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## **2022–23 School District Accounting Manual Addendum #3 – (230512 Gov Delivery)**

Good morning,

The purpose of this GovDelivery notice is to advise school districts of an addendum to the *Accounting Manual for Public School Districts in the State of Washington (Accounting Manual)*. The effective date of this addendum is September 1, 2022, and the changes are applicable to the school district fiscal year beginning September 1, 2022.

### **2022–23 SCHOOL DISTRICT ACCOUNTING MANUAL ADDENDUM #3**

#### **In Chapter 3, Beginning on Page 3-54:**

Guidance is added into the Accounting Manual for GASB Statement 94: Public-Private & Public-Public Partnerships and Availability Payment Arrangements. These types of arrangements are likely to be rare for school districts.

#### **Public-Private & Public-Public Partnerships and Availability Payment Arrangements**

Public-private and public-public partnerships involve governments partnering with private entities or other governments for the construction, improvement, and operation of what are typically infrastructure and other major facilities. Whether a contract meets the criteria to be classified as one of these arrangements is based on the substance of the arrangement and not the form. Generally, these arrangements are expected to be rare for school districts.

- **Public-Private & Public-Public Partnership (PPP)** – An arrangement in which a district (transferor) contracts with a governmental or nongovernmental entity (operator) to provide public services by conveying the right to operate a nonfinancial public asset in an exchange or exchange-like transaction. The arrangement must be for a defined period of time.
- **Service Concession Arrangement (SCA)** – A type of PPP arrangement where the district receives significant consideration (an up-front payment, installment payments, a new facility, or improvements to an existing facility) and a significant residual interest in the underlying asset at the end of the arrangement in exchange for letting the operator collect fees or tolls from users.

Districts should apply similar lease accounting to PPP and SCA arrangements. Districts must disclose information regarding these arrangements in the Notes to the Financial Statements.

- **Availability Payment Arrangement (APA)** – An arrangement in which a government compensates another party for delivering, maintaining or operating a nonfinancial asset for a period of time in an exchange or exchange-like transaction, with payments based entirely on making or keeping the asset available for use (rather than fees, usage, or revenue generated from the asset). If the APA is for design, construction, or financing of the underlying asset, it should be accounted for as a financed purchase. If the APA is for maintenance or operation of the underlying asset, the payments should be recorded as expenditures as they are incurred (modified accrual) or when paid (cash basis).

**In Chapter 3, Page 3-56:**

In the chapter section titled Unemployment Compensation, Self-Insurance, guidance is added to describe how to estimate the end-of-year liability to be consistent with the modified accrual basis of accounting.

The amount of these cash contributions depends on the estimate of future unemployment claims. The estimates should be reviewed and adjusted periodically, based on experience. Typically, estimates are based on a three-to-five-year history of actual claims, but each school district should determine the method that works best for them. If excess insurance is purchased, the cost of the insurance should be considered when developing estimates.

**In Chapter 5, Page 5-41:**

Guidance is added to Revenue Code 6219 for the Emergency Connectivity Fund (ECF). Even though funding is administered by the Universal Service Administrative Company (USAC), this award is determined to be a direct award from the Federal Communication Commission (FCC).

**6219 Special Purpose—CARES Act—Other**

Applicable Fund: (GFS, CPF)

Record resources from federal grants received directly from the federal agency to provide assistance provided by the American Rescue Plan of 2021 Sec. 2001 (e)(1). The American Rescue Plan act of 2021 P.L. 117-2 provides subgrants to local education agencies to address mitigation strategies as provided. Districts should track and segregate allowable expenditures related to this resource in Program 19.

School districts who receive grant awards from the Emergency Connectivity Fund (ECF) will use this revenue code. The Assistance Listing Number (ALN/CFDA) is 32.009.

See 6119 for this type of revenue received from OSPI.

See 6319 for revenue received from nonfederal agencies other than OSPI.

**In Chapter 5, Page 5-52:**

The Emergency Connectivity Fund (ECF) guidance is removed from Revenue Code 6319.

**6319 Special Purpose—CARES Act—Other**

Applicable Fund: (GFS, CPF)

Record resources received from federal grants received through nonfederal agencies other than OSPI to assist school districts in providing services to address mitigation strategies as provided.

~~School districts who receive grant awards from the Emergency Connectivity Fund (ECF) will use this revenue code. The Assistance Listing Number (ALN/CFDA) is 32.009.~~

See 6119 for this type of revenue received from OSPI.

See 6219 for this type of revenue received directly from a federal agency.

**In Chapter 9, Page 9-19:**

Guidance describing the federal “Small Purchase” procurement thresholds for books is modified. Because books are excluded from state bid-law requirements in RCW 28A.335.190, the federal procurement thresholds for books follow the same thresholds as purchase services. The new “Small-Purchase” category reads as follows:

- Small-Purchases (except books) 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.
- Purchases of \$75,000 or more must be publicly solicited using sealed bids.
  
- Small-Purchases of books 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 for the purchases of books.
- Book purchases of \$250,000 or more must be publicly solicited using sealed bids.

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For questions regarding this GovDelivery notice, please contact Paul Stone, Supervisor of School District and ESD Accounting at [paul.stone@k12.wa.us](mailto:paul.stone@k12.wa.us).