
School District Accounting Manual Updates



2021 WASBO Annual Conference

Presenter Information

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Today's Topics

- The School District Accounting Manual (SDAM)
- Addendums to the 2020-21 SDAM
- Federal Program Guidance: Approval Required for Capital Outlay
- Revisions to the 2021-22 SDAM



School District Accounting Manual: Legal Authority

- The *School District Accounting Manual (Accounting Manual)* is a product developed under the joint direction of OSPI and SAO.
- Authority for the Accounting Manual is provided under RCW 43.09.200, RCW 28A.505.140 and WAC 392-123-010
- You can find the [Accounting Manual](#) on the School Apportionment webpage under Instructions and Tools.



The Accounting Manual: Input from School Business Officials

- 2020–21 Addendums and 2021–22 Revisions to the *Accounting Manual* represent the work of the School District Accounting Advisory Committee (SDAAC) that, by statute, is advisory to the Office of Superintendent of Public Instruction and the State Auditor's Office.
- Committee members are representatives of WASBO, WASA, WACTE, WSIPC, ESDs; SAO, and OSPI.



Accounting Manual Updates

Addendums to the 2020-21
School District Accounting Manual



2020-21 SDAM Addendums

- The First Addendum [B077-20](#)
- The Second Addendum [B010-21](#)
- A Third Addendum is forthcoming [BXXX-21](#)

- Do I hear a motion for a Fourth Addendum to the 2020–21 Accounting Manual?



The First Addendum Addition: Activity 58—Remote Learning Operations

- Allowable Transportation-Related Services in the Remote Learning Environment
- To deliver educational tools and services to students in their remote learning locations
- School districts are required to track and document the specific trips and driver times.

[B077-20](#)



The Second Addendum to the 2020–21 Accounting Manual

Three major topical sections:

- Accounting for COVID-Related Federal Special Purpose Aid
- Modifications for Federal Micro-Purchase Guidance
- Other Modifications to the Chart of Accounts and Accounting Instructions

[B010-21](#)



Addendums to Chapter 5

Revenues and Other Financing Sources

- Revenue Codes are added to Chapter 5 for administering Federal Special Purpose Aid.
 - *6111, 6211, 6311 – GEER*
 - *6112, 6212, 6312 – ESSER II*
 - *6113, 6213, 6313 – Reserve B (ESSER III)*
 - *Other revenue codes added and held in reserve:*
 - *6114, 6214, 6314, 6118, 6218, 6318, 6119, 6219, 6319*



Addendums to Chapter 6– General Fund Expenditure Accounts

- Program Codes are added to Chapter 6 to account for Federal expenditures for COVID-Related Special Purpose Aid.
 - *Program 11 – GEER*
 - *Program 12 – ESSER II*
 - *Program 13 – Reserve B (ESSER III)*
 - *Other Program codes added and held in reserve:*
 - *Programs 14, Program 18, Program 19*



Addendum to Appendix A– Program Expenditure Matrices

- New Expenditure Matrices are added for the new Federal Programs (Programs in the 10-series)
- The Matrices are designed to be identical.
- Nearly every Activity function is allowable in the design.
- While the matrices provide a flexible design, districts must adhere to allowable cost guidance in the federal award.



Modifications to Valid PP-AA-NCES Account Code Combinations

- The new Programs for Federal Reporting required that we update the list of valid Program, Activity, NCES (PP-AA-NCES) combinations in the F-196.
- We took the opportunity to expand the valid account code combinations to other Programs.
- Please utilize the [Valid COA Lookup Tool 2021-03](#), which is posted on the EHB 2242 Accounting Changes webpage on the OSPI website.



Addendum to Chapter 9: Federal Grants Management: Micro Purchase Guidance

- Uniform Grant Guidance allows for school districts to self-certify that they are low risk and use higher micro-purchase thresholds.
 - (CFR) 200.320(a)(1).
- For districts which qualify, the federal procurement threshold goes up from \$10,000 to \$40,000 or \$50,000 depending upon items purchased.

[B010-21](#)



Addendum to Chapter 9: Micro Purchase Procurement Guidance

- In order to use the higher threshold, the school district must meet either:
 - Qualify as a low-risk auditee for your most recent audit, or
 - Perform an annual internal institutional risk assessment to identify, mitigate, and manage financial risks.
- When a school district is using federal resources, districts must comply with the more restrictive of federal, state, and school district procurement requirements.



Other Modifications

Addendums to Chapter 5

- In Chapter 5, **Revenue Code 8101** Governmental Entities—
Enrichment is added to the chart of accounts.
- The revenue source is linked to Sub-Fund 11
- To record certain local resources provided by governmental entities.
- These resources are in support of the various enrichment programs provided by school districts

[B010-21](#)



Other Modifications

Addendums to Chapter 7 and Chapter 10

- In Chapter 7, there is a minor adjustment to interfund transfers AJs to illustrate the use of revenue code 9901, Other Financing Sources to Sub-Fund 1.
- In Chapter 10, there is a minor adjustment to Type Code 32 guidance to distinguish certain expenditures related to Technology Levies.



Other Modifications

Addendums to Chapter 12 and Chapter 13

- In Chapter 12, the guidance, regarding certain forms of private donations into the ASB Fund, is modified to highlight its applicability to the fund.
- In Chapter 13, the guidance is modified to disqualify certain private monies from being classified as a fiduciary type. When school district personnel have administrative discretion on the use of the resources, the moneys must be accounted for in a Government Fund, such as the General Fund or ASB.

[B010-21](#)



Additional Modifications to 2020–21 Accounting Manual Guidance

- A Third Addendum is coming soon
- Additional Addendum Topics include:
 - [End the Acronym](#)
 - Minor Modifications to Guidance
 - ESSER Resources for Major Capital Purposes
 - GASB 87 Accounting for Leases
- Federal Program Guidance: Approval for Capitalize Equipment



Third Addendum: [End the Acronym](#)

- The Government Finance Officers Association (GFOA) announced a title change to the *Comprehensive Annual Financial Report* and to eliminate the use of the acronym for the report.
- See [End the Acronym](#) for more details.
- In Chapter 1 of the *Accounting Manual*, the title is changed to *Annual Comprehensive Financial Report*.
- This change is supported by OSPI and SAO.



Third Addendum: Minor Modifications: Addendums to Chapter 5 and Chapter 6

- Revenue codes in Chapter 5, titled "Reserve B" in Bulletin B010-21, are changed to ESSER III.
 - *6113 Federal Special Purpose—ESSER III*
 - *6213 Federal Special Purpose—ESSER III*
 - *6313 Federal Special Purpose—ESSER III*
- The Program Code introduced in the Second Addendum is also changed
 - *13 Federal Special Purpose—ESSER III*



Third Addendum: Minor Modifications: Edit to FEMA reference

- In Chapter 5, the reference to “FEMA” is removed from Revenue Code 5200.
- FEMA resources provided to school districts may be recorded under different revenue codes depending upon the source of funding.



Federal Program Guidance: Approval Required on Capital Outlay

- The federal code of regulations (CFR) §200.439 states:
 - “Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.”
- Districts must seek written approval from OSPI before utilizing federal resources for general purpose, “capitalized” equipment.



Federal Program Guidance: Defining Capital Outlay

- 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.
- OSPI has created a Request Form for Districts to complete:
 - To request authorization to use ESSER funds for capital expenditures.



Federal Program Guidance: ESSER Resources for Major Capital Purposes

- ESSER “use of funds” guidance provides that funds may be used 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).
- State law requires that when funds are used for major capital purposes, expenditures are to be reported in a school district’s Capital Projects Fund (CPF).
 - (Ref: RCW 28A.320.330 (1(a), 2).)



Third Addendum: ESSER for Major Capital Purpose

- 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, *Amounts received from federal agencies and used for federal portions of individual grants*, in their account codes to identify costs.



Third Addendum: ESSER Accounting between the GF and CPF

- ESSER grant awards are administered by OSPI. The agency's EDS Grant Platform recognizes the current ESSER federal awards as General Fund grants.
- 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 CPF.



Third Addendum: New Revenue Codes to be Added to the CPF

- To help facilitate accounting transactions, the Federal revenue codes used for ESSER will be opened and applicable for use in the Capital Projects Fund (CPF).
 - 6176 Targeted Assistance—ESSER I
 - 6111 Federal Special Purpose—GEER
 - 6112 Federal Special Purpose—ESSER II
 - 6113 Federal Special Purpose—ESSER III



Third Addendum: AJE Illustrations for ESSER between the GF and CPF

- In Chapter 7, Adjusting Journal Entry examples are being included to illustrate the unique scenarios created by ESSER, allowing the district to recognize ESSER revenue and Grant Expenditures in both the General Fund and the Capital Projects Fund.
- The illustrations are under development.



Accounting Manual Updates – Revisions

Revisions to the 2021-22
School District Accounting Manual



2021–22 Revisions: ARP—IDEA B

- **ARP — Additional Resources for IDEA**
- The **American Rescue Plan Act**, (HR 1319 – ARP Act: Sec. 2014) provides additional funding for the Individuals with Disabilities Education Act (IDEA).
- The resources and expenditures must be segregated into the same Special Education–IDEA Programs: “Grants to States”; “Preschool”; and “Infants and Toddlers” as Special Education IDEA Program 24.



2021–22 ARP—IDEA: Revisions to Chapter 6

- In Chapter 6, a new Program code is added to the chart of accounts.
- ***23 Special Education—ARP—IDEA***
 - Record special education excess cost expenditures for federal grants under the Individuals with Disabilities Education Act (IDEA) (American Rescue Plan Act, HR 1319 – ARP Act: Sec. 2014.)



2021–22 ARP—IDEA: Revisions to Chapter 5

- In Chapter 5, Revenue codes are added to the chart of accounts for Special Education—ARP—IDEA Programs: “Grants to States” and “Preschool”
- 6123 Special Education—ARP—IDEA
- 6223 Special Education—ARP—IDEA
- 6323 Special Education—ARP—IDEA



2021–22 Revisions: ARP—IDEA

- Because ARP—IDEA is not scheduled to be made available to school districts until the 2021–22 school year, these changes will be included in the Revisions to the 2021–22 SDAM.
- No accounting adjustments will be necessary for the “Infants and Toddlers”, (**IDEA, Part C**), component of ARP—IDEA.
- School Districts will use Program 25 and Revenue Code 6325 to account for awards administered through DCYF.



2021–22 Revisions: GASB 87 Accounting for Leases

LEASE GUIDANCE OVERVIEW

- The Governmental Accounting Standards Board (GASB) issued Statement No. 87, a new accounting and reporting standard regarding **leases**.
- Under the prior approach, governments applied a somewhat subjective test to determine if a lease should be classified as “operating” or “capital.”



2021–22 Revisions: Lease Overview -

- Under the new approach, GASB assumes all leases (with a few stated exceptions) are just leases, eliminating “operating” leases.
- The primary goal of the new standard is to increase comparability across governments and provide financial statement users with better, more complete information by establishing a single model for lease accounting.



2021–22 Revisions: Lease Guidance Coming

- The new standard will take effect for reporting periods beginning after December 15, 2020;
- And the requirements apply retroactively as if the standard was in place at the beginning of the implementation period.
- GASB 87 guidance becomes effective: September 1, 2021, for the 2021-22 School Year.
- Revisions occur throughout the Accounting Manual.



2021–22 Revisions: Prepare for Lease Accounting

- It is highly recommended that school districts PREPARE NOW for new lease accounting.
 - Identify leases and contracts which apply.
 - Document key provisions such as the lease term, extensions, termination provisions, and payment provisions
- It is advisable to have a written policy on how the district determines reasonable interest rates.



2021–22 Revisions: More Guidance about Leases Coming

- Just because the word “lease” isn’t in the agreement, doesn’t mean it doesn’t meet the definition of a lease under GASB 87.
- And not all “leases” meet the definition of the new standard.
- It’s the substance of the agreement that you must analyze – and document.



2021–22 Revisions: Other WASBO Workshop

More information on the new lease accounting guidance is available in a separate WASBO workshop:

“Accounting For Leases: GASB 87”



School District Accounting Manual Updates

We hope this presentation is a benefit to you.

Thank you



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