



# **Budgeting and Accounting Update for School Year 2022–2023**

# Presenter Information



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# Today's Topics

- New Budgeting Personnel at OSPI
- F-195/F-200 Redesign Project Update
- FY 2022-2023 F-195 Update
- F-195F Reminders for FY 2022-2023
- Budget Extension Reminders for FY 2021–2022



# Introduction of Lee Wlazlak

- Worked in various state agencies since 1993.
- Experience includes Central Budget Offices, Statewide Program Manager
- Sole Proprietor for several private businesses.
- Supervisor, School District and ESD Budgeting



# F-195/F-200 Redesign Project Update

## POST PROJECT UPDATE:

- The new system is functioning well.
- As the OSPI staff reviews school district budgets we are redesigning the process.
- So far, so good. It has been a smooth transition.



# F-195/F-200 Redesign Project Update

## POST PROJECT UPDATE: (Continued)

- The electronic DocuSign process is an extremely important part of the new system.
  - You must use it. If you have questions, please ask.
- Please ensure administrators have proper access.
  - And that they are available to electronically sign documents.
- Extensive training is not required.



# F-195/F-200 Redesign Project Update

## POST PROJECT UPDATE: (Continued)

- New F-195 File Import Specifications allowing for the ability to upload the two salary fields.
- Beginning with 2022–23: Version 3 requires the upload of local and state salary fields.



# F-195 Programming Updates

## General Fund Changes

- The state-wide salary allocations for certificated instructional staff were revised.
- For 2022–23, the Informational Edit 1.800 message is revised to read:
  - *For Program-Activity-Duty Code [XX-XX-XXX], the minimum salary entered on the certificated salary exhibit should be greater than or equal to \$45,455.*
  - This edit will print separate lines for each program that fails this edit.





# F-195 Programming Updates

## General Fund Changes

- Program and Revenue Code Title Changes for the
- State and Local Fiscal Recovery Fund (SLFRF)
- Expenditure Program 11, Revenue Codes 6111, 6211, and 6311
- Previous Title: Federal Special Purpose—GEER
- New Title: **Federal Special Purpose—SLFRF**



# F-195 Programming Updates

## General Fund Changes

- Program and Revenue Code Title Changes for
- Cares Act—Other
- Expenditure Program 19, Revenue Codes 6119, 6219, and 6319
- Previous Title: Federal Special Purpose—Reserve H
- New Title: **Federal Special Purpose—Cares Act—Other**



# F-195 Programming Updates

## General Fund Changes

There is a 21-22 General Fund Addendum that can impact Budgeting: *Accounting for Leases*.

### Opening Program-Activity-Object (PPAAO)

- 97-85-1 Districtwide—Debt-Related Expd—Credit Transfers
- 97-85-9 Districtwide—Debt-Related Expd—Capital Outlay
- This allows districts to budget for Leases in response to GASB 87
- Detailed slides below



# F-195 Programming Updates

## OTHER Fund Changes

### Changes in the 22-23 Capitol Projects Fund (CPF)

There are six title changes for revenue codes – 6111, 6211, 6311, 6119, 6219, and 6319 – that are necessary to provide revenue codes due to the CARES Act. Same as those describe in GF changes.

### Some sort-of-good news:

- No new items in the Associated Student Body Fund.
  - *Yea!!!*
- No new items in the Debt Service Fund.
  - *Yee-hoo!!!*
- No new items in the Transportation Vehicle Fund.
  - *Whoopie!!!*



# 2022–23 Budget Process

## The F-203—Revenue Estimate

All school districts must complete the F-203 Revenue Estimate.

- Input your Enrollment Updates
- The F-203 and the F-195 Budget Document follow the same Time Schedule
- The F-203 must have the status of “Ready for ESD review” before data can import to the F-195

Budget-related legal references and guidance are found in:

- Chapter 28A.505 RCW; Chapter 392-123 WAC; Accounting Manual, Chapter 2;



# Time Schedule for Budgets

Date	First Class	Second Class	Charter Schools
July 8	Final date have completed annual budget and submit budget to ESD	Final date have completed annual budget and submit budget to ESD.	Final date have proposed annual budget and submit budget to OSPI and authorizer
August 1		Final date for board directors to meet in public hearing and fix and adopt the budget.	
August 3		Last date to forward the adopted budget to educational service district for review, alteration and approval.	



# Time Schedule for Budgets

Date	First Class	Second Class	Charter Schools
August 31	Final date for board of directors to meet in public hearing and fix and adopt the budget.	Final date for the budget review committee to fix and approve the amount of the appropriation from each fund of the budget.	Final date for the charter school board to meet in public hearing and fix and adopt budget.
September 2	Final date for district to file the adopted budget with their educational service district.		Final date for the charter school to submit the adopted annual budget to OSPI and authorizer.
September 9	Final date for educational service district to file the adopted budgets with the superintendent of public instruction.	Final date for the superintendent of public instruction to return a copy of the approved budget to the local school district.	



# F-195

## Budget Documents

School district **F-195** Budget Documents must contain:

- 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 must be included when applicable





# F-195-F Budget Documents

School district **F-195-F** Four-Year Budget must contain:

- 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 must be included when applicable



# F-195-F

## Questions and Answers

- **Does each year of my four-year budget outlook have to balance?**
  - *No, OSPI's interpretation of the statute is that only the 2022-2023 fiscal period of your four-year outlook must balance.*
- **What will happen if a beginning fund balance does not equal the prior year ending fund balance?**
  - *A footnote indicator will now display a message in red, 'This Beginning Fund Balance does not match prior year Ending Fund Balance.'*



# F-195-F

## Questions and Answers

- **Does my ESD have to review my four-year budget outlook?**
  - *Yes, the review process will be the same as for your F-195, except the ESD review will be set up as a high level for all funds instead of at the individual fund level detail of your F-195.*
- **When is my four-year budget outlook due?**
  - *In the absence of specific legislation, the adoption and filing of your four-year budget plan prepared under RCW 28A.505.040 will follow the same time schedule as outlined for your F-195 in WAC 392-123-054 (for 2022, July 8th).*



# Official Budget Documents

School district budgets will not be considered official until:

- Filed for First Class districts;
- Approved for Second Class districts;
- With the final F-203 accompanying the F-195 document in the prescribed format
- Legal References related to School District Budgeting found in: Chapter 28A.505 RCW; Chapter 392-123 WAC; Accounting Manual, Chapter 2;



# Budget Extension Reminders for SY 2021-2022

- Review current year budgets and the potential need for budget extensions.
- August 31, 2022 is the final date to file your F-200 budget extensions with your ESD and OSPI. Make sure you account for the necessary time to complete all required elements of an extension.
- Depending on when you submitted your current year F-200 for approval and when you printed your new year F-195 budget document, you may need to reprint your new year budget to allow your current year budget extension to be accurately displayed in the middle column of your new year F-195.



# Budget Extension Reminders for SY 2021-2022

- The FINAL date for school district boards to adopt appropriation resolutions exceeding budgets (a.k.a., F-200 budget extensions) is close of business on **August 31<sup>st</sup>**.
- Any budget extensions received **after August 31<sup>st</sup>** from ANY school district or charter school **cannot** be processed and will not be included in OSPI calculations and data files.
- References: WAC 392-123-071, WAC 392-123-072 and WAC 392-123-073,



# Budget Extension Reminders for SY 2021-2022

- Check the ASB fund appropriation levels before school lets out for the summer. An extension of the ASB Fund budget requires proof of necessary student involvement in the process. Student signatures are required.
- Check your DSF appropriation for adequate spending level for your district's debt payment schedule.
- Check your TVF appropriation for adequate spending level for that too-good-to-pass-up year-end close-out bus deal.



# Budget Questions?

2022-2023  
SCHOOL FINANCIAL SERVICES UPDATE

We hope this portion of the presentation is a benefit to you.  
If you have questions, let us know.

Thank you !!!

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# Accounting Manual Updates

## Today's Topics

- Addendums and Revisions to the Accounting Manual
- Accounting For Leases... The Impact on Budgets
- 2022–2023 School District Accounting Manual Revisions
- Supplemental Slides: Budgeting and Accounting for Leases



# Accounting Manual Addendums and Revisions

- Addendums impact current year accounting guidance.
- Revisions impact next year's accounting guidance
- Separate OSPI Bulletins will be published soon.



# Another Budget Extension Reminder

- Look out for GASB 87—Accounting for Leases
  - Accounting for leases requires school districts to recognize the current year financing arrangements.
    - 530—Object Code 9: Capital Outlay
    - 965 – 9500 An Other Financing Source.
  - You need to budget both sides of the transaction... but:
  - This type of entry may push appropriations over budgeted amounts.



# 2022–23

## Accounting Manual Revisions

- There is not much to illustrate regarding revisions to next year's Accounting Manual.
- There are several addendum items for the current year...
  - These are discussed in the Financial Reporting (F-196) Session

There is Minor House Cleaning:

- Revenue 4171 is Removed from the Chart of Accounts.



# 2022–23

## Accounting Manual Revisions

GASB 96: Subscription-Based Information Technology Arrangements (SBITAs)

- Accounting guidance very similar to GASB 87 – Leases.
- We will include guidance for SBITAs with Leases in Chapter 3.
  
- Where do we report SBITAs on the Schedule of Long-Term Liabilities...(?)
  - With Leases?... Contracts Payable?... A New line item on the SLTL?...
  - We do not need an answer to this question until next year.



# Questions??

## 2022-2023 SCHOOL BUDGETING AND FINANCIAL SERVICES UPDATE

Thank you !!!

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# **Supplemental Slides ... Accounting For Leases**

Budgeting and Accounting for Leases and  
Contractual Obligations



# Budgeting and Accounting for Leases and Contractual Obligations

- Contractual Obligations and Lease Financing requires the school district to recognize an expenditure (debit Account 530) and an Other Financing Sources (credit Account 965) for the full value of the contract or Lease.
- This accounting transaction is not new...
- However, because of the new Lease rules, it will likely be reviewed more closely.





# Budgeting and Accounting for Leases and Contractual Obligations

- The [530 / 965] Accounting Entry is Non-Voted Debt.
- You have limitations to be mindful of...
- 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:
  - 3/8ths of 1 percent—Without a vote of the people.



# Budgeting and Accounting for Leases and Contractual Obligations

The 530 "Capital Outlay" and the 965 "Other Financing Source"

- Disclose the financing arrangement.
- The two amounts "net to zero".
- Debt financing is not a "cost incurred".



# Budgeting and Accounting for Leases and Contractual Obligations

- The question is:
  - When should a Program be charged for costs obligated under contracts?
- The answer is:
  - The Program should be charged when the cost is considered incurred.
  - This occurs when the periodic lease payments (i.e., monthly) are presented as debt service expenditures (principal, interest).



# Budgeting and Accounting for Leases and Contractual Obligations

But we have a minor accounting issue...

- In the General Fund, payments for servicing debt — principal and interest — are recorded in Program 97, Activities 83 and 84.
- Activities 83 and 84 are not open or available in other Programs.

So can we open Activities 83 and 84 in other Programs...(?)

Can we open NCES Codes 7831 and 7832 in other Activities...(?)

- The short answer is "No"...



# Budgeting and Accounting for Leases and Contractual Obligations

Charging Programs for costs incurred in contractual obligations

- **\*IF** you want to move financing costs to Programs...
- To make the Program accountable for debt obligations
- To make the Program budget its resources for the obligations...

**\*IF** — A district is not required to charge financing costs to other Programs. You can leave the costs in Program 97.



# Budgeting and Accounting for Leases and Contractual Obligations

**IF** you want to charge the Programs for contractual obligations...

- **Then** you must make a manual adjusting journal entry to Debit/Credit transfer a direct charge to the Programs for obligations under contracts.
- This direct charge to the program is equal to the monthly financing amount.



# Budgeting and Accounting for Leases and Contractual Obligations

**NEW** account codes are open in the Chart of Accounts.

PP-AA-O: **97-85-1** and **97-85-9** are open for 2021–22.

- Budgeting 97-85-9 could be a very large amount.
- Consider adding Budget Capacity for Debt Obligations.

Program 97		Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
83	Interest								\$X		
84	Principal								\$Y		
85	Debt-Related Expenditures			(\$X+Y)							\$Z,ZZZ



# Budgeting and Accounting for Leases and Contractual Obligations

- At the inception of a Lease, you book the contract at 97-85-9 [**\$Z,ZZZ**].

Program 97		Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
85	Debt-Related Expenditures			(\$X+Y)							\$Z,ZZZ

- For Budgeting Purposes: You want to budget both sides of the transaction.
- (The **530** and the **965**).

G/L Account	Sub-Ledger Code	Account Title	Debit	Credit
<b>530</b>	97-85-9XXX	Debt-Related Expenditures—Capital Outlay	\$Z,ZZZ	
<b>965</b>	9500	Other Financing Sources—Leases		\$Z,ZZZ

To record the acquisition of equipment with a lease at the start of the lease term.





# Budgeting and Accounting for Leases and Contractual Obligations

- Your periodic (monthly) payments for Principal and Interest **[\$X]** & **[\$Y]** are recorded in 97-83-7 and 97-84-7.

Program 97		Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
<b>83</b>	Interest								<b>\$X</b>		
<b>84</b>	Principal								<b>\$Y</b>		
<b>85</b>	Debt-Related Expenditures			<b>(\$X+Y)</b>							<b>\$Z,ZZZ</b>

- These are Costs incurred.
- You want to Budget for Principal and Interest Payments...
- IF** you want to move costs to programs.... **THEN...**



# Direct Charge Programs for Leases and Contractual Obligations

- You create a Debit/Credit Transfer –Adjusting Journal Entry– and **direct charge** the Programs for allowable costs.

G/L Account	Sub-Ledger Code	Account Title	Debit	Credit
530	PP-AA-0000	Obligation/Use Fee: Direct Charge to Programs	\$X+Y	
530	97-85-1000	Obligation/Use Fee: of the Lease Payments		(\$X+Y)

- Budget the Program's costs.
- Budget the Credit Transfers from 97-85-1.

Program 97		Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
83	Interest								\$X		
84	Principal								\$Y		
85	Debt-Related Expenditures			(\$X+Y)							\$Z,ZZZ

