplies and Materials                  | GF, ASB           | X     |        |
| 420                    | Inventory—Lunchroom                               | GF                | X     |        |
| 430                    | Prepaid Items                                     | GF, ASB, CPF, TVF | X     |        |
| 450                    | Investments                                       | ALL               | X     |        |
| 455                    | Investments—Deferred Compensation                 | GF, CPF           | X     |        |
| 241                    | Warrants Outstanding                              | ALL               |       | X      |
| 601                    | Accounts Payable                                  | ALL               |       | X      |
| 602                    | Contracts Payable—Current                         | GF, ASB, CPF, TVF |       | X      |
| 605                    | Accrued Salaries                                  | GF, ASB, CPF      |       | X      |
| 606                    | Anticipation Notes Payable                        | GF, DSF, CPF, TVF |       | X      |
| 610                    | Payroll Deductions and Taxes Payable              | GF, ASB, CPF      |       | X      |
| 630                    | Due to Other Governmental Units                   | GF, ASB, CPF, TVF |       | X      |
| 635                    | Deferred Compensation Payable                     | GF, CPF           |       | X      |
| 637                    | Estimated Unemployment Benefits Payable           | GF                |       | X      |
| 638                    | Estimated Other Employee Insurance Claims Payable | GF                |       | X      |
| 639                    | Estimated Industrial Insurance Benefits Payable   | GF                |       | X      |

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| General Ledger Account | Account Title                                       | Applicable Fund        | Debit | Credit |
|------------------------|---|------------------------|-------|--------|
| 640                    | Due to Other funds                                  | ALL                    |       | X      |
| 645                    | Interfund Loans Payable                             | GF, DSF, CPF, TVF      |       | X      |
| 650                    | Deposit   | GF, ASB, CPF           |       | X      |
| 660                    | Unearned Revenue                                    | ALL                    |       | X      |
| 675                    | Matured Bond Payable                                | DSF                    |       | X      |
| 685                    | Matured Bond Interest Payable                       | DSF                    |       | X      |
| 686                    | Arbitrage Rebate Payable                            | GF, DSF, CPF, TVF      |       | X      |
| 750                    | Unavailable Revenue                                 | ALL                    |       | X      |
| 760                    | Unavailable Revenue—Taxes Receivable                | GF, DSF, CPF, TVF      |       | X      |
| 810                    | Restricted for Other Items                          | GF, ASB, DSF, CPF, TVF |       | X      |
| 815                    | Restricted for Unequalized Deductible Revenue       | GF (cash basis only)   |       | X      |
| 819                    | Restricted for Fund Purposes                        | TVF, ASB               |       | X      |
| 820                    | Assigned to Encumbrances                            | GF, CPF, TVF, ASB      |       | X      |
| 821                    | Restricted for Carryover of Restricted Revenues     | GF                     |       | X      |
| 828                    | Restricted for Carryover of Food Service Revenue    | GF                     |       | X      |
| 830                    | Restricted for Debt Service                         | GF, CPF, TVF           |       | X      |
| 835                    | Restricted for Arbitrage Rebate                     | GF, DSF, CPF, TVF      |       | X      |
| 840                    | Nonspendable Fund Balance—Inventory & Prepaid Items | GF, ASB                |       | X      |
| 845                    | Restricted for Self-Insurance                       | GF                     |       | X      |
| 850                    | Restricted for Uninsured Risks                      | GF, ASB, CPF, TVF      |       | X      |
| 861                    | Restricted From Bond Proceeds                       | CPF                    |       | X      |
| 862                    | Committed From Levy Proceeds                        | CPF                    |       | X      |
| 863                    | Restricted From State Proceeds                      | CPF                    |       | X      |
| 864                    | Restricted From Federal Proceeds                    | CPF                    |       | X      |
| 865                    | Restricted From Other Proceeds                      | CPF                    |       | X      |
| 866                    | Restricted From Impact Fee Proceeds                 | CPF                    |       | X      |
| 867                    | Restricted From Mitigation Fee Proceeds             | CPF                    |       | X      |
| 869                    | Restricted From Undistributed Proceeds              | CPF                    |       | X      |
| 870                    | Committed to Other Purposes                         | GF, DSF, CPF, TVF, ASB |       | X      |

| General Ledger Account | Account Title                             | Applicable Fund    | Debit | Credit |
|------------------------|---|--------------------|-------|--------|
| 872                    | Committed to Economic Stabilization       | GF                 |       | X      |
| 875                    | Assigned to Contingencies                 | GF                 |       | X      |
| 884                    | Assigned to Other Capital Projects        | GF                 |       | X      |
| 888                    | Assigned to Other Purposes                | GF                 |       | X      |
| 889                    | Assigned to Fund Purposes                 | DSF, CPF, TVF, ASB |       | X      |
| 890                    | Unassigned Fund Balance                   | GF                 |       | X      |
| 891                    | Unassigned to Minimum Fund Balance Policy | GF                 |       | X      |

To record the fiscal year opening balances. This represents the beginning trial balance.

**Fiscal Year Opening Entry—Budgetary Accounts—All Funds Except Fiduciary Funds**  
(Commonly software generated)

| General Ledger Account | Account Title                            | Applicable Fund | Debit | Credit |
|------------------------|--|-----------------|-------|--------|
| 510                    | Estimated Revenues                       | ALL             | X     |        |
| 515                    | Estimated Other Financing Sources        | ALL             | X     |        |
| 540                    | Appropriated Fund Balance                | ALL             | X     |        |
| 535                    | Other Financing Uses (Budget and Actual) | ALL             |       | X      |
| 900                    | Appropriations                           | ALL             |       | X      |

To record the annual budget of the General Fund as adopted by the board of directors for the fiscal year 20XX.

**Fiscal Year Opening Entry—Fiduciary Funds**  
**Permanent Fund (PF), Private Purpose Trust Fund (PPTF), Pension Trust Fund (PTF), Custodial Fund (CF)**  
(Commonly software generated)

| General Ledger Account | Account Title                         | Fiduciary Fund | Debit | Credit |
|------------------------|---------------------------------------|----------------|-------|--------|
| 200                    | Imprest Cash                          | ALL            | X     |        |
| 230                    | Cash on Hand                          | ALL            | X     |        |
| 240                    | Cash on Deposit With County Treasurer | ALL            | X     |        |
| 320                    | Due From Other Funds                  | ALL            | X     |        |
| General Ledger         | Account Title                         | Fiduciary Fund | Debit | Credit |

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|  |  |               |   |   |
|--|--|---------------|---|---|
| Account  |  |               |   |   |
| 330  | Due From Other Governmental Units                        | PF            | X |   |
| 340  | Accounts Receivable                                      | PF, PPTF, PTF | X |   |
| 360  | Accrued Interest Receivable                              | ALL           | X |   |
| 430  | Prepaid Items  | PF            | X |   |
| 450  | Investments  | PF, PPTF, PTF | X |   |
| 451  | Investments—Cash With Trustee                            | PF, PPTF, PTF | X |   |
| 460  | Other Assets   | PPTF          | X |   |
| 490  | Capital Assets—Land                                      | PPTF          | X |   |
| 491  | Capital Assets—Buildings                                 | PPTF          | X |   |
| 493  | Capital Assets—Equipment                                 | PPTF, PTF, CF | X |   |
| 241  | Warrants Outstanding                                     | ALL           |   | X |
| 498  | Accumulated Depreciation—Building                        | PPTF          |   | X |
| 499  | Accumulated Depreciation—Equipment                       | PPTF, PTF, CF |   | X |
| 601  | Accounts Payable   | ALL           |   | X |
| 602  | Contracts Payable—Current                                | PF            |   | X |
| 630  | Due to Other Governmental Units                          | PF            |   | X |
| 640  | Due to Other funds                                       | ALL           |   | X |
| 660  | Unearned Revenue   | PF            |   | X |
| 750  | Unavailable Revenue                                      | PF            |   | X |
| 810  | Restricted for Other Items                               | PF            |   | X |
| 854  | Restricted for Intact Trust Principal                    | PPTF, PTF     |   | X |
| 855  | Nonspendable Fund Balance—Trust Principal                | PF            |   | X |
| 856  | Restricted for Pension or Other Post-Employment Benefits | PTF           |   | X |
| 857  | Restricted for Private Purposes                          | PPTF          |   | X |
| 858  | Restricted for Other Purposes                            | PPTF, PTF     |   | X |
| 870  | Committed to Other Purposes                              | PF            |   | X |
| 889  | Assigned to Fund Purposes                                | PF            |   | X |
| To record the fiscal year opening balances. This represents the beginning trial balance. |  |               |   |   |

## Periodic Entries

These entries are commonly made on a regular basis, based on the needs of the district.

### Local Receipts

| General Ledger Account                              | Subsidiary Ledger Required | Account Title           | Applicable Fund | Debit | Credit |
|---|----------------------------|-------------------------|-----------------|-------|--------|
| 230   |                            | Cash on Hand            | ALL             | X     |        |
| 960   | Yes                        | Revenues                | ALL             |       | X      |
| 965   | Yes                        | Other Financing Sources | ALL             |       | X      |
| To record monies received directly by the district. |                            |                         |                 |       |        |

### NSF Check

| General Ledger Account  | Subsidiary Ledger Required | Account Title                         | Applicable Fund | Debit | Credit |
|---|----------------------------|---------------------------------------|-----------------|-------|--------|
| 530   | Yes                        | Expenditures (Bad Check or Bank Fees) | ALL             | X     |        |
| 960 or 965  | Yes                        | Revenues or Other Financing Sources   | ALL             | X     |        |
| 230   |                            | Cash on Hand                          | ALL             |       | X      |
| To record an NSF check returned to the district. This is a reversal of the original local receipt. Any bank fees or charges would be expended through GL 530. |                            |                                       |                 |       |        |

### Warrant Cancellation and Unclaimed Property

| General Ledger Account  | Subsidiary Ledger Required | Account Title                               | Applicable Fund | Debit | Credit |
|---|----------------------------|---|-----------------|-------|--------|
| 241   |                            | Warrants Outstanding                        |                 | X     |        |
| 530   | Yes                        | Expenditure (reduction of original account) |                 |       | X      |
| To record the cancellation of a warrant, crediting the original expenditure account. The district remains liable to pay unclaimed property to the person or entity subsequently establishing ownership. |                            |   |                 |       |        |

| General Ledger Account   | Subsidiary Ledger Required | Account Title        | Applicable Fund | Debit | Credit |
|--|----------------------------|----------------------|-----------------|-------|--------|
| 241  |                            | Warrants Outstanding |                 | X     |        |
| 601  |                            | Accounts Payable     |                 |       | X      |
| To record the cancellation of a warrant and to recognize a liability for unclaimed property. G/L 601 clears when unclaimed property is remitted. |                            |                      |                 |       |        |

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| General Ledger Account   | Subsidiary Ledger Required | Account Title  | Applicable Fund | Debit | Credit |
|--|----------------------------|--|-----------------|-------|--------|
| 960  | Yes                        | Local Revenue (reduction of original posting account). |                 | X     |        |
| 660  |                            | Unearned Revenue                                       |                 |       | X      |
| To reverse the recognition of revenue and move unclaimed property to the Unearned Revenue Account before remitting to the DOR. |                            |  |                 |       |        |

| General Ledger Account   | Subsidiary Ledger Required | Account Title    | Applicable Fund | Debit | Credit |
|--|----------------------------|------------------|-----------------|-------|--------|
| 660  |                            | Unearned Revenue |                 | X     |        |
| 601  |                            | Accounts Payable |                 |       | X      |
| To reverse unused or unearned monies deposited in a student account and the property is unclaimed. Recognize a liability to the Department of Revenue for unclaimed property. G/L 601 clears when unclaimed property is remitted to DOR. |                            |                  |                 |       |        |

**County Treasurer Monthly Entry (From County Treasurer Report F-197)**

District records must be reconciled to the amounts reported on the County Treasurer Report F-197. For further detail regarding debt issuance, refer to the Bond Issue and Bond Refunding section in this chapter. Refer to the F-197 section of the ABFR for line item definitions and additional guidance.

| General Ledger Account                          | Subsidiary Ledger Required | County Treasurer Line Item | Account Title                         | Applicable Fund | Debit | Credit |
|---|----------------------------|----------------------------|---------------------------------------|-----------------|-------|--------|
| 240   |                            | 01                         | Cash on Deposit With County Treasurer | ALL             | X     |        |
| 230   |                            | 01                         | Cash on Hand                          | ALL             |       | X      |
| To record school district deposits received in. |                            |                            |                                       |                 |       |        |

|                             |  |    |                                       |     |   |   |
|-----------------------------|--|----|---------------------------------------|-----|---|---|
| 240                         |  | 03 | Cash on Deposit With County Treasurer | ALL | X |   |
| 450                         |  | 03 | Investments                           | ALL |   | X |
| To record investments sold. |  |    |                                       |     |   |   |

|                                    |  |    |                                       |                   |   |   |
|------------------------------------|--|----|---------------------------------------|-------------------|---|---|
| 240                                |  | 52 | Cash on Deposit With County Treasurer | GF, CPF, DSF, TVF | X |   |
| 645                                |  | 52 | Interfund Loans Payable               | GF, CPF, DSF, TVF |   | X |
| To record interfund loan proceeds. |  |    |                                       |                   |   |   |

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| General Ledger Account                           | Subsidiary Ledger Required | County Treasurer Line Item | Account Title                         | Applicable Fund | Debit | Credit |
|--|----------------------------|----------------------------|---------------------------------------|-----------------|-------|--------|
| 240  |                            | 49                         | Cash on Deposit With County Treasurer | GF, CPF         | X     |        |
| 350  |                            | 49                         | Interfund Loans Receivable            | GF, CPF         |       | X      |
| To record repayment of interfund loan principal. |                            |                            |                                       |                 |       |        |

|  |     |    |                                       |                   |   |   |
|--|-----|----|---------------------------------------|-------------------|---|---|
| 240  |     | 15 | Cash on Deposit With County Treasurer | GF, DSF, CPF, TVF | X |   |
| 965  | Yes | 15 | Other Financing Sources               | GF, DSF, CPF, TVF |   | X |
| To record proceeds from Revenue Anticipation Notes issued. |     |    |                                       |                   |   |   |

|  |     |         |                                       |     |   |   |
|--|-----|---------|---------------------------------------|-----|---|---|
| 240  |     | Various | Cash on Deposit With County Treasurer | ALL | X |   |
| 960  | Yes | Various | Revenues                              | ALL |   | X |
| 965  | Yes | Various | Other Financing Sources               | ALL |   | X |
| To record Schedule A cash increases, except for state apportionment. See ABRF Chapter F-197 for Schedule A item numbers. |     |         |                                       |     |   |   |

| General Ledger Account  | Subsidiary Ledger Required | County Treasurer Line Item | Account Title                         | Applicable Fund | Debit | Credit |
|---|----------------------------|----------------------------|---------------------------------------|-----------------|-------|--------|
| 240   |                            | 19                         | Cash on Deposit With County Treasurer | ALL             | X     |        |
| 240   |                            | 19                         | Cash on Deposit with County Treasurer | ALL             | X     |        |
| Various   |                            | 19                         | Other Cash Increases                  | ALL             |       | X      |
| To record other cash increases. The Credit GL depends on the identification of the cash increase. |                            |                            |                                       |                 |       |        |

|                              |  |    |                                       |     |   |   |
|------------------------------|--|----|---------------------------------------|-----|---|---|
| 241                          |  | 05 | Warrants Outstanding                  | ALL | X |   |
| 240                          |  | 05 | Cash on Deposit with County Treasurer | ALL |   | X |
| To record warrants redeemed. |  |    |                                       |     |   |   |

|  |  |    |                             |     |   |   |
|--|--|----|-----------------------------|-----|---|---|
| Various  |  | 12 | Warrants Issued by district | ALL | X |   |
| 241  |  | 12 | Warrants Outstanding        | ALL |   | X |
| To record warrants issued. Commonly software generated at the time of issue. |  |    |                             |     |   |   |

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| General Ledger Account           | Subsidiary Ledger Required | County Treasurer Line Item | Account Title                         | Applicable Fund   | Debit | Credit |
|----------------------------------|----------------------------|----------------------------|---------------------------------------|-------------------|-------|--------|
| 530                              | Yes                        | 06                         | Expenditures                          | GF, DSF, CPF, TVF | X     |        |
| 240                              |                            | 06                         | Cash on Deposit With County Treasurer | GF, DSF, CPF, TVF |       | X      |
| To record warrant interest paid. |                            |                            |                                       |                   |       |        |

|     |  |    |                                       |     |   |   |
|-----|--|----|---------------------------------------|-----|---|---|
| 450 |  | 07 | Investments                           | ALL | X |   |
| 240 |  | 07 | Cash on Deposit With County Treasurer | ALL |   | X |

To record investments purchased.

|     |  |    |                                       |         |   |   |
|-----|--|----|---------------------------------------|---------|---|---|
| 350 |  | 13 | Interfund Loans Receivable            | GF, CPF | X |   |
| 240 |  | 13 | Cash on Deposit With County Treasurer | GF, CPF |   | X |

To record an interfund loan.

|     |     |         |                                       |                   |   |   |
|-----|-----|---------|---------------------------------------|-------------------|---|---|
| 530 | Yes | 09      | Expenditures (Interest)               | GF, DSF, CPF, TVF | X |   |
| 645 |     | 08      | Interfund Loans Payable (Principal)   | GF, DSF, CPF, TVF | X |   |
| 240 |     | 08 + 09 | Cash on Deposit With County Treasurer | GF, DSF, CPF, TVF |   | X |

To record an interfund loan principal and interest paid.

| General Ledger Account | Subsidiary Ledger Required | County Treasurer Line Item | Account Title                         | Applicable Fund   | Debit | Credit |
|------------------------|----------------------------|----------------------------|---------------------------------------|-------------------|-------|--------|
| 530                    | Yes                        | 17                         | Expenditures                          | GF, DSF, CPF, TVF | X     |        |
| 535                    | Yes                        | 16                         | Other Financing Uses                  | GF, DSF, CPF, TVF | X     |        |
| 240                    |                            | 16 + 17                    | Cash on Deposit With County Treasurer | GF, DSF, CPF, TVF |       | X      |

To record Revenue Anticipation Notes redeemed and interest paid.

|     |  |    |                                       |                   |   |   |
|-----|--|----|---------------------------------------|-------------------|---|---|
| 536 |  | 10 | Other Financing Uses-- Transfers Out  | GF, DSF, CPF, TVF | X |   |
| 240 |  | 10 | Cash on Deposit With County Treasurer | GF, DSF, CPF, TVF |   | X |

To record transfers to another fund.

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| General Ledger Account | Subsidiary Ledger Required | County Treasurer Line Item | Account Title                         | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|----------------------------|---------------------------------------|-----------------|-------|--------|
| Various                |                            | 11                         | Other Cash Decreases                  | ALL             | X     |        |
| 240                    |                            | 11                         | Cash on Deposit With County Treasurer | ALL             |       | X      |

To record other cash decreases. The Debit GL depends on the identification of the cash decrease.

|     |     |    |                      |     |   |   |
|-----|-----|----|----------------------|-----|---|---|
| 241 |     | 14 | Warrants Outstanding | ALL | X |   |
| 530 | Yes | 14 | Expenditures         | ALL |   | X |

To record warrants cancelled. This is a reversal of the original warrant issued.

|            |     |    |                                       |     |   |   |
|------------|-----|----|---------------------------------------|-----|---|---|
| 240        |     | 50 | Cash on Deposit With County Treasurer | DSF | X |   |
| 960 or 965 | Yes | 50 | Revenues or Other Financing Sources   | DSF |   | X |

To record accrued interest and premium on bond sales.

|     |  |    |                                       |     |   |   |
|-----|--|----|---------------------------------------|-----|---|---|
| 240 |  | 77 | Cash on Deposit With County Treasurer | DSF | X |   |
| 250 |  | 77 | Cash With Fiscal Agent                | DSF |   | X |

To record monies remitted to county treasurer by fiscal agent.

|     |     |                |                                       |     |   |   |
|-----|-----|----------------|---------------------------------------|-----|---|---|
| 530 | Yes | 58, 65, 71, 72 | Expenditures                          | DSF | X |   |
| 240 |     | 58, 65, 71, 72 | Cash on Deposit With County Treasurer | DSF |   | X |

To record voted and non-voted bond principal and interest paid by county treasurer.

| General Ledger Account | Subsidiary Ledger Required | County Treasurer Line Item | Account Title                         | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|----------------------------|---------------------------------------|-----------------|-------|--------|
| 530                    | Yes                        | 98                         | Expenditures                          | DSF             | X     |        |
| 240                    |                            | 98                         | Cash on Deposit With County Treasurer | DSF             |       | X      |

To record bond transfer fees.

|     |  |    |                                       |     |   |   |
|-----|--|----|---------------------------------------|-----|---|---|
| 250 |  | 73 | Cash With Fiscal Agent                | DSF | X |   |
| 240 |  | 73 | Cash on Deposit With County Treasurer | DSF |   | X |

To record monies remitted to fiscal agent by county treasurer.

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| General Ledger Account   | Subsidiary Ledger Required | County Treasurer Line Item | Account Title            | Applicable Fund | Debit | Credit |
|--|----------------------------|----------------------------|--------------------------|-----------------|-------|--------|
| 530  | Yes                        | 56, 63, 79, 90             | Expenditures             | DSF             | X     |        |
| 675  |                            | 56, 90                     | Matured Bonds Payable    | DSF             |       | X      |
| 685  |                            | 63, 79                     | Matured Interest Payable | DSF             |       | X      |
| To record matured voted and non-voted bond principal and interest. |                            |                            |                          |                 |       |        |

|   |  |                |                          |     |   |   |
|---|--|----------------|--------------------------|-----|---|---|
| 675   |  | 57, 75         | Matured Bonds Payable    | DSF | X |   |
| 685   |  | 64, 76         | Matured Interest Payable | DSF | X |   |
| 250   |  | 57, 64, 75, 76 | Cash With Fiscal Agent   | DSF |   | X |
| To record voted and non-voted bond principal and interest paid by fiscal agent. |  |                |                          |     |   |   |

|                                       |     |    |                                       |     |   |   |
|---------------------------------------|-----|----|---------------------------------------|-----|---|---|
| 530                                   | Yes | 18 | Expenditures                          | CPF | X |   |
| 240                                   |     | 18 | Cash on Deposit With County Treasurer | CPF |   | X |
| To record bond issuance expenditures. |     |    |                                       |     |   |   |

**State Apportionment Monthly Entry**

(From OSPI Report 1197)

| General Ledger Account   | Subsidiary Ledger Required | Account Title                         | Applicable Fund | Debit | Credit |
|--|----------------------------|---------------------------------------|-----------------|-------|--------|
| 240  |                            | Cash on Deposit With County Treasurer | GF, CPF, TVF    | X     |        |
| 960  | 3XXX                       | State Revenue—General Purpose         | GF              |       | X      |
| 960  | 4XXX                       | State Revenue—Special Purpose         | GF, CPF, TVF    |       | X      |
| 960  | 5XXX                       | Federal Revenue—General Purpose       | GF              |       | X      |
| 960  | 6XXX                       | Federal Revenue—Special Purpose       | GF              |       | X      |
| To record monthly apportionment received directly by county treasurer. |                            |                                       |                 |       |        |

Note: In all funds, except for the Associated Student Body Fund and the fiduciary funds, these categories are further divided into specific revenue or other financing source accounts. The subsidiary revenue or other financing source

account numbers, titles, and descriptions are uniform for all applicable Funds; however, not all accounts are used in each fund.

**Taxes Levied, Received, and Adjusted**

| General Ledger Account                               | Subsidiary Ledger Required | Account Title                        | Applicable Fund   | Debit | Credit |
|--|----------------------------|--------------------------------------|-------------------|-------|--------|
| 310  |                            | Taxes Receivable                     | GF, DSF, CPF, TVF | X     |        |
| 760  |                            | Unavailable Revenue—Taxes Receivable | GF, DSF, CPF, TVF |       | X      |
| To record property taxes levied and increased taxes. |                            |                                      |                   |       |        |

| General Ledger Account   | Subsidiary Ledger Required | Account Title                        | Applicable Fund   | Debit | Credit |
|--|----------------------------|--------------------------------------|-------------------|-------|--------|
| 760  |                            | Unavailable Revenue—Taxes Receivable | GF, DSF, CPF, TVF | X     |        |
| 310  |                            | Taxes Receivable                     | GF, DSF, CPF, TVF |       | X      |
| To record a reduction in the property tax receivable as a result of tax collections. |                            |                                      |                   |       |        |

| General Ledger Account   | Subsidiary Ledger Required | Account Title                         | Applicable Fund   | Debit | Credit |
|--|----------------------------|---------------------------------------|-------------------|-------|--------|
| 240  |                            | Cash on Deposit With County Treasurer | GF, DSF, CPF, TVF | X     |        |
| 960  |                            | Revenues                              | GF, DSF, CPF, TVF |       | X      |
| To record the reduction in taxes receivable as a result of property tax collections and adjustments. |                            |                                       |                   |       |        |

**Accounts Payable—Encumbrances—Accrual Districts Only**

(Commonly computer generated)

| General Ledger Account  | Subsidiary Ledger Required | Account Title            | Applicable Fund | Debit | Credit |
|---|----------------------------|--------------------------|-----------------|-------|--------|
| 520   |                            | Encumbrances             | GF, ASB, CPF    | X     |        |
| 820   |                            | Assigned to Encumbrances | GF, ASB, CPF    |       | X      |
| To record the commitment to purchase at the time the order is placed. |                            |                          |                 |       |        |

| General Ledger Account   | Subsidiary Ledger Required | Account Title            | Applicable Fund   | Debit | Credit |
|--|----------------------------|--------------------------|-------------------|-------|--------|
| 820  |                            | Assigned to Encumbrances | GF, ASB, CPF, TVF | X     |        |
| 520  |                            | Encumbrances             | GF, ASB, CPF, TVF |       | X      |
| 530  | Yes                        | Expenditures             | ALL               | X     |        |
| 601  |                            | Accounts Payable         | ALL               |       | X      |
| To record approved invoices as accounts payable and relieve the encumbrance. |                            |                          |                   |       |        |

| General Ledger Account                                       | Subsidiary Ledger Required | Account Title        | Applicable Fund | Debit | Credit |
|--|----------------------------|----------------------|-----------------|-------|--------|
| 601  |                            | Accounts Payable     | ALL             | X     |        |
| 241  |                            | Warrants Outstanding | ALL             |       | X      |
| To record the payment of approved accounts payable invoices. |                            |                      |                 |       |        |

**Accounts Receivable—Accrual Districts Only**

| General Ledger Account         | Subsidiary Ledger Required | Account Title       | Applicable Fund | Debit | Credit |
|--------------------------------|----------------------------|---------------------|-----------------|-------|--------|
| 340                            |                            | Accounts Receivable | ALL             | X     |        |
| 960                            | Yes                        | Revenues            | ALL             |       | X      |
| To record accounts receivable. |                            |                     |                 |       |        |

| General Ledger Account                 | Subsidiary Ledger Required | Account Title       | Applicable Fund | Debit | Credit |
|--|----------------------------|---------------------|-----------------|-------|--------|
| 230                                    |                            | Cash on Hand        | ALL             | X     |        |
| 340                                    |                            | Accounts Receivable | ALL             |       | X      |
| To record the receipt of a receivable. |                            |                     |                 |       |        |

**Budget Modifications**

| General Ledger Account   | Subsidiary Ledger Required | Account Title      | Applicable Fund | Debit | Credit |
|--|----------------------------|--------------------|-----------------|-------|--------|
| 510  |                            | Estimated Revenues | ALL             | X     |        |
| 900  |                            | Appropriations     | ALL             |       | X      |
| To record a budget extension due to unanticipated revenues and increase existing appropriations. |                            |                    |                 |       |        |

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| General Ledger Account | Subsidiary Ledger Required | Account Title                            | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|--|-----------------|-------|--------|
| 515                    |                            | Estimated Other Financing Sources        | ALL             | X     |        |
| 540                    |                            | Appropriated Fund Balance                | ALL             |       | X      |
| 535                    |                            | Other Financing Uses (Budget and Actual) | ALL             |       | X      |

To record a budget extension due to unanticipated other financing sources and to increase estimated other financing uses.

### Payroll

(Commonly computer generated)

| General Ledger Account | Subsidiary Ledger Required | Account Title                                | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|--|-----------------|-------|--------|
| 530                    | Yes                        | Expenditures                                 | GF, ASB, CPF    | X     |        |
| 605                    |                            | Accrued Salaries                             | GF, ASB, CPF    |       | X      |
| 610                    |                            | Accrued Payroll Deductions and Taxes Payable | GF, ASB, CPF    |       | X      |

To record payroll.

Note: If the district uses a separate account for payroll, a separate journal entry will be needed to move the amount of net payroll into that account.

| General Ledger Account | Subsidiary Ledger Required | Account Title                                | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|--|-----------------|-------|--------|
| 605                    |                            | Accrued Salaries                             | GF, ASB, CPF    | X     |        |
| 610                    |                            | Accrued Payroll Deductions and Taxes Payable | GF, ASB, CPF    | X     |        |
| 241                    |                            | Warrants Outstanding                         | ALL             |       | X      |

To record payment of payroll via warrants.

**Refund of Expenditure**

| General Ledger Account | Subsidiary Ledger Required | Account Title | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---------------|-----------------|-------|--------|
| 230                    |                            | Cash on Hand  | ALL             | X     |        |
| 530                    | Yes                        | Expenditures  | ALL             |       | X      |

To record the receipt of an expenditure refund.

**Refund of Revenue**

| General Ledger Account | Subsidiary Ledger Required | Account Title        | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|----------------------|-----------------|-------|--------|
| 960                    | Yes                        | Revenues             | ALL             | X     |        |
| 241                    |                            | Warrants Outstanding | ALL             |       | X      |

To record revenues subsequently refunded to payee through accounts payable.

**Sale of Equipment**

| General Ledger Account | Subsidiary Ledger Required | Account Title           | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|-------------------------|-----------------|-------|--------|
| 230                    |                            | Cash on Hand            | ALL Except DSF  | X     |        |
| 965                    | Yes                        | Other Financing Sources | ALL Except DSF  |       | X      |

To record the sale of equipment by the district per RCW 28A.335.180.

**Debit–Credit Transfers**

| General Ledger Account | Subsidiary Ledger Required | Account Title                 | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|-------------------------------|-----------------|-------|--------|
| 530                    | PP-AA-0                    | Expenditures—Debit Transfers  | GF              | X     |        |
| 530                    | PP-AA-1                    | Expenditures—Credit Transfers | GF              |       | X      |

The transfer objects of expenditure enable a district to transfer certain direct charges to the program and activity using the resources. The transfer objects consist of both debit objects of expenditure (Object 0) and credit objects of expenditure (Object 1). See Chapter 6 for more information.

**Inventory—Perpetual Method**Receipt of Inventory

| General Ledger Account                    | Subsidiary Ledger Required | Account Title                    | Applicable Fund | Debit | Credit |
|---|----------------------------|----------------------------------|-----------------|-------|--------|
| 410                                       |                            | Inventory—Supplies and Materials | GF, ASB         | X     |        |
| 420                                       |                            | Inventory—Lunchrooms             | GF              | X     |        |
| 601                                       |                            | Accounts Payable                 | GF, ASB         |       | X      |
| To record the receipt of inventory items. |                            |                                  |                 |       |        |

Accounts Payable for Inventory

| General Ledger Account   | Subsidiary Ledger Required | Account Title        | Applicable Fund   | Debit | Credit |
|--|----------------------------|----------------------|-------------------|-------|--------|
| 601  |                            | Accounts Payable     | GF, ASB, CPF, TVF | X     |        |
| 241  |                            | Warrants Outstanding | GF, ASB, CPF, TVF |       | X      |
| To record the payment of accounts payable established upon receipt of inventory items. |                            |                      |                   |       |        |

Reduction in Inventory

| General Ledger Account   | Subsidiary Ledger Required | Account Title                    | Applicable Fund   | Debit | Credit |
|--|----------------------------|----------------------------------|-------------------|-------|--------|
| 530  | Yes                        | Expenditures                     | GF, ASB, CPF, TVF | X     |        |
| 410  |                            | Inventory—Supplies and Materials | GF, ASB           |       | X      |
| 420  |                            | Inventory—Lunchrooms             | GF                |       | X      |
| To record the reduction in inventory for supplies and material or food withdrawn from stock or an inventory reduction when a physical inventory reveals that the book figure exceeds the actual stock. |                            |                                  |                   |       |        |

**Inventory—Periodic Method**Expenditure of Periodic Method Inventory

| General Ledger Account  | Subsidiary Ledger Required | Account Title                    | Applicable Fund   | Debit | Credit |
|---|----------------------------|----------------------------------|-------------------|-------|--------|
| 530   | Yes                        | Expenditures                     | GF, ASB, CPF, TVF | X     |        |
| 410   |                            | Inventory—Supplies and Materials | GF, ASB, CPF, TVF |       | X      |
| 420   |                            | Inventory—Lunchrooms             | GF                |       | X      |
| To record expenditures of inventory items at the beginning of the year. It is assumed that inventory items are used before any new purchases (FIFO method). |                            |                                  |                   |       |        |

Periodic Method Receipt of Inventory

| General Ledger Account  | Subsidiary Ledger Required | Account Title    | Applicable Fund   | Debit | Credit |
|---|----------------------------|------------------|-------------------|-------|--------|
| 530   | Yes                        | Expenditures     | GF, ASB, CPF, TVF | X     |        |
| 601   |                            | Accounts Payable | GF, ASB, CPF, TVF |       | X      |
| To record the receipt of inventory items and their immediate expenditure. |                            |                  |                   |       |        |

Periodic Method to Establish Inventory

| General Ledger Account  | Subsidiary Ledger Required | Account Title                    | Applicable Fund   | Debit | Credit |
|---|----------------------------|----------------------------------|-------------------|-------|--------|
| 410   |                            | Inventory—Supplies and Materials | GF, ASB, CPF, TVF | X     |        |
| 420   |                            | Inventory—Lunchrooms             | GF                | X     |        |
| 530   | Yes                        | Expenditures                     | GF, ASB, CPF, TVF |       | X      |
| To record the establishment of inventory accounts based on a periodic physical count of items. Inventory should be consistently valued by using the first-in, first-out (FIFO), or other generally accepted method of accounting for inventory. |                            |                                  |                   |       |        |

## Interfund Activity Entries

There are two varieties of interfund activities: interfund loans, and interfund transfers. Interfund loans are of short duration, and must be repaid within a year. Interfund transfers are of a permanent nature, and require board and budgetary approval. For more information about interfund activities, review the section in Chapter 3.

### Interfund Loan Entries

Interfund loan entries are also noted in the County Treasurer Monthly Entries. They are repeated here to show the entries according to borrowing and lending funds. Interfund loans are short term obligations and cannot extend beyond one calendar year.

#### Borrowing Fund

| General Ledger Account             | Subsidiary Ledger Required | County Treasurer Line Item | Account Title                         | Applicable Fund   | Debit | Credit |
|------------------------------------|----------------------------|----------------------------|---------------------------------------|-------------------|-------|--------|
| 240                                |                            | 52                         | Cash on Deposit With County Treasurer | GF, CPF, DSF, TVF | X     |        |
| 645                                |                            | 52                         | Interfund Loans Payable               | GF, CPF, DSF, TVF |       | X      |
| To record interfund loan proceeds. |                            |                            |                                       |                   |       |        |

| General Ledger Account                                   | Subsidiary Ledger Required | County Treasurer Line Item | Account Title                         | Applicable Fund   | Debit | Credit |
|--|----------------------------|----------------------------|---------------------------------------|-------------------|-------|--------|
| 530  | Yes                        | 09                         | Expenditures (Interest)               | GF, DSF, CPF, TVF | X     |        |
| 645  |                            | 08                         | Interfund Loans Payable (Principal)   | GF, DSF, CPF, TVF | X     |        |
| 240  |                            | 08 + 09                    | Cash on Deposit With County Treasurer | GF, DSF, CPF, TVF |       | X      |
| To record an interfund loan principal and interest paid. |                            |                            |                                       |                   |       |        |

Lending Fund

| General Ledger Account   | Subsidiary Ledger Required | County Treasurer Line Item | Account Title                         | Applicable Fund | Debit | Credit |
|--|----------------------------|----------------------------|---------------------------------------|-----------------|-------|--------|
| 350  |                            | 13                         | Interfund Loans Receivable            | GF, CPF         | X     |        |
| 240  |                            | 13                         | Cash on Deposit With County Treasurer | GF, CPF         |       | X      |
| To record an interfund loan.                                       |                            |                            |                                       |                 |       |        |
| General Ledger Account   | Subsidiary Ledger Required | County Treasurer Line Item | Account Title                         | Applicable Fund | Debit | Credit |
| 240  |                            | 49                         | Cash on Deposit With County Treasurer | GF, CPF         | X     |        |
| 350  |                            | 49                         | Interfund Loans Receivable            | GF, CPF         |       | X      |
| 960  | Yes 2400                   | 41                         | Interfund Loan Interest Earnings      | GF, CPF         |       | X      |
| To record repayment of interfund loan principal and interest paid. |                            |                            |                                       |                 |       |        |

**Interfund Transfer Entries**

Sending Fund

| General Ledger Account  | Subsidiary Ledger Required | Account Title                         | Applicable Fund | Debit | Credit |
|---|----------------------------|---------------------------------------|-----------------|-------|--------|
| 536   |                            | Other Financing Uses—Transfers Out    | GF, CPF, TVF    | X     |        |
| 640   |                            | Due To Other Funds                    | GF, CPF, TVF    |       | X      |
| To record the amount to be paid in an interfund transfer.       |                            |                                       |                 |       |        |
| General Ledger Account  | Subsidiary Ledger Required | Account Title                         | Applicable Fund | Debit | Credit |
| 640   |                            | Due To Other Funds                    | GF, CPF, TVF    | X     |        |
| 240   |                            | Cash on Deposit With County Treasurer | GF, CPF, TVF    |       | X      |
| To record the actual transfer of funds out of the sending fund. |                            |                                       |                 |       |        |

Receiving Fund

| General Ledger Account   | Subsidiary Ledger Required | Account Title                         | Applicable Fund   | Debit | Credit |
|--|----------------------------|---------------------------------------|-------------------|-------|--------|
| 320  |                            | Due From Other Funds                  | GF, DSF, CPF, TVF | X     |        |
| 965  | 9900 or 9901               | Other Financing Sources               | GF, DSF, CPF, TVF |       | X      |
| To record the interfund receivable. The applicable revenue account 9900 or 9901 is used. |                            |                                       |                   |       |        |
| General Ledger Account   | Subsidiary Ledger Required | Account Title                         | Applicable Fund   | Debit | Credit |
| 240  |                            | Cash on Deposit With County Treasurer | GF, DSF, CPF, TVF | X     |        |
| 320  |                            | Due From Other Funds                  | GF, DSF, CPF, TVF |       | X      |
| To record the actual transfer of funds into the receiving fund.                          |                            |                                       |                   |       |        |

**Capital Projects Technology and Maintenance Transfers**

The following journal entries are for districts that use Capital Projects Funds in the manners described in RCW 28A.320.330(2)(f)(ii) and (g). For additional guidance, see Chapter 10 – Capital Projects Fund Accounting. This is a specific example of an allowable interfund transfer.

| General Ledger Account  | Subsidiary Ledger Required | Account Title                       | Applicable Fund | Debit | Credit |
|---|----------------------------|-------------------------------------|-----------------|-------|--------|
| 530   | Yes                        | Expenditures                        | GF              | X     |        |
| 241   | Yes                        | Warrants Outstanding                | GF              |       | X      |
| To record the initial expenditures in the General Fund. (Entry #1)                                |                            |                                     |                 |       |        |
| General Ledger Account  | Subsidiary Ledger Required | Account Title                       | Applicable Fund | Debit | Credit |
| 320   | No                         | Due From Other Funds                | GF              | X     |        |
| 965   | 9901                       | Other Financing Sources (Transfers) | GF              |       | X      |
| To record the interfund receivable from the Capital Projects Fund for the above work. (Entry #2a) |                            |                                     |                 |       |        |

| General Ledger Account  | Subsidiary Ledger Required | Account Title                         | Applicable Fund | Debit | Credit |
|---|----------------------------|---------------------------------------|-----------------|-------|--------|
| 536   | Yes                        | Other Financing Uses—Transfers Out    | CPF             | X     |        |
| 640   |                            | Due To Other Funds                    | CPF             |       | X      |
| To record the interfund payable to the General Fund for the above work. (Entry #2b) |                            |                                       |                 |       |        |
| General Ledger Account  | Subsidiary Ledger Required | Account Title                         | Applicable Fund | Debit | Credit |
| 240   |                            | Cash on Deposit With County Treasurer | GF              | X     |        |
| 320   |                            | Due From Other Funds                  | GF              |       | X      |
| To record the liquidation of the interfund transfer. (Entry #3a)                    |                            |                                       |                 |       |        |
| General Ledger Account  | Subsidiary Ledger Required | Account Title                         | Applicable Fund | Debit | Credit |
| 640   |                            | Due To Other Funds                    | CPF             | X     |        |
| 240   |                            | Cash on Deposit With County Treasurer | CPF             |       | X      |
| To record the liquidation of the interfund transfer. (Entry #3b)                    |                            |                                       |                 |       |        |

## COBRA Benefits

### COBRA Benefit Payment Receipt

COBRA payments are not part of a school district’s operating revenues or expenditures as the district is holding the funds from the employee (or former employee) to transmit to the insurance company.

| General Ledger Account  | Subsidiary Ledger Required | Account Title                 | Applicable Fund | Debit | Credit |
|---|----------------------------|-------------------------------|-----------------|-------|--------|
| 230   |                            | Cash on Hand                  | GF              | X     |        |
| 610   |                            | Payroll and Liability Payable | GF              |       | X      |
| 960   | Yes                        | Revenues                      | GF              |       | X      |
| To record the payment of COBRA medical, dental and other benefits by a former employee or eligible family member. Revenues represent collection of administrative fees. |                            |                               |                 |       |        |

When COBRA payments are made by current employees through payroll, the employee’s warrant is reduced and the offsetting Credit to GL 610, Payroll and Benefits Payable, is created.

**COBRA Benefit Vendor Payment**

| General Ledger Account  | Subsidiary Ledger Required | Account Title                | Applicable Fund | Debit | Credit |
|---|----------------------------|------------------------------|-----------------|-------|--------|
| 610   |                            | Payroll and Benefits Payable | GF              | X     |        |
| 241   |                            | Warrants Outstanding         | GF              |       | X      |
| To record the payment to the medical providers of COBRA benefits. |                            |                              |                 |       |        |

**Time and Effort Adjustments**

OMB Circular A-87 required that any employee compensation charged to federal grants must be supported by documentation identifying the employee's actual activity based upon the cost objectives on which an employee worked.

As noted in Chapter 3 on page 3-4, OMB A-87 has been superseded by 2 CFR § 200.430 and the requirements are not changing at this time. Employee salaries and wages may be assigned to federal grants before the services are performed on the basis of budget or other estimated distribution percentages. When estimates are used, districts must compare actual costs based on time and effort reporting. This reconciliation must occur at least quarterly and be documented. If the comparison shows that the difference between costs based on actual time reported and payroll expenditures based on estimated time resulted in overcharging the federal program and is ten percent or greater, the district must do two things. First, it must adjust the accounting records to reflect costs of the reported actual time. Second, in order to minimize future differences, the estimated distributions used to charge payroll for the following quarter must be changed to reflect the reported actual distributions of the previous quarter(s). If the comparison shows the difference to be less than ten percent, the district is not required to adjust payroll expenditures until the end of the year.

At the end of the fiscal year, any differences that resulted in the federal program being overcharged ***must be adjusted*** so the final accounting records reflect costs of the actual time worked and reported by staff for each federal cost objective for the year. This year-end adjustment must be done even if quarterly differences between estimated and actual time never exceed ten percent. Individual employee variances may be aggregated for each federal award, and the accounting records adjusted by the net change.

The following examples display the calculation for first and second quarter time and effort.

Accounting Manual for Public School Districts

| 1st Quarter | Amount paid to date (budgeted) | Budgeted Percentage | Actual as worked to date (Per Time and Effort) | Actual Percentage | Difference at Object Level |
|-------------|--------------------------------|---------------------|--|-------------------|----------------------------|
|             |                                |                     |  |                   |                            |
| 01-21-2     | 10,830.27                      |                     | 11,263.48                                      |                   | -433.21                    |
| 01-21-4     | 3,678.42                       |                     | 3,825.56                                       |                   | -147.14                    |
| Total 01    | 14,508.69                      | 50%                 | 15,089.04                                      | 52%               | -580.35                    |
| 51-21-2     | 10,830.27                      |                     | 10,397.06                                      |                   | 433.21                     |
| 51-21-4     | 3,678.42                       |                     | 3,531.28                                       |                   | 147.14                     |
| Total 51    | 14,508.69                      | 50%                 | 13,928.34                                      | 48%               | 580.35                     |
| Totals      | 29,017.38                      |                     | 29,017.38                                      |                   | 0.00                       |

In the first quarter example, no adjustment is required since the amount Title I was overcharged is less than 10 percent of the cost.

| 2nd Quarter | Amount paid to date (budgeted) | Budgeted Percentage | Actual as worked to date (Per Time and Effort) | Actual Percentage | Difference at Object Level |
|-------------|--------------------------------|---------------------|--|-------------------|----------------------------|
|             |                                |                     |  |                   |                            |
| 01-21-2     | 21,660.54                      |                     | 24,259.80                                      |                   | -2,599.26                  |
| 01-21-4     | 7,356.84                       |                     | 8,239.66                                       |                   | -882.82                    |
| Total 01    | 29,017.38                      | 50%                 | 32,499.47                                      | 56%               | -3,482.09                  |
| 51-21-2     | 21,660.54                      |                     | 19,061.28                                      |                   | 2,599.26                   |
| 51-21-4     | 7,356.84                       |                     | 6,474.02                                       |                   | 882.82                     |
| Total 51    | 29,017.38                      | 50%                 | 25,535.29                                      | 44%               | 3,482.09                   |
| Totals      | 58,034.76                      |                     | 58,034.76                                      |                   | 0.00                       |

In the second quarter example, a cumulative adjustment is required since Title I was overcharged by greater than 10 percent of the program budgeted or charged.

| General Ledger Account  | Subsidiary Ledger Required | Account Title   | Applicable Fund | Debit    | Credit   |
|---|----------------------------|---|-----------------|----------|----------|
| 530   | 01-21-2                    | Basic Education, Supervision, Certificated Salary       | GF              | 2,599.26 |          |
| 530   | 01-21-4                    | Basic Education, Supervision, Employee Benefits & Taxes | GF              | 882.82   |          |
| 530   | 51-21-2                    | Title I, Supervision, Certificated Salary               | GF              |          | 2,599.26 |
| 530   | 51-21-4                    | Title I, Supervision, Benefits & Taxes                  | GF              |          | 882.82   |
| To record cumulative time and effort adjustment for first and second quarter. |                            |   |                 |          |          |

**Self-Insured Industrial Insurance**

(This is for self-insured districts who are not participating in an industrial insurance pool.)

**Security Deposit Required by L&I for a Deposit Held in Trust**

| General Ledger Account | Subsidiary Ledger Required | Account Title                         | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---------------------------------------|-----------------|-------|--------|
| 459                    |                            | Self-Insurance Security Deposits      | GF              | X     |        |
| 240                    |                            | Cash on Deposit With County Treasurer | GF              |       | X      |

To record the security deposit required by the Department of Labor and Industries for a deposit held in trust by the county treasurer. GL 241 may be appropriate if the deposit is held in trust by other than the county treasurer.

**Expenditure for Industrial Insurance Benefits and the Liability Claims**

| General Ledger Account | Subsidiary Ledger Required | Account Title                                   | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---|-----------------|-------|--------|
| 530                    | Yes                        | Expenditures                                    | GF              | X     |        |
| 639                    |                            | Estimated Industrial Insurance Benefits Payable | GF              |       | X      |

To record the expenditure for industrial insurance benefits and the liability claims. This is a payroll entry.

**Benefit Claims, Administrative Assessments, and Reinsurance Premiums**

| General Ledger Account | Subsidiary Ledger Required | Account Title                                   | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---|-----------------|-------|--------|
| 639                    |                            | Estimated Industrial Insurance Benefits Payable | GF              | X     |        |
| 241                    |                            | Warrants Outstanding                            | GF              |       | X      |

To record the payment of benefit claims, administrative assessments, and reinsurance premiums for industrial insurance.

**Payments for Industrial Insurance Benefit Related Expenditures**

| General Ledger Account | Subsidiary Ledger Required | Account Title    | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|------------------|-----------------|-------|--------|
| 530                    | Yes                        | Expenditures     | GF              | X     |        |
| 601                    |                            | Accounts Payable | GF              |       | X      |

To record the supplemental pension, consulting firm service fees, surety bond premiums, legal and other related expenditures involved with industrial insurance benefits.

**Self-Insured Unemployment Compensation**

(This is for self-insured districts who are not participating in an unemployment insurance pool.)

**Expenditure of Unemployment Benefits During Payroll**

| General Ledger Account | Subsidiary Ledger Required | Account Title                           | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---|-----------------|-------|--------|
| 530                    | Yes                        | Expenditures                            | GF              | X     |        |
| 637                    |                            | Estimated Unemployment Benefits Payable | GF              |       | X      |

To record the expenditure of unemployment benefits during payroll processing. The liability is for estimated future claims against current wages.

**Unemployment Benefits and Administrative Assessment to Employment Security**

| General Ledger Account | Subsidiary Ledger Required | Account Title                           | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---|-----------------|-------|--------|
| 637                    |                            | Estimated Unemployment Benefits Payable | GF              | X     |        |
| 241                    |                            | Warrants Outstanding                    | GF              |       | X      |

To record the payment of unemployment benefits and administrative assessments to the Employment Security Department. These amounts represent claims actually paid by Employment Security that are now being reimbursed by the district.

**Compensated Absence Pools**

| General Ledger Account | Subsidiary Ledger Required | Account Title                 | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|-------------------------------|-----------------|-------|--------|
| 451                    |                            | Investments—Cash With Trustee | GF              | X     |        |
| 241                    |                            | Warrants Outstanding          | GF              |       | X      |

To record the periodic deposit into the compensated absence pool via warrant.

| General Ledger Account | Subsidiary Ledger Required | Account Title        | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|----------------------|-----------------|-------|--------|
| 530                    | Yes                        | Expenditures         | GF              | X     |        |
| 241                    |                            | Warrants Outstanding | GF              |       | X      |

To record the cash-out of leave of an eligible employee upon termination or the buy-back of partial leave of an employee during the annual eligibility period. The appropriate sub-coding for the correct program–activity–object for the employee or former employee should be used.

| General Ledger Account | Subsidiary Ledger Required | Account Title                         | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---------------------------------------|-----------------|-------|--------|
| 240                    |                            | Cash on Deposit With County Treasurer | GF              | X     |        |
| 451                    |                            | Investment—Cash With Trustee          | GF              |       | X      |

To record the reimbursement of the district from the pool for eligible compensated absence expenditures.

| General Ledger Account | Subsidiary Ledger Required | Account Title              | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|----------------------------|-----------------|-------|--------|
| 890                    |                            | Unassigned Fund Balance    | GF              | X     |        |
| 888                    |                            | Assigned to Other Purposes | GF              |       | X      |

To record the assignment of fund balance for any amounts contributed to the pool in excess of reimbursements from the pool. If the district receives reimbursements in excess of the amount contributed, this entry is reversed.

## Deferred Compensation

| General Ledger Account | Subsidiary Ledger Required | Account Title                     | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|-----------------------------------|-----------------|-------|--------|
| 455                    |                            | Investments—Deferred Compensation | GF, CPF, PTF    | X     |        |
| 635                    |                            | Deferred Compensation Payable     | GF, CPF, PTF    |       | X      |

To record the investment and related liability for deferred compensation. Cash for investments is obtained by warrants written along with the payroll. Amounts are expended with payroll.

| General Ledger Account | Subsidiary Ledger Required | Account Title                       | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|-------------------------------------|-----------------|-------|--------|
| 635                    |                            | Deferred Compensation Payable       | GF, CPF, PTF    | X     |        |
| 241                    |                            | Warrants Outstanding                | GF, CPF, PTF    |       | X      |
| 610                    | Yes                        | Payroll Deduction and Taxes Payable | GF, CPF, PTF    |       | X      |

To record the payment to an employee or former employee and the accrual of the federal tax deduction.

## Contracts Payable

### Long-Term

#### Conditional Sales Contract

| General Ledger Account | Subsidiary Ledger Required | Account Title           | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|-------------------------|-----------------|-------|--------|
| 530                    | PP-AA-9                    | Expenditures            | GF, CPF, TVF    | X     |        |
| 965                    | 9500                       | Other Financing Sources | GF, CPF, TVF    |       | X      |

To record the full purchase amount of the asset when it is acquired through a conditional sales contract. See Chapter 3 for additional information.

Current Payment of Conditional Sales Contract

| General Ledger Account | Subsidiary Ledger Required | Account Title          | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|------------------------|-----------------|-------|--------|
| 530                    | 97-84-7                    | Expenditures—Principal | GF, CPF, TVF    | X     |        |
| 530                    | 97-83-7                    | Expenditures—Interest  | GF, CPF, TVF    | X     |        |
| 241                    |                            | Warrants Outstanding   | GF, CPF, TVF    |       | X      |

To record the current payment of the contract. This entry is made in the same fund acquiring the equipment. The second or double expenditure is recorded as an expenditure for debt payment in Activity 84, Principal. Since the Capital Projects Fund does not have the name expenditure program format as do the other two funds, Expenditure Type 91, Debt Principal should be used.

| General Ledger Account | Subsidiary Ledger Required | Account Title             | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---------------------------|-----------------|-------|--------|
| 602                    |                            | Contracts Payable—Current | GF, CPF, TVF    | X     |        |
| 241                    |                            | Warrants Outstanding      | GF, CPF, TVF    |       | X      |

To record the payment of the current year portion of the long-term contract. This entry is made in the same fund acquiring the equipment.

**Adjustments—Prior Fiscal Year—Immaterial Errors**

Entries for immaterial errors are handled the same as correcting entries in the current year. Refer to the definition of materiality in Chapter 8 Financial Reporting.

**Adjustments—Prior Fiscal Year—Material Errors**

Prior fiscal year adjustments are infrequent and must be **material**. The following entries are samples of some adjustments that might be necessary in certain unusual situations. Refer to the definition of materiality in Chapter 8 Financial Reporting.

**Refund of Expenditures Paid in a Prior Fiscal Year**

| General Ledger Account  | Subsidiary Ledger Required | Account Title                          | Applicable Fund | Debit | Credit |
|---|----------------------------|--|-----------------|-------|--------|
| 240   |                            | Cash on Deposit With County Treasurer  | ALL             | X     |        |
| 898   |                            | Prior Year Corrections or Restatements | ALL             |       | X      |
| To record the refund of expenditures paid in a prior fiscal year. |                            |  |                 |       |        |

**Refund of Prior Fiscal Year Tax Receipts**

| General Ledger Account                           | Subsidiary Ledger Required | Account Title                          | Applicable Fund   | Debit | Credit |
|--|----------------------------|--|-------------------|-------|--------|
| 898  |                            | Prior Year Corrections or Restatements | GF, DSF, CPF, TVF | X     |        |
| 240  |                            | Cash on Deposit With County Treasurer  | GF, DSF, CPF, TVF |       | X      |
| To record the refund of prior year tax receipts. |                            |  |                   |       |        |

**Correction of an Error in Recording the Prior Fiscal Year Physical Inventory**

| General Ledger Account  | Subsidiary Ledger Required | Account Title                          | Applicable Fund | Debit | Credit |
|---|----------------------------|--|-----------------|-------|--------|
| 410   |                            | Inventory—Supplies and Materials       | GF, ASB         | X     |        |
| 420   |                            | Inventory—Lunchrooms                   | GF              | X     |        |
| 898   |                            | Prior Year Corrections or Restatements | GF, ASB         |       | X      |
| To record the correction of an understatement of the prior fiscal year inventory. If the inventory had been overstated, the debits and credits would be reversed. |                            |  |                 |       |        |

**Correction of Prior Fiscal Year Accruals That Were Missed in Error**

| General Ledger Account   | Subsidiary Ledger Required | Account Title                          | Applicable Fund | Debit | Credit |
|--|----------------------------|--|-----------------|-------|--------|
| 898  |                            | Prior Year Corrections or Restatements | All             | X     |        |
| 601  |                            | Accounts Payable                       | All             |       | X      |
| To record the correction of prior fiscal year expenditure accruals that were understated in error. |                            |  |                 |       |        |

**Adjustments—Prior Fiscal Year—Fund Entity Changes**

Fund entity changes occur when an equity transfer is made to another governmental unit outside of the school district.

| General Ledger Account  | Subsidiary Ledger Required | Account Title                          | Applicable Fund | Debit | Credit |
|---|----------------------------|--|-----------------|-------|--------|
| 898   |                            | Prior Year Corrections or Restatements | GF, CPF         | X     |        |
| 630   |                            | Due to Other Governmental Units        | GF, CPF         |       | X      |
| To record transfer of resources to XYZ ECEAP Center. This journal entry is used to reduce beginning fund balance. At the end of the year, GL 898 is closed to GL 890 Unassigned Fund Balance. |                            |  |                 |       |        |

**Adjustments—Optional Journal Entry Related to Prior Period Adjustments**

Optional entry when a Prior Period adjustment affects a specific Fund Balance Account. Districts should consider posting an offset from GL 890 or GL 889 to another equity account when applicable.

The example below would occur after a prior period restatement is posted for an increase to inventory in the General Fund.

| General Ledger Account  | Subsidiary Ledger Required | Account Title   | Applicable Fund | Debit | Credit |
|---|----------------------------|---|-----------------|-------|--------|
| 890   |                            | Unassigned Fund Balance                                   | GF, CPF         | X     |        |
| 840   |                            | Nonspendable Fund Balance—<br>Inventory and Prepaid Items | GF, CPF         |       | X      |
| To record the related increase in inventory as nonspendable fund balance. This journal entry allows the prior period adjustment to be reflected in a proper fund balance account. |                            |   |                 |       |        |

## Accruals

### Accounts Payable Accruals as of the End of the Fiscal Year

(Commonly computer generated)

| General Ledger Account | Subsidiary Ledger Required | Account Title    | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|------------------|-----------------|-------|--------|
| 530                    | Yes                        | Expenditures     | All             | X     |        |
| 601                    |                            | Accounts Payable | All             |       | X      |

To record accounts payable accruals as of the end of fiscal year. Expenditures are processed through the payables and expensed directly to the previous school fiscal year.

### Payroll Accruals as of the End of the Fiscal Year

| General Ledger Account | Subsidiary Ledger Required | Account Title                        | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|--------------------------------------|-----------------|-------|--------|
| 530                    | Yes                        | Expenditures                         | GF, ASB, CPF    | X     |        |
| 605                    |                            | Accrued Salaries                     | GF, ASB, CPF    |       | X      |
| 610                    |                            | Payroll Deductions and Taxes Payable | GF, ASB, CPF    |       | X      |

To record payroll accruals as of the end of fiscal year.

### Grant Accruals

| General Ledger Account | Subsidiary Ledger Required | Account Title                     | Applicable Fund            | Debit | Credit |
|------------------------|----------------------------|-----------------------------------|----------------------------|-------|--------|
| 330                    |                            | Due From Other Governmental Units | ALL                        | X     |        |
| 340                    |                            | Accounts Receivable               | GF, ASB, DSF, CPF, TVF, PF | X     |        |
| 960                    | Yes                        | Revenue                           | ALL                        |       | X      |

To record grant accruals.

**Accrued Interest**

| General Ledger Account | Subsidiary Ledger Required | Account Title                         | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---------------------------------------|-----------------|-------|--------|
| 240                    |                            | Cash on Deposit With County Treasurer | DSF             | X     |        |
| 604                    |                            | Accrued Interest Payable              | DSF             |       | X      |

To record the cash received for accrued interest at the time of the bond sale.

**Payment of Interest on Bonds Including Accrued Interest Payable**

| General Ledger Account | Subsidiary Ledger Required | Account Title                         | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---------------------------------------|-----------------|-------|--------|
| 530                    | Yes                        | Expenditures                          | DSF             | X     |        |
| 604                    |                            | Accrued Interest Payable              | DSF             | X     |        |
| 240                    |                            | Cash on Deposit With County Treasurer | DSF             |       | X      |

To record the payment of interest on bonds including the accrued interest payable. See entry above.

**Annual Entries****Commodities**

| General Ledger Account | Subsidiary Ledger Required | Account Title       | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---------------------|-----------------|-------|--------|
| 530                    | 98-42-5                    | Expenditures        | GF              | X     |        |
| 960                    | 6998                       | Revenues            | GF              |       | X      |
| 420                    |                            | Inventory—Lunchroom | GF              | X     | X      |

The debit to GL 530 is the value of commodities used during the year. The credit to GL 960 is the value of the commodities received during the year. GL 420 account is either debit or credit to balance the entry and reflects the change in inventory. This entry assumes a periodic inventory system.

**Deferred Inflows of Resources**

| General Ledger Account   | Subsidiary Ledger Required | Account Title   | Applicable Fund            | Debit | Credit |
|--|----------------------------|---|----------------------------|-------|--------|
| 230 or 240   |                            | Cash on Hand or Cash on Deposit With County Treasurer | GF, ASB, DSF, CPF, TVF, PF | X     |        |
| 750  |                            | Unavailable Revenue                                   | GF, ASB, DSF, CPF, TVF, PF |       | X      |
| To record revenue received but not available to pay for current liabilities. |                            |   |                            |       |        |

| General Ledger Account   | Subsidiary Ledger Required | Account Title       | Applicable Fund            | Debit | Credit |
|--|----------------------------|---------------------|----------------------------|-------|--------|
| 340  |                            | Accounts Receivable | GF, ASB, DSF, CPF, TVF, PF | X     |        |
| 750  |                            | Unavailable Revenue | GF, ASB, DSF, CPF, TVF, PF |       | X      |
| To recognize resources earned but not received and will not be available to pay for current liabilities. |                            |                     |                            |       |        |

**Prepaid Items**

| General Ledger Account  | Subsidiary Ledger Required | Account Title    | Applicable Fund | Debit | Credit |
|---|----------------------------|------------------|-----------------|-------|--------|
| 430   |                            | Prepaid Items    | GF, CPF, ASB    | X     |        |
| 601   |                            | Accounts Payable | GF, CPF, ASB    |       | X      |
| To record a payable incurred in the current fiscal year for a future fiscal year. |                            |                  |                 |       |        |

| General Ledger Account                        | Subsidiary Ledger Required | Account Title | Applicable Fund   | Debit | Credit |
|---|----------------------------|---------------|-------------------|-------|--------|
| 530   | Yes                        | Expenditures  | GF, ASB, CPF, TVF | X     |        |
| 430   |                            | Prepaid Items | GF, ASB, CPF, TVF |       | X      |
| To record the expenditures after September 1. |                            |               |                   |       |        |

**Revenue Receivables**

| General Ledger Account  | Subsidiary Ledger Required | Account Title                     | Applicable Fund            | Debit | Credit |
|---|----------------------------|-----------------------------------|----------------------------|-------|--------|
| 320   |                            | Due From Other Funds              | GF, ASB, DSF, CPF, TVF, PF | X     |        |
| 330   |                            | Due From Other Governmental Units | GF, ASB, DSF, CPF, TVF, PF | X     |        |
| 340   |                            | Accounts Receivable               | GF, ASB, DSF, CPF, TVF, PF | X     |        |
| 960   | Yes                        | Revenues                          | GF, ASB, DSF, CPF, TVF, PF |       | X      |
| To record revenue sources established as receivables and available. |                            |                                   |                            |       |        |

| General Ledger Account  | Subsidiary Ledger Required | Account Title   | Applicable Fund            | Debit | Credit |
|---|----------------------------|---|----------------------------|-------|--------|
| 230 or 240  |                            | Cash on Hand or Cash on Deposit With County Treasurer | GF, ASB, DSF, CPF, TVF, PF | X     |        |
| 320   |                            | Due From Other Funds                                  | GF, ASB, DSF, CPF, TVF, PF |       | X      |
| 330   |                            | Due From Other Governmental Units                     | GF, ASB, DSF, CPF, TVF, PF |       | X      |
| 340   |                            | Accounts Receivable                                   | GF, ASB, DSF, CPF, TVF, PF |       | X      |
| To record the collection of accounts receivable established in the entry above. |                            |   |                            |       |        |

## Closing Entries

### Closing Entries—All Funds (Except Fiduciary Funds)

(Commonly software generated)

| General Ledger Account | Subsidiary Ledger Required | Account Title                            | Applicable Fund    | Debit | Credit |
|------------------------|----------------------------|--|--------------------|-------|--------|
| 535                    |                            | Other Financing Uses (Budget and Actual) | ALL                | X     |        |
| 889                    |                            | Assigned to Fund Purposes                | DSF, CPF, TVF, ASB | X*    | X*     |
| 890                    |                            | Unassigned Fund Balance                  | GF                 | X*    | X*     |
| 960                    | Yes                        | Revenues                                 | ALL                | X     |        |
| 530                    | Yes                        | Expenditures                             | ALL                |       | X      |
| 540                    |                            | Appropriated Fund Balance                | ALL                |       | X      |
| 965                    | Yes                        | Other Financing Sources                  | ALL                |       | X      |
| 898                    |                            | Prior Year Corrections or Restatements   | ALL                | X*    | X*     |

To record the fiscal year closing balances.  
(\* Record as debit or credit as appropriate.)

### Closing Entries—Budgetary Accounts

(Commonly software generated)

| General Ledger Account | Subsidiary Ledger Required | Account Title                     | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|-----------------------------------|-----------------|-------|--------|
| 820                    |                            | Assigned to Encumbrances          | ALL             | X     |        |
| 900                    |                            | Appropriations                    | ALL             | X     |        |
| 510                    |                            | Estimated Revenues                | ALL             |       | X      |
| 515                    |                            | Estimated Other Financing Sources | ALL             |       | X      |
| 520                    |                            | Encumbrances                      | ALL             |       | X      |

To record the closing of the budgetary accounts at the end of the fiscal year.

**Closing Entries—Permanent Fund (PF), Private Purpose Trust Fund (PPTF), Pension Trust Fund (PTF), Custodial Fund (CF)**

(Commonly software generated)

| General Ledger Account   | Subsidiary Ledger Required | Account Title             | Applicable Fund | Debit | Credit |
|--|----------------------------|---------------------------|-----------------|-------|--------|
| 889  |                            | Assigned to Fund Purposes | PF, PPTF, PTF   | X     |        |
| 530  | Yes                        | Expenses                  | PF, PPTF, PTF   |       | X      |
| To record the closing of expenses at the end of the fiscal year. |                            |                           |                 |       |        |

| General Ledger Account   | Subsidiary Ledger Required | Account Title             | Applicable Fund | Debit | Credit |
|--|----------------------------|---------------------------|-----------------|-------|--------|
| 960  | Yes                        | Revenues                  | PF, PPTF, PTF   | X     |        |
| 889  |                            | Assigned to Fund Purposes | PF, PPTF, PTF   |       | X      |
| To record the closing of revenues at the end of the fiscal year. |                            |                           |                 |       |        |

|   |  |                           |               |   |   |
|---|--|---------------------------|---------------|---|---|
| 889   |  | Assigned to Fund Purposes | PF, PPTF, PTF | X |   |
| 538   |  | Nonoperating Expenses     | PF, PPTF, PTF |   | X |
| To record the closing of nonoperating expenses at the end of the fiscal year. |  |                           |               |   |   |

|   |  |                           |               |   |   |
|---|--|---------------------------|---------------|---|---|
| 968   |  | Nonoperating Revenues     | PF, PPTF, PTF | X |   |
| 889   |  | Assigned to Fund Purposes | PF, PPTF, PTF |   | X |
| To record the closing of nonoperating revenues at the end of the fiscal year. |  |                           |               |   |   |

**Closing Entries—Fiduciary Fund**

Fiduciary funds report assets “held in trust” for others. If accounting software closes PPFT or PTF to GL 889, additional entries are required. GL 889 is not applicable for Fund 7.

| General Ledger Account  | Subsidiary Ledger Required | Account Title  | Applicable Fund | Debit | Credit |
|---|----------------------------|--|-----------------|-------|--------|
| 889   |                            | Assigned to Fund Purposes                                | PPTF, PTF       | X     |        |
| 854   |                            | Restricted for Intact Trust Principal                    | PPTF, PTF       |       | X      |
| 856   |                            | Restricted for Pension or Other Post-Employment Benefits | PTF             |       | X      |
| 857   |                            | Restricted for Private Purposes                          | PPTF            |       | X      |
| 858   |                            | Restricted for Other Purposes                            | PPTF, PTF       |       | X      |
| To record Fiduciary Fund balances to the proper accounts and close out GL889. |                            |  |                 |       |        |

**Restrictions of Fund Balance**

| General Ledger Account | Subsidiary Ledger Required | Account Title                                    | Applicable Fund   | Debit | Credit |
|------------------------|----------------------------|--|-------------------|-------|--------|
| 889                    |                            | Assigned to Fund Purposes                        | ALL (except GF)   | X     |        |
| 890                    |                            | Unassigned Fund Balance                          | GF                | X     |        |
| 819                    |                            | Restricted for Fund Purposes                     | TVF, ASB          |       | X      |
| 821                    |                            | Restricted for Carryover of Restricted Revenue   | GF                |       | X      |
| 828                    |                            | Restricted for Carryover of Food Service Revenue | GF                |       | X      |
| 830                    |                            | Restricted for Debt Service                      | GF, CPF, TVF      |       | X      |
| 835                    |                            | Restricted for Arbitrage Rebate                  | GF, DSF, CPF, TVF |       | X      |
| 845                    |                            | Restricted for Self-Insurance                    | GF                |       | X      |
| 850                    |                            | Restricted for Uninsured Risk                    | GF, ASB, CPF, TVF |       | X      |
| 861                    |                            | Restricted From Bond Proceeds                    | CPF               |       | X      |

| General Ledger Account | Subsidiary Ledger Required | Account Title                           | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---|-----------------|-------|--------|
| 862                    |                            | Committed From Levy Proceeds            | CPF             |       | X      |
| 863                    |                            | Restricted From State Proceeds          | CPF             |       | X      |
| 864                    |                            | Restricted From Federal Proceeds        | CPF             |       | X      |
| 865                    |                            | Restricted From Other Proceeds          | CPF             |       | X      |
| 866                    |                            | Restricted From Impact Fee Proceeds     | CPF             |       | X      |
| 867                    |                            | Restricted From Mitigation Fee Proceeds | CPF             |       | X      |
| 869                    |                            | Restricted From Undistributed Proceeds  | CPF             |       | X      |

To record the establishment of restrictions on fund balance. Restricted fund balance accounts consist of portions of fund balance that are either legally restricted to a specific future use or are not available for appropriation or expenditure. See Chapter 4 for additional information.

### Restricted for Unequalized Deductible Revenue (Cash Basis Districts Only)

| General Ledger Account | Subsidiary Ledger Required | Account Title                                 | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---|-----------------|-------|--------|
| 890                    |                            | Unassigned Fund Balance                       | GF              | X     |        |
| 815                    |                            | Restricted for Unequalized Deductible Revenue | GF              |       | X      |

To set up a restriction for deductible revenue received that will be deducted from apportionment in the next fiscal year. This should be done at year-end.

| General Ledger Account | Subsidiary Ledger Required | Account Title                                 | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---|-----------------|-------|--------|
| 815                    |                            | Restricted for Unequalized Deductible Revenue | GF              | X     |        |
| 890                    |                            | Unassigned Fund Balance                       | GF              |       | X      |

To reverse the restriction for deductible revenue when deducted from apportionment.

**Accrual of Deductible Revenue Recovery (Accrual Basis Districts Only)**

| <b>General Ledger Account</b>  | <b>Subsidiary Ledger Required</b> | <b>Account Title</b>            | <b>Applicable Fund</b> | <b>Debit</b> | <b>Credit</b> |
|--|-----------------------------------|---------------------------------|------------------------|--------------|---------------|
| 960  | 3100                              | Revenues                        | GF                     | X            |               |
| 630  |                                   | Due to Other Governmental Units | GF                     |              | X             |
| To record the liability for the recovery of state revenues in January of the following year. |                                   |                                 |                        |              |               |

| <b>General Ledger Account</b>   | <b>Subsidiary Ledger Required</b> | <b>Account Title</b>            | <b>Applicable Fund</b> | <b>Debit</b> | <b>Credit</b> |
|---|-----------------------------------|---------------------------------|------------------------|--------------|---------------|
| 630   |                                   | Due to Other Governmental Units | GF                     | X            |               |
| 960   | 3100                              | Revenues                        | GF                     |              | X             |
| To record the recovery of state revenues owed from the prior year (done in January). The recovery is treated as if the district received an advance on its apportionment payment in the prior year. |                                   |                                 |                        |              |               |

**Commitment of Fund Balance**

| <b>General Ledger Account</b>  | <b>Subsidiary Ledger Required</b> | <b>Account Title</b>                | <b>Applicable Fund</b> | <b>Debit</b> | <b>Credit</b> |
|--|-----------------------------------|-------------------------------------|------------------------|--------------|---------------|
| 889  |                                   | Assigned to Fund Purposes           | All<br>(except GF)     | X            |               |
| 890  |                                   | Unassigned Fund Balance             | GF                     | X            |               |
| 870  |                                   | Committed to Other Purposes         | All                    |              | X             |
| 872  |                                   | Committed to Economic Stabilization | GF                     |              | X             |
| To record the establishment of commitments of fund balance. Accounts are used to set aside financial resources for specific purposes. These accounts reflect commitments made by the board of directors for future financial resource use. See Chapter 4 for additional information. |                                   |                                     |                        |              |               |

**Assignment of Fund Balance**

| General Ledger Account   | Subsidiary Ledger Required | Account Title                      | Applicable Fund | Debit | Credit |
|--|----------------------------|------------------------------------|-----------------|-------|--------|
| 890  |                            | Unassigned Fund Balance            | GF              | X     |        |
| 875  |                            | Assigned to Contingencies          | GF              |       | X      |
| 884  |                            | Assigned to Other Capital Projects | GF              |       | X      |
| 888  |                            | Assigned to Other Purposes         | GF              |       | X      |
| To record the establishment of designation of fund balance. Accounts are used to set aside financial resources for specific purposes. These accounts reflect tentative management plans for future financial resource use such as the replacement of equipment or the assignment of resources for contingencies. See Chapter 4 for additional information. |                            |                                    |                 |       |        |

**SHARED SERVICE ARRANGEMENTS JOURNAL ENTRIES****With Fiscal Agent Responsibilities**

See Chapter 3 Shared Service Arrangements, Fiscal Agent Accounting Treatment, for more information.

**Background for All Scenarios**

School Districts A, B, and C have agreed to participate in a shared service arrangement for a federal grant that requires one of the districts to be a fiscal agent. The three districts have signed an interlocal agreement, applied, and have been awarded the grant. The following four examples are intended to illustrate typical journal entries for each type of fiscal agent arrangement situation that may occur.

Note: Revenue codes for federal funds would be as follows:

- 61XX are for federal revenues that come to the district through OSPI.
- 62XX are for federal revenues that come to the district directly from a federal agency.
- 63XX are for federal revenues that come to the district indirectly through a non-federal agency, such as the fiscal agent.

Note that when the fiscal agent accounts for the funds in an agency fund, the sub-recipient of these funds would not code a 63XX, but a 62XX. See scenario 3.

**Scenario 1—Fiscal Agent as a Participating District**

School District A is administering the grant and has monitoring responsibilities for School Districts B and C. All school districts are benefiting from this grant; therefore, School District A is a *Participating Fiscal Agent*. After all three school districts have expended funds in accordance with the grant purposes, School Districts B and C have requested reimbursement from School District A of \$300 each. School District A has requested reimbursement from the federal agency of \$300 also, \$900 total. The journal entries are as follows:

School Districts A, B, and C—Accounted for in the General Fund

School districts A, B, and C expend \$300 each for grant purposes and make the following journal entry:

| General Ledger Account           | Subsidiary Ledger Required | Account Title        | Debit | Credit |
|----------------------------------|----------------------------|----------------------|-------|--------|
| 530                              | Yes                        | Expenditures         | 300   |        |
| 241                              |                            | Warrants Outstanding |       | 300    |
| To recognize grant expenditures. |                            |                      |       |        |

When the fiscal agent, School District A, receives School Districts B's and C's claims for expenditure reimbursement, School District A makes the following journal entry in the General Fund:

| General Ledger Account                                     | Subsidiary Ledger Required | Account Title   | Debit | Credit |
|--|----------------------------|---|-------|--------|
| 530  | Yes                        | Expenditures  | 600   |        |
| 601  |                            | Accounts Payable (GL 630 Due to Other Governmental Units at year-end for accrual districts) |       | 600    |
| To record grant expenditures for School Districts B and C. |                            |   |       |        |

Upon receipt of the grant proceeds, School District A makes the following journal entries in the General Fund:

| General Ledger Account               | Subsidiary Ledger Required | Account Title                         | Debit | Credit |
|--------------------------------------|----------------------------|---------------------------------------|-------|--------|
| 240                                  |                            | Cash on Deposit With County Treasurer | 900   |        |
| 960                                  | Yes                        | Revenues                              |       | 900    |
| To record receipt of grant proceeds. |                            |                                       |       |        |

| General Ledger Account                                  | Subsidiary Ledger Required | Account Title   | Debit | Credit |
|---|----------------------------|---|-------|--------|
| 601   |                            | Accounts Payable (GL 630 Due to Other Governmental Units at year-end for accrual districts) | 600   |        |
| 241   |                            | Warrants Outstanding  |       | 600    |
| To disburse grant proceeds to School Districts B and C. |                            |   |       |        |

School Districts B and C receive grant proceeds from the fiscal agent, School District A, and make the following journal entry:

| General Ledger Account               | Subsidiary Ledger Required | Account Title                         | Debit | Credit |
|--------------------------------------|----------------------------|---------------------------------------|-------|--------|
| 240                                  |                            | Cash on Deposit With County Treasurer | 300   |        |
| 960                                  | Yes                        | Revenue                               |       | 300    |
| To record receipt of grant proceeds. |                            |                                       |       |        |

### Scenario 2—Fiscal Agent as a Non-Participating District With Administrative Responsibilities

School District A has agreed to be the fiscal agent and based on the grant agreement School District A has administering and monitoring responsibilities for the grant. School District A is not benefiting from the grant with the exception of receiving a \$100 administrative fee. The administrative fee is reimbursable from the grant proceeds. Prior to School District A receiving reimbursement, they first bill the \$50 administrative fee to School Districts B and C.

(For this scenario, we will assume that School Districts B and C have already paid School District A the administrative fee and have submitted their reimbursement requests totaling \$900 to School District A (\$400 in grant expenditures and the \$50 administrative fee for each participating school district).)

School District A, the fiscal agent, gets claims for expenditure reimbursements from School Districts B and C, and makes the following journal entry:

| General Ledger Account | Subsidiary Ledger Required | Account Title  | Debit | Credit |
|------------------------|----------------------------|--|-------|--------|
| 530                    | Yes                        | Expenditures   | 800   |        |
| 601                    |                            | Accounts Payable (Or GL 630 Due to Other Governmental Units for accrual districts) |       | 800    |

Upon receipt of the grant proceeds, School District A makes the following journal entries:

| General Ledger Account               | Subsidiary Ledger Required | Account Title                         | Debit | Credit |
|--------------------------------------|----------------------------|---------------------------------------|-------|--------|
| 240                                  |                            | Cash on Deposit With County Treasurer | 800   |        |
| 960                                  | Yes                        | Revenues                              |       | 800    |
| To record receipt of grant proceeds. |                            |                                       |       |        |

| General Ledger Account                                      | Subsidiary Ledger Required | Account Title   | Debit | Credit |
|---|----------------------------|---|-------|--------|
| 601   |                            | Accounts Payable (630 Due to Other Governmental Units at year-end for accrual districts.) | 800   |        |
| 241   |                            | Warrants Outstanding  |       | 800    |
| To disburse the grant proceeds to School Districts B and C. |                            |   |       |        |

School Districts B and C receive the grant proceeds from School District A and make the following journal entry:

| General Ledger Account               | Subsidiary Ledger Required | Account Title  | Debit | Credit |
|--------------------------------------|----------------------------|--|-------|--------|
| 240                                  |                            | Cash on Deposit With County Treasurer  | 400   |        |
| 960                                  | Yes                        | Revenues (Since this is a federal grant and it was received from School District A, this revenue should be coded to 63XX.) |       | 400    |
| To record receipt of grant proceeds. |                            |  |       |        |

### **Scenario 3—Fiscal Agent as a Non-Participating District With No Administrative Responsibilities (Cash Conduit Only)**

School Districts B and C are the beneficiaries of this grant; however, to be eligible for the grant they must have a fiscal agent. School District A agrees to be the fiscal agent with no administrative responsibilities. School District A is not receiving an administrative fee, they are simply acting as a cash conduit for School Districts B and C. School District A will report the grant proceeds in the Custodial Fund (Fund 7).

School Districts B and C have expended fund according to the grant agreement and have requested reimbursement through School District A.

When School District A receives money from the grantor for School Districts B and C, the following entry is made in School District A’s Custodial Fund (Fund 7):

| General Ledger Account               | Subsidiary Ledger Required | Account Title         | Debit | Credit |
|--------------------------------------|----------------------------|-----------------------|-------|--------|
| 968                                  |                            | Nonoperating Revenues | 900   |        |
| 538                                  |                            | Nonoperating Expenses |       | 900    |
| To record receipt of grant proceeds. |                            |                       |       |        |

School District A then disburses the funds to School Districts B and C. The following journal entry is made:

| General Ledger Account   | Subsidiary Ledger Required | Account Title         | Debit | Credit |
|--|----------------------------|-----------------------|-------|--------|
| 538  |                            | Nonoperating Expenses | 900   |        |
| 968  |                            | Nonoperating Revenues |       | 900    |
| To record the disbursements of grant proceeds to School Districts B and C. |                            |                       |       |        |

School Districts B and C make the following journal entry in the General Fund when they receive the funds from the fiscal agent (School District A):

| General Ledger Account               | Subsidiary Ledger Required | Account Title   | Debit | Credit |
|--------------------------------------|----------------------------|---|-------|--------|
| 240                                  |                            | Cash on Deposit With County Treasurer   | 450   |        |
| 960                                  |                            | Revenues (School District A was a cash conduit. This federal grant should be coded to the 62XX revenue code.) |       | 450    |
| To record receipt of grant proceeds. |                            |   |       |        |

**Scenario 4—Fiscal Agent as a Participating District With Administrative Responsibilities and On Behalf Payments**

School District A is administering the grant, which includes purchasing items that will be used by all three of the school districts. School Districts B and C will not be getting any of the cash funds but rather will be provided with the resources (equipment, etc.) provided under the intent of the grant.

School District A purchases equipment for themselves as well as School Districts B and C. School District A makes the following entry in the General Fund:

| General Ledger Account               | Subsidiary Ledger Required | Account Title        | Debit | Credit |
|--------------------------------------|----------------------------|----------------------|-------|--------|
| 530                                  | Yes                        | Expenditures         | 900   |        |
| 241                                  |                            | Warrants Outstanding |       | 900    |
| To record the purchase of equipment. |                            |                      |       |        |

After purchasing the equipment, School District A requests reimbursement from the grantor. When the grant proceeds are received, the following journal entry is made:

| General Ledger Account               | Subsidiary Ledger Required | Account Title                         | Debit | Credit |
|--------------------------------------|----------------------------|---------------------------------------|-------|--------|
| 240                                  |                            | Cash on Deposit With County Treasurer | 900   |        |
| 960                                  | Yes                        | Revenues                              |       | 900    |
| To record receipt of grant proceeds. |                            |                                       |       |        |

School Districts B and C receive the equipment from School District A. The following journal entry is made in the General Fund:

| General Ledger Account   | Subsidiary Ledger Required | Account Title | Debit | Credit |
|--|----------------------------|---------------|-------|--------|
| 530  | Yes                        | Expenditures  | 300   |        |
| 960  | Yes                        | Revenues      |       | 300    |
| To reflect the equipment purchases by School District A with grant proceeds on behalf of School Districts B and C. |                            |               |       |        |

## **JOURNAL ENTRIES FOR LEASES**

### **Lease Accounting for Cash Basis (F-196)**

For cash basis accounting, the accounting transactions are very similar to prior practice. In this illustrated example of accounting for a lease agreement, assume a cash-basis school district signs a lease to pay \$1,000 on September 30, 2020, the scheduled date of delivery of certain equipment. The lease payments are \$1,000 per month for sixty months for a total of \$60,000. The district will report the total amount of the contractual liability as a capital outlay and an other financing source.

### **Lessee: Cash-Basis Accounting Entries**

The General Fund acquisition of equipment with a Lease:

| General Ledger Account   | Subsidiary Ledger Required | Account Title                  | Debit  | Credit |
|--|----------------------------|--------------------------------|--------|--------|
| 530  | NCES 973X                  | Expenditures – Capital Outlay  | 60,000 |        |
| 965  | Yes                        | Other Financing Sources—Leases |        | 60,000 |
| To record the acquisition of equipment with a lease at the start of the lease term |                            |                                |        |        |

The initial payment on the lease:

| General Ledger Account            | Subsidiary Ledger Required | Account Title                    | Debit | Credit |
|-----------------------------------|----------------------------|----------------------------------|-------|--------|
| 530                               | NCES 744X                  | Expenditures—Rental/Lease of XXX | 1,000 |        |
| 241                               |                            | Warrants Outstanding             |       | 1,000  |
| To record the first lease payment |                            |                                  |       |        |

The remaining eleven monthly lease payments in year one

| General Ledger Account               | Subsidiary Ledger Required | Account Title                    | Debit  | Credit |
|--------------------------------------|----------------------------|----------------------------------|--------|--------|
| 530                                  | NCES 744X                  | Expenditures—Rental/Lease of XXX | 11,000 |        |
| 241                                  |                            | Warrants Outstanding             |        | 11,000 |
| To record the monthly lease payments |                            |                                  |        |        |

### Lessor: Cash-Basis Accounting Entries

Lease payments are recognized as revenue when received.

| General Ledger Account                    | Subsidiary Ledger Required | Account Title | Debit | Credit |
|---|----------------------------|---------------|-------|--------|
| First Year Lease Payments Received        |                            |               |       |        |
| 240                                       |                            | Cash          | 1,000 |        |
| 960                                       | Yes                        | Lease Income  |       | 1,000  |
| To recognize lease revenue when received. |                            |               |       |        |

### Lease Accounting for Modified Accrual (F-196)

Accounting for Leases under modified accrual is different from cash basis accounting. Under modified accrual (F-196), the lessee is required to calculate the present value of the minimum lease payments as the liability under the lease agreement. Using the same scenario described above for cash-basis accounting, assume a school district signs a lease to pay \$1,000 on September 30, 2020, the scheduled date of delivery of certain

equipment. The lease payments are \$1,000 per month for sixty months for a total of \$60,000. The district will need to calculate the present value of the minimum lease payments. Assuming the discount rate on the lease is three percent, the present value of the lease is calculated: (Using the Present Value function tool in Excel, (.0025, 60, -1000,0,1), the present value of the minimum lease payments is \$55,791.

| Summary Amortization Schedule for Lease |                |                                  |                       |                          |
|---|----------------|----------------------------------|-----------------------|--------------------------|
| Date                                    | Lease Payments | Interest Expenditures @3 Percent | Principal Expenditure | Amount of Long-Term Debt |
| 9/30/20                                 |                |                                  |                       | \$55,791                 |
| 8/31/21                                 | \$12,000       | \$1,387                          | \$10,613              | 45,178                   |
| 8/31/22                                 | 12,000         | 1,208                            | 10,792                | 34,386                   |
| 8/31/23                                 | 12,000         | 880                              | 11,120                | 23,266                   |
| 8/31/24                                 | 12,000         | 541                              | 11,459                | 11,807                   |
| 8/31/25                                 | 12,000         | 193                              | 11,807                | 0                        |
|   | \$60,000       | \$4,209                          | \$55,791              |                          |

Calculations and journal entries below are based on the summary amortization table (actual lease payments are made monthly):

### Lessee: Modified Accrual Accounting Entries

The General Fund's acquisition of equipment with a lease:

| General Ledger Account                               | Subsidiary Ledger Required | Account Title                  | Debit  | Credit |
|--|----------------------------|--------------------------------|--------|--------|
| 530  | NCES 973X                  | Expenditures – Capital Outlay  | 55,791 |        |
| 965  | Yes                        | Other Financing Sources—Leases |        | 55,791 |
| To record the acquisition of equipment with a lease. |                            |                                |        |        |

The first payment on the lease on the date of delivery:

| General Ledger Account  | Subsidiary Ledger Required | Account Title                       | Debit | Credit |
|---|----------------------------|-------------------------------------|-------|--------|
| 530   | NCES 7831                  | Expenditures—Debt Service—Principal | 1,000 |        |
| 241   |                            | Warrants Outstanding                |       | 1,000  |
| To record the first lease payment. Initially recorded as a Liability. |                            |                                     |       |        |

The remaining eleven monthly lease payments in year one

| General Ledger Account   | Subsidiary Ledger Required | Account Title                       | Debit | Credit |
|--|----------------------------|-------------------------------------|-------|--------|
| 530  | NCES 7831                  | Expenditures—Debt Service—Principal | 9,613 |        |
| 530  | NCES 7835                  | Expenditures—Debt Service—Interest  | 1,387 |        |
| 241  |                            | Warrants Outstanding                |       | 11,000 |
| To record the monthly lease payments. Initially recorded as a liability. |                            |                                     |       |        |

In modified accrual accounting, a liability is generally recognized before warrants are issued. General Ledger Account Code 620—Leases Payable would be used in these instances. After the liability is created, the district issues warrants, removing the liability.

### Lessor Accounting for Modified Accrual

Using the same values described in the lessee scenario, a school district that leases property to another organization recognizes a lease receivable and the deferred inflow on the present value of the minimum lease payments. The following example is for a 60 month lease, with payments of \$1,000 per month, at a discount rate of 3% (present value of total lease payments = \$55,791):

| Summary Lessor Schedule with Deferred InFlow and Amortization |                |                      |                 |                          |              |                          |
|---|----------------|----------------------|-----------------|--------------------------|--------------|--------------------------|
| Year  | Total Payments | Receivable Reduction | Interest Income | Lease Receivable Balance | Lease Income | Deferred. InFlow Balance |
|   |                |                      |                 | 55,791                   |              | 55,791                   |
| 1   | 12,000         | 10,613               | 1,387           | 45,178                   | 11,158       | 44,633                   |
| 2   | 12,000         | 10,792               | 1,208           | 34,386                   | 11,158       | 33,475                   |
| 3   | 12,000         | 11,120               | 880             | 23,266                   | 11,158       | 22,317                   |
| 4   | 12,000         | 11,459               | 541             | 11,807                   | 11,158       | 11,158                   |
| 5   | 12,000         | 11,807               | 193             | 0                        | 11,158       | 0                        |
| Total   | 60,000         | 55,791               | 4,209           |                          | 55,791       |                          |

Calculations and journal entries below are based on summary amortization table (actual lease payments are made monthly):

## Lessor: Modified Accrual Accounting Entries

The initial recording of the lease as a lessor:

| General Ledger Account                                      | Subsidiary Ledger Required | Account Title          | Debit  | Credit |
|---|----------------------------|------------------------|--------|--------|
| 345   |                            | Leases—Receivable      | 55,791 |        |
| 755   |                            | Deferred Inflow—Leases |        | 55,791 |
| To recognize lease contract at the start of the lease term. |                            |                        |        |        |

The first year lease payments received:

| General Ledger Account   | Subsidiary Ledger Required | Account Title         | Debit  | Credit |
|--|----------------------------|-----------------------|--------|--------|
| 230  |                            | Cash                  | 12,000 |        |
| 345  |                            | Leases—Receivable     |        | 10,613 |
| 960  | 2450                       | Other Interest Income |        | 1,387  |
| To record lease payment, interest income, and reduce the lease receivable. |                            |                       |        |        |

The first year entry to reduce the Deferred Inflow and recognize Lease Income

| General Ledger Account                                 | Subsidiary Ledger Required | Account Title          | Debit  | Credit |
|--|----------------------------|------------------------|--------|--------|
| 755  |                            | Deferred Inflow—Leases | 11,158 |        |
| 960  | Yes                        | Lease Income           |        | 11,158 |
| To recognize lease income and adjust Deferred Inflows. |                            |                        |        |        |

## SHORT-TERM OBLIGATION JOURNAL ENTRIES

The following example journal entries are typically used to account for short-term borrowings, such as RANs, TRANs, and BANs, see Chapter 3 for more information:

### To Record Loan From Bank on a RAN

| General Ledger Account                 | Subsidiary Ledger Required | Account Title                         | Debit | Credit |
|--|----------------------------|---------------------------------------|-------|--------|
| 240                                    |                            | Cash on Deposit With County Treasurer | X     |        |
| 606                                    |                            | Anticipation Notes Payable            |       | X      |
| To record loan from the bank on a RAN. |                            |                                       |       |        |

**To Record Maturation of the RAN, With Interest**

| General Ledger Account                                       | Subsidiary Ledger Required | Account Title              | Debit | Credit |
|--|----------------------------|----------------------------|-------|--------|
| 530  | Yes                        | Expenditures (Interest)    | X     |        |
| 606  |                            | Anticipation Notes Payable | X     |        |
| 241  |                            | Warrants Outstanding       |       | X      |
| To record maturation of the RAN, including \$3,000 interest. |                            |                            |       |        |

**CONDITIONAL SALES CONTRACTS OR LONG-TERM NON-VOTED NOTES****Applicable Funds: GF, CPF, TVF**

| General Ledger Account  | Subsidiary Ledger Required | Account Title           | Debit  | Credit |
|---|----------------------------|-------------------------|--------|--------|
| 530   | Yes                        | Expenditures            | 70,000 |        |
| 241   |                            | Warrants Outstanding    |        | 10,000 |
| 965   | Yes                        | Other Financing Sources |        | 60,000 |
| To record acquisition of a capital asset using a conditional sales contract or a long-term nonvoted note. The full purchase price of \$70,000 for the item acquired is recorded as a capital outlay expenditure. The credit to Warrants Outstanding of \$10,000 represents the down payment amount. The \$60,000 credit to Other Financing Sources is recorded to Account 9500. |                            |                         |        |        |

**To Record the Long-Term Payable**

| General Ledger Account           | Subsidiary Ledger Required | Account Title                             | Debit  | Credit |
|----------------------------------|----------------------------|---|--------|--------|
| 480                              |                            | Amount to be Provided for Debt Retirement | 60,000 |        |
| 603                              |                            | Contracts Payable—Long-Term               |        | 60,000 |
| To record the long-term payable. |                            |   |        |        |

**Debt Maturity**

When the debt matures, the following journal entry is made in the Long-Term Debt Holding Account:

**To Record the Reduction in the Long-Term Payable**

| General Ledger Account                            | Subsidiary Ledger Required | Account Title                             | Debit  | Credit |
|---|----------------------------|---|--------|--------|
| 603   |                            | Contracts Payable—Long-Term               | 60,000 |        |
| 480   |                            | Amount to be Provided for Debt Retirement |        | 60,000 |
| To record the reduction in the long-term payable. |                            |   |        |        |

**To Record the Maturation of Debt in the Fund Which Received the Debt Proceeds**

| General Ledger Account   | Subsidiary Ledger Required | Account Title                      | Debit  | Credit |
|--|----------------------------|------------------------------------|--------|--------|
| 530  | Yes                        | Expenditures (Principal)           | 60,000 |        |
| 602  |                            | Notes and Contract Payable—Current |        | 60,000 |
| To record the maturation of debt in the fund which received the debt proceeds. |                            |                                    |        |        |

**CASH-IMPREST****Establishment of an Imprest Account**

Imprest accounts must be authorized by Board Resolution.

| General Ledger Account   | Subsidiary Ledger Required | Account Title        | Applicable Fund | Debit | Credit |
|--|----------------------------|----------------------|-----------------|-------|--------|
| 200  |                            | Imprest Cash         | GF, ASB, CPF    | X     |        |
| 241  |                            | Warrants Outstanding | GF, ASB, CPF    |       | X      |
| To record the establishment of an imprest account or to increase an existing account. (If the County Treasurer issues the check credit GL 240, Cash on Deposit with County Treasurer instead of GL 241, Warrants Outstanding.) |                            |                      |                 |       |        |

## Replenishment of an Imprest Account

| General Ledger Account | Subsidiary Ledger Required | Account Title        | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|----------------------|-----------------|-------|--------|
| 530                    | Yes                        | Expenditures         | GF, ASB, CPF    | X     |        |
| 241                    |                            | Warrants Outstanding | GF, ASB, CPF    |       | X      |

To record the monthly replenishment of an imprest account by warrant.

## Return of an Imprest Account

| General Ledger Account | Subsidiary Ledger Required | Account Title                         | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---------------------------------------|-----------------|-------|--------|
| 240                    |                            | Cash on Deposit With County Treasurer | GF, ASB, CPF    | X     |        |
| 200                    |                            | Imprest Cash                          | GF, ASB, CPF    |       | X      |

To record the return of an imprest account when the account is abolished or reduced. (If the funds are deposited into a district depository account instead of directly to the County Treasurer use GL 230, Cash on Hand, instead of GL 240, Cash on Deposit with County Treasurer.)

## ENCUMBRANCES

Encumbrances are the estimated amount of expenditures to ultimately result if unperformed contracts in process are completed.

### Encumbrances for Commitment to Purchase

| General Ledger Account | Subsidiary Ledger Required | Account Title             | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---------------------------|-----------------|-------|--------|
| 520                    |                            | Encumbrances              | GF, ASB, CPF    | X     |        |
| 820                    |                            | Committed to Encumbrances | GF, ASB, CPF    |       | X      |

To record the commitment for purchases at the time the order is placed. This is system generated when a purchase order is approved or a salary contract is committed.

## Encumbrance Liquidation

| General Ledger Account | Subsidiary Ledger Required | Account Title             | Applicable Fund   | Debit | Credit |
|------------------------|----------------------------|---------------------------|-------------------|-------|--------|
| 820                    |                            | Committed to Encumbrances | GF, ASB, CPF, TVF | X     |        |
| 520                    |                            | Encumbrances              | GF, ASB, CPF, TVF |       | X      |

To record encumbrance liquidation at the time the goods or services are received. This is commonly a system generated entry.

## Reestablishment of Prior Fiscal Year Encumbrances

| General Ledger Account | Subsidiary Ledger Required | Account Title             | Applicable Fund   | Debit | Credit |
|------------------------|----------------------------|---------------------------|-------------------|-------|--------|
| 520                    |                            | Encumbrances              | GF, ASB, CPF, TVF | X     |        |
| 820                    |                            | Committed to Encumbrances | GF, ASB, CPF, TVF |       | X      |

To record the reestablishment of encumbrances closed at the end of the Prior Fiscal Year, but that are still considered open. This entry is made at the beginning of the current fiscal year and is commonly system generated.

## DONATIONS

### Donated Capital Assets

Example: The district sells a piece of capital equipment that was previously donated to the district for cash before August 31.

| General Ledger Account | Subsidiary Ledger Required | Account Title                               | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|---|-----------------|-------|--------|
| 240                    |                            | Cash on Deposit With County Treasurer       | GF              | X     |        |
| 965                    | 9300                       | Other Financing Sources (Sale of Equipment) | GF              |       | X      |

To record the sale of a donated capital asset for cash before the end of the year.

**Donated Assets (not Capital Assets)**

(Voluntary Nonexchange Transactions)

Example: A private individual donated cash to a school district to be used at any time, and for any purposes deemed appropriate by the school district.

| General Ledger Account                 | Subsidiary Ledger Required | Account Title                         | Applicable Fund | Debit | Credit |
|--|----------------------------|---------------------------------------|-----------------|-------|--------|
| 240                                    |                            | Cash on Deposit With County Treasurer | GF              | X     |        |
| 960                                    | 2500                       | Gifts, Grants and Donations (Local)   | GF              |       | X      |
| To record the receipt of donated cash. |                            |                                       |                 |       |        |

**Donated Services**

Example: An accountant from a private company donates personal time to work on setting up Medicaid Administrative Match billings.

| General Ledger Account   | Subsidiary Ledger Required | Account Title | Applicable Fund | Debit | Credit |
|--|----------------------------|---------------|-----------------|-------|--------|
| 530  | Yes                        | Expenditures  | GF              | X     |        |
| 960  | Yes                        | Revenues      | GF              |       | X      |
| To record the donation of service time for specialized services if material in amount. |                            |               |                 |       |        |

**ESSER ADJUSTING ENTRIES FOR MAJOR CAPITAL PURPOSES**

ESSER grant awards are administered by OSPI. The agency's EDS Grant Platform can only administer ESSER funds as General Fund resources. If a district utilizes a portion of their federal award for major capital improvements, the district must take care to navigate their ESSER transactions effectively to record expenditures and matching federal resources in the Capital Projects Fund.

For school districts in Washington state:

- Some capital expenditures may be expensed in the General Fund as Capital Outlay.
- Major capital projects, allowed in ESSER, must be expensed in the Capital Projects Fund. (Ref: RCW 28A.320.330 (1(a), 2).)

To help facilitate accounting transactions, the following revenue codes, are open and applicable for use in both the General Fund (GFS) and the Capital Projects Fund (CPF).

- 6176 Targeted Assistance—ESSER I                      Applicable Fund: (GFS, CPF)
- 6276 Targeted Assistance—ESSER I                      Applicable Fund: (GFS, CPF)
- 6376 Targeted Assistance—ESSER I                      Applicable Fund: (GFS, CPF)
  
- 6111 Federal Special Purpose—GEER                      Applicable Fund: (GFS, CPF)
- 6211 Federal Special Purpose—GEER                      Applicable Fund: (GFS, CPF)
- 6311 Federal Special Purpose—GEER                      Applicable Fund: (GFS, CPF)
  
- 6112 Federal Special Purpose—ESSER II                      Applicable Fund: (GFS, CPF)
- 6212 Federal Special Purpose—ESSER II                      Applicable Fund: (GFS, CPF)
- 6312 Federal Special Purpose—ESSER II                      Applicable Fund: (GFS, CPF)
  
- 6113 Federal Special Purpose—ESSER III                      Applicable Fund: (GFS, CPF)
- 6213 Federal Special Purpose—ESSER III                      Applicable Fund: (GFS, CPF)
- 6313 Federal Special Purpose—ESSER III                      Applicable Fund: (GFS, CPF)

In scenario #1, a school district has used its General Fund to record all of its ESSER II transactions. The grant claim is reimbursed by OSPI; OSPI School Apportionment can only use General Fund Revenue Code 6112. The total ESSER II grant claim is \$XX,X39 (not shown in the illustration.) However, included as General Fund expenditures are items identified as Capital Outlay (Object Code 9) in the amount of \$XX,X14 that should be recognized as expenditures in the Capital Projects Fund. The school district initially receives the \$XX,X39 grant reimbursement as Revenue 6112 in the General Fund. Now, the district needs to recognize ESSER II revenue and expenditures in the Capital Projects Fund (CPF).

| <b>SCENARIO #1</b>   |                            |   |                 |          |          |
|--|----------------------------|---|-----------------|----------|----------|
| General Ledger Account   | Subsidiary Ledger Required | Account Title                                       | Applicable Fund | Debit    | Credit   |
| 960  | 6112                       | ESSER II Revenue                                    | GF              | \$XX,X14 |          |
| 530  | Obj Code 9                 | ESSER II Expenditures                               | GF              |          | \$XX,X14 |
| 530  | Type Cd                    | Additional Equipment (ESSER II Expenditures) (SC-4) | CPF             | \$XX,X14 |          |
| 960  | 6112                       | ESSER II Revenue                                    | CPF             |          | \$XX,X14 |
| To recognize the allowable use of ESSER II resources for major capital purposes which are required to be accounted for in the Capital Projects Fund. |                            |   |                 |          |          |

The school district must document the elements of this adjusting journal entry and reconcile amounts to the County Treasurer report.

In Scenario #2, a school district records its ESSER II expenditures for major capital purposes directly to the Capital Projects Fund using other resources available in the CPF. Now the district needs to recoup those resources and match the federal expenditures with federal resources. In this scenario, the ESSER II grant claim includes General Fund expenditures of \$XX,X25 and Capital Projects Fund expenditures of \$XX,X14 for a total claim reimbursement of \$XX,X39. As mentioned previously, the grant claim in the amount of \$XX,X39 is reimbursed by OSPI, but OSPI School Apportionment can only use General Fund Revenue Code 6112.

In lieu of making additional adjusting journal entries, the school district may make arrangements with its County Treasurer to transfer \$XX,X14 from the General Fund to the Capital Projects Fund. The district must take care to appropriately code this County Treasurer transfer on the F-197. The school district must document the elements of this transaction and reconcile amounts to the County Treasurer Report.

If the school district elects to receive the entire grant reimbursement of \$XX,X39 in the General Fund as reported on the Apportionment Report, the district needs to reimburse its Capital Projects for the \$XX,X14.

| <b>SCENARIO #2</b>  |                            |   |                 |          |          |
|---|----------------------------|---|-----------------|----------|----------|
| <b>Transaction #A</b> is an illustration of the ESSER II transactions prior to grant claims. Both the General Fund and the Capital Projects Fund have recorded transactions for ESSER expenditures. |                            |   |                 |          |          |
| General Ledger Account  | Subsidiary Ledger Required | Account Title                                       | Applicable Fund | Debit    | Credit   |
| 530   | Prog 12                    | ESSER Expenditures                                  | GF              | \$XX,X25 |          |
| 240   |                            | CASH  | GF              |          | \$XX,X25 |
| 530   | Type Cd                    | Additional Equipment (ESSER II Expenditures) (SC-4) | CPF             | \$XX,X14 |          |
| 240   |                            | CASH  | CPF             |          | \$XX,X14 |

**SCENARIO #2**

**Transaction #B** is an illustration of the school district receiving the grant money in the General Fund. Only a portion of the money is recognized as revenue in the General Fund, with the remaining amount recorded as a liability "Due to Other Funds." At the same time, the district records entries in the Capital Projects Fund to recognize the revenue and a receivable "Due From Other Funds."

| General Ledger Account | Subsidiary Ledger Required | Account Title | Applicable Fund | Debit    | Credit   |
|------------------------|----------------------------|---------------|-----------------|----------|----------|
| 240                    |                            | CASH          | GF              | \$XX,X39 |          |
| 960                    | 6112                       | ESSER II      | GF              |          | \$XX,X25 |
| 640                    |                            | Due To CPF    | GF              |          | \$XX,X14 |
| 320                    |                            | Due From GF   | CPF             | \$XX,X14 |          |
| 960                    | 6112                       | ESSER II      | CPF             |          | \$XX,X14 |

**Transaction #C** is an illustration of the cash transaction to reimburse the CPF for the grant claim and eliminating the GF liability and CPF receivable.

| General Ledger Account | Subsidiary Ledger Required | Account Title | Applicable Fund | Debit    | Credit   |
|------------------------|----------------------------|---------------|-----------------|----------|----------|
| 640                    |                            | Due To CPF    | GF              | \$XX,X14 |          |
| 240                    |                            | CASH          | GF              |          | \$XX,X14 |
| 240                    |                            | CASH          | CPF             | \$XX,X14 |          |
| 320                    |                            | Due From GF   | CPF             |          | \$XX,X14 |

A school district may use other methods and account codes to achieve desired results. These illustrations render the process to show results. The school district must document the elements of these transactions and reconcile amounts to the County Treasurer report.

## **SPECIAL EDUCATION MEDICAID REIMBURSEMENT ENTRIES**

The Washington Health Care Authority no longer provides the full local portion of Medicaid reimbursement payments for school districts, following a statutory change effective in 2011–12. Under the terms of the change, the state only pays 40 percent of the local match needed for Medicaid reimbursement. However, the Federal government will not let the state disburse any of the payment amount unless the full amount is on hand at the state. Thus, districts must send in the remaining 60 percent of the local match to the Health Care Authority before they can receive their reimbursement.

For these entries, for every \$100 of Medicaid reimbursement, \$50 is from the federal Department of Health and Human Services (paid through the state Health Care Authority) (50 percent), \$20 is from the state Health Care Authority (40 percent of the remaining 50 percent) and \$30 is from the district (the other 60 percent of the remaining 50 percent).

### **District Submission to State**

| General Ledger Account | Subsidiary Ledger Required | Account Title                     | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|-----------------------------------|-----------------|-------|--------|
| 330                    | No                         | Due From Other Governmental Units | GF              | 30    |        |
| 240                    | No                         | Cash on Deposit                   | GF              |       | 30     |

To record the payment to the HCA for Medicaid reimbursement. This would be done through a warrant or a wire transfer.

### **Receipt From State**

| General Ledger Account | Subsidiary Ledger Required | Account Title                    | Applicable Fund | Debit | Credit |
|------------------------|----------------------------|----------------------------------|-----------------|-------|--------|
| 240                    | No                         | Cash on Deposit                  | GF              | 100   |        |
| 330                    | No                         | Due From Other Governmental Unit | GF              |       | 30     |
| 960                    | 4321                       | Revenue                          | GF              |       | 20     |
| 960                    | 6321                       | Revenue (Medicaid Reimbursement) | GF              |       | 50     |

To record the receipt of payment from the HCA.

## **CHAPTER 8 – Financial Reporting**

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## **OVERVIEW**

Financial reporting is not an end in itself, but a useful tool in providing the necessary information needed by the citizenry and other users who have limited authority, ability, or resources to obtain information. The overall goal of financial reporting (and accounting) for governments is to provide:

- Financial information useful for making economic, social, and political decisions and demonstrating accountability and stewardship.
- Information useful for evaluating managerial and organizational performance.

The paramount objective of a government is accountability. Accountability is defined in the standards as:

*The requirement of a government to answer to the citizenry—to justify the raising of public resources and the purposes for which they are used.*

To meet these goals and objectives, financial reporting should assist the users in evaluating the government. To accomplish this, the financial reports should:

- Provide information to determine whether current-year revenues were sufficient to pay for current-year services.
- Demonstrate whether resources were obtained and used in accordance with the entity's legally adopted budget.
- Demonstrate compliance with other finance-related legal or contractual requirements.
- Provide information to assist users in assessing the service efforts, cost, and accomplishments of the governmental entity.
- Provide information about sources and uses of financial resources, including the identification of material nonrecurring financial transactions.
- Provide information about how the governmental entity financed its activities and met its cash requirements.
- Provide information necessary to determine whether the entity's financial position improved or deteriorated as a result of the year's operations.
- Provide information about the financial position and condition of a governmental entity.
- Provide information about a governmental entity's physical and other nonfinancial resources having useful lives that extend beyond the current year.

- Disclose legal or contractual restrictions on resources and risk of potential loss of resources.

The information presented in financial reports will also depend on the needs of the users. There are three primary users of external state and local governmental reports:

- The citizenry to whom government is primarily accountable.
- Legislative and oversight bodies that directly represent the citizens.
- Investors and creditors, e.g., securities underwriters and bond insurers.

With external financial reporting a primary objective of a government, the accounting system must be designed to provide the essential information to meet this objective. Therefore, a financial objective can directly influence the accounting system from which the information is derived.

Financial statements and reports are end products of the reporting process. Certain information is better reported in the financial statements, while other information is better reported, or can only be reported, using alternative reporting formats.

Financial statements prepared by governments are the core of financial reporting and the principal means of communicating financial information to external users. Governments may also choose, or are required, to report through other types of financial reporting. Budgets filed with grantor agencies are examples of other types of financial reports and may include financial statements, other financial information, and nonfinancial information. These reports are generally used to:

- Meet specific legal or contractual requirements.
- Present financial information in prescribed formats.
- Report specific elements, accounts, or items taken from the basic financial statements.

Since financial reporting is the primary means of communicating information to the users, certain basic characteristics are considered necessary for effectiveness. They are identified in the standards as:

- Understanding—Reports should be presented as simply as possible.
- Reliability—Reports should be fairly stated, verifiable, and free from bias.
- Relevance—Reports should meet the needs of the users.
- Timeliness—Reports must be issued soon enough to be of benefit to the users.

- Consistency—Reports should be prepared using the same accounting principle or reporting method for all similar transactions and events from one period to another.
- Comparability—Reports should help users make comparisons of different governments that perform the same functions or operations.

In the state of Washington, several types of financial reports are required. In addition to the required financial reports, districts may choose to prepare additional financial reports.

## **BUDGETS**

### **Comparing Actual Financial Results With the Legally Adopted Budget**

The budget document is considered by most to be the primary source of governmental information. The three user groups previously identified (citizenry, legislative and oversight bodies, and investors and creditors) are generally interested in comparing originally adopted budgets and budgets after final amendments, with the actual results of the current year's activities on a budgetary basis. This information may be used to evaluate financial management practices (e.g., spending in excess of budgeted amounts may indicate poor financial management; underspending may indicate that the quality or quantity of services could have been increased, that there was effective cost containment, or that resources were over-budgeted for a particular program).

### **Form F-195—Official Budget Document**

Form F-195 is the official budget document. All school districts must prepare, adopt, and file their budgets in the required format.

For additional information on Form F-195, see Chapter 2—Budgeting.

### **Form F-198—Budget Status Reports and Statements of Financial Condition**

Each school district shall prepare and make available, monthly budget status reports (Form F-198) and other pertinent financial information, as needed by the board of directors.

For additional information on Form F-198, see Chapter 2—Budgeting.

## **Personnel Budget Status Reports**

Each school district shall maintain the capability to prepare monthly personnel budget status reports within ten days when requested by the Office of Superintendent of Public Instruction (OSPI) or the district's board of directors.

For additional information on Personnel Budget Status Reports, see Chapter 2—Budgeting.

## **FINANCIAL STATEMENTS**

### **Assessing Financial Condition and Results of Operations**

Financial reports are commonly used to assess a state or local government's financial condition or its financial position, and its ability to continue to provide services and meet obligations as they come due. In the past, government financial reporting has not emphasized the balance sheet effects of operations because of the viewpoint that current-year costs can be paid with future years' revenues.

However, users have become more interested in government's ability to "live within its means." The Governmental Accounting Standards Board (GASB) calls this "interperiod equity." They believe "interperiod equity is a significant part of accountability and is fundamental to public administration. In short, financial reporting should help users assess whether current-year revenues are sufficient to pay for the services provided that year and whether future taxpayers will be required to assume burdens for services previously provided." (GASB Cod. Sec. Appx B-GASB Concepts Statement 1, ¶61.)

Although there is increased interest in the balance sheet, the focal point in governmental financial reports remains the operating statements. The statements provide information on the current financial resource inflows and outflows (for governmental-type activities) and economic resources (for business-type activities). The results of operations can be compared to prior years' results or to other similar governmental entities providing similar services.

### **Report F-196—Annual Financial Statements**

Report F-196 is the required financial statement of a school district. It reports the school district's financial condition and actual revenues and expenditures for the entire school year.

The F-196 (presented on either a cash or modified accrual basis) is used by school districts to comply with the requirements of financial reporting required by OSPI and the State Auditor's Office (SAO), the regulatory agencies. This framework differs from GAAP in several ways, and it is considered an other comprehensive basis of accounting (OCBOA). The differences will be discussed later in this chapter.

### ***Overview of Report F-196***

The entire Report F-196 is computer-produced by each district's educational service district (ESD). Form SPI/LEA 3011 is used to submit financial data to the ESD. School districts not able to electronically transmit their financial data will have to complete a Form SPI/LEA 3011.

Error edits on Report F-196 must be corrected. Informational messages are also provided. The final Report F-196 cannot be run until all error messages are corrected. The computer-produced error edits and warning messages, including any necessary edit explanations, must accompany the completed Report F-196.

### ***Report F-196—Time Schedule***

Failure to adhere to due dates published by OSPI may result in a delay of apportionment (WAC 392-117-035). The final date for filing is considered met if the postmark or other evidence indicates shipment prior to midnight on the final date.

### ***Making Corrections to Report F-196 Annual Financial Statements***

The correction procedure consists of the school district filing corrected Report F-196 pages as an "informational supplement." This informational supplement is filed with the district's original Report F-196 at OSPI and the appropriate ESD. A brief memo addressing the pages and accounts, which were changed, should be attached to the corrected pages. The memo should also indicate if the correction was discovered by the district or required by SAO.

Corrected amounts are not updated into computer databases maintained at OSPI. These databases are closed shortly after the end of the fiscal year to facilitate the timely dissemination of annual financial statement data. Revised Report F-196 files provided by the district will not be included in any of the OSPI databases. Therefore, bulletins or financial reports issued by OSPI will not include the revised amounts. Computer edit programs for the School District Official Budget Document (Report F-195) or for Report F-196 will not include the corrected amounts.

The following applies to the filing of corrections:

- The correction must be the correction of an error.
- Corrections can be for any amount no matter how small.
- Only unaudited years are eligible for correction. Years for which an audit has been completed by SAO are not eligible for correction, unless the auditor first agrees to the correction.

### ***Financial Reporting of Corrections***

Informational supplements (filings) to Report F-196 are generally only used for making adjustments to reimbursements that result from the correction of errors. They are not a replacement for the accounting and financial reporting of errors that are required in accordance with GAAP.

Since the informational supplement filing does not correct the actual Report F-196 filing, but only supplements it, the district must address the error correction in its current-year financial statements. These error corrections must be done in accordance with Governmental Accounting Standards Board (GASB) Statement 62, which states that immaterial prior period error corrections must be shown in the current-year's revenue and expenditure accounts. If the error corrections are material in amount, the district will need to reflect the changes to the beginning fund balance of the current school year. (See definition of materiality below.) These accounting and reporting steps should be included in Report F-196 for the current year, and **not** for the year in which the error occurred. When the question of a prior period adjustment comes up, the district may wish to work with the SAO's regional audit manager to obtain concurrence on how it should be handled.

### ***Definition of Materiality***

Materiality is defined in the FASB's Statement of Financial Accounting Concepts No. 2 as, "the magnitude of an omission or misstatement of account information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

## Governmental Fund Financial Statements

Essentially, the F-196 equates to the governmental fund financial statements. There are two basic governmental fund statements:

- The governmental fund balance sheet
- The governmental fund statement of revenues, expenditures, and changes in fund balances

The F-196 requires the general, associated student body (ASB), capital projects, transportation vehicle, debt service, and permanent funds be reported as major funds.

The Governmental Fund Balance Sheet focuses on current financial resources. Assets should be reported if they are a form of cash or will be converted to cash (e.g., receivables, investments, some capital gifts) or inventories. Assets that are not financial in nature, such as general capital assets (land, buildings and improvements, and equipment) should *not* be reported in governmental funds. Likewise, governmental funds do *not* report unmatured principal and interest of the district's long-term debt. Liabilities such as claims and judgments, compensated absences, and special termination benefits are recognized in the governmental funds only as they become due. Assets and liabilities should be presented in the order of liquidity.

Fund balance is the difference between assets and liabilities. Fund balance is made up of unreserved amounts available for new spending and reserved amounts committed for specific uses. The most common reservations are for long-term loans and advances, legal restrictions, inventories and prepaids, and encumbrances.

## Fiduciary Funds—Required Financial Statements

Two statements are required for fiduciary funds (GASB 34, paragraphs 106–109):

- The statement of fiduciary net position
- The statement of changes in fiduciary net position

Separate columns are required for each type of fiduciary fund. Although GAAP discusses four fiduciary types, only two are used by school districts in Washington State. Most districts will have private-purpose trust funds; a few will have pension and other employee benefit trust funds.

The statement of fiduciary net position is reported on the F-196. Fiduciary funds continue to be reported using the economic resources measurement focus and the accrual basis of accounting.

## Notes to the Financial Statements

The Notes to the Financial Statements are essential in explaining significant accounting policies and circumstances that affect the district's financial position and results of operations.

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. Sample notes to the financial statements are included in the *Administrative Budgeting and Financial Reporting Handbook (ABFR Handbook)*.

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. Since the basis of accounting is other than GAAP, disclosures required for fair presentation include a description of the basis of accounting, how it differs from GAAP and disclosures similar to those required by GAAP for any elements presented in the financial statements that are similar to GAAP. 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 that 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 that 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.

## **FINANCIAL AND SINGLE AUDITS**

Financial statement audits provide an audit opinion about whether the district's financial statements are presented fairly in all material respects in conformity with the applicable financial reporting framework. Financial statement audits are performed in accordance with Government Auditing Standards and also include reports on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

Single audits are required if the district spends at least \$750,000 in total federal financial assistance annually. These audits are performed in accordance with Generally Accepted Government Auditing Standards and are an assessment of internal controls over federal programs, tests of how those controls are working, and tests of compliance with federal requirements.

Contact your Local Audit Team at the State Auditor's Office (SAO) to address your questions and discuss your district's audit requirements.

For audit purposes, the financial statement (F-196) is comprised of the following financial elements:

- Balance Sheet
- Statement of Revenues, Expenditures, and Changes in Fund Balance, All Funds—For the Year Ended August 31, 20XX
- Statement of Revenues, Expenditures, and Changes in Fund Balance, Sub Funds of the General Fund—For the Year Ended August 31, 20XX
- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Schedule of Long-Term Liabilities

The Schedule of Long-Term Liabilities is required to be included with audited financial statements as supplementary information.

Statements prescribed for the F-196 in *The Accounting Manual for School Districts in the State of Washington* differ from GAAP in the following areas:

- Districtwide statements (Statement of Net Position and Statement of Activities) are not prepared.
- The original adopted budget is not presented. GAAP require this for the General Fund and major special revenue (ASB) fund.

- Infrastructure is not considered material to schools and is not presented.
- Capital assets are not presented in the governmental fund statements but are disclosed in the notes to the financial statements.
- Long-term debt is reported on a Schedule of Long-Term Liabilities and in the notes to the financial statements, but not in the governmental fund statements.
- The Management Discussion and Analysis, required supplementary information under GAAP, is not required.

## **SAO's Adverse Opinion on Adherence to U.S. GAAP**

SAO has made changes to modified accrual financial statement Audit Reports. This change is effective for the audit reports beginning with the 2016–17 F-196 financial statements.

When providing an opinion on financial statements intended for general use and prepared under a regulatory method of accounting (for example, those in the School District Accounting Manual), United States auditing standards require auditors to express a separate opinion on whether the financial statement presentation was performed in accordance with GAAP.

(Ref: AU-C §800.21)

All financial statement audit reports will contain the following:

- A standard paragraph with an opinion on the fair presentation of the financial statements in accordance with the School District Accounting Manual.
- A separate section stating that the financial statements were not prepared in accordance with generally accepted accounting principles (GAAP) for government organizations (an "adverse" opinion), along with the reason behind the opinion.

In no way does this additional opinion imply the financial statements are unreliable or unfairly presented according to the School District Accounting Manual. Rather, the purpose of the opinion is to let report users know if the financial statement's presentation complies with, or differs from, GAAP.

School district financial statement presentations differ from those required by GAAP as a matter of course. For example, financial statements prescribed by the Accounting Manual do not include full-accrual, government-wide statements. This is a significant departure from GAAP. As a result, auditing standards do not allow the State Auditor to

issue an unmodified, or “clean,” opinion on whether the financial statements conform to GAAP.

SAO issues similar two-opinion reports for local governments, including school districts preparing financial statements on a cash basis. It has even been verified with bond rating and federal regulatory agencies that issuing the modified, or “adverse,” GAAP opinion does not affect bond ratings. In addition, this opinion does not preclude school districts from qualifying as “low risk” for their single audits, as long as all other Uniform Guidance requirements are met.

### **Basis for Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP.

As described in Note 1, management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. GAAP requires such presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the District’s governmental activities have not been determined. As a result, SAO is required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Example School District No. 999, as of August 31, 20XX, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

### **Internal Control Structure**

Professional standards and the Single Audit Act require reports on:

- The internal control structure based on an audit of the financial statements.
- Single audit report on the internal control structure used in administering federal award programs.

During the audit, a material weakness in the school district's internal control structure may be material errors or material irregularities in the financial statements that would be detected or prevented by the district's internal control structure. When a material weakness is discovered, the standard report form must be modified. The material weakness should be described and the reason for the weakness should be noted. (A material weakness can result from poor internal control design or noncompliance with established controls.)

## **Reporting Levels of Audit Recommendations**

SAO utilizes the following three levels of reporting issues that arise during a financial audit:

- **Findings** formally address issues in an audit report. Districts are given the opportunity to respond to a finding, and this response, or a synopsis of it, will be published in the audit report.
- **Management Letters** communicate less significant issues of noncompliance and make recommendations for strengthening internal controls. Management letters are referenced, but are not included, in the audit report.
- **Exit Items** are less serious audit issues than a finding or management letter. These issues are informally communicated to a district.

## **OTHER FINANCIAL REPORTS**

### **Assisting Compliance With Applicable Laws, Rules, and Regulations**

In addition to the legally mandated budgetary and fund controls, there may be other legal restrictions controlling governmental actions. Financial reports may help demonstrate compliance with grant restrictions, bond covenants, and taxing and debt limits. Failure to comply with legal or contractual provisions may indicate fiscal irresponsibility and could have financial consequences such as disallowed costs, loss of grants, or acceleration of debt payments. Therefore, governments should ensure that the accounting system is capable of providing the necessary information to demonstrate compliance with the applicable laws, rules, and regulations.

## **Schedule of Expenditure of Federal Awards (SEFA)**

A Schedule of Expenditure of Federal Awards (SEFA) must be prepared by all districts that receive federal funds. It is required to be included as supplementary information with the audited financial statements.

OMB Uniform Audit Requirements §200.510(b) prescribes the form and content of the SEFA, which is used by auditors to determine if a single audit is required and to help identify which federal programs will be audited. Refer to the Accounting, Budgeting, and Financial Reporting Handbook, Chapter 11, for more information on the SEFA.

## **Assisting in Evaluating Efficiency and Effectiveness**

Taxpayers and other governmental entities want information about service efforts, costs, and accomplishments of governmental entities and consider this information a necessary element of financial reporting. This information, along with additional information, may help users assess the economy, efficiency, and effectiveness of a government and may help form a basis for voting or funding decisions. To be of value, the information needs to be of sufficient detail to permit comparisons with other years and other governmental entities.

Currently, in the state of Washington, there are no required reports of this kind, although some districts may already be issuing this type of report for the board and the taxpayers of the district. They may provide reports on the cost of providing education to students at different grade levels over a period of time, or the cost of housing students now, as compared to projections for the future.

## **Schedule of Long-Term Liabilities**

This schedule provides information about the outstanding liabilities of a school district. It is used to corroborate information on various amounts of liabilities that are shown on the district's balance sheets, as well as information on long-term liabilities that are not displayed on the balance sheets. Non-bond debt, such as notes, leases, lines of credit and the like are reported in the fund that issued the debt or recorded the liability. Bonded debt, whether voted or non-voted, is reported in the Debt Service Fund.

### ***Instructions***

The only amounts that should be reported on the Schedule of Liabilities are the principal amounts that are outstanding on the individual items. Interest is not

reported on the Schedule of Liabilities. Amounts that should be excluded from this schedule are payments due to vendors or employees that are expected to be paid normally as part of the disbursement cycle (i.e., accounts payable, payroll accruals), interfund loans (they do not represent a net claim on the financial resources of the district) and short-term leases.

For each type of liability, record the appropriate amounts in each of the five columns.

- Column 1: Beginning Balance: Record the balance for the liability as of September 1 of a given reporting year. This should match the amount reported August 31 of the prior year.
- Column 2: Amount Issued or Increased: Record the amount of new debt or liabilities that were issued during the year. In instances of bond or other debt refunding, the new issue should be recorded in this column.
- Column 3: Amount Redeemed or Decreased: Record the amount of debt or liabilities that were liquidated during the year. In instances of bond or other debt refundings, the principal amount that has been refunded should be recorded in this column. Only record the amount of principal that has been paid during the year; do not include any interest payments.
- Column 4: Ending Balance: The ending principal balance for the various liabilities as of August 31 of a given reporting year. This should equal Beginning Balance plus Amount Issued or Increased minus Amount Redeemed or Decreased.
- Column 5: Amount Due Within One Year: Record the principal amount outstanding at the end of the year that will become due by August 31 of the subsequent year. Amounts that should be excluded from this schedule are payments due to vendors or employees that are expected to be paid normally as part of the disbursement cycle with current available resources.

If a district has a line of credit with their county treasurer or another financial institution, only the amount that has actually been used is to be reported on the Schedule of Liabilities. Any unused portion of the line of credit will need to be reported in the Notes to the Financial Statements.

In addition, districts will need to disclose information about these long-term liabilities in the Notes to the Financial Statements.

(Sample School District)  
 Schedule of Long-Term Liabilities  
 For the Year Ended August 31, 20XX

| Description                                    | Beginning Balance | Amount Issued or Increased | Amount Redeemed or Decreased | Ending Balance | Amount Due Within One Year |
|--|-------------------|----------------------------|------------------------------|----------------|----------------------------|
| <b>Voted Debt</b>                              |                   |                            |                              |                |                            |
| Voted Bonds                                    |                   |                            |                              |                |                            |
| LOCAL Program Proceeds Issued in lieu of bonds |                   |                            |                              |                |                            |
| <b>Non-Voted Debt and Liabilities</b>          |                   |                            |                              |                |                            |
| Non-Voted Bonds                                |                   |                            |                              |                |                            |
| LOCAL Program Proceeds                         |                   |                            |                              |                |                            |
| Leases   |                   |                            |                              |                |                            |
| Contracts Payable                              |                   |                            |                              |                |                            |
| Claims & Judgments                             |                   |                            |                              |                |                            |
| Compensated Absences                           |                   |                            |                              |                |                            |
| Long-Term Notes                                |                   |                            |                              |                |                            |
| Anticipation Notes Payable                     |                   |                            |                              |                |                            |
| Lines of Credit                                |                   |                            |                              |                |                            |
| Other Non-Voted Debt                           |                   |                            |                              |                |                            |
| <b>Other Liabilities</b>                       |                   |                            |                              |                |                            |
| Net Pension Liability TRS 1                    |                   |                            |                              |                | XXXXXXXXXX                 |
| Net Pension Liability TRS 2-3                  |                   |                            |                              |                | XXXXXXXXXX                 |
| Net Pension Liability SERS 2-3                 |                   |                            |                              |                | XXXXXXXXXX                 |
| Net Pension Liability PERS 1                   |                   |                            |                              |                | XXXXXXXXXX                 |

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## **CHAPTER 9 – Federal Grants Management**

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## **INTRODUCTION**

Federal agencies are contributors of a variety of grants to school districts. Federal grantor agencies include, but are not limited to the U.S. Department of Education, U.S. Department of Agriculture, and the U.S. Department of Health and Human Services. Some federal grants, such as Impact Aid, may be received directly from the federal agency. Other federal grants, such as Title I, Part A, are “passed through” to the district from the primary grantee recipient within the state such as the Office of Superintendent of Public Instruction (OSPI) or an educational service district (ESD).

Each grantor has its own set of rules and regulations governing the grants that it makes. Districts must comply with the most restrictive grant rules and regulations - this chapter will focus on federal fiscal regulations, which are typically the most stringent. Accounting systems and procedures that meet federal guidelines will usually be sufficient to meet state and local requirements.

## **FEDERAL LAWS AND REGULATIONS**

There are three main categories of requirements applicable to federal programs: 1) statutes, 2) regulations, and 3) nonregulatory guidance. In addition to those requirements, OSPI issues bulletins and memos that further clarify those requirements, as well as discuss processes required to comply with those requirements.

### **Statutes**

Statutes have the highest level of authority. There are some statutes that apply to all federal programs such as the Single Audit Act and some that apply to only the Department of Education (ED) program such as the General Education Provisions Act (GEPA). Then there are those that apply only to specific programs such as the Every Student Succeeds Act.

### **Regulations—Uniform Grant Guidance**

Regulations are issued by agencies to answer questions regarding unclear areas in the statutes. Just like statutes, regulations are legally binding by law. The *Federal Register* is where all of the final regulations are published. The Code of Federal Regulations (CFR) contains all regulations. ED program regulations are published in Title 2 of the CFR. Education General Administrative Requirements (EDGAR) is a compilation of administrative requirements that are also published in the CFR.

The federal Office of Management and Budget (OMB) rules titled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” are in Title 2, Part 200. This guidance is commonly referred to as Uniform Grant Guidance in the Accounting Manual.

## **Nonregulatory Guidance**

Nonregulatory guidance is less binding as legal authority, but it reflects the department’s interpretation in a more user friendly format, typically Q and A’s.

## **OSPI Bulletins**

Bulletins provide additional instructions, examples, and procedures for implementing the various requirements.

# **BASIC FEDERAL FISCAL REQUIREMENTS**

## **Allowable Costs**

Expenditures under federal programs are governed by the Federal cost principles contained in 2 CFR Part 200 Subpart E—Cost Principles. Districts must ensure that costs claimed under Federal awards follow these cost principles as well as any special terms and conditions contained in the award. Additionally, grantees are required to follow the more restrictive of the federal, state, and district policies.

When applying these cost principles, districts must:

- Maintain responsibility for the efficient and effective administration of the Federal award through the application of sound management practices.
- Assume responsibility for administering federal funds in a manner consistent with underlying agreements, program objectives and the terms and conditions of the federal award.
- Apply accounting practices that are consistent with the cost principles, support the accumulation of costs as required by the principles, and provide for adequate documentation to support costs charged to the federal award.

Districts must maintain a system of internal controls over federal expenditures to provide reasonable assurance that Federal awards are expended only for allowable

activities and that the costs of goods and services charged to Federal awards are allowable and in accordance with the above referenced cost principles.

Those controls must meet the following general criteria:

- Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the district.
- Be accorded consistent treatment.
- Be determined in accordance with generally accepted accounting principles.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- Be adequately documented.

### ***Direct and Indirect Costs***

Since there is no universal rule for classifying costs as either direct or indirect, districts must be consistent in treating each item of cost incurred for the same purpose as either a direct or indirect cost to avoid possible double-charging.

Direct costs are those costs that can be specifically identified with particular cost objectives such as a grant, contract, project, function or activity with relative ease and with a high degree of accuracy. Typical direct costs are salaries of employees working specifically on objectives of a grant or contract (including vacations, holidays, sick leave, and other excused absences); employee fringe benefits allocable on direct labor employees; consultant services contracted to accomplish specific grant or contract objectives; and materials, supplies and equipment purchased directly for use on a specific grant or contract.

Indirect costs are those costs that either benefit the cost objective or activity in an indirect manner, or directly benefit the cost objective or activity but the complexity of adequately identifying the costs in such a manner outweigh the benefit of charging them directly. Typical indirect costs include accounting, human resources, and the superintendent's office.

### ***Indirect Cost Rates***

The application of indirect costs to a grant (or other program) is done through the application of an indirect cost rate. An indirect cost rate represents the ratio between the total indirect costs and benefiting direct costs, after excluding and or reclassifying unallowable costs, and extraordinary or distorting expenditures (i.e., capital expenditures and major contracts and subgrants). This rate is expressed as a percentage of the costs that have been directly charged to the program. School districts have three different rates calculated for them: state indirect rate (also called the “state recovery rate”), federal restricted rate, and federal unrestricted rate.

Rates are calculated annually by School Apportionment and Financial Services for all districts based on information in the F-196 annual financial statements (the rates are posted on the OSPI website and loaded into iGrants). The rates determine the allowable costs for a given rate, and divide those costs by the total costs of the district. The information is lagged by two years: the rate that is calculated in 2020–21 will not be used until the 2022–23 school year.

When indirect rates are charged to a grant and reimbursed, they basically become part of the district’s general operating revenue, and districts don’t have to be accountable for those funds from a federal perspective.

Indirect rates are the *maximum* amount of indirects that may be charged to a program or grant. A district may choose to utilize a lower amount of indirects—by charging more direct costs—but it may not use a rate higher than the one that has been calculated.

The *federal restricted rate* is calculated on a specific, small set of costs that a district incurs compared to their overall expenditures. This rate is then used for any federal program that has a “supplement, not supplant” requirement. This requirement means that the federal money is used to supplement the amount of money that a district has to spend on a particular program, and not “in place of” the local money. The Title I, Part A grant is an example of a grant that uses the restricted rate, although most federal programs in school districts use this rate.

The *federal unrestricted rate* is calculated for programs that do not have a “supplement, not supplant” requirement. The primary example for school districts of a federal program that uses the unrestricted rate is the federal school lunch program.

A few programs may have their own limitations on indirect rates. Districts should work with their program staff to ensure they are using the proper information for that program.

## **Cash Management**

Districts must minimize the time between the receipt of federal funds and disbursement of those funds to no longer than three days. As provided in 2 CFR 200.305, districts may draw federal funds using a reimbursement or advance payment method. However, districts usually request reimbursement for expenditures for federal grants passed through OSPI instead of requesting advances.

### ***Reimbursement Payment Method***

For reimbursements of federal funds, districts must:

- Monitor the fiscal activity (payments and reimbursements) under each grant on a continuous basis, and request timely reimbursement only for expenditures that have already been disbursed and comply with all applicable award requirements.
- Maintain source documentation and accounting records that reconcile to the reimbursement request at a level adequate to establish that funds have not been used in violation of any applicable statutory restrictions or prohibitions.
- If the district transfers expenditures previously charged to a federal award for which reimbursement has been claimed to a non-federal fund source, the district will calculate the interest earned on the federal funds for possible submittal. Refer to Interest Earned section below.

### ***Advance Payment Method***

For advances of federal funds, districts must:

- Monitor the fiscal activity (drawdowns and payments) under each grant on a continuous basis and maintain source documentation and accounting records at a level adequate to establish that funds have not been used in violation of any applicable statutory restrictions or prohibitions.
- To the extent available, disburse funds available from program income, rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.
- Plan for cash flow in the grant project during the budget period and review project cash requirements before each drawdown.

- Draw down only the amount of funds necessary to meet the immediate needs of the program or project (including the proportionate share of any allowable indirect costs), and minimize the time between receiving and disbursing those funds.
- Pay out federal funds for expenditures that comply with all applicable grant requirements as soon as administratively feasible (a rule of thumb is no more than three business days after receiving the funds).
- Deposit advance payments into insured accounts whenever possible.
- Unless conditions listed in CFR Title 2 Part 200 Subpart D §200.305(b)(8) apply, districts must maintain advance payments in interest-bearing accounts.
- Remit interest earned over \$500 annually. Refer to Interest Earned section below.

### ***Interest Earned***

Federal regulations allow districts to retain interest earned amounts up to \$500 per year for administrative expenses. Any additional interest earned on those funds must be remitted annually to the Department of Health and Human Services (HHS) Payment Management System (PMS) through an electronic medium or by check to the HHS Program Support Center. Districts should refer to the federal or pass-through agency for pertinent information about the remittance.

### ***Budget Revisions***

Unless prohibited by federal or state statute(s) governing a particular grant program, OSPI allows districts to increase or decrease expenditures for any budgeted activity total or object total by an amount of up to 10 percent of the total "Budgeted Direct Expenditures" for that grant award without submitting a budget revision.

If a budget revision is required due to exceeding that amount, allow enough time for the request to go through the approval process in iGrants prior to the claim submission cutoff date. Districts will not be able to submit a claim until the budget revision is approved.

## **Equipment**

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, lower limits may be established in a district's policy.

### ***Use and Disposition of Equipment***

Districts must use equipment purchased with federal funds in the program or project for which it was originally purchased, regardless of whether or not the program continues to be supported with federal funds. Thus, if a district receives a grant to start an afterschool program, any equipment purchased for that program shall be used for the program even after the grant expires.

In addition, such equipment may be used in other federally funded programs, as long as the use does not interfere with the work on the original program or project for which it was purchased. In such situations, first priority for additional use must be given to other programs or projects that are sponsored by the awarding agency.

Subject to approval by the awarding agency, districts may acquire replacement equipment by trading in the original equipment, or selling the original equipment and using the proceeds to offset the cost of the new equipment. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return.

If the equipment is no longer needed for the original program or project for which it was originally acquired, or for other activities that are supported with federal money, the equipment may be disposed of.

The rules for disposing of equipment purchased with federal money are as follows:

- If the per-unit market price of the equipment is less than \$5,000, it may be retained, sold or otherwise disposed of without any further obligation to the awarding agency.
- If the per-unit market price of the equipment is greater than \$5,000, it may be retained by the district or sold. In these cases, the district will need to remit to the awarding agency an amount equal to the federal share of the original cost of the equipment.

### ***Equipment Management***

Districts must have appropriate controls to safeguard and adequately maintain equipment. A physical inventory of equipment must be conducted at least once every 2 years (district policy may require an annual inventory) and reconciled to the equipment records (any differences between the physical inventory and records must be resolved).

Records must contain the following information about the equipment: description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and any disposition data including, the date of disposal and sales price or method used to determine current fair market value.

## **Matching, Level of Effort, Earmarking**

The specific requirements for matching, level of effort, and earmarking are unique to each Federal program and are found in the statutes, regulations, and the terms and conditions of awards pertaining to the program.

### ***Matching***

*Matching* (also known as cost sharing) is a requirement to provide contributions of a certain amount to match Federal awards. Some federal programs require that a district provide matching funds in order to receive the federal funds.

The following criteria should be considered when determining whether an expenditure is an acceptable match:

- Must be able to be verified from the districts records.
- Cannot be included as contributions for other federal programs (unless specifically allowed by Federal program laws and regulations).
- Must be able to show how it is necessary and reasonable to the accomplishment of the program objectives.
- Must be allowable under applicable cost principles.
- Must not be federal funds from another program (unless specifically authorized by federal statute).
- Must be included in the approved budget when required.
- Must conform to other provisions of federal laws, regulations, and contracts or grant agreements applicable to the program.

### ***Level of Effort and Maintenance of Effort (MOE)***

*Level of effort* is a requirement for: a) providing a specified level of service from one period to another, b) maintaining a specified level of expenditures from non-Federal or Federal sources for specified activities from period to period, and c) Federal funds to supplement and not supplant non-Federal funding of services.

A district must meet maintenance of effort requirements under certain programs. If a district is found to fail the MOE test, their subsequent years grant award will be reduced by the amount of failure.

#### Cross Cutting Requirement

There is a calculation based on a districts F-196 financial information to determine whether the combined fiscal effort per student or the aggregate expenditures of the district from State and local funds for free public education for the preceding year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding year, unless specifically waived by the Department of Education.

The MOE calculation is performed by School Apportionment and Financial Services (SAFS) at OSPI. The cross-cutting MOE test is generally completed and issued in January of each year.

#### Special Education Requirement

The special education MOE calculation is also calculated by SAFS based on F-196 data to determine whether a district spent an amount of local funds, or a combination of State and local funds, for the education of children with disabilities that is at least equal, on either an aggregate or per capita basis, to the amount of local funds, or a combination of State and local funds, expended for this purpose by the district in the prior fiscal year.

One major difference with Special Education MOE is the 50% provision. For any fiscal year that a district's allocation of special education funds exceeds the allocation for the previous fiscal year, the district may reduce the level of local or State and local expenditures by up to 50% of the excess. If a district chooses this option, it must use an amount of local funds equal to the reduction for activities authorized under ESEA.

Districts that fail the initial test calculated by SAFS will receive a letter from SAFS notifying the district of the process for submitting additional documentation for review by the OSPI Special Education department.

The exceptions considered during this review process are:

- The voluntary departure, by retirement or otherwise, of special education staff
- A decrease in the enrollment of children with disabilities
- The termination of the obligation to serve an exceptionally costly program for a particular child with a disability

- The termination of costly expenditures for long-term purchases
- The assumption of costs by the state safety net fund

The special education MOE test is generally completed and issued in February of each year.

#### Supplement, Not Supplant

The phrase “supplement, not supplant” arises in federal programs, where the intent is for the federal funding to be an addition to existing program funding, not a replacement. Generally, the “supplement, not supplant” requirements are found in grant programs that utilize the district’s restricted rate for applying indirect expenditures.

The official terminology, as borrowed from the Elementary and Secondary Education Act, is:

“A state educational agency or local educational agency shall use federal funds received under this part only to supplement the funds that would, in the absence of such federal funds, be made available from non-federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds” (20 U.S.C. §6321(b)(1)).

The methodology prescribed for SNS evidence testing under ESSA is different for Title I, Part A and is describe later in this section. There are three presumptions of supplanting which affect most federal programs other than Title 1, Part A.

1. Whether the activity is required by law. Using federal funds for an activity the district is required to provide by local, state, or other federal law raises a presumption of supplanting. The assumption is that the district would use non-federal funds (or, in certain circumstances, other federal funds) to provide the services it is required by law to provide.
2. Whether the activity was provided in prior years with non-federal funds. Using federal funds for an otherwise allowable activity which was provided in prior years with non-federal funds raises a presumption of supplanting. Presumably, those funds were deemed by the district to be sufficiently important to support with non-federal funds in prior years, and is a reliable predictor of how the district will likely spend its non-federal funds in the current year.

This presumption may be rebutted, however, if the district can document contemporaneously that it would not have continued to provide the same activities with non-federal funds, perhaps because of a decline in the resources used for this purpose. This must be documented with board minutes or the equivalent.

3. Whether the activity is provided to non-Title I, Part A or C students with non-federal funds. Unlike the prior two presumptions, this presumption applies only to Title I, Part A or C funds. Using such funds for an activity the district is providing to non-Title I, Part A or C students with state or local funds raises a presumption of supplanting. It is assumed that if a district deems an activity sufficiently important to provide it to non-Title I, Part A or C students, it would also provide that same activity to the Title I, Part A or C students in the absence of such funds.

This presumption of supplanting may also be rebutted, if the services would be allowable under Title I, Part C and are provided with supplemental state or local resources meeting the same requirements as the Title I, Part C program.

#### Supplement Not Supplant (SNS) for Title 1 Part A

ESSA revised the Title I, Part A supplement not supplant (SNS) requirement. Under ESSA, compliance with SNS under Title I, Part A will no longer be tested through individual costs. School Districts no longer have to consider the “three presumptions of supplanting.”

Under ESSA, School Districts meet compliance under SNS by demonstrating that the methodology they use to allocate state and local funds to schools provides each Title I, Part A school with all of the state and local money it would receive if it did not participate in the Title I, Part A program.

School Districts are responsible for developing and documenting a methodology to distribute state and local funding and staffing to schools without taking Title I, Part A funds into account. School Districts will **not** be submitting their methodology to OSPI for approval. This SNS methodology must be in place prior to the school year and before the allocation of the federal award. School District documentation must be available for Program review and for auditing purposes.

For additional fiscal information on Title 1, Part A, a Program Fiscal Handbook is available on the OSPI website at [Fiscal Guidance Documents](#).

### Presumption of Supplanting in Title I, Part A Schoolwide Programs

If the district has schools that operate schoolwide programs under Title I, Part A, the district must ensure and demonstrate that such schools receive all of the state and local funds to which they are entitled and are necessary to operate services required by state and local law. This includes those required services to students with disabilities and English language learners.

### Earmarking

*Earmarking* is a requirement to use a specified minimum or maximum amount of program funds for specified activities. Some federal grant programs have some form of earmarking requirements. That is, specific amounts must be set aside and spent only for specified purposes. Districts that receive funds in grants that have earmarking requirements will need to demonstrate that they have expended the money necessary to meet those requirements.

## **Program Income**

The federal government encourages entities that receive grants to earn income relating to the grants to defray program costs where appropriate (2 CFR §200.307).

Program income means gross income that is generated by a supported activity or earned as a result of the federal award. It includes income from fees for services, the use or rental of equipment acquired with federal funds, and the sale of commodities or items fabricated under a federal award (for example, item or services generated in a CTE class and sold for profit). Unless otherwise stated in the grant terms and conditions or other federal regulations, program income does not include rebates, credits, discounts, and refunds or interest earned on any of them.

Generally, program income must be deducted from allowable grant expenditures. With prior federal approval, program income may be added to the federal award or used for a cost sharing or matching requirement.

## **Period of Performance (2 CFR section 200.309)**

Period of performance means the time during which the district may incur new obligations to perform the work authorized under the federal award. In general, the period of performance is 15 months. This period starts on July 1 of a particular year, and runs through September 30 of the following year. For example, a federal grant that becomes available July 1, 2020, is available until September 30, 2021. Please note that this crosses three school district fiscal years.

For competitive grants, districts may incur costs prior to the start date of the period of performance (pre-award costs - costs directly associated with the negotiation and in anticipation of the federal award and are necessary for efficient and timely performance of the scope of work). Pre-award costs are only allowable if they would have been allowable if incurred after the start date of the period of performance and only with written approval from the federal grantor or pass-through entity.

For formula grants, districts that do not spend their entire grant award in a particular year may be eligible for carryover of the remaining balance on their grant. Such carryover is available for an additional twelve (12) months, running through September 30 of the second year following the awarding of the grant. Using the example above, this additional period would expire September 30, 2022. This period is known as the Tydings period (not applicable to grants received directly from a federal agency).

### ***Carryover Limitations***

Districts may be limited in the amount of grant money that may be carried over into the Tydings period. These limitations are based on the individual programs. For example, a district that receives \$50,000 or more in Title I, Part A funds may not carry over beyond the initial 15 months of availability more than 15 percent of its Title I, Part A funds. OSPI may grant a waiver of the percentage limitation under certain circumstances.

For information about any carryover provisions for a specific program, review the iGrants profile page for each program or contact the program supervisor.

### ***Obligation***

Federal grants utilize the concept of 'obligation' when it comes to the use of grant money. Simply, an obligation is created when a district has a binding commitment to pay federal funds. The determination of when an obligation is created is dependent upon the nature of the cost being incurred.

| <b>Nature of Cost</b>                    | <b>Obligation Created</b>  |
|--|--|
| Acquisition of real or personal property | On the date the subgrantee makes a binding written commitment to acquire the property. |
| Personal services by an employee         | When the services are performed.   |

| <b>Nature of Cost</b>                                    | <b>Obligation Created</b>  |
|--|--|
| Personal services by a contractor who is not an employee | On the date on which the subgrantee makes a binding written commitment to obtain the services. |
| Performance of work other than personal services         | On the date on which a subgrantee makes a binding written commitment to obtain the work.       |
| Travel   | When the travel is taken.  |
| Rental of real or personal property                      | When the subgrantee uses the property.   |
| Approved pre-agreement cost                              | On the first day of the grant performance period.  |

The date on which a school district may begin to obligate funds depends on the type of award. There are two types of awards: formula and discretionary.

If the authorizing statute for a program requires the state to make subgrants on the basis of a formula, the state may not authorize a school district to obligate funds until the latter of the following two dates:

- The date that the state may begin to obligate funds (typically July 1); or
- The date that the school district submits its application to the state in substantially approvable status (SAS).

Reimbursement for obligations is subject to final approval of the application.

Formula Programs include, but are not limited to:

- Title I, Part A
- Title I, Part C
- Title II, Part A
- Title III LEP
- Title IV, Part A
- Title V, Part A
- Title VI, Part B Rural, Low-Income Schools
- Perkins
- IDEA

If the authorizing statute for a program gives the state discretion to select subgrantees, the state may not authorize an applicant for a subgrant to obligate funds until ***the subgrant is awarded***.

Obligations need to be liquidated no more than 90 days beyond the end of the funding period.

## **Procurement**

Procurement transactions must be conducted in a manner providing full and open competition to avoid real or perceived unfair advantages. Districts must comply with the most stringent laws and regulations; so, it is important to know federal regulations (2 CFR §200.317–.326), state law (RCW 28A.335.190) and the district procurement policy.

### ***Micro-Purchase Self-Certification***

Effective November 12, 2020, the Uniform Grant Guidance will allow non-federal entities to self-certify that they are low risk and use higher micro purchase thresholds (CFR 200.320(a)(1)). In order to use the higher threshold, the school district must meet either:

1. Qualify as a low-risk auditee for your most recent audit, or
2. Perform an annual internal institutional risk assessment to identify, mitigate, and manage financial risks.

School districts that qualify to self-certify could go up to \$50,000 for services and books and \$40,000 for other purchases of furniture, equipment, or supplies (RCW 28A.335.190). If the school district policy wants to go above these limits, it must receive approval from its cognizant agency of indirect costs, which is the Office of Superintendent of Public Instruction (OSPI). However, for the other purchases of furniture, equipment or supplies, OSPI cannot approve a district's request to go above \$40,000 due to the bid threshold for these items in state law.

In order to qualify as a low-risk auditee, the school districts must meet the criteria for a low risk auditee found in the Code of Federal Regulations (CFR) 200.520. The auditor makes the determination as to whether or not the auditee qualifies as a low-risk auditee. The determination is cited in the federal single audit report under Identification of Major Federal Programs in Section I – Summary of Auditor's Results of the Schedule of Findings and Questioned Costs.

Self-certification must take place on an annual basis; we recommend at the start of each school year starting September 1st. The district's procurement policies must be updated prior to using the new thresholds. It is also recommended the policy include the self-certification procedures. District are encouraged to contact the Washington State School Directors' Association (WSSDA) regarding updated procurement policies.

### ***Procurement Thresholds***

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

- Micro-Purchases of \$10,000 or less do not require quotes. However, districts must consider price to be reasonable based on research, experience, purchase history or other information and must be documented. Purchase cards can be used for micro-purchases if written procurement procedures are approved. To the maximum extent practical, purchases should be distributed equitably among suppliers.
  - Districts that qualify to self-certify could go up to \$40,000 for the purchases of furniture, equipment, or supplies (RCW 28A.335.190).
  - Districts that qualify to self-certify could go up to \$50,000 for the purchase of books.
  - If the school district wants to go above \$50,000 for the purchase of books, it must receive approval from OSPI.
- Small-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).
  - When a district self-certifies, the range changes to between \$40,000 and \$75,000 for the purchases of furniture, equipment, or supplies.
  - When a district self-certifies, the range changes to between \$50,000 and \$75,000 for the purchases of books.
- 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, districts must consider price to be reasonable, and, to the extent practical, distribute equitably among suppliers.
  - Districts that qualify to self-certify could go up to \$50,000 for services.
  - If the school district wants to go above \$50,000, it must receive approval from OSPI.

- Purchases between \$10,000 and \$250,000 must be procured using price or rate quotations from an adequate number of qualified sources.
  - When a district self-certifies, the range changes to between \$50,000 and \$250,000.
- Purchases of \$250,000 or more must be publicly solicited using sealed bids.

### ***Other Procurement Guidelines***

Procurement by noncompetitive proposals may only be used when one of the following four circumstances applies. The district must maintain documentation supporting the applicable circumstance for noncompetitive proposals.

1. The item is only available from a single source;
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
3. The awarding agency (e.g., OSPI) authorizes noncompetitive proposal in response to a written request from the district; or
4. After solicitation of a number of sources, competition is determined inadequate.

### **Suspension and Debarment**

Certain non-federal entities have been prohibited from participating in or receiving federal assistance for various reasons such as prior mismanagement of funds or non-compliance with laws and regulations. This prohibition may be temporary (suspension) or indefinite (debarment; until specifically allowed by the federal government). When performing this purchase, the recipient must verify that the vendor, supplier, provider or their respective principals (e.g., owners, top management, etc.) are not suspended, debarred or otherwise excluded by the federal government.

Districts must comply with suspension and debarment requirements for the following federal transactions:

- Vendor contracts for goods and services that are expected to equal or exceed \$25,000
- All subawards (no dollar threshold)

There are three options to ensure that vendors and subgrantees are not suspended or debarred from receiving federal money:

First, districts can check the System for Award Management (SAM) at [www.sam.gov](http://www.sam.gov), which is an official website of the federal government. Districts must maintain evidence that SAM was checked (for example, a print-out from the system), and the information should be verified on a periodic basis.

Second, districts can collect a certification from the person or company that they are not suspended or debarred from receiving federal funds. This certification needs to be documented and maintained for the auditors, and reviewed on a periodic basis.

Third, language can be added to the contract covering the transaction that states that the vendor is neither suspended nor debarred from receiving federal dollars, and that they will remain that way throughout the duration of the contract.

## **Time and Effort**

The Uniform Grant Guidance offers new flexibilities for time and effort tracking in an effort to reduce burden. Although specific documentation such as personnel activity reports or semi-annual certifications are not mentioned in the Uniform Grant Guidance, districts must have strong internal controls program to ensure accountability. It should also be noted that the Uniform Grant Guidance does not require any grantee to change their current system for time and effort reporting.

OSPI provides guidance to districts on time and effort requirements. In addition to technical assistance, OSPI issues a Bulletin that discusses the requirements and provides examples for districts.

## **AUDITS OF FEDERAL GRANTS**

### **Audit Requirements**

The Single Audit Act of 1984 (with amendments in 1996) and 2 CFR §200.500 (superseded OMB Circular A-133) provide audit requirements for ensuring that federal funds are expended properly. A single audit is intended to provide a cost-effective audit for non-Federal entities in that one audit is conducted instead of multiple audits of individual programs.

A single audit encompasses a district's:

- Financial statements

- Schedule of Expenditures of Federal Awards
- Internal controls over federal programs
- Compliance with direct and material laws and regulations applicable to federal programs

Grantees that expend \$750,000 or more in a year in total federal awards are required to have a single audit. Grantees that expend less than \$750,000 in federal awards are exempt from federal audit requirements that year, but records must be available for review or audit by appropriate officials of the federal agency, pass-through entity, and Government Accountability Office (GAO).

## **Compliance Supplement**

The Compliance Supplement is issued every year by the Office of Management and Budget. It is used by auditors to understand a federal program's objectives, procedures, and compliance requirements relevant to the audit. The Compliance Supplement also provides audit objectives and suggested audit procedures.

## **Audit Follow-Up and Resolution**

Single audit reports are reviewed by federal granting agencies and OSPI. Any findings related to an award provided directly by a federal agency must be resolved to the satisfaction of the granting agency. In Washington State, the audit resolution process is handled by OSPI for both state and federal findings related to awards passed through OSPI. The audit resolution process includes recovering any disallowed costs.

## **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

All school districts receiving federal funds must prepare a Schedule of Expenditures of Federal Awards (SEFA), regardless of the minimum federal award threshold to receive a single audit. The SEFA lists expenditures for individual federal programs by federal agency and is used by auditors to help determine which federal programs will be audited. It is important that it is complete and accurate. The SEFA is included in the audit report, and the auditor must opine on whether it is fairly stated in all material respects.

The SEFA is *not* submitted to OSPI. It is submitted to the State Auditor's Office, and it is included as a part of the district's financial statements. For more information on the SEFA, refer to the Administrative, Budgeting, and Financial Reporting (ABFR) Handbook.

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# **CHAPTER 10 – Capital Projects Fund and Transportation Vehicle Fund Accounting**

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## **INTRODUCTION**

This chapter provides information that is unique to the Capital Projects and Transportation Vehicle funds. Some information presented here may also be included in other parts of this manual, but it is included here so that those new to governmental accounting can obtain an overview of the funds.

As required by accounting standards, governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. (See Chapter 1 Fund Accounting Systems, for additional information regarding fund accounting systems.)

The standards categorize funds into one of eleven fund types. These fund types are grouped into three general classifications:

- Governmental funds are used to account for tax-supported activities. GAAP establishes five governmental fund types: General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service, and Permanent Funds. RCW 28A.320.330 requires school districts in Washington state to establish a General Fund, Capital Projects Fund, Debt Service Fund, and Associated Student Body Fund (Special Revenue Fund). RCW 28A.160.130 creates a Transportation Vehicle Fund (Capital Projects Fund).
- Proprietary funds are used to account for business-type activities of a government and are supported, at least in part, by fees or charges. Proprietary funds are **not** permitted for school districts in Washington State.
- Fiduciary Funds are used to account for resources in situations where the government is acting as a trustee or agent for parties outside the government. Fiduciary Funds *cannot* be used to support the government's own programs. Fiduciary Activities are described in Chapter 13.

## **CAPITAL PROJECTS FUND**

**Capital Projects Funds—to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds)** (GASB Cod. Sec. 1100.103a[3]. See also Sec. 1300, "Fund Accounting").

Within the state of Washington, two funds are used for the acquisition or construction of major capital facilities or assets: The Capital Projects Fund and the Transportation Vehicle Fund. (See the Transportation Vehicle Fund section starting on page 26 of this chapter.) The Capital Projects Fund is created by RCW 28A.320.330.

The Capital Projects Fund can be used for the acquisition of land or existing facilities, construction of buildings, purchase of equipment, conducting energy audits, making capital improvements, which are cost effective as determined by energy audits, and implementing technology systems. In addition, improvements to buildings or grounds, remodeling of buildings, and the replacement of roofs, carpets, and service systems are included in the Capital Projects Fund.

The Capital Projects Fund is generally financed from the proceeds of the sale of bonds, state matching revenues, and special levies. In all instances where moneys are raised by voter-approved bond issues, the proposition must include a description of the projects for which the money is being raised. RCW 28A.530.010 authorizes school districts to issue bonds for certain capital projects. The acquisition of school buses is not a capital project. Therefore, the proceeds of bonds issued per RCW 28A.530.010 cannot be used to acquire school buses.

The Capital Projects Fund is also used to record the proceeds from the sale of, and the net proceeds from, the lease of surplus real property and to record investment earnings of the Capital Projects Fund.

The modified accrual basis of accounting is to be utilized in measuring financial position and operating results unless the district has less than 1,000 full-time equivalent students the previous fiscal year and has elected to utilize the cash basis for all funds except debt service. (See Chapter 1, Accrual Basis in Governmental Accounting, for additional information on the modified accrual basis of accounting.)

The focus of Capital Projects Fund accounting is on the sources and uses of available resources, and the accounting and reporting is on an annual period-oriented basis. The accounting records must contain sufficient information to permit special purpose reporting on a project-length basis.

Revenue recognition for the Capital Projects Fund is the same as for other governmental funds. Amounts are recorded as revenues or other financing sources when they are both measurable and available.

This section does not include information pertaining to the general ledger accounts (Chapter 4), revenue accounts (Chapter 5), or most journal entries (Chapter 7). See the chapters indicated for detailed information in these areas.

## Capital Projects Fund Allowable Expenditures by Revenue Source

### **Revenues**

Sale of Bonds

### **Expenditures**

Bond revenue is restricted to sites and buildings as authorized by law or necessary or proper to carry out the functions of a school district, improvement of energy efficiency and installation of energy systems and components, and structural changes and additions to buildings and sites. The purchase of initial equipment as defined in this section is also allowable. The resolution approving the election shall include the specific buildings to be constructed or remodeled and any additional specific purposes as authorized under RCW 28A.530.010. Expenditures are restricted to those authorized in the bond resolution. Any alteration of the expenditure plan requires a public hearing (RCW 28A.530.020).

Special Levies

Special levies are restricted to the following: the same purposes that bond proceeds may be used for, as well as major renovations of buildings including the replacement of facilities and systems where periodic repairs are no longer economical or extend the useful life of the facility or system beyond its original planned useful life. Also, the renovation and rehabilitation of playfields and athletic fields can be accomplished with Capital Projects Fund special levies. The purchase of initial equipment, additional major items of equipment and furniture, and the costs associated with implementing technology systems as defined in this section are allowable. The resolution approved by the voters authorizing the special levy must include the purpose for raising the moneys.

State Funding Assistance

State Funding Assistance revenue may be spent on new construction for unhoused students or modernization or replacement of existing areas. Local funds must be provided, typically through bonds, and expended first. Any state match not used for the funded project may be expended on any legal expenditure in the Capital Projects Fund. However, any alteration to the use of state assistance requires a public hearing (RCW 28A.530.020).

**Revenues**

Impact and Mitigation Fees

**Expenditures**

Developer Impact and Mitigation fees are restricted to growth projects specified in the Capital Facilities Plan. Impact fees, under the Growth Management Act, are also restricted to specific schools impacted by the development. Fees collected from voluntary impact fees are limited to the growth projects defined in the agreement.

Investment Earnings

Investment earnings from the proceeds of bonds, state match funds, special levies, and mitigation and impact fees are restricted to the same purposes as proceeds from their source. Interest earnings from all other sources may be used for any legal purpose of the Capital Projects Fund. Further, investment earnings from unrestricted revenue sources can be credited by the County Treasurer to the General Fund, with Board approval, for expenditures for instructional supplies, equipment, and capital outlay purposes.

Insurance Proceeds

Insurance proceeds that represent reimbursement for loss of a building and contents shall be deposited to the credit of the Capital Projects Fund. Insurance proceeds for business interruption insurance shall be credited to the General Fund. Expenditures for the replacement of the building and contents shall be expended from the Capital Projects Fund. Insurance proceeds may be used for any legal purpose in the Capital Projects Fund.

State Apportionment

State apportionment may be used for the same purposes as special levies and bond proceeds. The purchase of initial and additional equipment as defined in this section is also allowable.

**Revenues**

Sale of Real Property

**Expenditures**

Proceeds from the sale of real property may be used for any legal purpose of the Capital Projects Fund. The purchase of initial and additional equipment as defined in this section is also allowable.

According to RCW 28A.335.130 the proceeds from any sale of school district real property by a board of directors shall be deposited to the Debt Service Fund or the Capital Projects Fund, except for amounts required to be expended for the costs associated with the sale of such property, which moneys may be deposited into the fund from which the expenditure was incurred.

Lease or Rental of Surplus Property

Revenues from the lease or rental of surplus property shall be deposited in the Capital Projects Fund and used for any legal purpose of the Capital Projects Fund. A portion of these revenues may be deposited into the General Fund to cover the costs of maintaining the surplus property.

According to RCW 28A.335.060, at the option of the board of directors, after evaluating the sufficiency of the school district's Capital Projects Fund for purposes of meeting demands for new construction and improvements, moneys derived for the lease or rental of real property may be deposited into the district's General Fund to be used exclusively for nonrecurring costs related to operating school facilities including, but not limited to, expenses for maintenance.

Categorical Funding

Categorical funding may be used for any legal purpose of the Capital Projects Fund and for the purposes allowed by the funding agency or grantor. The purchase of initial and additional equipment as defined in this section is also allowable.

## **CAPITAL PROJECTS FUND EXPENDITURES**

The use of individual project numbers is optional, but districts may find that the use of a project coding system will facilitate reporting and consolidation of expenditures for capitalization and project tracking.

This code is intended to provide the accumulation of historical expenditures by specific projects. A suggested possibility would be the assignment of the first digit to a building number. The second digit would be an ascending project serial number applicable to the building. This would distinguish the specific project within a building location. A second possibility would be to use an ascending two-digit code, e.g., 01 through 99.

Care should be taken to develop projects that apply only to one building and one expenditure type. This permits expenditures for completed projects to be used as inputs to the school district's property control record system. If at budget time this cannot be done, a temporary number can be assigned. Assigning the permanent number that identifies the expenditure to specific building locations can be done at the time of accounting. However, for some expenditure items, such as salaries that apply to more than one project, it may be desirable to use an undistributed (00) classification for project identification for accounting purposes. When an undistributed classification is used, the expenditures accumulated under this classification must be assigned to projects at year-end.

### **Expenditure Type Codes**

Expenditure types are classified as follows:

#### ***10 Sites***

- 11 Purchases
- 12 Improvements

#### ***20 Buildings***

- 21 New
- 22 Remodeling

**30 Equipment**

- 31 Initial
- 32 Additional
- 35 Instructional Technology

**40 Energy**

- 41 Audits
- 42 Capital Improvements

**50 Sale and Lease Expenditures**

- 51 Sale of Real Estate
- 52 Lease and Rental of Surplus Property

**60 Bond or Levy Issuance**

- 61 Bond or Levy Issuance or Election

**90 Debt**

- 91 Principal
- 92 Interest
- 93 Arbitrage Rebate

**DESCRIPTIONS OF TYPE CODES**

**10 Sites**

**11 Purchases**

Record expenditures for the purchase of land or options to purchase land.

**12 Improvements**

Record expenditures which have the effect of adding to an existing facility's worth, but do not normally increase the square footage of the land. Included under improvements are such items as assessments and the expenditures for clearing,

drainage, grading, landscaping, demolition of existing structures, paving, tunnels, overpasses, and fencing.

## **20 Buildings**

### ***21 New***

Record the construction expenditures for a building addition or the expenditure for a new or existing structure that will be used to house a related operation such as a warehouse, business office, or school. Include expenditures for facilities to house students during the construction of a school building.

### ***22 Remodeling***

Record expenditures for major permanent structural alterations. Included are items which are integral parts of the building or building service such as the initial or additional installation of heating and ventilating systems, electrical systems, plumbing systems, fire protection systems, and other service systems in existing buildings. Remodeling or improvement of buildings usually takes place within the existing floor area, whereas a building addition extends the floor area.

Replacements of roofs, carpets, and service systems are recorded here. Repairs to buildings are recorded under the General Fund Activity 64 Maintenance. Include expenditures for facilities to house students during the remodeling of a school building.

## **30 Equipment**

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.

### ***31 Initial***

Record expenditures for the purchase of initial (not replacement) equipment for new or remodeled buildings.

Additionally, for new buildings only, expenditures for the initial non-consumable library, text, and reference books would be classified in this category. Expenditures for these three types of instructional materials in a digital format (e.g., CD-ROM) are also allowable. Items of a consumable nature (e.g., workbooks) are not

allowable expenditures of the Capital Projects Fund because they are not capital in nature.

### ***32 Additional***

Record expenditures for the purchase or installation of additional major items for equipment and furniture not connected with a construction project. Also, record other technology levy expenditures that are not identified as "instructional" technology as defined in Type Code 35.

### ***35 Instructional Technology***

Record expenditures for the purchase or installation of instructional technology in classrooms. Expenditures to be recorded in this Type Code are computers and other classroom-based technology such as printers, projectors, document cameras, smart boards, and other peripheral equipment. Software costs that are required for the purchase and installation of new instructional technology may also be charged to this Type Code. Once instructional technology has been purchased and placed into service within the district, all future related expenditures shall be charged to the General Fund using the appropriate expenditure codes in that fund.

## **40 Energy**

### ***41 Audits***

Record expenditures associated with surveys of a building or complex which identify the type, size, energy use level, and major energy using systems which determine appropriate energy conservation maintenance or operating procedures and assess any need for the acquisition and installation of energy conservation measures, including solar energy and renewable resource measures (RCW 28A.320.330(2)(c)(ii)).

### ***42 Capital Improvements***

Record expenditures for installation, or modification of the installation, of energy conservation measures in a building or complex which are primarily intended to reduce energy consumption or allow the use of an alternative energy source. Energy conservation measures must have been identified as cost-effective by an energy audit (RCW 28A.320.330(2)(c)(iii)).

## **50 Sale, Lease, and Rental Expenditures**

### ***51 Sale of Real Estate***

Record expenditures associated with the sale of real estate such as attorney's fees, sales commissions, and appraisal fees (RCW 28A.335.130).

### ***52 Lease and Rental of Surplus Real Property***

Record expenditures associated with the lease and rental transactions of surplus real property. Expenditures for the sale, rental or lease of personal property should be reported in the General Fund (RCW 28A.335.060).

## **60 Bond or Levy Issuance**

### ***61 Bond or Levy Issuance or Election***

Record expenditures incurred in issuing bonds such as attorney's fees, underwriting fees, rating agencies and related costs. Successful capital levy and bond election costs may be recorded here. If the related election fails, these expenditures shall be recorded in the General Fund. Expenditures such as transfer fees incurred after bonds are issued should be recorded in the Debt Service Fund.

## **90 Debt**

Type Codes 91 and 92 are used only for debt payments that are made *directly* from the Capital Projects Fund. Transfers to the Debt Service Fund are only recorded in GL 536 Other Financing Uses–Transfers Out.

### ***91 Principal***

Record the principal portion of payments made directly from the Capital Projects Fund for debt including, but not limited to, conditional sales contracts, purchasing agreements, and other long-term notes.

### ***92 Interest***

Record the interest portion of payments made directly from the Capital Projects Fund for debt including, but not limited to, interest bearing warrants, conditional sales contracts, purchase agreements, and interfund loans.

**93 Arbitrage Rebate**

Record the expenditure for arbitrage rebate at the time the liability is no longer contingent.

**Object Expenditure Codes—Optional**

Use of object expenditure codes is an optional expansive feature that provides a method of identifying expenditures as to objects.

**Capital Projects Fund—Source–Use Codes**

School districts receive and use resources that have restrictions or conditions attached. These conditions can be imposed by bond or levy propositions or by conditions and terms associated with grantor funding on categorical projects or can be restraints existent in state laws (RCW) or agency rules (WAC). The district can also commit or assign funds for specific purposes.

When revenues are received, the school district must be prepared to account for amounts received and expended for that purpose. The source–use code provides a common coding classification for both restricted-use revenues and expenditures.

A one-digit source–use code should be assigned as follows:

**One Digit Source–Use Codes and Assignments**

- 0 Amounts that are unrestricted and undesignated.
- 1 Amounts derived from the sale of bonds and investment proceeds and used for the purposes expressed in the bond proposition.
- 2 Amounts received from capital projects levies and used for levy propositions.
- 3 Amounts received from state agencies and used for funded projects.
- 4 Amounts received from federal agencies and used for federal portions of individual grants.
- 5 Other sources and uses not described above.
- 6 Amounts received from Impact Fees in accordance with the Growth Management Act.
- 7 Amounts received from Mitigation Fees in accordance with the State Environmental Protection Act.

### **One Digit Source–Use Codes and Assignments**

- 9 Amounts to be distributed. This is an intermediate code for use during the fiscal year and does not have a balance at budget preparation time or when year-end reports are issued. For example, the district may have two or more projects in the same year. The source–use code 9 can be a temporary place for the direct construction management support expenditures during a fiscal year. At the end of the fiscal year, all of these expenditures in source–use code 9 would be reversed and allocated on a reasonable basis to each project for that fiscal year. Allocation methods could be based on, but not limited to, the total direct expenditures of each project or the total square feet under construction of each project for that fiscal year.

Revenues and Other Financing Sources that are not restricted in their use should be coded with source–use code “0.” For example, state apportionment revenues (Revenue Account 3100) that have been redirected from the General Fund to the Capital Projects Fund are not restricted and should be accounted for by using the “0” source–use code.

### ***Expanded Source–Use Coding***

Districts may wish to further expand the minimal one-digit coding to be able to account for individual issues and sales of bonds, levy years, and individual categorical grants. For example, the use of a two-digit code would afford up to 50 individual source–use pools if the five minimum codes are used.

Districts may also elect to expand on the source–use code structure by giving source–use code “8” its own assignment, or by adding a third or fourth digit to the coding. Districts electing to expand on this code structure must include some provision for reducing their expanded code to the fund balance and investment in capital assets accounts provided for in the general ledger.

### ***Example of Source–Use Coding***

The Capital Projects Fund receives the proceeds of a bond issue, the terms of which require their expenditure on a specific building project. The district has another building project under construction, financed through the proceeds of a different bond issue.

Correct coding: 9112

The first two digits "91" identify this as the proceeds from the sale of bonds. The third digit, the minimal source–use digit "1" represents restricted amounts from the sale of bonds. The last digit is entirely a district-assigned number and could be any number 1 through 9. In this case "2" identifies this as the second project.

The Other Financing Source account code for the F-195 and F-196 would be 9100.

The applicable general ledger account is 861 Restricted from Bond Proceeds. Notice that the third digit is the source–use code.

### ***State Reporting of Capital Projects Fund Revenues and Other Financing Sources***

Only the summary level revenue code will be reported to the state. In many cases this will only be the first two digits, signifying only the source of the revenue. The last two digits will be only the "00" default code. For example, local levies would still be 1100 for reporting purposes. The actual revenue on the district's books would be 112, with the fourth digit assigned by the district.

### ***Restriction of Fund Balance Using Source–Use Code***

Establishing restrictions of fund balance is done by closing Account 960 Revenues and Account 965 Other Financing Sources to the fund balance restriction accounts listed below through the use of the source–use code. To set up restrictions of fund balance, the third digit in the revenue or other financing source account number must match the third digit in the restricted account section of the balance sheet.

Closing expenditures that were expended on the restricted use reduces the restriction on Capital Projects Fund resources. So the Account 530 Expenditures that were restricted are closed to the general ledger restriction accounts representing that restriction.

The applicable general ledger restriction accounts are:

#### **General Ledger: Restricted Fund Balance: Equity Accounts for the Capital Projects Funds**

|     |                                |
|-----|--------------------------------|
| 861 | Restricted From Bond Proceeds  |
| 862 | Committed From Levy Proceeds   |
| 863 | Restricted From State Proceeds |

**General Ledger: Restricted Fund Balance:  
Equity Accounts for the Capital Projects Funds**

|     |   |
|-----|---|
| 864 | Restricted From Federal Proceeds        |
| 865 | Restricted From Other Proceeds          |
| 866 | Restricted From Impact Fee Proceeds     |
| 867 | Restricted From Mitigation Fee Proceeds |
| 869 | Restricted From Undistributed Proceeds  |

Balances in the above accounts represent amounts that have not been expended for the specific projects to which they have been legally restricted; most of the revenues and other financing sources received by the Capital Projects Fund have legal restrictions on their expenditures.

Districts are reminded that their accounting systems must be able to identify these restrictions on future expenditures. Use of restriction accounts is an accounting procedure that makes it possible to account for restricted amounts in the general ledger.

Under this method, restricted revenues and expenditures are closed at year-end to the restriction accounts listed above.

The portion of General Ledger 960 Revenues and General Ledger 965 Other Financing Sources representing unrestricted resources should use source–use code "0" and must be closed to 889 Assigned to Fund Purposes. Examples include redirected state apportionment and revenue from the lease of real property.

The following are general guidelines in determining which restriction account to use:

- Investment earnings have the same expenditure restrictions as do the underlying resources generating the revenue.
- Assume that the most restrictive resources were expended first.
- Restricted net position is intended to portray, at the date of the balance sheet or statement of net position, the extent to which the government has assets that can only be used for a specific purpose. If the related liabilities exceed the assets on hand, then the "shortfall," by default, is covered by unrestricted net position. Extending that logic to the unrestricted fund balance classifications,

shortfalls in any of the classifications would be covered by the next classification for that specific purpose in the government's spending prioritization policy (stopping at zero in each classification). Thus, if fund balance (exclusive of nonspendable amounts) in total is negative, then the negative amount can only be attributed to the unassigned fund balance classification.

## **Capital Outlay Expenditures**

Capital outlay expenditures are those which result in the acquisition of capital assets or additions to capital assets. They include capital expenditures for land or existing buildings, improvements to grounds, construction of buildings, additions to buildings, remodeling of buildings, and purchase or installment of initial or additional major items of equipment. Include expenditures for facilities to house students during the construction or remodeling of a school building. Legal fees for capital projects are chargeable to the Capital Projects Fund. Election costs may be charged to the Capital Projects Fund upon passage of the levy. Election costs for failed levies are charged to the General Fund but may be reimbursed by the Capital Projects Fund if the levy passes at a later time provided it is within the same fiscal period.

## **Salaries**

The salaries and other direct expenditures of school district employees who are hired or assigned to the planning or construction management of capital projects, which have been approved as provided above, are recorded under the Capital Projects Fund.

Capital projects' planning includes the development of facility specifications and construction design. It is defined as preparing specifications for building projects or preparing architectural blueprints or other design specifications by planning directors, architects, engineers, or draftsmen who spend significant time performing these duties. Salaries for capital project planning are not to be charged to the Capital Projects Fund for a specific project after the facility specifications or the construction design planning has been completed. Planning for the operation of existing facilities is not to be charged to the Capital Projects Fund.

Construction management, as it pertains to capital projects, is defined as directing, managing, or inspecting one or more capital projects. Salaries of staff project directors, inspectors, or monitors who spend significant time performing these services are designated as construction management salaries. Salaries for construction management

shall not be charged to the Capital Projects Fund after the building is occupied and accepted by school district board action.

The salaries of individuals who spend time performing duties that directly support capital project planning or construction management are to be charged directly to the Capital Projects Fund. Salaries of individuals engaged in the operations of the school district are not to be charged to the Capital Projects Fund. However, costs for staff paid to move their classroom or office as a direct result of a remodel or construction may be charged to the Capital Projects Fund. Salaries of individuals who also perform duties chargeable to another fund should be allocated in proportion to their duties to both the Capital Projects Fund and the other fund. Capital Projects Fund salaries may be processed through the General Fund, which is then reimbursed by the Capital Projects Fund.

Real estate management salaries are not to be charged to the Capital Projects Fund.

When salaries are charged to the Capital Projects Fund, school districts may wish to maintain an object of expenditure to account for salaries and other expenditures.

## **Repairs**

Expenditures for repairs to building structures that do not add to existing facilities are recorded under the General Fund Activity 64 Maintenance. As a general guide concerning repairs to building structures, if changes of partitions, roof structure, or walls are not involved, the expenditures are recorded under the General Fund Activity 64 Maintenance; if such changes are involved, the expenditures are recorded under the Capital Projects Fund as remodeling.

## **Renovations**

The Capital Projects Fund records major renovations and replacement of facilities and systems consisting of roofing, floor covering, exterior walls and windows or service systems when periodic repairs are no longer economical. Replacement is the replacement of a unit of equipment or fixture with another unit or fixture that serves the same purpose in the same way and has approximately the same expected lifetime as the replaced unit when installed. Normal repairs should be charged to the General Fund Activity 64 Maintenance.

## **Initial Equipment**

Expenditures for initial equipment for a new or remodeled building or for a structure being converted from one use to another use are recorded in the Capital Projects Fund. Expenditures for initial equipment or the initial installation of built-in equipment in existing buildings are recorded under the Capital Projects Fund.

Initial expenditures for a new or remodeled building or a structure being converted from one use to another use for the purchase of library, text, and reference books or materials in any format, including electronic, are allowable as initial equipment. Items of a consumable nature (for example, workbooks) are not allowable expenditures of the Capital Projects Fund because they are not capital in nature.

Expenditures for repairs and for replacements not discussed above are recorded under the General Fund Activity 64 Maintenance as repairs to buildings, regardless of the relative value of the replaced item of equipment and its replacement. The purchase of additional equipment may be recorded in the General Fund.

## **Replacement**

Expenditures for the replacement of a building or for the replacement of facilities and systems are recorded under the Capital Projects Fund. Expenditures for the repair of capital assets are recorded under the General Fund Activity 64 Maintenance.

## **Acquisition or Relocation of Modular (Portable) Buildings**

Expenditures for the acquisition or relocation of modular (portable) buildings should be charged to the Capital Projects Fund.

## **Energy Capital Improvements**

Expenditures for the initial installation of energy capital improvements in buildings and during the remodeling of existing buildings are recorded under the Capital Projects Fund. Expenditures for repairs and replacements are recorded under the General Fund Activity 64 Maintenance as repairs to buildings. Energy-efficient systems as a part of the initial equipment of a new building should be charged to the Capital Projects Fund.

## Allowable Use of ESSER Resources for Major Capital Improvements

To determine whether an activity is an allowable use of funds, the latest guidance from the federal government regarding the use of Elementary and Secondary Schools Emergency Relief (ESSER) Funds requires a school district to determine:

- Is the use of funds intended to prevent, prepare for, or respond to the COVID-19 pandemic, including its impact on the social, emotional, mental health and academic needs of students?
- Does the use of funds fall under one of the authorized uses of ESSER or GEER funds?
- Is the use of funds permissible under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance, 2 CFR Part 200)? In particular, is it necessary and reasonable for the performance of the ESSER or GEER award?

ESSER guidance, regarding the use of funds, provides for facility repairs, improvements, replacements, and upgrades to infrastructure to reduce risks of COVID-related health issues (Ref: H.R.1319 – ARP Act SEC. 2001. ESSER III (e)(2)(O,P). Accordingly, state law requires these expenditures to be reported in a school district's Capital Projects Fund (CPF). (Ref: RCW 28A.320.330 (1(a), 2).)

Prior to the procurement of capital expenditures with federal funds, school districts must receive approval from OSPI (CFR §200.439.) School districts must complete the capital expenditure request form, embedded in the iGrants form package.

The federal government has its own public works prevailing wage requirements, or wage determinations, established by the Davis-Bacon Act (DBA). For any public works project receiving federal funding, contractors must pay the higher of the state or federal wage rates ([WAC 296-127-025](#)). This should also be stated in the bid specifications and contracts.

Capitalize equipment is defined as:

- A useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the district; or \$5,000; (CFR §200.439.)

For school districts in Washington state:

- Some capital expenditures may be expensed in the General Fund as Capital Outlay.
- Major capital projects, allowed in ESSER, must be expensed in the Capital Projects Fund. (Ref: RCW 28A.320.330 (1(a), 2).)

School Districts planning to utilize ESSER for major capital purposes should build their CPF Budgets accordingly. Districts recording related expenditures directly into the CPF should use a district-specific accounting identifier in the account code. Districts should also use Source Code 4 in their account codes to identify costs.

ESSER grant awards are administered by OSPI. The agency's EDS Grant Platform can only administer ESSER funds as General Fund resources. If a district utilizes a portion of their federal award for major capital improvements, the district must take care to navigate their ESSER transactions effectively to record expenditures and matching federal resources in the Capital Projects Fund.

To help facilitate accounting transactions, the following revenue codes, all currently applicable in the General Fund (GFS) will be open and applicable for use in the Capital Projects Fund (CPF).

- |  |                             |
|--|-----------------------------|
| • 6176 Targeted Assistance—ESSER I       | Applicable Fund: (GFS, CPF) |
| • 6276 Targeted Assistance—ESSER I       | Applicable Fund: (GFS, CPF) |
| • 6376 Targeted Assistance—ESSER I       | Applicable Fund: (GFS, CPF) |
| • 6111 Federal Special Purpose—GEER      | Applicable Fund: (GFS, CPF) |
| • 6211 Federal Special Purpose—GEER      | Applicable Fund: (GFS, CPF) |
| • 6311 Federal Special Purpose—GEER      | Applicable Fund: (GFS, CPF) |
| • 6112 Federal Special Purpose—ESSER II  | Applicable Fund: (GFS, CPF) |
| • 6212 Federal Special Purpose—ESSER II  | Applicable Fund: (GFS, CPF) |
| • 6312 Federal Special Purpose—ESSER II  | Applicable Fund: (GFS, CPF) |
| • 6113 Federal Special Purpose—ESSER III | Applicable Fund: (GFS, CPF) |
| • 6213 Federal Special Purpose—ESSER III | Applicable Fund: (GFS, CPF) |
| • 6313 Federal Special Purpose—ESSER III | Applicable Fund: (GFS, CPF) |

## **Ineligible Expenditures in the Capital Projects Fund**

### ***Supplies, Instructional Resources, and Noncapitalized Items***

Except for office supplies consumed by employees whose time is properly charged to the fund, all other supplies are not eligible expenditures. Items of a consumable nature (e.g., workbooks) are not allowable expenditures of the Capital Projects Fund because they are not capital in nature.

### ***Bonded Indebtedness***

Liabilities for bonded indebtedness are not recorded in the Capital Projects Fund, but instead are recorded on the Schedule of Long-Term Liabilities.

### ***Bond Election***

Expenditures for preliminary studies to provide information for a bond election are considered an expenditure of the bond election and recorded under General Fund Activity 11 Board of Directors.

### ***Vehicles***

Vehicles cannot 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.

## **Inventory and the Capital Projects Fund**

The use of inventory accounts within the Capital Projects Fund is optional. Inventory within the Capital Projects Fund consists of items of equipment that have been purchased for a large-scale project, such as the implementation of a new technology system, but that have not yet been distributed to the schools within a district. Items purchased as equipment for a single-school project, such as a new or remodeled school building, should be recognized as expenditures when incurred and not treated as inventory, even if the district chooses to utilize a central warehouse system.

## **Ongoing Technology and Maintenance Expenditures and Transfers**

Certain moneys in the Capital Projects Fund may be transferred to the district's General Fund and used for certain, non-capital technology or maintenance and repair costs

(RCW 28A.320.330(2)(f)(ii) and (g)). Capital Projects Fund moneys that are used in this manner shall be transferred to the General Fund, where the expenditures are recorded. These non-capital expenditures include:

### ***Ongoing Technology***

Costs associated with the application and modernization of technology systems for operations and instruction including, but not limited to, the ongoing fees for online applications, subscriptions, or software licenses, including upgrades and incidental services, and ongoing training related to the installation and integration of these products and services.

### ***Maintenance and Repair***

Major equipment repair, painting of facilities, and other major preventative maintenance purposes. Based on the district's most recent two-year history of General Fund maintenance expenditures, financial resources used for this purpose may not replace routine annual preventive maintenance expenditures made from the district's General Fund.

### ***Transfers and Source of Funding***

Resources received in the Capital Projects Fund including, but not limited to, interest earnings on unrestricted Capital Projects Funds, can be used for the purposes of RCW 28A.320.330(2)(f)(ii) and (g), with the exception of funds derived from the following sources: A) bond proceeds and interest on bond proceeds; B) school impact and mitigation fees and interest on impact and mitigation fees; C) proceeds from the Washington LOCAL Program; or D) other sources subject to legal or contractual restrictions as to use (for example grant proceeds).

For further information on the transfer process, refer to Chapter 3, Interfund Transfers.

## **CAPITAL PROJECTS FUND ENTRIES**

### **Capital Projects Fund State Matching Journal Entries**

Subsidiary Ledger Account Format for the following JEs:

Expenditures   XX-X   Type-Source

**CPF: State Matching Paid Directly to the Contractor**

| General Ledger Account | Subsidiary Ledger Required | Account Title                                      | Debit | Credit |
|------------------------|----------------------------|--|-------|--------|
| 530                    | 21-3                       | New Construction, State Source                     | X     |        |
| 960                    | 4230                       | State Funding Assistance Paid Direct to Contractor |       | X      |

To record the receipt of state funding assistance moneys paid directly to the contractor. Source code 3 in both the expenditures and revenue will close into GL 863, Restricted from State Proceeds, with a net effect of zero.

**CPF: State Matching Paid to the District**

| General Ledger Account | Subsidiary Ledger Required | Account Title                             | Debit | Credit |
|------------------------|----------------------------|---|-------|--------|
| 240                    |                            | Cash on Deposit                           | X     |        |
| 530                    | 21-3                       | New Construction, State                   | X     |        |
| 530                    | 21-1                       | New Construction, Bonds                   |       | X      |
| 960                    | 4130                       | State Funding Assistance Paid to District |       | X      |

To record the receipt of state funding assistance moneys paid to the district and used on the funded project. This entry will increase GL 861, Restricted from Bond Proceeds and have a net effect of zero on GL 863, Restricted from State Proceeds.

**CPF: State Matching Paid to the District on a Front Funded Project**

| General Ledger Account | Subsidiary Ledger Required | Account Title                             | Debit | Credit |
|------------------------|----------------------------|---|-------|--------|
| 240                    |                            | Cash on Deposit                           | X     |        |
| 960                    | 4100                       | State Funding Assistance Paid to District |       | X      |

To record the receipt of state funding assistance moneys paid to the district on a front-funded project. Revenue Account 4100 will close into GL 889, Assigned to Fund Purposes.

## Local Option Capital Asset Lending (LOCAL) Program Journal Entries

A Certificate of Participation (COP) is a third-party borrowing option for financing capital acquisitions. School districts usually take advantage of COPs through the LOCAL program administered through the Office of the State Treasurer (OST). The following examples show the journal entries when School District A signs a financing contract with OST to acquire buses. In the first example, the district has chosen to receive the proceeds directly from OST. In the second example, the district has chosen to keep the proceeds with OST, who will handle the payment of the invoices.

SCENARIO #1: District receives proceeds from OST.

In the Transportation Vehicle Fund:

### LOCAL Entry #1

| General Ledger Account   | Subsidiary Ledger Required | Account Title                         | Debit | Credit |
|--|----------------------------|---------------------------------------|-------|--------|
| 240  |                            | Cash on Deposit With County Treasurer | X     |        |
| 965  | Yes                        | Other Financing Sources               |       | X      |
| To record COP LOCAL proceeds when OST sends the proceeds to the school district. |                            |                                       |       |        |

### LOCAL Entry #2

| General Ledger Account   | Subsidiary Ledger Required | Account Title                         | Debit | Credit |
|--|----------------------------|---------------------------------------|-------|--------|
| 530  | Yes                        | Expenditures                          | X     |        |
| 240  |                            | Cash on Deposit With County Treasurer |       | X      |
| To record payments to the vendor for a bus purchase when the COP LOCAL proceeds were paid to the school district directly. |                            |                                       |       |        |

**LOCAL Entry #3**

| General Ledger Account   | Subsidiary Ledger Required | Account Title  | Debit | Credit |
|--|----------------------------|--|-------|--------|
| 536  |                            | Other Financing Uses—Transfers Out (Budget and Actual) | X     |        |
| 240  |                            | Cash on Deposit With County Treasurer                  |       | X      |
| To record the transfer of funds from TVF to DSF to make the COP LOCAL payment. |                            |  |       |        |

In the Debt Service Fund:

**LOCAL Entry #4**

| General Ledger Account   | Subsidiary Ledger Required | Account Title                         | Debit | Credit |
|--|----------------------------|---------------------------------------|-------|--------|
| 240  |                            | Cash on Deposit With County Treasurer | X     |        |
| 965  | Yes                        | Other Financing Sources               |       | X      |
| To record the transfer of funds from TVF to DSF to make the COP LOCAL payment. |                            |                                       |       |        |

**LOCAL Entry #5**

| General Ledger Account   | Subsidiary Ledger Required | Account Title                         | Debit | Credit |
|--|----------------------------|---------------------------------------|-------|--------|
| 530  | Yes                        | Expenditures                          | X     |        |
| 240  |                            | Cash on Deposit With County Treasurer |       | X      |
| To record payment made to the county treasurer, according to the COP LOCAL payment schedule, including principal and interest. |                            |                                       |       |        |

SCENARIO #2: District elects to keep proceeds with OST and submits invoices to them.

| General Ledger Account   | Subsidiary Ledger Required | Account Title           | Debit | Credit |
|--|----------------------------|-------------------------|-------|--------|
| 250  |                            | Cash With Fiscal Agent  | X     |        |
| 965  | Yes                        | Other Financing Sources |       | X      |
| To record the deposit of LOCAL program proceeds with OST that the district will access to pay for future invoices. |                            |                         |       |        |

| General Ledger Account   | Subsidiary Ledger Required | Account Title          | Debit | Credit |
|--|----------------------------|------------------------|-------|--------|
| 530  | Yes                        | Expenditures           | X     |        |
| 250  |                            | Cash With Fiscal Agent |       | X      |
| To record payment on invoices that have been paid by OST for allowable uses under the LOCAL program. |                            |                        |       |        |

| General Ledger Account  | Subsidiary Ledger Required | Account Title  | Debit | Credit |
|---|----------------------------|--|-------|--------|
| 536   |                            | Other Financing Uses—Transfers Out (Budget and Actual) | X     |        |
| 250   |                            | Cash With Fiscal Agent                                 |       | X      |
| To record the transfer of any remaining unused LOCAL proceeds out of the TVF. |                            |  |       |        |

| General Ledger Account  | Subsidiary Ledger Required | Account Title           | Debit | Credit |
|---|----------------------------|-------------------------|-------|--------|
| 250   |                            | Cash With Fiscal Agent  | X     |        |
| 965   | Yes                        | Other Financing Sources |       | X      |
| To record the transfer of funds from the TVF to the DSF for future debt payments. |                            |                         |       |        |

## **TRANSPORTATION VEHICLE FUND**

**The Transportation Vehicle Fund is created per RCW 28A.160.130.** The Transportation Vehicle Fund is to be used to account for the expenditures for the purchase and related debt service incurred for pupil transportation equipment (school buses). In addition, major repair and rebuilding of pupil transportation equipment (school buses) as defined in WAC 392-142-260 is permitted. To charge major repairs to the Transportation Vehicle Fund, a district must receive prior approval from OSPI (Form 1023).

There are three primary sources of revenue for the Transportation Vehicle Fund.

The first source are payments from the state for school bus depreciation, per RCW 28A.150.280.

The second source of revenue for the Transportation Vehicle Fund comes in the form of special Transportation Vehicle Fund levies, per RCW 84.52.053.

The third source of revenue for the Transportation Vehicle Fund comes in the form of bonds. RCW 28A.530.080 authorizes school districts, under certain circumstances, to issue bonds without a vote of the people. These non-voted bonds may be deposited into the Transportation Vehicle Fund, where the proceeds may be used for the purchase of school buses.

In addition, the district may transfer money from the General Fund into the Transportation Vehicle Fund. Such transfers are recorded in General Ledger Account 965 Other Financing Sources.

The modified accrual basis of accounting is to be utilized in measuring financial position and operating results unless the district has less than 1,000 full-time equivalent students the previous fiscal year and has elected to utilize the cash basis for all funds except debt service. (See Chapter 1, Accrual Basis in Governmental Accounting, for additional information on the modified accrual basis of accounting.)

This section does not include information pertaining to the general ledger accounts (Chapter 4), revenue accounts (Chapter 5), or journal entries (Chapter 7). See the chapters indicated for detailed information in these areas.

## **TRANSPORTATION VEHICLE FUND EXPENDITURES**

The Transportation Vehicle Fund is provided to account for the expenditures for the purchase, major repair, rebuilding, and related debt service incurred for pupil transportation equipment.

As prescribed in WAC 392-142-260, the allowable uses of Transportation Vehicle Fund moneys by school districts are (1) the purchase of school buses, and (2) performing major repairs of a school bus receiving prior approval by the superintendent of public instruction.

### **Expenditure Type Codes**

Expenditure types are classified as follows:

#### ***30 Equipment***

- 33 Transportation Equipment Purchase
- 34 Transportation Equipment Major Repair

#### ***60 Bond or Levy Issuance***

- 61 Bond or Levy Issuance or Election

#### ***90 Debt***

- 91 Principal
- 92 Interest
- 93 Arbitrage Rebate

## **DESCRIPTIONS OF TYPE CODES**

### **30 Equipment**

#### ***33 Transportation Equipment Purchase***

Record expenditures for the purchase of school buses for student transportation. Other vehicles should not be recorded here but recorded in the General Fund instead.

#### ***34 Transportation Equipment Major Repair***

Record expenditures for major repairs to school buses in accordance with WAC 392-142-260. Major repairs require prior approval from the superintendent of public instruction.

### **60 Bond or Levy Issuance**

#### ***61 Bond or Levy Issuance or Election***

Record expenditures incurred for issuing bonds such as attorney's fees, underwriting fees, rating agencies and related costs. Successful Transportation levy and bond election costs may be recorded here. If the related election fails, these expenditures shall be recorded in the General Fund. Expenditures such as transfer fees incurred after bonds are issued may be recorded in the Debt Service Fund.

### **90 Debt**

Type Codes 91 and 92 are used only for debt payments made *directly* from the Transportation Vehicle Fund. Transfers to the Debt Service Fund are only recorded in GL 536 Other Financing Uses—Transfers Out.

#### ***91 Principal***

Record the principal portion of payments made directly from the Transportation Vehicle Fund for debt including, but not limited to, conditional sales contracts, purchasing agreements, and other long-term notes.

**92 Interest**

Record the interest portion of payments made directly from the Transportation Vehicle Fund for debt including, but not limited to, conditional sales contracts and purchase agreements.

**93 Arbitrage Rebate**

Record the expenditure for arbitrage rebate at the time the liability is no longer contingent.

**Object Expenditure Codes—Optional**

Use of object expenditure codes is an optional expansive feature that provides a method of identifying expenditures as to objects.

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# **CHAPTER 11 – Debt Service Fund Accounting**

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## **INTRODUCTION**

This chapter provides information that is unique to the Debt Service Fund. Some information presented here may also be included in other parts of this manual, but it is included here so that those new to governmental accounting can obtain a general overview of each fund in one location.

As required by accounting standards, governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. (See Chapter 1 Fund Accounting Systems, for additional information regarding fund accounting systems.)

The standards categorize funds into one of eleven fund types. These fund types are grouped into three general classifications:

- Governmental funds are used to account for tax-supported activities. GAAP establishes five governmental fund types; General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service, and Permanent Funds. RCW 28A.320.330 requires school districts in Washington state to establish a General Fund, Capital Projects Fund, Debt Service Fund, and Associated Student Body Fund (Special Revenue Fund). RCW 28A.160.130 creates a Transportation Vehicle Fund (Capital Projects Fund).
- Proprietary funds are used to account for business-type activities of a government and are supported, at least in part, by fees or charges. Proprietary funds are **not** permitted for school districts in Washington State.
- Fiduciary Funds are used to account for resources in situations where the government is acting as a trustee or agent for parties outside the government. Fiduciary Funds *cannot* be used to support the government's own programs. Fiduciary Activities are described in Chapter 13.

## **DEBT SERVICE FUND**

**Debt Service Fund—to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest** (GASB Cod. Sec. 1100.103a[4]. See also Sec. 1300, "Fund Accounting").

School districts in the state of Washington have one Debt Service Fund. This fund has been established per RCW 28A.320.330 to account for the payment of principal, interest, and the expenditures related to the redemption of outstanding bonds and notes, as well as other noncurrent long-term liabilities. The county treasurer or fiscal agent makes payment of interest and principal.

Provision must be made annually for a levy sufficient to meet the payments of principal, interest, and related expenditures for voted debt. The levy should be sufficient to cover tax payment delinquencies. The state attorney general has ruled that it is improper to levy excessive taxes to retire bonds in advance of the redemption schedule (AGO 57-58 No. 230).

Non-voted bonds are also serviced in the Debt Service Fund rather than in the fund that received the debt proceed. In order to provide the resources to retire the debt, an operating transfer must be used by the General Fund, Capital Projects Fund, or Transportation Vehicle Fund to transfer resources to the Debt Service Fund.

The modified accrual basis of accounting is to be used in measuring financial position and operating results, except for unmatured principal and interest on general long-term debt which are not recorded as liabilities until they are due and payable. Except for unmatured principal and interest, expenditures are recorded whether disbursements have been made or not. When disbursements are made, the corresponding entries are reductions to the matured debt payable accounts. Since liability accounts have been established for the bond principal, bond interest, and transfer fees, subsidiary expenditure accounts as such are not necessary.

When bonds mature or interest payments become due, the matured debt is recorded in the expenditure accounts and in the matured debt accounts (General Ledger Account 675 Matured Bonds Payable and General Ledger Account 685 Matured Bond Interest Payable).

This section does not include information pertaining to the general ledger accounts (Chapter 4), or revenue accounts (Chapter 5). See the chapters indicated for detailed information in these areas.

## **Debt Service Fund Expenditures**

The Debt Service Fund is provided to account for the revenues, other financing sources, other financing uses, and the related expenditures for long-term debt. This includes accounting for bond principal, interest, and other debt related expenditures.

All districts must recognize debt service expenditures on a modified accrual basis of accounting. When disbursements are made, the corresponding entries are reductions to the matured debt payable accounts. Since liability accounts have been established for the bond principal, bond interest, and transfer fees, subsidiary expenditure accounts as such are optional.

Debt issued with a maturity of one year or less should be accounted for in the appropriate fund due to its short-term nature. For discussion of the general ledger accounts applicable to the Debt Service Fund, see Chapter 4 General Ledger Accounts.

### **Transfer of State Forest Revenue From the Debt Service Fund to the Capital Projects Fund**

RCW 28A.320.330(3) allows districts to transfer state forest land revenue that is in the Debt Service Fund (DSF) to the Capital Projects Fund (CPF) to the extent the state forest revenue is not necessary for payment of debt service on school district bonds. Districts may transfer past, present, or future state forest land revenue that meets the above requirements. If a district is in doubt about these requirements, they should consult their bond counsel.

Transfers are authorized by the adoption of a resolution of the board of directors. The district's board-adopted budget, if it accurately reflects the desired transfer, may serve as the required resolution for such transfer.

Once the required authorization is in place, budget and actual interfund transfers are accomplished in the accounting records using other financing source account codes in the Capital Projects Fund and other financing use account codes in the Debt Service Fund.

### **Introduction to Accounting for Advance Bond Refunding**

Debt may be extinguished through refunding in addition to normal repayment. Refunding occurs when previously issued debt is retired at least in part by a new bond issue. Refunding is done to take advantage of lower interest rates and to modify debt service requirements. Often the proceeds from the sale of new bonds with a lower interest rate are used to pay off old bonds with a higher interest rate. Refunding is financially worthwhile when there is a significant savings on a present value basis as compared to the refunded bonds.

There are two types of bond refunding: current refunding and advance refunding. District bond counsel will generally refer to the federal tax law for guidance on refundings. Under an advance refunding structure, the proceeds of the refunding issue are invested in an escrow account held by a trustee until the old bonds can be redeemed. In structuring an advance refunding, an issuer calculates an issue size which, together with interest earnings in the escrow account, will be sufficient, after payment of issuance costs, to pay principal and interest requirements, as well as any call premium, on the refunded bonds.

Chapter 39.53 RCW, known as the Refunding Bond Act, authorizes refunding of bonds. Four provisions of chapter 39.53 RCW are:

- RCW 39.53.020 authorizes refunding without an election.
- RCW 39.53.050 authorizes refunding bonds to be issued in a principal amount in excess of, less than, or the same as the principal amount of the bonds to be refunded.
- RCW 39.53.090 states that the principal amount of annual maturities may be increased to the nearest \$5,000 for the purpose of rounding out maturities.
- RCW 39.53.100 states that the amounts of money and investments on deposit for bond retirement shall be deducted from the computation of the amount of outstanding indebtedness for the purpose of any constitutional or statutory debt limitation.

A school district's bonds cannot be redeemed until they can be called or until they have matured and are payable. There are two ways to structure the advance refunding of bonds. One is the regular method and the second is the crossover method. Both methods of refunding result in either a legal or an in-substance defeasance. For financial reporting purposes, a defeasance is the removal of debt and related assets from the balance sheet prior to the actual redemption of the debt.

A legal defeasance is rare in the government environment and generally occurs only when an amount sufficient to pay both principal and interest **at the time of deposit** is placed in an irrevocable trust with an independent escrow agent. An in-substance defeasance is achieved when cash or assets that qualify as "essentially risk free as to amount, timing and collection of principal and interest" are deposited in an irrevocable trust. These assets for an in-substance defeasance should provide cash flows that are sufficient and timed to match the scheduled interest and principal payments on the debt that is being extinguished.

Generally, in-substance defeasances are accomplished through the purchase of state and local government series (SLGS) securities. SLGS securities can provide adequate cash flows that coincide with the refunded obligation's debt service schedule without exceeding the Internal Revenue Code arbitrage limits established by the 1986 Tax Reform Act.

If refunding bonds are issued in a principal amount in excess of the principal amount of the bonds to be refunded, as authorized in RCW 39.53.050, the amount of the excess is to be considered nonvoted debt in debt limit calculations. Because of this stipulation, school districts should calculate both their nonvoted and voted debt limits whenever there is a bond refunding. The bond counsel typically does this.

The remainder of this section explains the accounting and financial reporting of the regular and crossover methods of refunding.

## **BOND ISSUE AND BOND REFUNDING JOURNAL ENTRIES**

Bond issues and bond refundings are common debt instruments for governments to obtain long-term financing. Provided in this section is an example that will help you answer some of those questions. Not all situations can be covered in this section, although the information may help you deduce how to journalize the transaction. If you need additional assistance, contact the School District Accounting Supervisor at OSPI or your ESD.

**Closing Memorandum:** When issuing bonds and refunding bonds the bonding company will issue you a document most commonly called a "Closing Memorandum." This closing memorandum is the document you will most likely use to make your journal entries to record the issuance or refunding of your bonds.

This closing memorandum will contain the date the bonds were issued, the date the bonds were sold, and when and where the closing will occur. Note the date the bonds are issued and the date the bonds are sold. The difference in these dates will result in a journal entry for the accrued interest on the bonds.

Below are more explanations of terms commonly contained in the closing memorandum. After the terms, there is an example of a closing memorandum, followed by a worksheet showing the journal entry of each transaction.

## Bond Issues

**Principal Amount or Par Value or Face Value:** This is the issue amount of the bonds. This amount is an increase in cash to the fund issuing the bonds, in this example, the Capital Projects Fund (see Item #1 in the following bond issue example). Bonds may be issued for more than par or face, which is called a premium on bonds, and sometimes they may be issued at a discount or below the par or face value. In our example below, the bonds are issued at a premium. See "Additional Proceeds" in the following bond issue example (credit to GL 965).

**Cost of Issuance:** Fees or other costs associated with issuance of the bonds. These fees may be paid out of the proceeds from the issuance through an electronic transfer of funds or the district may receive funds earmarked to pay these cost of issuance fees. If the district receives these funds, the district will receive an invoice requesting payment of these funds from the underwriter. In the following example, the funds are recorded as a debit to cash and a credit to bond proceeds in the Capital Projects Fund. See Item #2 in the following bond issue example. If these costs of issuance are paid at the time the bonds are issued, the district would recognize the payment of these costs with a debit to GL 530.

**Additional Proceeds or Premium:** Sometimes bonds are sold for more than par or face value. This is due to interest rates and fluctuations in the market. If the bond is offering an interest rate that is better than the going market rate, this will make the bonds more attractive to the purchaser who may be willing to pay more than the bond's par value due to the better rate of return they would get on their investment. This premium is additional proceeds that are used to help pay for costs of issuance and other fees, with any remaining premium proceeds being deposited into the Debt Service Fund to help service the debt payments when they come due. See Item #3 in the following bond issue example (credit to GL 965).

**Bond Discount:** The opposite of bond premiums may occur and the bonds may be sold at a discount, meaning less than "par value." In these cases, the discount should not be netted against the proceeds of the bonds, but recorded as an Other Financing Use in GL 535 Other Financing Uses (Actual).

**Accrued Interest:** The issue date of the bonds and the date the bonds are sold (or the closing date) may not be the same. The bond starts to accrue interest the day they are issued. Since the bonds are sold at a date after the issue date, the interest on the bonds between these two dates must be accrued. This accrued interest is debited to cash and

credited to bond interest payable (GL 604) in the Debt Service Fund. See Item #4 in the following bond issue example.

Note: GL 604 Accrued Interest Payable should be closed when the first payment on new bonds is made.

**Examples of Other Types of Issuance Costs are:**

**Underwriter's Discount (Fees):** A portion of the proceeds may be withheld for underwriter's fees (most commonly called underwriter discount), due in connection with the debt issuance. This should not be netted against the proceeds of the bonds. This amount should be reported as an expenditure. See Item #5 in the following bond issue example. This is shown as a debit to GL 530 and a credit to GL 965.

**Financial Advisor Fee:** This is an expenditure that the financial advisor will charge for their services on the bond issue. See Item #6 in the following bond issue example. This is shown as a debit to GL 530 and a credit to GL 965.

**Bond Insurance Premium:** This is an expenditure that the bond insurance company will charge for their part in the bond issue. This is also an expenditure usually in the fund that is issuing the bond. See Item #7 in the following bond issue example. This is shown as a debit to GL 530 and a credit to GL 965.

**NOTE:** Bond premium or bond discounts, must be amortized over the life of the bond (the effective interest rate method).

## Bond Issue Example

### Closing Memorandum

Re: Sutherland School District No.123  
Sutherland County, Washington  
\$9,500,000 Unlimited Tax General Obligation Bonds, 20XX  
Dated Date: May 15, 20XX

From: Joan Jett, Public Finance Sr. Associate  
Sutherland Securities Corporation

Date: May 17, 20XX

---

### Closing

Closing will occur at 9:00 a.m., Wednesday, May 25, via conference call initiated by Grapes, Oranges, and Apples PLLC.

### Funds

Sutherland Securities Corporation will initiate the following transactions:

#### Transaction #1

Amount: \$9,634,601.93 (Federal Funds)  
To: Bank of Sutherland  
ABA Number: 123456789  
Account Number: 55512121  
Reference: Sutherland School District No. 123, UTGO Bonds, 20XX  
Attention: John Doe, XXX-555-7890

#### Transaction #2

Amount: \$17,812.20 (Federal Funds)  
To: The Bank of New York  
ABA Number: 987654321  
Account Number: 12121555  
Reference: Sutherland School District No. 123, UTGO Bonds, 20XX  
Attention: Carmen Miranda, XXX-555-5893

Transaction #3

Amount: \$23,750.00 (Federal Funds)  
 To: Peoples Bank  
 ABA Number: 456789023  
 Account Number: 21219981  
 Reference: Sutherland School District No. 123, UTGO Bonds, 20XX  
 Attention: Jack Blank, XXX-555-7734

The following is a summary of the sources of funds for the 20XX Bonds and how those funds will be applied by the county, the financial advisor, and the insurer:

Sources of Funds

|  |                       |   |
|--|-----------------------|---|
| Principal Amount                       | \$9,500,000.00        |   |
| Plus: Accrued Interest (May 15–May 25) | 11,009.38             |   |
| Plus: Original Issue Premium*          | *212,654.75           | 9 |
| Less: Original Bond Discount           | <1,000.00>            | 8 |
| Less: Underwriter's Discount           | <46,500.00>           | 5 |
| Total Sources of Funds:                | <u>\$9,676,164.13</u> |   |

Distribution of FundsSutherland County Treasurer's Office

|  |                     |   |
|--|---------------------|---|
| Capital Projects Fund Deposits                               | \$9,500,000.00      | 1 |
| Cost of Issuance (Deposit to District Capital Projects Fund) | 24,500.00           | 2 |
| Additional Proceeds (Deposit to District Debt Service Fund)  | 99,092.55           | 3 |
| Accrued Interest (Deposit to District Debt Service Fund)     | <u>11,009.38</u>    | 4 |
| Total to Sutherland County:                                  | <u>9,634,601.93</u> |   |

ABC Financial Services

|                       |                  |   |
|-----------------------|------------------|---|
| Financial Advisor Fee | <u>23,750.00</u> | 6 |
|-----------------------|------------------|---|

Financial Insurance Co.

|                        |                  |   |
|------------------------|------------------|---|
| Bond Insurance Premium | <u>17,812.20</u> | 7 |
|------------------------|------------------|---|

|                        |                       |  |
|------------------------|-----------------------|--|
| Total Funds Disbursed: | <u>\$9,676,164.13</u> |  |
|------------------------|-----------------------|--|

\*Note: This amount is split: Capital Projects Fund (Item 9A) = \$113,562.20; Debt Service Fund (Item 9B) = \$99,092.55. See Items 9A and 9B on the next page.

**Bond Issue Journal Entry Example**

| Capital Projects Fund  |  |              |              |  |        |
|------------------------|--|--------------|--------------|--|--------|
| General Ledger Account | Account Title                            | Debit        | Credit       | Description                                    | Item # |
| 240                    | Cash on Deposit With County Treasurer    | 9,500,000.00 |              | Par value of new bonds                         | 1      |
| 240                    | Cash on Deposit With County Treasurer    | 24,500.00    |              | Additional proceeds to cover bond issue costs  | 2      |
| 530                    | Expenditures                             | 46,500.00    |              | Underwriter's Discount**—<br>Bond issue cost   | 5      |
| 530                    | Expenditures                             | 23,750.00    |              | Fee—Bond issue cost                            | 6      |
| 530                    | Expenditures                             | 17,812.20    |              | Insurance premium—<br>Bond issue cost          | 7      |
| 535                    | Other Financing Uses (Budget and Actual) | 1,000.00     |              | Original Bond Discount*                        | 8      |
| 965                    | Other Financing Sources                  |              | 9,500,000.00 | Par value of new bonds—<br>Proceeds from bonds | 1      |
| 965                    | Other Financing Sources                  |              | 113,562.20   | Original issue premium—<br>Proceeds from bonds | 9A     |
|                        |  | 9,613,562.20 | 9,613,562.20 |  |        |

| Debt Service Fund      |                                       |            |            |                        |        |
|------------------------|---------------------------------------|------------|------------|------------------------|--------|
| General Ledger Account | Account Title                         | Debit      | Credit     | Description            | Item # |
| 240                    | Cash on Deposit With County Treasurer | 99,092.55  |            | Premium on Bond        | 9B     |
| 240                    | Cash on Deposit With County Treasurer | 11,009.38  |            | Accrued interest       | 4      |
| 965                    | Other Financing Sources               |            | 99,092.55  | Original issue premium | 9B     |
| 604                    | Accrued Interest Payable              |            | 11,009.38  | Accrued interest       | 4      |
|                        |                                       | 110,101.93 | 110,101.93 |                        |        |

Note: GL 604 should be closed when the first interest payment on new bonds is made.

\* Original Bond Discount or Premium = the difference between stated and market rate.

\*\*Underwriter's Discount = underwriter's fees or costs.

## Bond Refunding

Often bonds that have been issued are replaced by a new issue of bonds. This is called a refunding. Some of the common reasons why a district would refund bonds are to take advantage of better interest rates or to avoid cumbersome bond covenants.

GAAP require that the proceeds of current or advance refunding be reported as an Other Financing Uses (Budget and Actual) in GL 535. However, in an advance refunding, if an additional amount is required to be placed in an escrow together with the proceeds of the new debt (refunding debt), the additional amount must be reported as a debt service expenditure (GL 530).

**Current Refunding:** This is where the proceeds of the new debt (refunding debt) are used to immediately redeem the old debt (refunded debt).

**Advance Refunding:** In the case of advance refunding, the proceeds of the new debt (refunding debt) are placed in an escrow account pending the call date or maturity of the old debt (refunded debt).

**Crossover Refunding:** Most Advance refundings result in either the legal or in-substance defeasance of the old debt. An exception to this general rule occurs in the case of crossover refundings, which are similar to other types of advance refundings in most respects (that is, refunding bonds are issued, and their proceeds are placed into an escrow account). Unlike other types of advance refundings, however, the escrow account in a crossover refunding transaction is not immediately dedicated exclusively to debt service principal and interest payments on the old debt. Instead, the resources in the escrow account also are used for a time to fund principal and interest payments on the refunding bonds themselves. Only at a predetermined future date, known as the crossover date, do the resources in the escrow account come to be dedicated exclusively to the payment of principal and interest on the old debt.

Consequently, crossover refundings do not meet the criteria for an in-substance defeasance. These conditions may be met later, however, at the predetermined crossover date. Until that time, both the old debt and the assets of the related escrow account must continue to be reported on the face of the financial statements, as no defeasance is considered to have occurred (2005 GAAFR page 107).

**Defeasance:** Most Advance refundings result in "defeasance," which is an accounting term for treating the debt as if it has already been redeemed. Defeasance of debt can be either legal or in-substance. A legal defeasance occurs when debt is legally satisfied

based on certain provisions in the debt instrument even though the debt is not actually paid. An in-substance defeasance occurs when debt is considered defeased for accounting and financial reporting purposes, even though a legal defeasance has not occurred. When debt is defeased, it is no longer reported as a liability on the face of the financial statements; only the new debt is reported as a liability (GASBS 7, paragraph 3, as amended by GASBS 34, paragraph 6; GASBS 23, fn 1).

**Principal Amount or Par Value:** This is the amount the bonds are worth. In a refunding, the principal amount is credited to General Ledger Account 965 Other Financing Sources and Revenue Account 9600 Sale of Refunding Bonds in the Debt Service Fund; this replaces the old debt. See Item #1 in the following bond refunding example.

**Original Issue Premium:** As with a bond issue, sometimes bonds are sold for more than their "par value." This is due to interest rates and fluctuations in the market. If the bond is offering an interest rate that is better than the going market rate, this will make the bonds more attractive to the purchaser who may be willing to pay more than the bonds par value due to the better rate of return they would get on their investment. This premium is recorded in the Debt Service Fund again as a credit to General Ledger Account 965 Other Financing Sources. See Item #2 in the following bond refunding example.

**Underwriter's Discount (Fees):** A portion of the proceeds may be withheld for underwriter's fees (most commonly called underwriter discount), due in connection with the debt issuance. This should not be netted against the proceeds of the bonds. The discount resulting from the withholding should be recorded as an expenditure by debiting General Ledger Account 530 Expenditures in the Debt Service Fund. See Item #3 in the following bond refunding example.

**Additional Proceeds:** Funds received in the Debt Service Fund as a result of the bonds being sold at a premium. This is cash received; therefore, is recorded as a debit to General Ledger Account 240 Cash on Deposit with County Treasurer in the Debt Service Fund. See Item #4 in the following bond refunding example.

**Escrow Amount:** This is the total amount of the refunding which is deposited to the escrow account. This amount is debited to General Ledger Account 535 Other Financing Uses (Actual) in the Debt Service Fund. See Item #5 in bond refunding example.

**Escrow Beginning Cash Deposit:** Many banks require a small deposit to open the escrow account. This amount on the closing memorandum is recorded as a debit to

General Ledger Account 535 Other Financing Uses (Actual) in the Debt Service Fund. See Item #6 in bond refunding example.

**Cost of Issuance:** Fees or other costs associated with issuance of the bonds. This is an actual expenditure and should be recorded as such. The district will record a debit to General Ledger Account 530 Expenditures in the Debt Service Fund. See Item #7 in bond refunding example.

**Bond Insurance Premium:** This is an expenditure that the bond insurance company will charge for their part in the bond issue. The district will record a debit to General Ledger Account 530 Expenditures in the Debt Service Fund. See Item #8 in bond issue example.

## Bond Refunding Example

### Closing Memorandum

Re: Diamond Bar Public Schools (District No. 432)  
Barstow County, Washington  
\$3,780,000 Unlimited Tax General Obligation Bonds, 20XX  
Dated Date: July 1, 20XX

From: J. Lazar, Public Finance Sr. Associate  
Big Wheel Securities Corporation

Date: June 27, 20XX

---

### Closing

Closing will occur at 9 a.m., Friday, July 1, via conference call initiated by Moreland, Nanini, and Gray LLP.

### Funds

Happy Planet Securities Corporation will initiate the following transactions:

#### Transaction #1

|                 |  |
|-----------------|--|
| Amount:         | \$3,413.20 (Federal Funds)                   |
| To:             | Bank of Barstow                              |
| ABA Number:     | 123456789                                    |
| Account Number: | 55512121                                     |
| Reference:      | Diamond Bar Public Schools, UTGO Bonds, 20XX |
| Attention:      | P. Wexstun, XXX-555-7890                     |

Transaction #2

Amount: \$3,846,267.17 (Federal Funds)  
 To: The State Line Bank  
 ABA Number: 987654321  
 Account Number: 12121555  
 Reference: Diamond Bar Public Schools, UTGO Bonds, 20XX  
 Attention: Standard Ridgeway, XXX-555-5893

Transaction #3

Amount: \$8,672.03 (Federal Funds)  
 To: Bank of the West  
 ABA Number: 456789023  
 Account Number: 21219981  
 Reference: Diamond Bar Public Schools, UTGO Bonds, 20XX  
 Attention: Rick King, XXX-555-7734

The following is a summary of the sources of funds for the 20XX Refunding Bonds and how those funds will be applied by the county, the escrow agent, and the insurer:

Sources of Funds

|                              |                          |   |
|------------------------------|--------------------------|---|
| Principal Amount             | \$3,780,000.00           | 1 |
| Plus: Original Issue Premium | 103,035.80               | 2 |
| Less: Underwriter's Discount | <u>&lt;24,683.40&gt;</u> | 3 |
| Total Sources of Funds:      | <u>\$3,858,352.40</u>    |   |

Distribution of Funds

Barstow County Treasurer's Office

|   |            |   |
|---|------------|---|
| Additional Proceeds (Deposit to District Debt Service Fund) | \$3,413.20 | 4 |
|---|------------|---|

Burt Charlie Escrow Agent

|   |                     |   |
|---|---------------------|---|
| Deposit to Escrow Account by U.S. Government Securities | 3,827,766.00        | 5 |
| Escrow Beginning Cash Deposit                           | 1.17                | 6 |
| Cost of Issuance  | <u>18,500.00</u>    | 7 |
| Total to Escrow Agent:                                  | <u>3,846,267.17</u> |   |

Financial Assurance Co.

|                        |                       |   |
|------------------------|-----------------------|---|
| Bond Insurance Premium | <u>8,672.03</u>       | 8 |
| Total Funds Disbursed: | <u>\$3,858,352.40</u> |   |

**Bond Refunding Journal Entry Example**

| Debt Service Fund      |  |              |              |  |        |
|------------------------|--|--------------|--------------|--|--------|
| General Ledger Account | Account Title                            | Debit        | Credit       | Description                                    | Item # |
| 240                    | Cash on Deposit With County Treasurer    |              |              | Premium on bond                                |        |
| 240                    | Cash on Deposit With County Treasurer    |              |              | Accrued Interest                               |        |
| 240                    | Cash on Deposit With County Treasurer    | 3,413.20     |              | Additional funds                               | 4      |
| 530                    | Expenditures                             | 18,500.00    |              | Bond issue cost                                | 7      |
| 530                    | Expenditures                             | 8,672.03     |              | Insurance premium—<br>Bond issue cost          | 8      |
| 530                    | Expenditures                             | 24,683.40    |              | Underwriters discount—<br>Bond issue cost      | 3      |
| 535                    | Other Financing Uses (Budget and Actual) | 3,827,766.00 |              | Deposit to refunding escrow                    | 5      |
| 535                    | Other Financing Uses (Budget and Actual) | 1.17         |              | Deposit to refunding escrow                    | 6      |
| 965                    | Other Financing Sources                  |              | 3,780,000.00 | Par value of new bonds—Proceeds from bonds     | 1      |
| 965                    | Other Financing Sources                  |              | 103,035.80   | Original issue premium—<br>Proceeds from bonds | 2      |
| 604                    | Accrued Interest Payable                 |              |              | Accrued Interest                               |        |
|                        |  | 3,883,035.80 | 3,833,035.80 |  |        |

## Journal Entries for the Regular Method of Advance Bond Debt Refunding

### Entry #1

| General Ledger Account | Subsidiary Ledger Required | Account Title  | Debit   | Credit  |
|------------------------|----------------------------|--|---------|---------|
| 535                    |                            | Other Financing Uses (Budget and Actual)—<br>Payment to Refunded Bond Escrow Agent | 510,000 |         |
| 965                    | Yes                        | Other Financing Sources—Sale of Refunding Bonds                                    |         | 510,000 |

To record the proceeds from the sale of the refunding bonds and the payment to the refunded bond escrow agent to defease the old debt. *This entry also includes \$10,000 in both the Other Financing Uses and Other Financing Sources accounts for underwriting fees. If the school district receives the cash from the sale of the refunding bonds, this entry would be split into two entries that would include a debit to cash for the receipt of the proceeds and a credit to cash to record the payments to the escrow agent and to the underwriter.*

*\*\*Districts that opt to maintain a Long-Term Debt "holding account" should record the following collateral entries in that account:*

| General Ledger Account | Subsidiary Ledger Required | Account Title                             | Debit   | Credit  |
|------------------------|----------------------------|---|---------|---------|
| 480                    |                            | Amount to be Provided for Debt Retirement | 500,000 |         |
| 690                    |                            | Bonds Payable—Long-Term (New Bonds)       |         | 500,000 |

### Entry #2

| General Ledger Account | Subsidiary Ledger Required | Account Title    | Debit  | Credit |
|------------------------|----------------------------|------------------|--------|--------|
| 530                    | Yes                        | Expenditures     | 10,000 |        |
| 601                    | Yes                        | Accounts Payable |        | 10,000 |

To record debt issuance expenditures from the Debt Service Fund's current resources for the underwriter's fees. If the underwriter's fees are deducted from the proceeds of the refunding bonds, Entry #1 is to be used.

## Journal Entries for the Crossover Method of Advance Bond Debt Refunding

### Entry #3

| General Ledger Account   | Subsidiary Ledger Required | Account Title                                   | Debit   | Credit  |
|--|----------------------------|---|---------|---------|
| 250  |                            | Cash With Fiscal Agent                          | 500,000 |         |
| 965  | Yes                        | Other Financing Sources—Sale of Refunding Bonds |         | 500,000 |
| To record the amount placed in escrow as the result of a crossover refunding bond issue. |                            |   |         |         |

*\*\*Districts that opt to maintain a Long-Term Debt "holding account" should record the following collateral entries in that account:*

| General Ledger Account | Subsidiary Ledger Required | Account Title                         | Debit   | Credit  |
|------------------------|----------------------------|---------------------------------------|---------|---------|
| 690                    |                            | Bonds Payable—Long-Term (Old Bonds)   | 500,000 |         |
| 470                    |                            | Amount Available in Debt Service Fund |         | 500,000 |

### Entry #4

| General Ledger Account   | Subsidiary Ledger Required | Account Title   | Debit   | Credit  |
|--|----------------------------|---|---------|---------|
| 535  |                            | Other Financing Uses (Budget and Actual)—Crossover Defeasance | 500,000 |         |
| 250  |                            | Cash With Fiscal Agent  |         | 500,000 |
| To record the amount placed in escrow as the result of a crossover refunding bond issue. |                            |   |         |         |

*\*\* Districts that opt to maintain a Long-Term Debt "holding account" should record the following collateral entries in that account:*

| General Ledger Account | Subsidiary Ledger Required | Account Title                             | Debit  | Credit |
|------------------------|----------------------------|---|--------|--------|
| 480                    |                            | Amount to be Provided for Debt Retirement | 50,000 |        |
| 690                    |                            | Bonds Payable—Long-Term                   |        | 50,000 |

**Entry #5**

| General Ledger Account    | Subsidiary Ledger Required | Account Title                            | Debit     | Credit    | Source   |
|---------------------------|----------------------------|--|-----------|-----------|--|
| 240                       |                            | Cash On Deposit With County Treasurer    | 2,975     |           | Accrued interest                               |
| 240                       |                            | Cash On Deposit With County Treasurer    | 3,925     |           | Additional proceeds to debt service (new bond) |
| 530                       | Yes                        | Expenditures                             | 19,100    |           | Payment of issue costs                         |
| 530                       | Yes                        | Expenditures                             |           |           | Bond insurance premium (if any)                |
| 530                       | Yes                        | Expenditures                             | 19,150    |           | Underwriter's discount                         |
| 530                       | Yes                        | Expenditures                             |           | 2,975     | Accrued interest                               |
| 535                       |                            | Other Financing Uses (Budget and Actual) | 1,936,420 |           | Deposit to escrow                              |
| 535                       |                            | Other Financing Uses (Budget and Actual) | 5         |           | Deposit to escrow                              |
| 965                       | Yes                        | Proceeds From Bonds                      |           | 1,980,000 | Par value of new bonds                         |
| 965                       | Yes                        | Proceeds From Bonds                      | 1,400     |           | Original issue discount (premium)              |
| 965                       | Yes                        | Proceeds From Bonds                      |           |           | Rounding of split costs                        |
|                           |                            |  | 1,982,975 | 1,982,975 |  |
| To record bond refunding. |                            |  |           |           |  |

Note: GL 604 could be used for accrued interest if not done in the same fiscal year. If this is done, it is important the entry be reversed the next year.

## **Questions and Answers on the Regular Method of Advance Bond Refunding**

### **How is the regular method of advance bond refunding structured?**

The proceeds from the sale of refunding (new) bonds are placed in the custody of the trust department of a bank through the county treasurer. The bank establishes an escrow account and invests the proceeds so that the cash realized from the maturing investments, together with interest earned, will meet the debt service requirements of the refunded (old) bonds, and to redeem the balance of the old bonds when they become callable or mature. The bank reports the financial activity in the escrow account to the county treasurer. Each school district will need to work with its county treasurer to determine whether the school district or the county treasurer will verify the accuracy of the amounts reported and that the transactions were done in accordance with the escrow instructions. The county treasurer shows the refunding financial activity on the County Treasurer's Monthly Report (F-197). The school district is legally responsible for the verification of the amounts reported on the F-197.

### **How are the refunded (old) bonds accounted for?**

The old bonds are removed from the long-term debt liability of the school district. The bonds are placed in the custody of the trust department of a bank through the county treasurer. The bank establishes an escrow account to meet the debt service requirements of these bonds.

### **How are the refunding (new) bonds accounted for?**

The new bonds are entered as a long-term debt liability of the school district debt and the debt service on the new bonds is recorded in the school district's Debt Service Fund.

### **What are the tax levy requirements?**

Taxes are no longer levied for the debt service requirements of the refunded (old) bond issue. Instead, taxes are levied for the debt service requirements of the refunding (new) bond issue together with any other bonds that have not been refunded.

### **What are the budgeting and financial reporting requirements?**

The debt service requirements of the refunding (new) bonds are budgeted and reported in the school district's Debt Service Fund. The unmatured new bonds are reported as a long-term debt liability of the school district. The school district does not budget or report any debt service on the refunded bonds or the amount of the refunded bonds outstanding. The amount of the refunded debt outstanding should be disclosed in a note to the school district's financial statements because the debt is a contingent liability of the school district.

A general description of the transaction should be included in the notes to the financial statements in the year of the refunding. At a minimum, the disclosures should include (1) the difference between the cash flows required to service the old debt and the cash flows required to service the new debt to complete the refunding and (2) the economic gain or loss resulting from the transaction.

## **Questions and Answers on the Crossover Method of Advance Bond Refunding**

### **How is the crossover method of advance refunding structured?**

The proceeds of the refunding (new) bonds are placed in the custody of the trust department of a bank through the county treasurer. The bank establishes an escrow account where the proceeds are converted to investments and the investment earnings are used to pay the interest on the new bonds until the refunded (old) bonds are callable or mature. When the call date or maturity date arrives, the old bonds are redeemed with the resources in the escrow account. After the old bonds are redeemed, the source of revenue applicable to the old bonds is used to service the new bonds. The bank reports the financial activity in the escrow account to the county treasurer who verifies the accuracy of the amounts reported and that the transactions were done in accordance with the escrow instructions. The county treasurer shows the refunding financial activity on the County Treasurer's Monthly Report (F-197). The school district is legally responsible for verifying the amounts reported on the F-197.

### **How are the refunded (old) bonds accounted for?**

Until the crossover date, which is generally when the old debt matures or can be called, the debt service on the refunded bonds continues to be recorded in the school district's Debt Service Fund and the unmatured amount of the refunded

bonds is recorded in the district's long-term debt. When the crossover date arrives, the refunded bonds are removed from the school district's long-term debt and are placed in custody of the trust department of a bank through the county treasurer. The refunded bonds are then redeemed with the proceeds from the sale of the new bonds that were placed in the escrow account when the new bonds were sold.

### **How are the refunding (new) bonds accounted for?**

The new bonds are entered into the school district's long-term debt at the time they are sold. Until the crossover date, which is when the refunded (old) debt matures or can be called, the debt service on the new bonds is recorded in a bank escrow account. The bank reports the debt service on the new bonds and the amount of the new bonds outstanding to the county treasurer. After the crossover date and the refunded bonds have been redeemed, the new bonds continue to be recorded in the school district's long-term debt and the debt service on the new bonds is then recorded in the school district's Debt Service Fund.

### **What are the tax levy requirements?**

Until the crossover date, taxes are levied for the debt service requirements of the bond issue to be refunded. After the crossover date, taxes are levied for the debt service requirements of the refunding (new) bond issue, together with any other bonds that have not been refunded.

### **What are the budgeting and financial reporting requirements?**

Until the crossover date, the debt service requirements of the bonds to be refunded are budgeted and reported in the school district's Debt Service Fund and both the refunded and new debt are to be reported in the school district's financial statements as part of the long-term debt. Until the crossover date, the new debt is **not** to be included in the computation of indebtedness for the purpose of any constitutional or statutory debt limit, even though it is reported as long-term debt. After the crossover date, the new bonds are budgeted and reported in the school district's Debt Service Fund and the new bonds continue to be reported in the school district's financial statements as part of the long-term debt. After the crossover date, any debt service requirements on the refunded bonds are neither budgeted nor reported by the school district and the old bonds are no longer reported in the school district's long-term debt. Generally, at the crossover date the refunded bonds are redeemed with the resources in the bank's escrow account. However, any amount of the old debt still outstanding should be

disclosed in a note to the school district's financial statements because the debt is a contingent liability of the school district.

A general description of the transaction should be included in the notes to the financial statements in the year of the refunding. At a minimum, the disclosures should include: (1) the difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding; and (2) the economic gain or loss resulting from the transaction.

# **CHAPTER 12 – Associated Student Body (ASB) Fund**

## **Accounting**

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## **INTRODUCTION**

This chapter provides information that is unique to the Associated Student Body (ASB) fund. Some information presented here may also be included in other parts of this manual, but it is included here so that those new to governmental accounting can obtain a general overview of each fund in one location.

As required by accounting standards, governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. (See Chapter 1 Fund Accounting Systems, for additional information regarding fund accounting systems.)

The standards categorize funds into one of eleven fund types. These fund types are grouped into three general classifications:

- Governmental funds are used to account for tax-supported activities. GAAP establishes five governmental fund types: General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service, and Permanent Funds. RCW 28A.320.330 requires school districts in Washington state to establish a General Fund, Capital Projects Fund, Debt Service Fund, and Associated Student Body Fund (Special Revenue Fund). RCW 28A.160.130 creates a Transportation Vehicle Fund (Capital Projects Fund).
- Proprietary funds are used to account for business-type activities of a government and are supported, at least in part, by fees or charges. Proprietary funds are **not** permitted for school districts in Washington State.
- Fiduciary Funds are used to account for resources in situations where the government is acting as a trustee or agent for parties outside the government. Fiduciary Funds *cannot* be used to support the government's own programs. Fiduciary Activities are described in Chapter 13.

## **ASSOCIATED STUDENT BODY FUND (ASB)**

Special revenue funds are used to account for the proceeds of revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes (GASB Cod. Sec. 1100.103a[2]. See also Sec. 1300, "Fund Accounting").

The Associated Student Body Fund (ASB) is the only fund designated as a Special Revenue Fund in Washington school districts. This fund is partly financed from establishing and collecting fees from students and nonstudents as a condition of their attendance at any optional, noncredit, extracurricular event of the district. As a Special Revenue Fund, the ASB Fund is under the control, supervision, and approval of the board of directors, and the school district legally owns the resources accounted for in the ASB Fund. The ASB Fund is created by RCW 28A.320.330 and chapter 28A.325 RCW.

## **Introduction**

Since the financial resources of this fund are public resources, the board of directors of each school district or its designees are responsible for the protection and control of these resources just as they are for other public funds placed in its custody. The laws governing the ASB Fund, and the rules and regulations developed by the Office of Superintendent of Public Instruction (OSPI) according to those laws provide the legal and procedural framework for the board of directors of each school district to administer the ASB Fund. See chapter 28A.325 of the Revised Code of Washington (RCW) and chapter 392-138 of the Washington Administrative Code (WAC) relating to the ASB Fund.

### ***Associated Student Body Moneys***

One of the stated purposes of the rules and regulations promulgated by OSPI is to encourage the supervised self-government of associated student bodies. The board of directors should develop policies and procedures to promote this goal. Except for non-associated private money and moneys held in trust, the financial resources of the ASB fund are for the extracurricular benefit of the students. Their involvement in decision-making processes is an integral part of associated student body government. The students must have adult supervision to properly administer the associated student body programs, but that supervision must not exclude the students from participation in determining the uses of associated student body resources. In addition, subject to board policy, the board of directors may permit students to conduct fund-raising activities and solicitation of donations in their private capacities.

Final approval of associated student body activities rests with the board of directors, but the students determine what activities will constitute the associated student body program. Although no student activity may be a part of the associated student body program or participate in non-associated private fundraising without the approval of the board of directors, the board has no power to initiate associated

student body activities. The board of directors must set up a review and approval process for activities initiated by members of the associated student body (WAC 392-138-013).

The rules and regulations governing associated student body program financial resources require the board provide for associated student body participation in “the determination of the purposes for which associated student body financial resources shall be budgeted and disbursed.” Additionally, all supporting documentation must show evidence of student approval before associated student body moneys may be disbursed as budgeted.

### ***Trust Moneys and Nonpublic Moneys***

Subject to board policy, the board of directors may permit students to conduct fund-raising activities and solicitation of donations in their private capacities.

Nonassociated student body (non-ASB) program fund moneys generated and received by students for private purposes to use for scholarship, student exchange, or charitable purposes shall be held in trust and be disbursed for such purposes as the student group conducting the fund-raising activity shall determine; RCW 28A.325.030(2). An associated student body that receives both public and private moneys must maintain two separate sets of accounts in such a manner that there is a complete segregation of ASB and non-ASB activities in the accounting records (WAC 392-138-017).

If the non-ASB amount is “immaterial” (less than 5 percent of the ASB Fund total revenue) it can be accounted for in the ASB Fund, as long as the private money is easily identifiable within the accounting records. If non-ASB amounts becomes material, the district should report them in a Custodial Fund on their Annual Financial Statements (F-196).

Another type of private donation is the InvestED fund. InvestED distributes monies to public and private secondary schools so that school personnel, using their discretion, can identify and immediately respond to individual student needs. Because school districts have administrative discretion on how InvestED monies can be allocated, these resources are appropriately accounted for in a government fund, including the ASB Fund.

## Accounting Methods and Procedures

### ***Basis of Accounting***

The county treasurer for each school district that has an associated student body establishes an ASB Fund. All moneys generated through the programs and activities of any associated student body are required to be deposited in the ASB Fund (WAC 392-138-115).

Disbursements from this fund are made with the approval of the board of directors of the school district and are by warrant. In no case may warrants be issued in an amount greater than the moneys on deposit with the county treasurer in the ASB Fund (WAC 392-138-125).

WAC 392-138-014 (2) reads: "Whenever two or more associated student bodies exist within a school district, the accounting records shall be maintained in such a manner as to provide a separate accounting for the transactions of each associated student body in the associated student body program fund."

The requirements of a separate accounting for each associated student body within a district and the limitation of disbursements to the money on deposit in the ASB Fund creates the need for current fund balance information. Receipts and disbursements must be recorded directly to the fund balance account. Two accounts, 560 Revenue Contra and 930 Expenditure Contra, are unique to the ASB Fund and make it possible to record receipts and disbursements directly to fund balance as well as to the revenues and expenditures accounts on a double-entry basis.

Another aspect of the ASB Fund accounting process is the existence of the imprest bank checking account option. The board of directors of a school district may authorize the use of an imprest bank checking account at the school level subject to the provisions of RCW 28A.325.030 and WAC 392-138-120.

### ***League and Other Joint Activities***

Athletic leagues and other forms of joint interdistrict and intraschool district associated student body programs may be formed as provided by WAC 392-138-130. These joint programs also include those between public and private schools. The leagues and other joint activities shall be budgeted in the same manner as all other activities of the ASB Fund. When these joint programs exist and moneys must

be managed, a managing district will be appointed, and the joint program associated student body organization will exist in that district's ASB Fund organization.

If there is a managing district, all joint activity revenues will be deposited to the credit of the joint program associated student body organization and all joint activity expenditures charged to that organization. Net revenues (if any) after joint activity expenditures are paid will be distributed to the member schools according to the joint program allocation formula. Member schools within the managing district will receive their share of the net revenues by a transfer entry. Other districts will be paid by warrant. The district receiving the payment will further allocate the payment to member schools by transfer.

## **Suggested System of Accounting for the ASB Fund at the School Level**

### ***Accounting Organization and Methods***

#### Introduction

WAC 392-138-013 reads in part: "The board of directors of each school district shall... (1)(c) assign accounting functions, or portions thereof, to the school building level to be performed by a designated representative of an associated student body or centralize the accounting functions at the district administrative office level..." The model school level accounting system illustrated in this section assumes a high degree of delegation of accounting functions to the school level. This approach should prove valuable for all school districts that delegate, in any degree, accounting functions to the school level. All, part, or none of this system may be used depending on the decision of the board of directors of each school district.

The principles embodied in this system are those necessary to satisfy minimum requirements for adequate accounting and control of associated student body moneys. Any district, whatever the accounting system used, must base that system on both the required and the generally accepted school business procedures, some of which are:

- Official prenumbered documents must be used to adequately safeguard and control the financial transactions of the associated student body. All tickets, membership cards, receipts, purchase orders, checks, etc., must be prenumbered and accurately controlled to ensure the integrity of the accounting system.

- All money upon receipt must be deposited timely and **intact** to the district depository bank and then to the county treasurer for credit to the ASB Fund of the district (WAC 392-138-115).
- All disbursements must be made by warrant or by check from an authorized imprest bank checking account as provided in RCW 28A.325.030 and WAC 392-138-120.
- Supporting documents must be kept for all disbursements made.
- An imprest bank checking account reconciliation statement must be made each month.
- At least once each month the imprest bank checking account will be replenished to its original authorized amount.
- Monthly and yearly financial statements must be prepared.

### Organization

There are four positions in the accounting organization of this system. They are:

- Primary Advisor
- ASB Central Treasurer
- Activity Advisor
- Student Activity Treasurer

The board of directors of each school district will designate a primary advisor to each associated student body according to the rules, policies, and procedures of the local school district. When accounting functions are delegated to the school level, the board of directors will also designate an ASB central treasurer to perform those functions. The primary advisor will designate advisors to the various student activity groups that are part of the associated student body. Each student activity group will elect a student activity treasurer. The roles, responsibilities, and duties of the positions are described below.

**Primary advisor** (probably the school principal): This designee of the board of directors will administer the associated student body program of a school. The duties of the primary advisor will include, but should not be limited to, the following:

- Appoint activity advisors to all student activity groups.
- Supervise the preparation of the annual financial budget.
- Submit to the board of directors for approval any new activities proposed by students.
- Review and approve the annual financial budget.
- Coordinate the implementation of the annual financial budget.

- Assure student participation in the ASB process.
- Approve all projects of student activity groups.
- Approve all purchases.
- Approve all disbursements from the imprest bank checking account.

**ASB central treasurer** (adult employed at the school): It is recommended that the board of directors require the ASB central treasurer to be bonded for no less than the average cash balance in the possession of this individual. This designee of the board of directors will have the following responsibilities in accounting for the revenues and disbursements of the associated student body:

- Receive all associated student body moneys and immediately deposit them intact in the district depository bank.
- Issue official prenumbered receipts (tickets, cards, etc.) for all moneys received.
- Control all tickets, membership cards, and other official prenumbered documents.
- Issue official prenumbered activity purchase orders for all purchases except those made from petty cash.
- Ensure that moneys are available for purchases.
- Ensure that all documents are properly approved.
- Maintain accounting records of financial transactions and files of supporting documents. The following records and files are recommended in this system:
  - Cash receipts journal—A chronological record of all moneys received by the associated student body.
  - Check register—A written record of all checks written on the imprest bank checking account and all replenishment deposits.
  - Activity account balance record—A separate record will be kept for each student activity group and all receipts and disbursements of the group will be posted here. The current balance of the activity group's account is shown on this record.
  - Cash receipts file—All supporting documents for cash received will be kept on file.
  - Open purchase order file—The purchase order is filed separately until the purchase and invoice are received.
  - Disbursements file—All supporting documents for the imprest bank checking account disbursements (payment orders, invoices, purchase orders, vouchers, petty cash receipts, etc.) will be kept on file.

- At least once each month prepare an imprest bank checking account replenishment request and submit it to the district central office for replenishment of the imprest bank checking account.
- Prepare monthly financial statements.
- Prepare an imprest bank checking account reconciliation statement.

**Activity advisor** (a faculty member): The primary advisor will appoint an activity advisor to each student activity group. The advisor will guide and supervise the activity groups and ensure compliance with WAC 392-138-011.

**Student activity treasurer** (elected by the student activity groups): Each student activity will have a student activity treasurer. The student activity treasurer will work under the guidance and supervision of the activity advisor to safeguard the financial resources of the student activity group.

## **Methods**

### Budgeting

In the ASB Fund each student activity group prepares a budget for the fiscal year. The budgets for all the student activity groups added together constitute the associated student body budget for the school. After the school associated student body budget is approved by the student council and the primary advisor, it is sent to the district superintendent or designee for approval and consolidation with all other associated student body budgets of the district which, when consolidated, will be the proposed ASB Fund budget for the district.

The schedule for completing the budgetary process will be as designated by the central district office and will provide for the completion of the ASB proposed budget prior to the completion of the student school year. This procedure and timing will provide for necessary student participation in the budgetary process as provided for in chapter 392-138 WAC. The district board of directors must approve the ASB Fund budget before any expenditure may be made from the ASB Fund for the fiscal year.

It is important to note that no activity may have a negative ending balance. This means no student activity group can disburse moneys unless moneys are available in the student activity group's account. If payables are involved, they must be considered in determining moneys available. If there is not enough money available, moneys will need to be transferred (if the disbursement is approved and moneys are available) before the disbursement can be made. This process is called an

interactivity transfer. This method of financial control is not mandatory but is a recommended method of controlling the use of associated student body moneys.

#### Imprest Bank Checking Account

The use of an imprest bank checking account may be authorized by the board of directors as provided in RCW 28A.325.030 and WAC 392-138-120. Disbursements from the imprest bank checking account must be by check and restricted to the payment of invoices bearing student approval according to the requirements of the district central office.

The imprest bank checking account will be replenished at least once each month by a warrant drawn on the ASB Fund in the amount of disbursements made during the period. A replenishment request will be prepared at such time listing each check issued during the period.

The ASB central treasurer certifies by signing the replenishment request that all disbursements listed are in accordance with the laws, rules and regulations governing associated student bodies. The replenishment request will be sent to the district central office.

#### Petty Cash

WAC 392-138-018 allows the board of directors to establish a petty cash fund for the making of change or when it is impracticable to make disbursements by check. The petty cash fund may be established by drawing a warrant on the ASB Fund or by writing a check drawn on the imprest bank checking account. All disbursements from the petty cash fund will be documented with receipts (WAC 392-138-125).

#### Interactivity Transfers

The transfer of moneys between student activity groups will be accomplished by the use of an interactivity transfer. When approval has been received from the transferor and the transferee, the ASB central treasurer will enter the transfer on the activity account balance record of the student activity groups involved. The ASB central treasurer will retain copies of interactivity transfers.

## **Accounting Procedures**

### ***Revenue and Expenditure Activity Classifications***

Financial transactions in the Associated Student Body Fund are classified into general activities for both revenues and expenditures. These are minimum

classification categories and districts may, within these categories, record whatever level of detail is required by the district.

1000 Series—General Student Body

Activities included in this classification will be those that affect the general membership of the associated student body. General revenue-producing activities and unallocated moneys would be the primary subcategories included in this classification.

2000 Series—Athletics

Activities included in this classification will be those that comprise the athletic programs of the associated student body organizations.

3000 Series—Classes

Activities included in this classification will be those associated student body activities whose membership is comprised of students affiliated by virtue of belonging to a general school system classification, e.g., senior class.

4000 Series—Clubs

Activities included in this classification will be those associated student body activities whose members meet the membership criteria as defined by the activity group. All clubs must be approved by the board of directors of each school district to be affiliated with the associated student body organization of the school.

6000 Series—Private Moneys

This classification is used to account for private moneys. Private moneys always must be identified as such at the time of collection. There are three types of private moneys accounted for in the ASB Fund.

1. Bona fide voluntary donations identified at the time of collection to be used for scholarship, student exchange, or charitable purpose. "Bona fide voluntary donations" means collections of money freely given without commensurate goods or services being received directly or indirectly by the donor. Bona fide voluntary donations must be intentional, real, actual, genuine, and not feigned.
2. Moneys donated to the school district for scholarship and student aid purposes under the provisions of RCW 28A.320.030. The school board may place these moneys with the ASB for expenditure for these purposes only.

3. Non-associated student body moneys generated and received by students for private purposes. These are moneys raised outside of the direction or supervision of the school district, but they may be held in trust by the ASB for the private use of students. Acceptance of such moneys is at the discretion of the school board and the district must be compensated for providing such service.

The expenditure of all private moneys in the ASB must be under budgetary authority.

### ***Revenue and Expenditure Internal Controls***

#### Control of Revenues

Procedures for ensuring prompt checking, recording, and deposit of cash will significantly reduce the confusion and possible loss of moneys that may occur when such procedures are not in effect.

These procedures will of course vary depending on the types of revenue being controlled. The general purpose is to use methods that allow a prior determination of the amount to be received. There are many procedures that may be used to control revenues from different types of revenue-producing activities. The following partial listing of procedures for the control of general classes of revenue-producing activities should demonstrate how the various techniques might be employed:

#### Admissions

- Use official prenumbered tickets and take action to prevent fraudulent reuse.
- Give a definite (recorded) number of tickets and a definite amount of change to each ticket seller.
- Require each ticket seller to return all unused tickets, the full amount of change, and the exact amount of revenues promptly.
- Have responsible supervision and adequate staff to prevent undue haste.

#### Membership Dues

- Provide official prenumbered receipts or membership cards.
- Give each solicitor a definite (recorded) number of receipts or membership cards.
- Require the return of all unused receipts or cards and the exact amount of money due.

- An adult should be designated to supervise the membership campaign.
- Solicitors should not issue receipts or cards on credit.

#### Receipts from Sales, Campaigns, etc.

Whenever possible, issue official prenumbered receipts. If it is not possible to issue receipts, use other methods for the pre-audit and control of revenues. When goods or other tangible items are being sold, an inventory method may be practical.

When the ASB central treasurer receives money from these types of revenue-producing activities, the ASB central treasurer will use at least a two-part ASB central treasurer's receipt. The ASB central treasurer will file the original and one will be given to the payer.

#### Donations

Donations should be recorded in the minutes if received by a student activity group of the associated student body. Donations should adhere to the board policy of the district. The ASB central treasurer will issue a receipt as discussed under "Receipts from Sales" above when donations are received.

#### Non-associated Private Moneys

Districts may establish a board policy permitting students, in their private capacities, to raise moneys through fundraising and solicitation to be used for scholarship, student exchange, or charitable purposes. Prior to soliciting such moneys, notice identifying the intended purpose of the fundraiser must be given. Such notice must state the moneys so raised will be held in trust by the district and used only for the stated purpose (WAC 392-138-200). In addition to a board policy permitting such private fundraising, districts are strongly encouraged to adopt procedures to implement the policy.

#### Accounting for Revenues

When money is received by the ASB central treasurer from the sale of tickets or membership cards, a ticket sales report will be prepared by the ASB central treasurer to provide a reconciliation between the tickets or membership cards sold and the cash received.

If the ASB central treasurer from revenue-producing activities not using tickets or membership cards receives money, the ASB central treasurer will issue at least a two-part ASB central treasurer's receipt. The original will be filed in the cash receipts file and one will be given to the payer.

**NOTE:** If it is necessary to void a prenumbered receipt, the word VOID should be written across the face of all copies, and all copies should remain attached in the receipt book.

The amount of the deposit will be recorded in the cash receipts journal. The amounts entered in the cash receipts journal must be posted to the activity account balance record for the student activity group receiving the revenue.

The ASB central treasurer will prepare a bank deposit slip in duplicate that will be signed by the primary advisor after checking the deposit for accuracy. The money will then be deposited in the district depository bank. A copy of the bank deposit slip, after verification, will be filed with all other cash receipt documents in the cash receipts file.

#### Purchasing Procedures

All purchases except those made from the petty cash fund require the issuance of a purchase order. When a decision to purchase is made, the ASB central treasurer will:

- Determine whether the student activity group(s) has money in its account for the purchase.
- Determine whether the purchase needs district-level approval and therefore must be processed by the district central office.
- When the purchase may be approved at the school level, prepare a two-part activity purchase order that will be signed by the student activity treasurer, the activity advisor, the ASB central treasurer, and the primary advisor. The original of the activity purchase order will be sent to the vendor as evidence of the purchase contract. The duplicate will be filed in the ASB central treasurer's open purchase order file until the purchase and invoice are received.

#### Disbursements at the School Level

The ASB central treasurer will process for payment all invoices for merchandise and services received. The following procedures pertain primarily to the payment for merchandise and only those procedures for processing the invoice would directly apply to the payment for services:

- The ASB central treasurer will receive the item ordered. The treasurer will check the item and packing slip, if any, against all details on the duplicate copy of the purchase order from the open purchase order file. If any

differences appear, the treasurer will contact the vendor immediately so that required corrections be made.

- The packing slip should be attached to the purchase order or it should be otherwise indicated on the purchase order that the item has been received, and then return the purchase order to the open purchase order file until the invoice is received.
- If the invoice is received before the item, it should be attached to the purchase order and returned to the open purchase order file until the item is received.
- When the ASB central treasurer receives the invoice, it should be checked against the purchase order on file against the item received. This step includes the checking and reconciling of quantities, description detail, unit prices, extensions, discounts, dates, purchase order number, and all other significant data.
- When the invoice is found to be correct, the payment order should be prepared. The invoice will accompany the payment order when it is routed for signature. The payment order is the authorization to issue a check and will be signed by the student activity treasurer, the activity advisor, the primary advisor, and the ASB central treasurer.
- The signature of the ASB central treasurer certifies that all terms of the purchase contract have been met and the claim is due and legal.
- When the payment order has been approved, the ASB central treasurer will issue a check for the amount on the payment order. The number and date of the check will be entered on the payment order. The check will be forwarded to the vendor. The amount of the check will be entered in the check register and in the disbursements column of the activity account balance record.

## Monthly Financial Reports

At the end of each month, the ASB central treasurer will reconcile the balance shown on the imprest bank checking account statement to the balance shown on the check register.

From the activity account balance records, the ASB central treasurer will prepare a monthly ASB central treasurer's report. Each activity is shown in the report and the total of the end-of-month balances is equal to the total of the activity account balance records.

The district central office will need to receive copies of these reports to reconcile district records to school records. Some financial transactions of the associated student body

may be recorded only at the district level, e.g., vouchers payable. With these reports the district can reconcile the two sets of records. This process must be completed each month to ensure that school financial records and district financial records are in agreement.

## **Annual Financial Reporting Requirements**

School districts are legislatively mandated to post Associated Student Body (ASB) financial information to district websites no later than August 31 of each year. The information must be published for each ASB of the district and each account within the ASB Fund. If the school district website contains separate websites for schools in the district, ASB financial information must be published on the website of the applicable school of the ASB. The required information by account includes: fund balance at the beginning of the year; summary data about expenditures and revenues during the year; and the ending fund balance.

School districts must add updated annual information to the websites each August 31 and maintain the information on their website from the previous five years.

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## **INTRODUCTION**

This chapter provides information that is unique to fiduciary activity. Some information presented here may also be included in other parts of this manual, but it is included here so that those new to governmental accounting can obtain a general overview of fiduciary activity in one location.

As required by accounting standards, governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. (See Chapter 1 Fund Accounting Systems, for additional information regarding fund accounting systems.)

The standards categorize funds into one of eleven fund types. These fund types are grouped into three general classifications:

- Governmental funds are used to account for tax-supported activities. GAAP establishes five governmental fund types; General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service, and Permanent Funds. RCW 28A.320.330 requires school districts in Washington state to establish a General Fund, Capital Projects Fund, Debt Service Fund, and Associated Student Body Fund (Special Revenue Fund). RCW 28A.160.130 creates a Transportation Vehicle Fund (Capital Projects Fund).
- Proprietary funds are used to account for business-type activities of a government and are supported, at least in part, by fees or charges. Proprietary funds are **not** permitted for school districts in Washington State.
- Fiduciary Funds are used to account for resources in situations where the government is acting as a trustee or agent for parties outside the government. Fiduciary Funds *cannot* be used to support the government's own programs. Although GAAP provides for four Fiduciary Fund types, most school districts will only have two types: private-purpose trust funds, and custodial funds.

## **FIDUCIARY FUNDS**

Fiduciary Fund reporting focuses on net position and changes in net position. Fiduciary funds should be used to account for resources held in a trustee or custodial capacity for others that meet certain criteria. Fiduciary funds include Pension (and Other Employee

benefit) Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and Custodial Funds.

## **Pension (and Other Employee Benefit) Trust Funds**

*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 following 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.

If the school district has established its own deferred compensation plans under Internal Revenue Code Section 457, GASB 32 requires this to be accounted for as pension (or other post-employment benefit) trust funds if the district has fiduciary accountability for the plan.

Pension and employee benefit plans administered by other state agencies, such as the Department of Retirement Systems or Health Care Authority, are reported by those entities and not reported as trusts by the school district.

## **Investment Trust Funds**

Not applicable to school districts in Washington state.

## Private-Purpose Trust Funds

*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.

These funds are used to report trust arrangements under which the income and principal benefits individuals, private organizations, or other governments. Examples are moneys or other assets donated to school districts for scholarship, student aid, charitable, and other like uses. 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 and, accordingly, the school board has the authority to determine the use of the assets only within the confines of the original trust agreement. For this reason, school boards are required to formalize by board resolution the acceptance of any moneys or other assets to be held in trust.

When established, the Private-Purpose Trust Fund will account for one or more individual trusts, so that it will not be necessary to have several trust funds established in the district's accounting records. Thus, the balance of assets in the trust fund will consist of an aggregate of balances of individual trusts.

## Custodial Funds

Beginning in 2020–21 and with the implementation of GASB Statement 84, the title Agency Fund is replaced with Custodial Funds. The GASB Board concluded that the term *agency fund* often is confused with *agencies* of the government. The Board, therefore, established the custodial fund classification to address this issue.

Custodial funds are used to report fiduciary activities that are *not* required to be reported in pension (and other employee benefit) trust funds or private-purpose trust funds.

Custodial funds differ 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 individuals. 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.

## Fiduciary Activity Criteria

An activity is a fiduciary activity **if all** of the following criteria are met:

- The assets associated with the activity are controlled by the school district. A school district controls the assets if it (a) holds the assets or (b) has the ability to direct the use, exchange, or employment of the assets in a manner that provides benefits to the specified or intended recipients.
- The assets associated with the activity **are not** derived either:
  - Solely from the school district's own-source revenues. Applicable examples of own-source revenues include investment earnings and imposed nonexchange revenues such as property taxes.
  - From government-mandated nonexchange transactions or voluntary nonexchange transactions with the exception of pass-through grants for which the school district **does not** have administrative involvement or direct financial involvement. A recipient school district has administrative involvement if, for example, it (a) monitors secondary recipients for compliance with program-specific requirements, (b) determines eligible secondary recipients or projects, even if using grantor-established criteria, or (c) has the ability to exercise discretion in how the funds are allocated. A recipient school district has direct financial involvement if, for example, it finances some direct program costs because of a grantor-imposed matching requirement or is liable for disallowed costs.

An activity is a fiduciary activity if the assets associated with the activity have **one or more** of the following characteristics:

- The assets are (a) administered through a trust in which the school district itself is *not* a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and (c) legally protected from the creditors of the school district.
- The assets are for the benefit of individuals and the school district **does not** have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are *not* derived from the school district's provision of goods or services to those individuals.

- The assets are for the benefit of organizations or other governments that are *not* part of the financial reporting entity. In addition, the assets are *not* derived from the school district's provision of goods or services to those organizations or other governments.

## Trust Fund General Information

### ***Definitions***

#### Trust

A trust is a right of property, real or personal, held by one party for the benefit of another.

#### Trust fund

A trust fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances. It is established to carry out the terms of a trust instrument. See Chapter 1 for a general discussion of school district funds.

#### Trust instrument

A trust instrument is the formal document, which creates the trust and contains the powers of the trustees and the rights of the beneficiaries.

#### Central district office

The central district office is comprised of the board of directors or their official designee to whom authority has been delegated to act on their behalf.

## Trust Instruments

Each trust within the district's trust fund or funds shall be accepted under the terms of a separate trust agreement to be entered into by the district and the donor at the time the donation is accepted. Such trust instruments shall stipulate the terms under which moneys may be expended by the district, and shall be ratified by board resolution. Unless otherwise directed by the board, the trust instrument shall constitute an appropriation and authorization for the disbursement of moneys for the purposes established in the trust instrument. Where the donor imposes no specific conditions, a gift may be accepted by board resolution and recorded in a trust activity account that pools similar gifts.

## **Establishment of Private-Purpose Trust Funds**

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.

## **General Fund Revenue Account 2500—Gifts, Grants, and Donations**

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.

## **Foundations**

A distinction should also be made between the trust funds as described here and foundations. School districts are not authorized to set up foundations; however, districts are in many cases the beneficiaries of foundations. Districts should be careful not to become directly involved in the formation and administration of foundations.

Donations from foundations may be recorded in General Fund Revenue Account 2500 Gifts, Grants, and Donations or may be set up in the trust funds, as appropriate.

Another type of private donation is the InvestED fund. InvestED distributes monies to public and private secondary schools so that school personnel, using their discretion, can identify and immediately respond to individual student needs.

Because school districts have administrative discretion on how InvestED monies can be allocated, these resources are appropriately accounted for in a government fund. The district may use either the ASB Fund and the 6000 Account Code Series or the General Fund and Revenue 8200 Private Foundations and disbursed accordingly in Program 89.

## **Transferring or Returning Trust Money**

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.

## **Budgeting**

The district does not budget trust funds. This is because the authority to use trust fund resources comes from the donor who specifies a use or range of allowed uses for the assets held in trust and, accordingly, the school board has the authority to determine the use of the assets only within the confines of the original trust agreement.

## **Gains and Losses of Private-Purpose Trust Investment Principal and Earnings**

Some trust arrangements permit expenditure of both principal and income, others require the principal be kept intact and allow only income be used. A primary concern of trust accounting is the distinction between transactions that affect trust principal and transactions that relate to trust income.

Income and principal determination procedures may be uniquely defined by the trust agreement. However, unless the trust agreement specifies otherwise, gains and losses on sales of principal assets increase or decrease trust principal rather than affect trust income. For example, the difference between book value of an investment of trust principal and the proceeds from the sale of that investment is considered to belong to the trust principal (corpus) and does not give rise to operating income. Gains or losses on principal should be considered to be nonoperating income or loss and credited or charged to trust principal.

Trust income, once recognized, remains in the trust fund.

## **System of Accounting for Private-Purpose Trust Funds**

A school district that intends to accept moneys in trust under RCW 28A.320.030 is required to create in the district accounting records a formal trust fund to account for such moneys. Donors may, and often do, establish restrictions as conditions of the contribution. The district shall create a Private-Purpose Trust Fund to satisfy the requirements or conditions of the individual trust instrument. Each trust so created will

be used to account for the individual trust instruments of each type that are entered into by the district.

For each conditional trust that the board agrees to accept, a trust instrument between the district and the donor shall be executed. The trust instrument shall be ratified by board resolution, and it shall stipulate the conditions under which the money may be expended.

In some instances, a donor may give a gift with only the general instruction that it be used for purposes per the formal trust instrument. Such moneys that benefit individuals or specific organizations should be accounted for as Private-Purpose Trust Funds. The determining factor is who may benefit, not the legal requirement that only earnings may be spent. Scholarship moneys, for example, benefit individuals and are accounted for as Private-Purpose Trust Funds whether or not the principal may be expended.

Supporting documents must be kept for all disbursements made.

### **Accounts for Individual Trusts**

In Private-Purpose Trust Funds, each individual trust shall be assigned an activity number to be used to record revenues and expenses for the individual trust.

Numbering series are assigned as follows:

|               |              |
|---------------|--------------|
| 100(0) Series | Scholarships |
| 200(0) Series | Student Aid  |
| 300(0) Series | Other        |

### **Deposit and Investment of Trust Fund Moneys**

All trust fund moneys upon receipt shall be transmitted intact to the district depository bank and then to the county treasurer for deposit to the credit of the appropriate trust fund of the school district and shall be accounted for, expended, and invested subject to the practices and procedures governing other moneys of the district.

## Accounting Procedures

Trust fund moneys shall be accounted for as follows:

- Accounting methods and procedures shall comply with such rules, regulations, and guidelines as are developed by the state auditor and the Superintendent of Public Instruction and published in *The Accounting Manual for Public Schools in the State of Washington* or applicable bulletins of the Superintendent of Public Instruction.
- Whenever two or more trust agreements exist within a school district, the accounting records shall be maintained in such a manner as to provide a separate accounting for the transactions of each separate trust within the district's trust funds.
- The fiscal and accounting records of trust fund moneys shall constitute public records of the school district, shall be available for examination by the state auditor, and shall be preserved in accordance with statutory provisions governing the retention of public records. Personal information used in administering trust funds is exempt from public inspection and copying in accordance with RCW 42.17.310.
- The board of directors may require a fee to be paid to the district from trust fund moneys to reimburse the district for its cost in administering the trust funds.

## Disbursement of Trust Fund Moneys

Trust fund moneys shall be disbursed subject to the following conditions:

- No disbursements shall be made except as provided for in the appropriate trust instrument.
- Disbursement shall occur only upon presentation of properly prepared vouchers in such format and design, as the central district office shall prescribe.
- All disbursements from a school district trust fund or from any imprest bank account shall have the approval of the appropriate school district official and shall be identified with the appropriate trust instrument under which the disbursement is made.
- Warrants shall not be issued in excess of the moneys on deposit in the appropriate trust fund, nor shall a negative fund balance be allowed in any individual trust account.
- All disbursements shall be made by warrant except for disbursements from imprest bank accounts and petty cash funds (accounts) as provided for in this chapter.

## **Imprest Bank Checking Account**

The board of directors of a school district may authorize the establishment and maintenance of one or more imprest checking accounts for convenience and efficiency in expediting trust fund disbursements, subject to the following conditions:

- Any imprest bank checking account may be initiated by deposit of a warrant drawn on the appropriate trust fund. A reduction of the established amount in an imprest bank checking account shall be accomplished by depositing an imprest check to the trust fund account with the county treasurer.
- Disbursements from an imprest bank checking account shall be by check and shall be restricted to payments evidenced by vouchers bearing evidence of approval by the authorized district official.
- Expenses shall be recorded at least once each year by a warrant drawn on the appropriate trust fund in payment of an approved voucher in an amount equal to the sum total of the disbursements made by check from the imprest bank checking account during the preceding interval.
- In the event that the imprest bank checking account was established at an excessive amount and the trust fund does not contain sufficient money to replenish the imprest account to its authorized balance, a journal voucher shall be prepared and recorded debiting General Ledger Account 530 Expenditures and crediting General Ledger Account 200 Imprest Cash for the amounts previously disbursed by check.
- The replenishment or journal voucher shall reflect such information as the central district office shall prescribe relative to identification of invoices, invoice approvals, codification of expenses, canceled checks, and other information deemed pertinent.

## **Accounting Records**

The following accounting records shall be kept by each district, which administers trust funds under this chapter. Specific formats are not prescribed, but the specified information must be included. The ASB chapter of the accounting manual contains examples of similar forms.

## **Cash Receipts and Cash Receipts Journal**

Receipts shall be prepared when cash is received and shall be listed in a journal showing date received, receipt number, from whom received, account number or identification of

the applicable individual trust, and dollar amount. The journal shall also serve to summarize deposits made to the county treasurer.

## **Check Register**

For each imprest account used, a check register shall be maintained, showing the detail of deposits and disbursements. Deposits will consist of warrants drawn on the trust fund for initial establishment of the account and for subsequent replenishment.

Disbursements will consist of payments for scholarships awarded and other authorized uses.

## **Imprest Bank Checking Account Replenishment Request**

A replenishment request showing the checks issued, payee, dollar amount, and identifying the trust will be prepared to record the replenishment of the imprest fund (account). This request will serve as the voucher authorizing the issuance of a trust fund warrant and, accordingly, will contain the required auditing officer's certification. At a minimum, replenishment will be made at year-end so that expenses can be properly recorded.

## **Reconciliation of Imprest Bank Checking Account Statement**

The imprest checking account will be reconciled monthly on forms showing the reconciliation of the bank statement to the check register balance and the reconciliation of the check register balance to the authorized balance of the imprest account.

## **Payment Order**

A payment order authorizing the issuance of an imprest account check will be prepared showing the detail of the disbursement, including identification of the trust agreement, payee, date, and other pertinent information.

## **Individual Trust Account Balance Record and Treasurer's Report**

This report will be prepared detailing the beginning balances, receipts, disbursements, and ending balances of each individual trust and summarizing these items for the total trust fund.

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## **APPENDIX A – Program Expenditure Matrices**

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## **PROGRAM EXPENDITURE MATRICES**

The following matrices display the activity and object combinations open for use for each Program listed below. Shading signifies that the activity and object is closed.

*Program grants may be more restrictive regarding the types of expenditures allowed versus what the accounting manual stipulates.*

### **PROGRAM 01—BASIC EDUCATION 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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 34 Professional Learning—State            |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 02—BASIC EDUCATION—ALTERNATIVE LEARNING EXPERIENCE**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 34 Professional Learning—State            |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 03—BASIC EDUCATION—DROPOUT REENGAGEMENT**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 34 Professional Learning—State            |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 11—SPECIAL PURPOSE—GEER—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)    |
| 11 Board of Directors              |       |          |          |          |          |          |                |           |         |        |
| 12 Superintendent's Office         |       |          |          |          |          |          |                |           |         |        |
| 13 Business Office                 |       |          |          |          |          |          |                |           |         |        |
| 14 Human Resources                 |       |          |          |          |          |          |                |           |         |        |
| 15 Public Relations                |       |          |          |          |          |          |                |           |         |        |
| 21 Supervision—Instruction         |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources              |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office              |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling         |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety     |       |          |          |          |          |          |                |           |         |        |
| 26 Health/Related Services         |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                        |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular Activities      |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts    |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof. Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology        |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                      |       |          |          |          |          |          |                |           |         |        |
| 41 Supervision—Food Services       |       |          |          |          |          |          |                |           |         |        |
| 42 Food—NSLP                       |       |          |          |          |          |          |                |           |         |        |
| 44 Food Service Operations         |       |          |          |          |          |          |                |           |         |        |
| 51 Supervision—Transportation      |       |          |          |          |          |          |                |           |         |        |
| 52 Transportation Operations       |       |          |          |          |          |          |                |           |         |        |
| 53 Transportation Maintenance      |       |          |          |          |          |          |                |           |         |        |
| 56 Insurance—Transportation        |       |          |          |          |          |          |                |           |         |        |
| 58 Remote Learning—Operations      |       |          |          |          |          |          |                |           |         |        |
| 61 Supervision—Facility Maint.     |       |          |          |          |          |          |                |           |         |        |
| 62 Grounds Maintenance             |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings          |       |          |          |          |          |          |                |           |         |        |
| 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                             |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 12—SPECIAL PURPOSE—ESSER II—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)    |
| 11 Board of Directors              |       |          |          |          |          |          |                |           |         |        |
| 12 Superintendent's Office         |       |          |          |          |          |          |                |           |         |        |
| 13 Business Office                 |       |          |          |          |          |          |                |           |         |        |
| 14 Human Resources                 |       |          |          |          |          |          |                |           |         |        |
| 15 Public Relations                |       |          |          |          |          |          |                |           |         |        |
| 21 Supervision—Instruction         |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources              |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office              |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling         |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety     |       |          |          |          |          |          |                |           |         |        |
| 26 Health/Related Services         |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                        |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular Activities      |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts    |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof. Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology        |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                      |       |          |          |          |          |          |                |           |         |        |
| 41 Supervision—Food Services       |       |          |          |          |          |          |                |           |         |        |
| 42 Food—NSLP                       |       |          |          |          |          |          |                |           |         |        |
| 44 Food Service Operations         |       |          |          |          |          |          |                |           |         |        |
| 51 Supervision—Transportation      |       |          |          |          |          |          |                |           |         |        |
| 52 Transportation Operations       |       |          |          |          |          |          |                |           |         |        |
| 53 Transportation Maintenance      |       |          |          |          |          |          |                |           |         |        |
| 56 Insurance—Transportation        |       |          |          |          |          |          |                |           |         |        |
| 58 Remote Learning—Operations      |       |          |          |          |          |          |                |           |         |        |
| 61 Supervision—Facility Maint.     |       |          |          |          |          |          |                |           |         |        |
| 62 Grounds Maintenance             |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings          |       |          |          |          |          |          |                |           |         |        |
| 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                             |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 13—SPECIAL PURPOSE—ESSER III—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)    |
| 11 Board of Directors              |       |          |          |          |          |          |                |           |         |        |
| 12 Superintendent's Office         |       |          |          |          |          |          |                |           |         |        |
| 13 Business Office                 |       |          |          |          |          |          |                |           |         |        |
| 14 Human Resources                 |       |          |          |          |          |          |                |           |         |        |
| 15 Public Relations                |       |          |          |          |          |          |                |           |         |        |
| 21 Supervision—Instruction         |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources              |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office              |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling         |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety     |       |          |          |          |          |          |                |           |         |        |
| 26 Health/Related Services         |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                        |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular Activities      |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts    |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof. Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology        |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                      |       |          |          |          |          |          |                |           |         |        |
| 41 Supervision—Food Services       |       |          |          |          |          |          |                |           |         |        |
| 42 Food—NSLP                       |       |          |          |          |          |          |                |           |         |        |
| 44 Food Service Operations         |       |          |          |          |          |          |                |           |         |        |
| 51 Supervision—Transportation      |       |          |          |          |          |          |                |           |         |        |
| 52 Transportation Operations       |       |          |          |          |          |          |                |           |         |        |
| 53 Transportation Maintenance      |       |          |          |          |          |          |                |           |         |        |
| 56 Insurance—Transportation        |       |          |          |          |          |          |                |           |         |        |
| 58 Remote Learning—Operations      |       |          |          |          |          |          |                |           |         |        |
| 61 Supervision—Facility Maint.     |       |          |          |          |          |          |                |           |         |        |
| 62 Grounds Maintenance             |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings          |       |          |          |          |          |          |                |           |         |        |
| 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                             |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 14—SPECIAL PURPOSE—ESSER III—LEARNING LOSS—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)    |
| 21 Supervision—Instruction         |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources              |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office              |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling         |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety     |       |          |          |          |          |          |                |           |         |        |
| 26 Health/Related Services         |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts    |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof. Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology        |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                      |       |          |          |          |          |          |                |           |         |        |
| TOTALS                             |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 21—SPECIAL EDUCATION—SUPPLEMENTAL—STATE  
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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 34 Professional Learning—State            |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 22—SPECIAL EDUCATION—INFANTS AND TODDLERS—STATE**  
**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 23—SPECIAL EDUCATION—ARP—IDEA—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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources             |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety    |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| TOTALS                            |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 24—SPECIAL EDUCATION—SUPPLEMENTAL—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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety    |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| TOTALS                            |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 25—SPECIAL EDUCATION—INFANTS AND TODDLERS—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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety    |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| TOTALS                            |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 26—SPECIAL EDUCATION—INSTITUTIONS—STATE**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 34 Professional Learning—State            |       |          |          |          |          |          |                |           |         |        |
| <b>TOTALS</b>                             |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 29—SPECIAL EDUCATION—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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources             |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety    |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| <b>TOTALS</b>                     |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 31—VOCATIONAL—BASIC—STATE**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 34 Professional Learning—State            |       |          |          |          |          |          |                |           |         |        |
| <b>TOTALS</b>                             |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 34—MIDDLE SCHOOL CAREER AND TECHNICAL EDUCATION—STATE**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 34 Professional Learning—State            |       |          |          |          |          |          |                |           |         |        |
| <b>TOTALS</b>                             |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 38—VOCATIONAL—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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings         |       |          |          |          |          |          |                |           |         |        |
| TOTALS                            |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 39—VOCATIONAL—OTHER CATEGORICAL**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 45—SKILL CENTER —BASIC—STATE**  
**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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources             |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety    |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| 34 Professional Learning—State    |       |          |          |          |          |          |                |           |         |        |
| 61 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 62 Grounds Maintenance            |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings         |       |          |          |          |          |          |                |           |         |        |
| 64 Maintenance                    |       |          |          |          |          |          |                |           |         |        |
| 65 Utilities                      |       |          |          |          |          |          |                |           |         |        |
| 67 Building and Property Security |       |          |          |          |          |          |                |           |         |        |
| 68 Insurance                      |       |          |          |          |          |          |                |           |         |        |
| TOTALS                            |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 46—SKILL CENTER—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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 47—SKILL CENTER—FACILITY UPGRADES**

**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)    |
| 61 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 62 Grounds Maintenance            |       |          |          |          |          |          |                |           |         |        |
| 64 Maintenance                    |       |          |          |          |          |          |                |           |         |        |
| 67 Building and Property Security |       |          |          |          |          |          |                |           |         |        |
| TOTALS                            |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 51—ESEA DISADVANTAGED—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)    |
| 15 Public Relations             |       |          |          |          |          |          |                |           |         |        |
| 21 Supervision                  |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources           |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling      |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety  |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services  |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                     |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts |       |          |          |          |          |          |                |           |         |        |
| Instructional Professional      |       |          |          |          |          |          |                |           |         |        |
| 31 Development                  |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology     |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                   |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings       |       |          |          |          |          |          |                |           |         |        |
| 64 Maintenance                  |       |          |          |          |          |          |                |           |         |        |
| 65 Utilities                    |       |          |          |          |          |          |                |           |         |        |
| TOTALS                          |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 52—OTHER TITLE GRANTS UNDER ESEA—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)    |
| 15 Public Relations                       |       |          |          |          |          |          |                |           |         |        |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings                 |       |          |          |          |          |          |                |           |         |        |
| 64 Maintenance                            |       |          |          |          |          |          |                |           |         |        |
| 65 Utilities                              |       |          |          |          |          |          |                |           |         |        |
| 91 Public Activities                      |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 53—ESEA MIGRANT—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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings                 |       |          |          |          |          |          |                |           |         |        |
| 64 Maintenance                            |       |          |          |          |          |          |                |           |         |        |
| 65 Utilities                              |       |          |          |          |          |          |                |           |         |        |
| 68 Insurance                              |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 54—READING FIRST—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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| TOTALS                            |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 55—LEARNING ASSISTANCE PROGRAM—STATE**

**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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety    |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| 34 Professional Learning—State    |       |          |          |          |          |          |                |           |         |        |
| TOTALS                            |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 56—STATE INSTITUTIONS, CENTERS, AND HOMES—DELINQUENT**

**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)    |
| 21 Supervision                  |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources           |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office           |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling      |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety  |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services  |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                     |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts |       |          |          |          |          |          |                |           |         |        |
| Instructional Professional      |       |          |          |          |          |          |                |           |         |        |
| 31 Development                  |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology     |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                   |       |          |          |          |          |          |                |           |         |        |
| 34 Professional Learning—State  |       |          |          |          |          |          |                |           |         |        |
| TOTALS                          |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 57—STATE INSTITUTIONS—NEGLECTED AND DELINQUENT—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)    |
| 21 Supervision                  |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources           |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling      |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety  |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services  |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                     |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts |       |          |          |          |          |          |                |           |         |        |
| Instructional Professional      |       |          |          |          |          |          |                |           |         |        |
| 31 Development                  |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology     |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                   |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings       |       |          |          |          |          |          |                |           |         |        |
| 64 Maintenance                  |       |          |          |          |          |          |                |           |         |        |
| 65 Utilities                    |       |          |          |          |          |          |                |           |         |        |
| TOTALS                          |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 58—SPECIAL AND PILOT PROGRAMS—STATE**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| <b>TOTALS</b>                             |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 59—INSTITUTIONS—JUVENILES IN ADULT JAILS**

**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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources             |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety    |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| 34 Professional Learning—State    |       |          |          |          |          |          |                |           |         |        |
| <b>TOTALS</b>                     |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 61—HEAD START—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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety    |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| 91 Public Activities              |       |          |          |          |          |          |                |           |         |        |
| TOTALS                            |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 62—MATH AND SCIENCE—PROFESSIONAL DEVELOPMENT—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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources             |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety    |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| TOTALS                            |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 64—LIMITED ENGLISH PROFICIENCY—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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| TOTALS                            |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 65—TRANSITIONAL BILINGUAL—STATE**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 34 Professional Learning—State            |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 67—INDIAN EDUCATION—FEDERAL—JOM**  
**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)    |
| 21 Supervision                  |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling      |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety  |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                     |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts |       |          |          |          |          |          |                |           |         |        |
| Instructional Professional      |       |          |          |          |          |          |                |           |         |        |
| 31 Development                  |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology     |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                   |       |          |          |          |          |          |                |           |         |        |
| TOTALS                          |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 68—INDIAN EDUCATION—FEDERAL—ED**  
**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)    |
| 21 Supervision                  |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling      |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety  |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                     |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts |       |          |          |          |          |          |                |           |         |        |
| Instructional Professional      |       |          |          |          |          |          |                |           |         |        |
| 31 Development                  |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology     |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                   |       |          |          |          |          |          |                |           |         |        |
| TOTALS                          |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 69—COMPENSATORY—OTHER**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| <b>TOTALS</b>                             |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 71—TRAFFIC SAFETY**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 68 Insurance                              |       |          |          |          |          |          |                |           |         |        |
| <b>TOTALS</b>                             |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 73—SUMMER SCHOOL**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office                     |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 74—HIGHLY CAPABLE**

**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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety    |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| 34 Professional Learning—State    |       |          |          |          |          |          |                |           |         |        |
| TOTALS                            |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 76—TARGETED ASSISTANCE—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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| <b>TOTALS</b>                             |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 78—YOUTH TRAINING PROGRAMS—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)    |
| 21 Supervision                    |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources             |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling        |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety    |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                       |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts   |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Prof Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology       |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                     |       |          |          |          |          |          |                |           |         |        |
| <b>TOTALS</b>                     |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 79—INSTRUCTIONAL PROGRAMS—OTHER**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office                     |       |          |          |          |          |          |                |           |         |        |
| 24 Guidance and Counseling                |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 62 Grounds Maintenance                    |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings                 |       |          |          |          |          |          |                |           |         |        |
| 64 Maintenance                            |       |          |          |          |          |          |                |           |         |        |
| 65 Utilities                              |       |          |          |          |          |          |                |           |         |        |
| 68 Insurance                              |       |          |          |          |          |          |                |           |         |        |
| 91 Public Activities                      |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 81—PUBLIC RADIO AND TELEVISION**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 22 Learning Resources                     |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings                 |       |          |          |          |          |          |                |           |         |        |
| 65 Utilities                              |       |          |          |          |          |          |                |           |         |        |
| 91 Public Activities                      |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 86—COMMUNITY SCHOOLS**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 23 Principal's Office                     |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings                 |       |          |          |          |          |          |                |           |         |        |
| 65 Utilities                              |       |          |          |          |          |          |                |           |         |        |
| 68 Insurance                              |       |          |          |          |          |          |                |           |         |        |
| 91 Public Activities                      |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 88—CHILD CARE**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 25 Pupil Management and Safety            |       |          |          |          |          |          |                |           |         |        |
| 26 Health and Related Services            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 42 Food                                   |       |          |          |          |          |          |                |           |         |        |
| 44 Operations                             |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings                 |       |          |          |          |          |          |                |           |         |        |
| 65 Utilities                              |       |          |          |          |          |          |                |           |         |        |
| 68 Insurance                              |       |          |          |          |          |          |                |           |         |        |
| 91 Public Activities                      |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 89—OTHER COMMUNITY SERVICES**

**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)    |
| 21 Supervision                            |       |          |          |          |          |          |                |           |         |        |
| 27 Teaching                               |       |          |          |          |          |          |                |           |         |        |
| 28 Extracurricular                        |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts           |       |          |          |          |          |          |                |           |         |        |
| 31 Instructional Professional Development |       |          |          |          |          |          |                |           |         |        |
| 32 Instructional Technology               |       |          |          |          |          |          |                |           |         |        |
| 33 Curriculum                             |       |          |          |          |          |          |                |           |         |        |
| 42 Food                                   |       |          |          |          |          |          |                |           |         |        |
| 44 Operations                             |       |          |          |          |          |          |                |           |         |        |
| 63 Operation of Buildings                 |       |          |          |          |          |          |                |           |         |        |
| 65 Utilities                              |       |          |          |          |          |          |                |           |         |        |
| 68 Insurance                              |       |          |          |          |          |          |                |           |         |        |
| 75 Motor Pool                             |       |          |          |          |          |          |                |           |         |        |
| 91 Public Activities                      |       |          |          |          |          |          |                |           |         |        |
| TOTALS                                    |       |          |          |          |          |          |                |           |         |        |

**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      |       |          |          |          |          |          |                |           |         |        |
| TOTALS                            |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 98—SCHOOL FOOD SERVICES**

**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)    |
| 25 Pupil Management and Safety  |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts |       |          |          |          |          |          |                |           |         |        |
| 41 Supervision                  |       |          |          |          |          |          |                |           |         |        |
| 42 Food                         |       |          |          |          |          |          |                |           |         |        |
| 44 Operations                   |       |          |          |          |          |          |                |           |         |        |
| 49 Transfers                    |       |          |          |          |          |          |                |           |         |        |
| TOTALS                          |       |          |          |          |          |          |                |           |         |        |

**PROGRAM 99—PUPIL TRANSPORTATION**

**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)    |
| 25 Pupil Management and Safety  |       |          |          |          |          |          |                |           |         |        |
| 29 Payments to School Districts |       |          |          |          |          |          |                |           |         |        |
| 51 Supervision                  |       |          |          |          |          |          |                |           |         |        |
| 52 Operations                   |       |          |          |          |          |          |                |           |         |        |
| 53 Maintenance                  |       |          |          |          |          |          |                |           |         |        |
| 56 Insurance                    |       |          |          |          |          |          |                |           |         |        |
| 58 Remote Learning Operations   |       |          |          |          |          |          |                |           |         |        |
| 59 Transfers                    |       |          |          |          |          |          |                |           |         |        |
| TOTALS                          |       |          |          |          |          |          |                |           |         |        |

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# **APPENDIX B – Additional Accounting Guidance**

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## **TO-FROM TRANSPORTATION**

School districts are required by RCW 28A.160.160 (3) to isolate and report the costs of transporting eligible students to and from school in their annual financial statement. The transportation funding system is based upon the accuracy of costs reported in the financial statements. Throughout the school year, transportation services support school programs and those costs are all initially charged to Program 99. A methodology has been created to ensure districts report the necessary data for the student transportation funding system.

The methodology consists of a two-step process. First, is the consistent calculation of the non-to-and-from transportation amounts. Second is the consistent application of the debit-credit transfer process to remove those costs from Program 99. **The application of this two-step process results in isolation of state to-and-from school transportation costs in Transportation Program 99.** For contracted transportation services, the charges are based upon contractor billings and costs will be direct charged to the appropriate program.

### **Identification of Costs**

The goal of this guidance is to identify the costs that exist within a student transportation program, and then further identify what costs should be transferred out of the program because they do not pertain to the transportation of students to or from school. Within Program 99, there are three types of expenditures or costs: core, incremental, and direct.

**Core costs** are central to a student transportation program and would be incurred whether or not the district engages in any non-to-and-from transportation. Core costs are not transferred out of the Program 99. Core costs include the costs involved with the training of new school bus drivers, training costs for school bus driver instructors and other costs necessary providing student transportation services.

**Incremental costs** are incurred for both to-and-from transportation as well as non-to-and-from transportation. Incremental costs go up or down incrementally dependent upon the number of bus trips. For example, adding a new route for schools incurs additional fuel, as does adding trips for student athletes. These costs are allocated between to-and-from, and non-to-and-from transportation based on the total number of miles driven for each activity.

**Direct costs** are similar to incremental costs since they increase as the Transportation Department performs more non-to-and-from and non-student transportation activities. These costs are allocated between to-and-from and non-to-and-from based on either miles driven or driver hours. Direct costs for non-student transportation costs are removed from Program 99 as expenditure reimbursements. An example would be when the Maintenance Department purchases fuel from the Transportation Department fuel station. The cost to fill the fuel station is charged to Program 99; the Maintenance Department then reimburses Transportation for this direct cost.

## **Accounting for Non-To-and-From and Non-Pupil Transportation**

The intent of the Legislature is to ensure that only the costs directly relating to to-and-from school transportation of students are reported in Program 99 at year end. However, costs that should belong in another program may be initially charged to Program 99 and subsequently transferred to another program as described below.

### ***Non-pupil transportation (NPT)***

Non-pupil transportation (NPT) expenditures are those expenditures that are not related to student transportation vehicles or activities. These expenditures may be initially coded to Program 99, and could include motor pool expenditures, grounds equipment maintenance costs, fuel used by vehicles other than yellow buses, labor spent on activities other than yellow buses, and maintenance work done through an inter-local agreement.

NPT expenditures should not remain in Program 99 at year end. Districts must move the costs by an "expenditure reimbursement" journal entry, crediting the account code originally charged and then debiting the costs into the appropriate program. This is not done through the debit-credit transfer process, which leaves the base costs intact; and affects the cost pool for allocating non-to-and-from costs. Only by directly reducing the Program 99 expenditures will the costs be taken out appropriately.

### ***Non-to-and-from transportation***

Non-to-and-from transportation expenditures may be coded directly to the appropriate program but are typically coded to Program 99 initially. Later, these costs are moved out of Program 99 using the debit-credit transfer process based upon the calculations of one of two forms (described below). The costs that are transferred out of Program 99 using Object 1 and transferred into the using program, as determined by the district using Object 0. In the event a suitable

program cannot be determined, districts will transfer the costs to Program 89 Other Community Services.

## Calculating State-Funded and Non-State-Funded Pupil Transportation Costs

OSPI has developed two forms for the purposes of calculating state-funded (to-and-from school) and non-state-funded (non-to-and-from school) transportation costs. Consistent application of these forms is essential to providing meaningful comparable data on school district transportation costs. Both forms are available on the School Apportionment and Financial Services web page under [Tools](#).

The first form is called the Short-Form. This form is an optional, one-step calculation based solely on total costs per mile. It is used at year-end to determine what level of costs need to be transferred out of Program 99 for non-to-and-from transportation. Only Class II districts that do not contract for pupil transportation services, and that do not generally direct-charge pupil transportation costs to a program other than 99 are allowed to use the Short-Form process. The Short-Form is done at year-end, and so current-year mileage and expenditures are used.

The second form is called the **Long-Form**. This form is a two-step calculation based upon vehicle costs per mile, plus driver costs per hour. The Long-Form must be used by Class I districts and by any Class II districts that either do not meet the criteria to use the Short-Form or choose not to use the Short-Form. Use of the Long-Form allows for charges to other programs throughout the year. The Long-Form is not applicable for contracted transportation services.

The Long-Form is completed at the end of the fiscal year and it serves multiple purposes. The primary intent of the Long-Form is to calculate the total cost of non-state-funded trips incurred in the current year. This amount should have been charged out throughout the year to other programs in the debit-credit transfer process.

Current year mileage from the School Bus Mileage Report, prepared by the district's Transportation Department, and current year expenditures are needed to complete the Long-Form.

When the Long-Form is completed, the amount representing the "Total Cost of Non-State-Funded Trips" on Line 18 of the Long-Form is compared to Program 99, Activity 59, Object 1, the credit transfers to other programs. When compared, an immaterial

variance is expected; and typically exists when a trip rate used throughout the year estimates trip costs. A final adjusting entry is created to debit or credit the variance to Program 89 Other Community Services.

The Long-Form can also be used to create a standard trip rate for subsequent trip billings using the two variables created on the Long-Form: "Operating Costs per Mile" plus an average "Cost per Hour of Driver." The inflation factors provided can be used to determine a future operating cost per mile. A standard trip rate creates equity in the amounts charged to all Programs utilizing transportation services and also allows Programs to accurately budget the cost of future trips.

The Long-Form template can be used throughout the subsequent fiscal year to determine if a variance exists between the year-to-date Credit-Transfers and the amount reported at the bottom of the Long-Form. Up-to-date mileage, and Program 99 expenditures are used for this purpose. This allows management to adjust trip rates if necessary.

School district should take care to only include Incremental Costs and Direct Costs in the Long-Form; Core Costs should be excluded. Core Costs included on the Long-Form decrease the Transportation Allocation and shift the funding burden to Basic Education. The various types of costs are described above in the section titled: Identification of Costs. The Transportation Long-Form worksheet tool and instructions are available on the OSPI SAFS Web page at [Tools](#).

## **Miscellaneous Issues**

### ***Bus Aides***

The cost of a bus aide is appropriately charged to the program that requires the aide. If an aide is not program-specific, then the costs for those aides should be charged to Program 99.

An example of an aide that is program-specific is a bus aide that is hired in accordance with a special education student's Individualized Education Plan (IEP). In this case, the aide should be charged to Program 21 Special Education—Supplemental—State or Program 24 Special Education—Supplemental—Federal. The excess cost for hiring the bus aide is appropriately charged to that program for that student. A bus aide hired for a special education bus that is not attributable to one or more IEP(s) of the students on the bus but is provided generally to assist the driver and enable higher student loads would be charged to Program 99.

**Utilities**

Districts may only directly charge utility costs to programs that have Activity 65 Utilities open. Chapter 6 shows the acceptable program-activity-object combinations on pages 6-45 through 6-60. Program 99 does not have Activity 65 open; therefore, districts cannot directly charge utility costs to Program 99. Utilities should instead be charged to Program 97 Districtwide Support, Activity 65 Utilities.

**Homeless Transportation**

Districts that have received a McKinney-Vento grant are allowed to charge the grant for the excess cost of providing transportation for homeless students. However, the cost of providing to-and-from transportation for all of a district's students should be charged to Program 99. Therefore, if a district has a McKinney-Vento grant, only non-to-and-from school transportation costs for homeless students should be charged to the grant. This would include summer school transportation or transportation for extra-curricular activities.

**Use of Motor Pool Vehicles**

Some districts elect to utilize vehicles from their motor pool for providing to and from transportation for students. Districts that utilize motor pool vehicles in such a manner may charge Program 99 a rate based on the state privately-owned vehicle (POV) mileage rate for any miles driven in providing to and from transportation. The state POV mileage rate is intended to be an all-inclusive rate that encompasses fuel costs, maintenance charges, depreciation, and so on. The rate that is to be charged is the same as the state POV mileage rate. Because the mileage rate includes fuel costs, districts must remove the fuel usage of motor pool vehicles from Program 99.

**Transportation and Remote Learning**

No provisions of RCW 28A.160 (Student Transportation), may be interpreted or applied to restrict a school district's ability to use its current transportation allocations to support the transportation-related services as necessary to provide students with the opportunity to equitably access educational services in a remote learning environment. The prohibition, to interpret or apply guidance that may contradict this section, extends into the School District Accounting Manual.

Transportation-related services deemed an allowable use of the current transportation allocation include:

- The use of bus drivers, and the corresponding use of school buses, to deliver one or more of the following education tools and services to students in their remote learning locations on a schedule to be determined by school districts:
  - learning materials, including but not limited to workbooks, homework packets, paper assignments, and other tangible instructional materials;
  - meals; and
  - any hardware, Wi-Fi hotspots, or other technology solutions that increase student access to remote learning online curriculum; and
- The transportation of students to and from learning centers or other public or private agencies where educational and support services are provided to students.

School districts are required to track and document the specific time and uses of school buses and bus drivers to deliver the above services. School districts will be required to account for bus miles provided for Remote Learning Operations on the annual School Bus Mileage Report, provided to OSPI. "Remote Learning trips" should be tracked for informational purposes only. The costs will remain in Program 99. Remote Learning trips should be tracked in a similar fashion to how bus usage is tracked for the typical non-to-and-from pupil transportation services, such as extracurricular activities or field trips.

## **Accounting for Cooperative Arrangements**

Districts have the option of creating a cooperative arrangement with other entities, including other school districts, cities, and counties. There are two main types of cooperative arrangements that pertain to pupil transportation for the purposes of this guidance: transportation cooperatives and maintenance cooperatives. A "transportation cooperative" is defined as a situation where two or more school districts combine their resources for the provision of student transportation services. A "maintenance cooperative" is defined as a situation where one district provides vehicle maintenance services for its own vehicles including yellow buses, the vehicles of other school districts (possibly including their yellow buses), and other governmental entities such as cities and counties.

The costs that are incurred for these cooperative arrangements are typically coded initially to Program 99. However, since the costs do not pertain to the to-and-from transportation of the district's students, the costs need to be removed from the district's overall transportation expenditures for the purposes of calculating the mileage rate and at the end of the year for determining funding.

The identification of costs relating to cooperative arrangements depends on the nature of the cost. Some costs are easily identifiable, such as parts that are purchased specifically for a cooperative vehicle (such as another district's bus). Other costs require a bit more work to identify and separate. For instance, to identify the costs relating to a mechanic, a job-costing system should be used to track the hours spent working on cooperative vehicles compared to district yellow buses.

Once costs have been identified as belonging to the cooperative arrangement, and not the district's costs for its own yellow buses, the costs need to be either moved out of Program 99, or otherwise equalized for funding purposes. Moving the costs out uses the debit-credit transfer process to move the costs into Program 89 Other Community Services. Revenues received from the cooperative members would be coded to the appropriate XX89 revenue account. This is the recommended method for handling cooperative costs, as it removes the costs from Program 99 at the end of the year.

Alternatively, a school district may let the costs remain in Program 99 and not transfer them out. This may **only** happen if the district charges for the services on a reimbursement basis. The revenue received *must* be coded to the appropriate XX99 revenue account. The state funding system will reduce the district's total Program 99 expenditures by the amount in the appropriate XX99 revenue accounts, equalizing the non-to-and-from costs in the system. If the district running the cooperative charges an additional fee, such as an administrative charge, the revenue that is received for that fee should not be coded to the XX99 revenue account, but an XX89 revenue account instead. Leaving these fees in would result in the state funding system 'equalizing' more of the district's expenditures.

## **ASB Transportation**

A significant portion of the non-to-and-from transportation costs relate to Associated Student Body (ASB) activities such as sporting events. These costs should be removed from Program 99 using the calculation on either the Long-Form or Short-Form.

If the district's accounting software allows for it, districts may directly charge the ASB fund for the cost of the non-to-and-from trips.

If the district is unable to directly charge the ASB fund, there are two options. The first is to move the costs from Program 99 into the ASB fund using a journal entry. The costs in Program 99 will be reduced, and the costs in the ASB fund will be increased. This would be a reimbursement of expenditures. See Chapter 3 for more information on interfund

reimbursements. However, this method has the effect of reducing the cost pool for determining the applicable rates for non-to-and-from transportation.

An alternative method would be to move the costs out from Program 99 using the debit-credit transfer process into another program such as 89. An invoice would be generated, which would be paid for by the ASB fund. The money would be deposited into the district's general fund in the appropriate XX89 revenue account. This results in both funds showing the costs at the end of the year.

In either case, the cost for the non-to-and-from transportation billed to the ASB fund should not exceed the actual costs calculated using the districtwide rate. To do so otherwise would cause the district's General Fund to benefit at the expense of the ASB Fund.

## **Transportation Frequently Asked Questions**

### **I. HOW TO DEFINE TO-AND-FROM SCHOOL (TO AND FROM) STATE-FUNDED TRANSPORTATION**

#### **Q1. How do I decide if the costs for some particular pupil transportation should be included in Program 99?**

A. The intent of the Legislature is to have the costs in Program 99 reflect school district expenditures for providing the transportation that the state considers in the funding formula. The easiest method to determine if those costs should remain in Program 99 is to ask the following question: "Do I get funded for this transportation as part of the state ridership report?" (Or: would I get funded for the transportation if it was happening during count week?) If the answer is "Yes," then you should include those costs in Program 99 as to and from. Note that the question is unrelated to whether the funding provided by the state is adequate. If the state funds the transportation during ridership, leave those costs in Program 99. Note also that the new funding system does not require the reporting of all to-from transportation activity.

#### **Q2. Should pupil transportation for summer school programs be included in Program 99?**

A. Pupil transportation costs associated with extended school year programs must be transferred out of Program 99. (Note that this is the exception to the rule stated above.)

#### **Q3. The state does not fund pupil transportation within one mile where no hazards to walking exist (the walk area). Should I include the cost of providing pupil transportation within the walk area in Program 99?**

A. Yes. While the current formula does not specifically fund school bus passengers with bus stops within the walk area, those costs must be included in Program 99.

**Q4. Do I have the option of leaving the costs for academically related field trips in Program 99?**

A. No. The costs associated with field trips, extra-curricular trips, and all other transportation that would not qualify for state funding must be moved out of Program 99.

**Q5. When a special needs route gets added after the winter reporting period, do I include those costs in Program 99?**

A. Yes. Those costs should be included in Program 99. While the current formula does not provide additional funding for that route, the costs are to and from. The accounting process should identify the costs associated with performing necessary to and from transportation, regardless of the fact that the new system does not adjust funding for changes made after the winter reporting period.

**Q6. We provide pupil transportation for zero hour and extended day (after school). Are those to-and-from costs?**

A. Transportation provided for zero hour students enrolled in a course of study as defined in WAC 392-121-106 should be reported as to and from. Extended day (after school) program transportation should be charged to Program 99 if it is an academic program. If the transportation is provided for both academic and non-academic programs, the student counts must be separated, and the costs relating to the academic program should be charged to Program 99.

**Q7. Where should I report the costs for transportation for a student identified as homeless outside of the count period?**

A. To-and-from school homeless transportation is charged to Program 99, regardless of whether the work is performed during the transportation report count period. If a district has a McKinney-Vento grant, only non-to-and-from school homeless transportation (for example, summer school and extra-curricular activities) may be charged to the grant.

**Q8. Who should I ask for clarification, if I have questions regarding a specific type of transportation that we provide?**

A. The first person to ask is your Regional Transportation Coordinator. Contact information for the regional transportation coordinators is available on the OSPI website at [Transportation Coordinators](#). If you are still in need of clarification, please contact

Mindy Smith, Student Transportation Program Supervisor at OSPI at 360-725-6121 or [mindy.smith@k12.wa.us](mailto:mindy.smith@k12.wa.us).

## **II. HOW TO APPLY THE ACCOUNTING GUIDELINES**

### **Q9. To calculate non-to-and-from costs, my district currently uses a method other than the short or long method defined by OSPI. Is this acceptable?**

A. Using a different method will yield different results, and the Legislature is seeking consistent results. Therefore, districts must use either the short or long methods to calculate non-to-and-from costs. The exception is that contract districts may direct charge all of their non-to-and-from costs if these costs are broken down on the invoice.

Please note that the long method provides flexibility in the calculation of driver costs, so it is possible that your district's method is incorporated in the variations allowed in the long method.

### **Q10. In preparation for the upcoming school year, our district needs the rates per mile by August 15 in order to budget non-to-and-from transportation expenditures in the programs. May we, therefore, use expenditure data for the prior 180-day school year (September through June) rather than the prior fiscal year (September through August)?**

A. If, in your judgment, using the prior school year expenditure data will generate an accurate estimate of the non-to-and-from costs, you may use the prior school year expenditure data rather than the prior fiscal year expenditure data. Districts that use prior school year data should perform the calculation at the end of the year using prior fiscal year data to determine that the school year calculation was accurate. All districts should maintain documentation of the non-to-and-from cost calculation for audit purposes.

### **Q11. Who should I ask for clarification?**

A. Contact Paul Stone, School District and ESD Accounting Supervisor, at 360-725-6303 or [paul.stone@k12.wa.us](mailto:paul.stone@k12.wa.us).

**Program 99 Transportation Matrix by Activity and Object**  
**How Costs are Split Between State-Funded and Non-State-Funded Transportation**

|                                      | Debit Transfer | Credit Transfer | Cert. Salaries | Class. Salaries | Employee Benefits | Supplies, Matr's – Non-Cap | Purchased Services | Travel       | Capital Outlay |
|--------------------------------------|----------------|-----------------|----------------|-----------------|-------------------|----------------------------|--------------------|--------------|----------------|
| <b>ACTIVITY</b>                      | <b>(0)</b>     | <b>(1)</b>      | <b>(2)</b>     | <b>(3)</b>      | <b>(4)</b>        | <b>(5)</b>                 | <b>(7)</b>         | <b>(8)</b>   | <b>(9)</b>     |
| <b>25</b> Pupil Mgmt and Safety      | <b>C</b>       |                 | <b>C</b>       | <b>C</b>        | <b>C</b>          | <b>C</b>                   | <b>C</b>           | <b>C</b>     | <b>C</b>       |
| <b>29</b> Pmts to School Districts ① |                |                 |                |                 |                   |                            | <b>C / A</b>       |              |                |
| <b>51</b> Supervision ②              | <b>C</b>       |                 | <b>C</b>       | <b>C</b>        | <b>C</b>          | <b>C</b>                   | <b>C</b>           | <b>C</b>     | <b>C</b>       |
| <b>52</b> Operations ③               | <b>A</b>       |                 |                | <b>D</b>        | <b>D</b>          | <b>A</b>                   | <b>A / D</b>       | <b>C / D</b> | <b>A</b>       |
| <b>53</b> Maintenance                | <b>A</b>       |                 |                | <b>A</b>        | <b>A</b>          | <b>A</b>                   | <b>A</b>           | <b>A</b>     | <b>A</b>       |
| <b>56</b> Insurance                  |                |                 |                |                 |                   |                            | <b>C</b>           |              |                |
| <b>59</b> Transfers                  |                | <b>NA</b>       |                |                 |                   |                            |                    |              |                |

The designations on this Matrix visually depict the cost nature(s) of each Program 99 activity-object combination and were used to develop the short and long method Templates.

**C** = Core costs—These costs are considered core to the state-funded transportation and are not allocated to non-state-funded transportation.

**A** = Incremental costs—These costs are variable based upon the number of miles driven. They are to be charged here first and then allocated, using the short method template or the long method template, to non-state-funded transportation based on miles.

**D** = Direct Costs per Hour and Trip Costs—These costs are driven by the number of driver hours or trip-specific costs. The largest component is driver salaries and benefits. Direct costs to be allocated to non-state-funded transportation are calculated in the following manner: (1) using the long method template based on hours (driver salaries and benefits); (2) using the long method template based on specific trip costs (tolls, parking fees, etc.); or (3) using the short method template, added to incremental costs and allocated based upon the percent of to-and-from

miles. These costs may be direct charged to the using program rather than initially charged to Program 99.

**NA** = Not applicable—The credit transfer amount is not allocated and is not part of the cost per mile or cost per hour calculation.

Non-state-funded costs are accounted for as follows:

- Direct costs (D above) such as driver and trip costs may be charged directly to a non-transportation program.
- Incremental costs (A above) and direct costs (D above) are allocated to non-transportation programs using the debit and credit transfer process. The amounts are calculated using the short or long method for splitting state-funded and non-state-funded transportation costs.

**Notes:**

- ① These costs may be core or incremental, determined on a specific-transaction basis.
- ② The district can identify specific non-state-funded activity 51 expenditures and allocate them, but this will be the exception. The transportation director salary and benefits are core costs. Costs for a dispatcher hired solely for non-state-funded dispatching may be allocated.
- ③ These costs may be incremental or direct, determined on a specific-transaction basis.

## **FOOD SERVICE PROGRAM GUIDANCE**

### **Definition of Costs**

There are two varieties of costs that need to be considered when looking at program-related expenditures: direct and indirect. Direct costs are those that are specifically incurred for a program or other cost objective and can be readily identified to a particular objective. For example, food purchased for school lunches is a direct cost of the food service program. The salary for a teacher during a regular school day is a direct cost for Program 01 Basic Education.

In contrast, an indirect cost is incurred for the benefit of multiple programs or cost objectives, and therefore cannot be identified readily and specifically with any given program or cost objective. These costs are also known as "overhead costs."

#### ***Direct Costs***

A direct cost is one "that can be identified specifically with a particular final cost objective" (2 CFR Part 225, Appendix A, paragraph E.1v). For a cost to be considered a direct cost, it needs to be traceable to the activity that received the benefit of the cost. The Federal Cost Principles, formerly published as OMB Circular A-87 and now codified in Part 225 of Title 2 of the Code of Federal Regulations (2 CFR Part 225), identify, in general terms, four main categories of direct costs.

The first are the *salary and benefit costs* for employees who work on a particular cost objective. This means that the labor costs for employees who prepare and serve meals to students are direct costs, as would be the cost of a food service director within a district. The costs of staff that collect lunch money would also, in general terms, be a direct cost. However, if, for example, that staff member was also the school's attendance secretary, the entirety of the salary costs would not be a direct cost of the food service program. Only the portion of the salary that is directly related to the food service program may be considered a direct cost. There are other similar issues in this regard; see *Allowability*, below.

The second general category of costs is the "*cost of materials* acquired, consumed, or expended specifically for the purpose" of a cost objective. The largest material-related cost for the food service program is, of course, the food that will be served to the students. However, other material-related costs can be attributed to the school food service program. These include items such as plates, trays, utensils, and so on.

In addition, the costs of office supplies for the food service program are also material-related costs and so should be recorded as a cost of the food service program.

The third category of costs is related to the second: the *costs of "equipment and other approved capital expenditures."* This applies to the necessary equipment to store, prepare, and serve meals to students. If there are any capital expenditures that are necessary for the operations of a school food service program, they should be charged to the program as well.

The fourth general category is travel expenses that are necessary to meet the cost objective.

### ***Indirect Costs***

In contrast to direct costs which are identified with a particular cost objective, indirect costs are costs that are "incurred for a common or joint purpose benefiting more than one cost objective." In addition, these costs are "not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved" (2 CFR Part 225, Appendix A, paragraph F.1). Put simply, these costs only indirectly benefit a particular cost objective. These costs are considered as being central costs and are sometimes known as "overhead costs."

Indirect costs can be, in some ways, a direct cost of a particular program, but the time and effort necessary to identify those exact costs far exceed the benefit of knowing the exact cost to a given program. For instance, consider the task of accounts payable for the entire district. It takes time to process an invoice for payment, including confirmation that the items or services were actually received, to entering it into the system, and so on. Each program receives a direct benefit of the process of handling accounts payable, and so the time costs (represented by salary and benefit costs) would be a direct cost of the program. However, it would take determining some basis for spreading the cost, such as the number of invoices processed, or actually determining how long it takes to process a particular invoice, to be able to consider the costs as direct costs for the activity. Hence, the treatment of these costs as indirect costs.

In general terms, indirect costs are recorded in Program 97 Districtwide Support; as they are costs that relate to district-level operations and that benefit all programs.

### ***Application of Indirect Costs—Indirect Rates***

How are indirect costs applied to programs such as food service? This is done through a calculated indirect rate. There are three types of indirect rates that school districts in Washington state use: The Federal Restricted Indirect Rate, the Federal Unrestricted Indirect Rate, and the State Recovery Rate. Each of these rates has specific programs for which they are used. The Federal Unrestricted Indirect Rate (FUIR) is allowed for federal programs that do not have a “supplement, not supplant” requirement, such as food service programs. Thus, for school food service programs, the rate that is used is the FUIR.

The FUIR is calculated through a formula that has been agreed upon by both OSPI and the Department of Education, which is OSPI’s cognizant federal agency for indirect rate determinations. The full calculation is done on the district’s F-196 Annual Financial Statement. Rates are calculated with a two-year lag, so the rate that is effective for 2021–22 was calculated using 2019–20 F-196 data for the district.

Indirect costs that are applied to a program’s direct costs are **not** reflected on the F-196. Only direct expenditures for programs are reported on the F-196.

### ***Allowability***

Not every cost that can be conceived of as being “direct” may be charged to a given program. The Federal government has identified several criteria that need to be evaluated before a cost can be “allowed” to be charged to a specific program.

First, the costs must be reasonable and necessary. “Reasonable” means the price paid for a particular item is the same price that a prudent person would have paid for the same item under similar circumstances. “Necessary” means the cost needed to be incurred for the program or cost objective to move forward or operate.

Second, the costs must be allocable to the program. This either means the costs are directly chargeable to the program in accordance with the relative benefits received, or they are indirect costs that are allocated through the applied use of an indirect cost rate.

Third, the costs must be authorized, or not prohibited under state or local laws or regulation. The Appendix B to Part 225 provides general examples of what sort of costs are applicable to Federal programs in general. If there are additional restrictions about what costs may be charged to a given program, either in state law

or other applicable law, those must be taken into account as well. Related to this is that the costs must conform to any limitations or exclusions that are set forth.

Fourth, the costs must be applied consistently to all relevant programs and treatments. That is, if a cost is treated as a direct cost for a particular program, then the same costs cannot be treated as an indirect cost for other programs. One example, provided by the USDA, is custodial costs. A custodian's time can be directly charged to the food service program, by some form of cost allocation measure (for example, the amount of square footage taken up by the food service program compared to the school taken as a whole). However, to direct charge the custodial costs and meet the consistency requirement, then all custodial costs in schools must be allocated out to the various programs and charged as direct costs. They cannot be treated as an indirect cost that is allocated through the use of an indirect rate. This would include such programs as Basic Education, Special Education, Title I programs, Bilingual programs, etc.

Finally, the costs must be recorded as net of all applicable credits and be adequately documented. "Net of all applicable credits" means that if there are purchase credits that apply to a given item (or rebates), the cost is recorded as the lower cost once those credits have been applied, not the higher, base cost without credits. "Adequately documented" means that there must be some form of documentation to "back up" the cost. For salaries, this would be timesheets or other payroll records (especially for staff that are not charged 100 percent to food service programs). For purchased supplies or services, there are two types of general documentation. The first is an invoice, detailing the items delivered or services performed, as well as the cost for those items or services. The second is some form of documentation or verification that the items being billed for on the invoice were actually received, and that the invoice is authorized to be paid.

## **Definition of Program Income or Loss**

Program income is defined as the excess of Food Service revenues (any XX98 Revenue Code) over total Program 98 expenditures, including applied indirect costs.

Program operating loss is defined as the excess of total Program 98 expenditures, including applied indirect costs, over Food Service revenues (any XX98 Revenue Code). It is assumed that any costs that are not covered by XX98 revenues are covered by other available resources of the district, including local levy dollars, state apportionment money, and so on. Resources that are used in this fashion can be considered as being "loaned" to the Food Service Program on behalf of the district to cover the costs.

Final calculation of program income or loss will be completed by OSPI Child Nutrition Services using the Report 1800.

### ***Estimation of Program Income or Loss***

Districts may estimate the food service program income or loss for the purposes of recording carryover or offsetting prior carryover amounts. This process starts by summing up all XX98 Revenue Codes for the given year and then deducting all Program 98 direct expenditures, subtracting Object 1 Credit Transfers from total expenditures.

Next, apply the district's federal unrestricted indirect rate to the direct expenditures. The rate for any given fiscal year was calculated based on the F-196 data from the second prior fiscal year, per OSPI's indirect rate agreement with the Federal government. This means that the rate for 2020–21 was calculated based on 2018–19 financial data. The indirect rate is not applied to all direct expenditures. The rate is only applied to food service salaries and benefits (Object Codes 2, 3, and 4), purchased supplies *other than food* (Object Code 5, except Activity 42 Object 5), purchased services (Object Code 7, except Activity 42 Object 7), and "other" expenditures (Object Code 0 debit transfers, and Object 8 Travel). If a school district contracts out food services with a food service management company and records the contract costs under Program 98, Object 7, Purchased Services, the district will need to split out the costs between labor, supplies, and other on OSPI Form 1505. Child Nutrition will use the form to split out costs to the appropriate object codes and expenditure activities on the Report 1800 before applying the unrestricted indirect rate. For an explanation of these codes, please see Chapter 6.

The amount that remains (XX98 Revenue less Program 98 direct expenditures less applied indirect expenditures) is the estimated program income or loss for the year. The final calculation of program income or loss will be handled by Child Nutrition Services, with the publication of the Report 1800 for each district.

### ***Carryover of Program Income***

A district that has program income shall carry over the excess as a Restriction of Fund Balance. Per Federal statues, "revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings" (7 C.F.R. §210.14(a)). This is considered a monetary restriction placed on the use of financial resources by

enabling legislation, which means that excess program revenue is treated as "Restricted." Any excess program income should be recorded in GL 828 Restricted for Carryover of School Nutrition Revenue.

If the district is constantly generating excess program income, the amount recorded year-over-year will continue to accumulate. However, Federal statutes state that a district shall limit "its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service" (7 C.F.R. §210.14(b)). For the purposes of meeting this definition, the following terms are defined:

- "Net cash resources" means the excess of program revenue over program expenditures, accumulated at year-end and year-over-year.
- "3 months average expenditures" means one-third of the total Program 98 expenditures for a school district for a given year, or:  $(\text{total expenditures} \div 9 \text{ months}) \times 3$ .

What happens in the event a district accumulates more than three months of expenditures in GL 828? In such a situation, the district's food service program staff will need to work with OSPI Child Nutrition Services on implementing program changes. The changes that are outlined in statute include, but are not limited to, reducing the price paid by students for school lunches, improving the quality of the food that is served to students, and other actions that are designed to improve the food service program. The exact steps that are taken will be determined through agreement between the district and OSPI.

### ***Carryover of Program Loss***

Most districts in Washington run school food service programs that do not generate excess program income, or their total Program 98 expenditures exceed their total XX98 revenues. In such a situation, the assumption is that the district is using other available resources to cover the operating deficit of the food service program, whether it is local levy dollars, general apportionment money, or any non-restricted source of money. The district's General Fund may be "loaning" the food service program the additional resources necessary to provide a school meal program to the students.

Unlike the situation where a district has recorded net program income, there is nothing to record when the district runs a food service deficit. The food service program is running a deficit and is being "loaned" money from the rest of the

district's General Fund, which would mean that there would be some form of receivable to be recorded by the General Fund. In order to balance the accounts, such a receivable would need to be offset by some form of revenue recognition, which would distort the district's financial statements.

To record a food service deficit balance, a separate food service supplemental report will be developed. On this report, the district's current balance of deficit carryover will be displayed. Deficit carryover is limited to a cap of the amount of the annual deficit calculated for each of the previous five years. Put another way, any individual deficit amount can be carried over (as a part of the aggregate) up to a maximum of five years. After that time period, it no longer is displayed on reports.

### ***Offsetting Program Income and Program Loss***

There are many times when a district will run a food service program that has net income in one year, but has a deficit the following year, or vice versa.

If the district has a balance in GL 828—that is, the food service program has had net income—and then has a deficit the following year, the deficit will first be applied against the balance in GL 828. If the amount of the deficit is not enough to reduce the balance in GL 828 to zero, then the remaining balance is "carried forward." If the amount of the deficit is greater than the balance in GL 828, then the balance in that account is reduced to zero and the remaining deficit is "carried forward."

If the district has had a deficit program and has built up a balance, as shown on Report 1800SUM and then has a net income, the amount of net income can be used to offset the balance of the food service deficit account. If the amount of net food service income is not enough to completely remove the deficit, any remaining deficit amounts will be carried forward on the supplemental report. If there is sufficient net income to overcome the deficit balance, any remaining net food service income will be reported in GL 828.

### **Catering Services (Optional)**

Some districts elect to perform catering services within and around the district. The costs and revenues that are associated with such services are not related to the food service program, and therefore should not be reported in Program 98. The most appropriate program code for recording catering services is Program 89 (Other Community Services).

For staff and related services costs, there are a number of methods for moving the costs out of Program 98 and into Program 89. The first method would be to charge the employee's time directly to Program 89 for the time spent on catering services, using time sheets or some other method of determining how much time to charge.

The second method is to do a journal entry to move the costs out of Program 98 (reduce the expenditures in the program) into Program 89 (increase the expenditures in the program). The amount that is to be transferred should be calculated based on some established method, such as percentage of time over the period spent working on catering services. In this instance, the appropriate share of all salary and benefit costs would need to be transferred. With this method, the salary and benefit costs would no longer be shown in Program 98.

The third method would be to use the debit-credit transfer process as outlined in Chapter 6. For this method, the amount to be transferred is calculated on an established method, and then transferred using transfer objects from Program 98 to Program 89. The difference between this method and the last method is that with this method, all of the original expenditures remain intact in Program 98 by expenditure object, but the total Program 98 expenditures are reduced by the amount transferred out.

According to (7 C.F.R. §250.59 (c)), the school food authority should not use donated foods in meals or other activities that do not benefit primarily schoolchildren, such as banquets or catered events. However, as their use in such activities may not always be avoided (*e.g.*, if donated foods are commingled with purchased foods in a single inventory management system), the school food authority must ensure reimbursement to the nonprofit school food service for the value of donated foods used in such activities. When such reimbursement may not be based on actual usage of donated foods (*e.g.*, in a single inventory management system), the school food authority must establish an alternate method of reimbursement—*e.g.*, by including the current per-meal value of donated food assistance in the price charged for the meal or other activity.

## **COMPENSATED ABSENCES**

### **Introduction**

GASB Statement 16, Accounting for Compensated Absences, provides specific guidance on how this leave liability should be calculated. Compensated absences are absences for which employees will be paid, such as vacation and sick leave. This guidance does not deal with whether the compensated absences liability should be reported in governmental funds. Rather, this guidance applies only to compensated absences liabilities reported on the Schedule of Long-Term Liabilities. Separate guidance for vacation leave and unused sick leave to be paid at termination is provided.

### **Vacation Leave**

Districts are required to report a liability for vacation leave and other leave with similar characteristics earned by employees when both the following two criteria have been met:

- The vacation leave is related to employee services already rendered.
- Eventual payment to the employee is considered probable.

“Payment” means compensation through paid time off or some other means, such as cash payments at termination or retirement. Consequently, accumulated vacation leave at fiscal year-end should be accrued for time that will be taken off by the employee in a subsequent fiscal year and paid through the employee’s regular pay.

Vacation leave liability should be valued using current salary rates in effect at the balance sheet date (that is, pay rates in effect as of fiscal year-end). The liability should also reflect certain benefits. Any salary-related payments **directly and incrementally** connected with leave payments to employees (employer FICA, employer Medicare, eligible contributions to the state retirement system) and are applicable to payments made upon termination. For example, retirement contributions are made for accrued vacation paid upon termination for employees in TRS 1 and PERS 1, but not for employees in TRS 2 and PERS 2. Statement 16 requires inclusion of retirement for all TRS 1 and PERS 1 accrued vacation, but **none** is to be included for TRS 2 or PERS 2 accrued vacation. (Note: Salary-related benefit rates should take into account factors such as employees whose salaries exceed the maximum social security withholding. Salary-related payments would **not** include life insurance premiums and health care premiums paid on behalf of employees.)

The liability for vacation leave should include nonvested leave earned by employees that are expected to vest. For example, assume new employees earn one day of vacation leave per month, but may not take any leave prior to completing a six-month probationary period. Further, assume that employees not completing the probationary period forfeit any leave earned during that period. The district would then accrue leave earned by new employees to the extent those employees are expected to successfully complete the probationary period.

Conversely, the liability for vacation leave should not include accumulated amounts expected to lapse.

## **Sick Leave**

Districts are required to report a liability for unused sick leave to be paid at termination that is based only on rendering past service.

Districts do not accrue sick leave payments made to employees for time taken off on account of illness or other medical-related reasons because this is not considered a true liability since it is contingent upon a future event beyond the control of both the employer and employee.

GASB Statement No. 16 sets forth the following two different approaches for measuring this liability:

1. Termination Payments Method: Under this approach, a district calculates the amount of sick leave to be paid upon termination based upon past experience in making such payments.
2. Vesting Method: Under this approach, a district estimates the liability for sick leave payouts by calculating the amount of sick leave expected to become eligible for payout at termination.

Using either method, the liability includes salary-related payments (benefits) connected with termination payouts for unused sick leave. In addition, both methods require the use of current salary rates unless compensation is at some other rate.

Further, if any unused sick leave is applied to an employee's service credits to qualify the employee for retirement, that unused sick leave must be removed from the amount available to be paid out at termination.

In choosing which method to use, several observations must be made. For example, the vesting method may be the more practical approach in situations where a district does not have adequate historical data to establish past sick leave payout patterns. Larger districts may choose to use samples to avoid the need to collect and manipulate data for numerous employees. Similarly, past sick leave payout patterns (termination payments method) may be of limited benefit for districts with a relatively small number of employees.

Note also the time focus of the two methods. The termination payments method focuses on several past periods. The vesting method focuses primarily on data as of the balance sheet date.

## Termination Method Calculations

There are at least three different ways the termination payments method for sick leave can be applied in practice: (1) The "ratio" approach, (2) the "days paid" approach, and (3) the "amount paid" approach.

### ***"Ratio" Approach***

This approach appears to be one of the simpler calculation methods. The liability for unused sick leave is calculated using the historical ratio of sick leave paid to sick leave accumulated. Refer to Exhibit A when considering the following steps:

1. The district prepares a list of sick leave payouts for the past several years (in this example, a previous five-year period) as well as a list of year-end sick leave balances in dollars for those same years.

(See Exhibit A: This amount includes vesting and nonvesting sick leave.\*)

2. The district then totals the sum of sick leave payouts (\$8,026) and the sum of year-end sick leave balances (\$167,840) for the five-year period.
3. The district then calculates the ratio of sick leave payouts to year-end sick leave balances ( $\$8,026/\$167,840 = 4.8\%$ ).
4. This rate can then be applied to the current sick leave balance (\$42,710) and adjusted for salary-related payments (7.65% of payroll) to calculate the liability for payouts of unused sick leave at termination ( $4.8\% \times \$42,710 \times 1.0765 = \$2,207$ ).

| <b>EXHIBIT A</b>                              |                           |                                  |
|---|---------------------------|----------------------------------|
| <b>Assumptions Underlying "Ratio" Example</b> |                           |                                  |
| <b>Year</b>                                   | <b>Sick Leave Payouts</b> | <b>Total Sick Leave Balance*</b> |
| 20X1  | \$1,075                   | \$21,500                         |
| 20X2  | 1,266                     | 28,133                           |
| 20X3  | 1,650                     | 36,000                           |
| 20X4  | 2,010                     | 40,020                           |
| 20X5  | 2,025                     | 42,187                           |
|   | \$8,026                   | \$167,840                        |
| 20X6  | ?                         | \$42,710                         |

***"Days Paid" Approach***

Under this approach, the sick leave liability is calculated on the basis of sick leave days paid in the past. Refer to Exhibits B and C (illustrative examples shown are from these exhibits) when considering the following steps:

1. The district prepares a list of employees who have terminated during the past several years (in this example, the preceding five-year period as illustrated in Exhibit C).
2. For each employee terminated during that five-year period, the district lists (1) the number of unused sick leave days payout at termination and (2) the total years worked. These amounts are then totaled (70 days of paid unused sick leave, 60 years of service).
3. State of Washington employees are paid at 25 percent of their regular pay rate for unused sick leave. Accordingly, the total number of paid unused sick days (70 days) is first multiplied by the average daily pay rate for current employees (\$96 per day) and then reduced to the pay rate in effect for termination payments (70 days x \$96 per day x 25% = \$1,680).
4. The adjusted value of sick leave (\$1,680) is divided by the total service years of terminated employees to calculate the sick leave payout per year of service (\$1,680/60 years of service = \$28 per year of service).
5. Once the sick leave payout per year of service has been calculated, it is applied to the years of service of current employees (in this example, 38 years) and adjusted to reflect salary-related payments (7.65 percent of payroll). The result is the

liability for unused sick leave payouts at termination (38 years of current employee service x \$28 per year of service x 1.0765 = \$1,145).

Larger districts may consider using samples to eliminate the need to provide detailed information for numerous employees.

### ***“Amount Paid” Approach***

Under this method, the sick leave liability is calculated on the dollar value basis of unused sick leave paid in the past. Refer to Exhibits B and C when considering the following steps (illustrative amounts are from those exhibits):

1. The district prepares a list of employees who terminated during the past several years (in this example, the preceding five-year period as illustrated in Exhibit C).
2. For each employee terminated during that period, the district lists both (1) the total years worked and (2) the amount of unused sick leave payout at termination. The number of years worked for terminated employees is then totaled (60 years).
3. The amount of sick leave paid in each of the preceding years must then be converted into current year dollars. The rate used reflects the average yearly rate of pay increases during the period (five years). The district then calculates the sum of sick leave payouts in current year dollars (\$2,494).
4. Because of their seniority, terminating employees are often paid at a higher daily pay rate than other employees. For example, the average daily pay rate for current employees may be 80 percent of the average daily pay rate of terminating employees. Therefore, the sum of sick leave payouts must be adjusted accordingly ( $\$2,494 \times 80\% = \$1,995$ ).
5. The \$1,995 is then divided by the total years of service of terminated employees to calculate the sick leave payout rate per year of service ( $\$1,995/60$  years of service = \$33.25 per year of service).
6. Once the sick leave payout per year of service has been calculated, it is applied to the years of service of current employees (38 years) and adjusted to reflect salary-related payments (7.65 percent of payroll). The result is the liability for unused sick leave payouts upon termination (38 years of current employee service x  $\$33.25/\text{year of service} \times 1.0765 = \$1,360$ ).

Again, larger districts may consider using samples to eliminate the need to provide detailed information on numerous employees.

| <b>EXHIBIT B</b>   |                 |                          |
|--|-----------------|--------------------------|
| <b>Assumptions Underlying "Days Paid" and "Amount Paid" Examples</b> |                 |                          |
| <b>Pay rate for termination payments:</b>                            | <b>25%</b>      |                          |
| <b>Salary-related payment ratio:</b>                                 | <b>7.65%</b>    |                          |
| <b>Current average daily salary:</b>                                 | <b>\$96</b>     |                          |
| <b>Current Employees:</b>  | <b>Employee</b> | <b>Length of Service</b> |
|  | 1               | 8 years_                 |
|  | 2               | 1 year_                  |
|  | 3               | 10 years_                |
|  | 4               | 16 years_                |
|  | 5               | 3 years_                 |
|  | <b>TOTAL</b>    | <b>38 years_</b>         |

| <b>EXHIBIT C</b>  |                            |                        |                     |                          |                                     |
|---|----------------------------|------------------------|---------------------|--------------------------|-------------------------------------|
| <b>Schedule of Employee Terminations Last Five Fiscal Years</b> |                            |                        |                     |                          |                                     |
| <b>Employee</b>   | <b>Year of Termination</b> | <b>Sick Day Payout</b> | <b>Years Worked</b> | <b>Sick Leave Payout</b> | <b>Adjusted Payout (4% per yr.)</b> |
| A   | 20X1                       | 15                     | 13                  | \$567                    | \$690                               |
| B   | 20X2                       | 0                      | 7                   | 0                        | 0                                   |
| C   | 20X3                       | 25                     | 14                  | 660                      | 743                                 |
| D   | 20X4                       | 30                     | 20                  | 981                      | 1,061                               |
| E   | 20X5                       | 0                      | 6                   | 0                        | 0                                   |
| <b>TOTALS</b>   |                            | <b>70</b>              | <b>60</b>           | <b>\$2,208</b>           | <b>\$2,494</b>                      |

***Vesting Method Calculation***

Under the vesting method, the sick leave liability is based upon leave balances for current employees that are likely to become eligible for termination payments. Refer to Exhibits D and E when considering the following steps (amounts used are from those exhibits):

1. Typically, employees obtain the right to be compensated for unused sick leave upon completing a certain number of service years. In that case, the district should establish an eligibility policy. It must decide at what point it becomes probable an employee will, in fact, complete the required service period. Turnover is often different for various classes of employees; therefore, the milestone selected may be different for

each class of employees (for example, kitchen employees—ten years; professional and technical employees—eight years).

2. The sick leave balance for each current employee who has met the appropriate milestone (for example, kitchen employees—with more than ten years of service) should then be reduced to reflect any cap on sick leave payouts (for example, 180-day maximum).
3. State of Washington employees are paid at 25 percent of their regular pay rate for sick leave payouts on a maximum of 180 accrued days. Accordingly, the sick leave balance for an employee (180 days) is first multiplied by the employee’s daily pay rate (\$65 per day) and then reduced to the pay rate in effect for termination payments (180 days x \$65 per day x 25% = \$2,925).
4. The district then calculates the sum of these amounts for all employees and adjusts it to reflect salary-related payments (for example, employer FICA and Medicare) to determine the total liability for unused sick leave payouts (\$13,823).

| <b>EXHIBIT D</b>                                     |              |                |                 |                |
|--|--------------|----------------|-----------------|----------------|
| <b>Assumption for Illustration of Vesting Method</b> |              |                |                 |                |
| <b>Employee</b>                                      | <b>Class</b> | <b>Balance</b> | <b>Pay Rate</b> | <b>Service</b> |
| 1  | A            | 182 days       | \$65 per day    | 20 years       |
| 2  | B            | 84 days        | \$85 per day    | 7 years        |
| 3  | A            | 122 days       | \$50 per day    | 17 years       |
| 4  | C            | 300 days       | \$95 per day    | 22 years       |
| 5  | A            | 20 days        | \$45 per day    | 10 years       |
| 6  | C            | 70 days        | \$90 per day    | 6 years        |
| 7  | C            | 40 days        | \$95 per day    | 27 years       |
| 8  | B            | 34 days        | \$80 per day    | 22 years       |
| 9  | A            | 12 days        | \$55 per day    | 5 years        |
| 10   | A            | 490 days       | \$50 per day    | 31 years       |

Service required to be eligible for sick leave payout: 20 years. Limitations on sick leave payouts: 25% pay and 180-day maximum. Salary-related payments rate: 7.65%.

Likely to complete 20 years of service:

|         | <b>Milestone</b> |
|---------|------------------|
| Class A | 10 years         |
| Class B | 8 years          |
| Class C | 12 years         |

| <b>EXHIBIT E</b>                                     |                 |                |                |             |                                |                  |
|--|-----------------|----------------|----------------|-------------|--------------------------------|------------------|
| <b>Assumption for Illustration of Vesting Method</b> |                 |                |                |             |                                |                  |
| <b>Emp.</b>  | <b>Eligible</b> | <b>Service</b> | <b>Accrue?</b> | <b>Days</b> | <b>Sick Pay per Pay Rate**</b> | <b>Liability</b> |
| 1  | 10 years        | 20 years       | Yes            | 180*        | \$16.25 per day                | \$2,925          |
| 2  | 8 years         | 7 years        | No             | 84          | N/A                            | 0                |
| 3  | 10 years        | 17 years       | Yes            | 122         | \$12.50 per day                | 1,525            |
| 4  | 12 years        | 22 years       | Yes            | 180*        | \$23.75 per day                | 4,275            |
| 5  | 10 years        | 10 years       | Yes            | 20          | \$11.25 per day                | 236              |
| 6  | 12 years        | 6 years        | No             | 70          | N/A                            | 0                |
| 7  | 12 years        | 27 years       | Yes            | 40          | \$23.75 per day                | 950              |
| 8  | 8 years         | 22 years       | Yes            | 34          | \$20.00 per day                | 680              |
| 9  | 10 years        | 5 years        | No             | 12          | N/A                            | 0                |
| 10   | 10 years        | 31 years       | Yes            | 180*        | \$12.50 per day                | <u>2,250</u>     |
|  |                 |                |                |             |                                | 12,841           |
|  |                 |                |                |             | Salary-related payments***     | <u>982</u>       |
|  |                 |                |                |             |                                | \$13,823         |

\*Sick leave payouts limited to 180-day maximum

\*\*25% of regular pay rate

\*\*\*7.65%

## **APPENDIX C – Reference Materials**

### **Accounting, Auditing, and Legal Compliance Issues**

- Attorney General’s Office ([AGO](#))
- A Debt Limitation Worksheet and Instructions are posted on the School Apportionment webpage under *Forms* at [Debt Limit Calculation](#)
- The [\*Accounting Manual for Public School Districts in the State of Washington\*](#)
- Governmental Accounting Standards Board ([GASB](#))
- State Auditor’s Office ([SAO](#))
- Washington Association of School Business Officials ([WASBO](#))
- Washington Association of School Administrators ([WASA](#))
- Washington State School Directors’ Association ([WSSDA](#))
- Government Finance Officers Association (GFOA) [\*Governmental Accounting, Auditing, And Financial Reporting\*](#) (GAAFR) (aka: The Blue Book)

### **Bulletins and Communications for School Districts**

- Bulletins issued by the Office of Superintendent of Public Instruction (OSPI) are posted to the OSPI Web page at [Bulletins and Memos](#). You may also receive a copy by contacting School Financial Services, OSPI, at 360-725-6303. The agency TTY number is 360-664-3631.
- The State Auditor’s Office [Audit Connection Blog](#)

### **Federal Compliance Issues**

- Office of Management and Budget ([OMB](#)) Circulars
- Catalog of Federal and Domestic Assistance ([CFDA](#))
- Office of Special Education and Rehabilitative Services, under [grads360](#) resources ([OSEP](#))
- Title 1 Part A, Program Fiscal Handbook; available on the OSPI website at [Federal Fiscal Guidance](#)
- [Electronic Code of Federal Regulations \(eCFR\)](#)

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*Download this material in PDF at Accounting Manual. This material is available in alternative format upon request. Contact the Resource Center at 888-595-3276, TTY 360-664-3631. Please refer to this document number for quicker service: 21-0026.*



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