

School District Accounting Advisory Committee

To review accounting guidance and prepare for changes to
the 2023–24 School District Accounting Manual

October 7, 2022



Washington Office of Superintendent of
PUBLIC INSTRUCTION

Today's Agenda

2021-22 EOY Items

- HCA SBHS Federal Refunds [3 slides]
- Updated Lookup Tool for Activity 85 [3 slides]
- Notes to the Financial Statements Update [1 slide]
- Pension Reporting Tool Reminders [1 slide]
- Lease Q & As [6 slides]

2022-23 Accounting Items

- Alternative Reporting for ESSER [1 slide]
- GASB Statement 94 [1 slide]

Today's Agenda

2023–24 Accounting Items

- Compile Guidance on Indirects [1 slide]
- Cash Basis Accounting Considerations [6 slides]
- Clarifying Guidance for Sabbatical Leave [3 slides]
- Clarifying Fundraising: GF versus ASB? [4 slides]
- WSSDA Policy 6215: [3 slides]
- Program 88: Add Program 24 [2 slides]
- GASB Statement 100 [3 slides]

Supplemental Slides on SEFA and SLFRF...

OSPI Updates

- F-196 System Programming Progress
- How accounting changes driven by SDAAC meetings are intended to transform OSPI Financial Systems.

F-195 | S-275 | F-196

2021-2022 EOY: HCA SBHS Federal Refunds

- “We received a refund from the HCA’s School-Base Health Services (SBHS) back in June. How is this supposed to be Accounted for?”
- HCA issued refunds related to ARPA funding adjustments.

2021-2022 EOY: HCA SBHS Federal Refunds

- School districts and ESDs who participate in HCA's SBHS [program](#) were eligible for a refund, due to recent ARPA **funding adjustments**.
- American Rescue Plan Act (ARPA) provided a **temporary increase** to their federal medical assistance **percentage** (FMAP) for school-based services provided between April 1, 2021- March 31, 2022.

2021-2022 EOY: HCA SBHS Federal Refunds

Discuss Accounting Treatment:

- If the district has an applicable receivable in GL 330, Due from Other Governmental Units, the SBHS refund should be booked to offset the receivable.
- If the district does not have receivables, book the refund to Revenue 6321.
- Record the amount **on the SEFA** as Medicaid Assistance Program 93.778
- Should this be identified as "COVID-19" ?

- 2021-22 EOY: Program 97:
Added Activity 85, Objects 1 and 9

- This change was effective for the 2021–22 Chart of Accounts.

- VALID COA NCES codes were also updated.

- New Tool is available on OSPI EHB [2242 Accounting Changes](#) webpage

97-85-1-000

97-85-9-710

97-85-9-720

97-85-9-731

97-85-9-732

97-85-9-733

97-85-9-734

97-85-9-735

97-85-9-739

97-85-9-950

97-85-9-960



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)
83	Interest										
84	Principal										
85	Debt-Related Expenditures			OPEN							OPEN
TOTALS											

Program 97: Added Activity 85, Objects 1 and 9

- 97-85-9 was added to the Chart of Accounts to enable school districts to record a contractual obligation at the inception of the contract.
 - (credit entry to 965-9500 Other Financing Source)
- 97-85-1 was added to allow districts to charge a periodic service (use) fees to Programs which use the assets under contract.
- The use fee can be equivalent to the periodic Principal and Interest Payments for contractual obligations which are recorded in 97-83-7 and 97-84-7.
- **Chapter 7 Journal Entry Illustrations need to reflect these transactions**

Notes to the Financial Statements

- Ryan Montgomery has updated OCBOA and Cash Basis Notes, I am editing.
- A new Leases note template is under development.
- We have reviewed a Lease note template built for ESD use.
- Lease Notes are a WIP. The State is the first to prepare. We hope to see the state's example in time.
- When ready: Full Accrual Districts will likely want to copy from the ESD version or BARS.
- The Pension Note is waiting for the DRS ACFR and PEFI documents.
- If we publish the school district note templates early, we may have to publish separate Pension and Leases Notes later.

Pension Reporting Tools

- The Pension Contribution-Reconciliation Tool is available for district use.
- Always read the instructions...
- School business officials need to provide assurance that district-specific contribution amounts presented in DRS-provided schedules are *reasonably* accurate.
- The Pension Reporting Tool (used to report Pension amounts on the Schedule of Long-Term Liabilities) will not be available until DRS provides ACFR and PEFI information...
- According to DRS: SERS 2/3 and TRS 2/3 remain NPAs this year.
- Should have DRS data around 10/17 and the OCBOA Tool should be available 10/18. GAAP tool will be later...

Lease Accounting Q & A

- **Q**—Are bid law requirements applicable for leases?
- **A**—Every contract that transfers title from the lessor to the school district should be regarded as a conditional sales contract and the entire amount to be paid should be considered for the purposes of determining compliance with bid law statutes.

• ***[continued]***

Lease Accounting Q & A

- **Q**—Are bid law requirements applicable for leases?
- **A**—**[continued]** HOWEVER, the district may enter into a lease with an option to purchase (in contrast to a conditional sales contract) without violating bid laws... BUT its exercise of the option would require additional evaluation of whether it violated those laws.
- **A**—**[continued]** Leases in which there is no option to purchase typically do not have to be bid.

Lease Accounting Q & A

- **Q**—If we have existing 60-month copier leases that have balances at 9/1/21 but **zero balances at 8/31/22, are these short-term leases?**
- **A**—Yes, [Implementation Guide No. 2021-1, Implementation Guidance Update-2021 \(gasb.org\)](#) **Q 4.22** states: “leases should be recognized using the facts and circumstances that existed at the beginning of the period on implementation.” “Because prior periods are not presented, the maximum possible term is [less than one year].”

Lease Accounting Q & A

- **Q**—What if we **continue to make month-to-month** payments on the copiers after the 60-month lease term?
- **A**—You need to look at the termination and options to extend language in the contract to determine the lease term. If this is truly a month-to-month rental and both parties can cancel at anytime, you exclude these periods from the lease term. Check out question **4.19** from [the 2019 leases implementation guide](#).

Lease Accounting Q & A

- **Q**—Currently our 9/1/21 beginning balances for leases reflect valuations from the prior period EOY. We have calculated PV amounts and believe the variance from reported amounts is immaterial. We want to leave beginning balances as is and adjust lease values in “deductions”.
- **A**—**SAO's expectation**: Districts should make the PV adjustment in their beginning balance column. Amounts in the deduction column would only reflect lease payments made during the year. The Notes to the Financial Statements (Note 1 – Accounting Changes) will describe how beginning balance column is restated for GASB 87.

Lease Accounting Q & A

- **Q**—How do we measure the 9/1/21 PV for existing leases?
- **A**—Previous guidance was to calculate the PV on existing leases back to the original inception date of the lease. **This is incorrect.** Existing leases should be measured as of the beginning of the implementation year (9/1/21), not at the time when the lease started.
 - *OSPI GovDelivery 9/17/2022*

Alternative Reporting for ESSER

- OSPI GovDelivery on 10/6/2022
- District data requirements becoming more complex
- Information shared in the GovDel is not intended to be all-inclusive.
- Are there district strategies you use to segregate expenditure information into programmatic categories? Can we share?

GASB Statement 94: Addendum to the 2022–23 Accounting Manual

- Public-Private & Public-Public Partnerships and Availability Payment Arrangements (PPPs & APAs)
- Accounting Manual Draft Guidance
- Accounting is similar to Leases and SBITA.
- Note disclosure segregation.
- **State Reporting Impact**: No Change to S-275, or F-195.
- **For F-196 SLTL**: Should we segregate Leases, SBITAs, PPP&APAs?

Accounting Manual Edit: Compile Guidance on Indirects

- Working Paper created
- This would be a change to the 2023–24 Accounting Manual
- No impact to state reporting systems

- Any takers?

CASH BASIS ACCOUNTING

- This is an analysis of Cash-Basis Accounting in coordination with WASBO Accounting Workshops.
- GL 420–Food Service/USDA Inventory - It was our understanding that declaring your USDA inventory at year end is a federal USDA requirement.
- However, the G/L indicates it's not open for cash basis districts.
- Should they record their year end inventory or not?
- Do we need to open the account?

CASH BASIS ACCOUNTING

- What exactly is cash-basis accounting?
- WAC 392-123-049
- School districts with under one thousand full time equivalent students for the preceding fiscal year may make a uniform election for all funds, except debt service funds, to be on the cash basis of expenditure recognition.
- WAC 392-123-047
- "Expenditures" shall mean the decrease in assets with no corresponding decrease in liabilities,
- or the increase in liabilities with no corresponding increase in assets. (this section is accrual accounting...)

CASH BASIS ACCOUNTING

- Does “cash basis” mean a district cannot purchase other assets?
 - Inventory, Prepaid Items...
- (Not if the recognition of all revenues and expenditures can only flow through the adjustment to cash...)
- Is accounting for the periodic reduction of an asset’s value limited to accrual accounting?
- If districts must record Inventory, does this go against the nature of cash-basis?

CASH BASIS ACCOUNTING

- Back to GL 420–Food Service/USDA Inventory –
- We need to look into the Child Nutrition requirement... and decide whether we can make a change to cash basis.
- I do not think so...but...

CASH BASIS ACCOUNTING

- This is an analysis of Cash-Basis Accounting in coordination with WASBO Accounting Workshops.
- Taxes Receivable - 310 and 760 are open for cash basis.
- Is this cash basis accounting?
- Apparently, some auditors have questioned this; and SAO has not clarified.
- Any insight as to why these two accounts are open?

CASH BASIS ACCOUNTING

- The two accounts: GL 310, Taxes Receivable and GL 760 Deferred Revenue Taxes Receivable offset on the balance sheet... and a reversing entry is done in the preceding year...
- Not sure why a cash-basis district has to report a receivable and a deferred inflow.
- The entry isn't impacting the recognition of a revenue or an expenditure... so why do it?

Clarify SDAM Guidance – Sabbatical Leave

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.*
- Change in guidance will not impact the F-195 / F-196
- Could a change in guidance impact the S-275 (?)

What is Sabbatical Leave: NCES Codes 2140 or 3140?

- If the district provides “paid” leave to its employees – but the employee’s accrued leave balance is not is not used?

A “googled” definition of Sabbatical Leave:

During this time, employees are still employed and may still be paid. The employee can use this time as they like, whether for rest, learning new skills, writing, or Inner Work.

What type of paid leave could be Sabbatical Leave?

- Do you use NCES Codes 2140/3140 or are they considered “off limits”?
- Would “sabbatical” leave impact Retirement Service Credit?
- Are there any examples?
- [RCW 28A.310.240](#) [(1)(b) for Certification Qualification]
- Anything in WAC [357-31](#)?
- Our Purpose: Clarify guidance in the Accounting Manual.

Student Enterprises: ASB versus General Fund – Fundraising

When is a fundraiser a General Fund Fundraiser and when is it an ASB Fundraiser?

- This is a WASBO workgroup focus. [Justin Lanting; et.al.]
- WASBO is developing a training program.
- WASBO would appreciate SDAAC considerations.
 - Fundraiser objective is a learning “skills” component...
 - Fundraiser objective is the “production of an item”...

HB 1660 Elevates the conversation

Student Enterprises: ASB versus General Fund – Fundraising

- One objective for General Fund Fundraising is a “Net-To-Zero” approach. Once the GF expenditures associated with the fundraising effort are covered by earnings, all profits can be moved to ASB.
- If a particular GF Program raises funds, should the profits go directly to an ASB Clubs affiliated with the GF Programs or should the profits be allocated to all ASB activities based on the Student Council’s recommendations?

(some things to think about)

Student Enterprises: ASB versus General Fund – Fundraising

SDAAC Workgroup Objective: Provide additional overview guidance on GF Fundraising in the Accounting Manual.

- (A synopsis: If this, then do this... If that, then do that...)
- **Chapter 3**
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.

Student Enterprises: ASB versus General Fund – Fundraising

- Does the Accounting Manual need more details? [IMO = no]
 - Chapter 7 Journal Entry illustrations?
 - Chapter 12 – Transaction Accounting?
- Many aspects of Fundraising are covered in the WASBO ASB Handbook.
- I recommend the Accounting Manual is an overview.

WSSDA Policy 6215

Voucher Certification and Approval

- WSSDA White Paper — [Daniel Lunghofer–WSSDA]
- SDAAC Subcommittee to provide feedback

- WSSDA welcomes discussion on this topic.
- Not attempting to impose any restrictions or burdens
- Ensure that our model policies are in alignment with existing statutes.

WSSDA Policy 6215

Voucher Certification and Approval

[RCW 28A.330.090](#)

Auditing committee and expenditures.

- *All accounts shall be audited by a committee of board members chosen in such manner as the board so determines to be styled the "auditing committee,"*

WSSDA Policy 6215

Voucher Certification and Approval

How do districts handle the statutory authority to have an auditing committee of board members?

- Delegate the entire board as the auditing committee? [or]
- Select two members to constitute the committee, [or]
- Let the auditing officer do that task?

- **Program 88: Add Activity 24**
- Request to add Activity 24, Guidance and Counseling to Program 88, Childcare.
- Effective: School Year 2023–24
- Change in Account Code Structure will impact State Reporting Systems: F-195 / F-196 / S-275 for 2023-24
- VALID COA NCES Lookup tool will be updated for 88-24.

- Any discussion or comments?

PROGRAM 88—CHILD CARE

OBJECTS OF EXPENDITURE

NEW FOR 2023–2024		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
24 Guidance and Counseling	NEW									
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										

GASB Statement 100

GASB 100 - Accounting Changes and Error Corrections

- Impacts 2023–24 Accounting Manual and Financial Reporting
- No Change to S-275

- Initial review of changes:

GASB Statement 100

- In financial reporting, the term: “**Prior Period Adjustment**” is going away.
- It is being replaced with:
 - Change in Accounting Principle,
 - Change in Accounting Estimate,
 - Change to or within the Financial Reporting Entity,
 - (that is likely N/A for schools), and
 - Error Corrections.

GASB Statement 100

- **F-196:** we will need to review the Prior Period Correction line, evaluate whether we need to add more lines or revise the current presentation.
- **Accounting Manual Sections** to update: Pg. 4-55, 7-30, 8-6. Others?
- **Note Disclosures: Note 1,** Prior Period Corrections notes will need to be revised. We will need to include templates and guidance for each type of accounting change/error correction.

Final Thoughts

The next meeting is scheduled for November 4th

We are planning an In-Person Meeting at Highline School District.

If you have taken notes of today's meeting, I would appreciate having a copy. Your notes help as a reminder of items discussed.

Thank you for participating.



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SDAAC - Supplemental (9 slides)

OSPI Discussion Points from 9/28/22

WASBO ABC/SS EOY Workshop Meeting

SEFA & SLFRF

ALN Crosswalk to Federal Awards

ALN w/ Alpha	Rev Code	Prog Code	(Non-Official) Subprogram Name
N/A	6111	11	State Local Fiscal Recovery Funds (SLFRF)
84.425D	6176	Var.	ESSER I
84.425D	6112	12	CRRSA ESSER II
84.425U	6113	13	ARP ESSER III
84.425U	6114	14	ARP ESSER III Learning Loss
84.425W	6113	13	ARP ESSER III - Homeless Children and Youth
32.009	6319	19	Emergency Connectivity Fund
93.323	6119	19	DOH Learn to Return
84.027	6123	23	ARP ESSER IDEA B Transition Recovery Services (611) "COVID-19"
84.173	6123	23	ARP ESSER IDEA B Transition Recovery Services (619) "COVID-19"

The SEFA Special Education Cluster

Program 23 is COVID-19 and listed separately from Program 24

• 84.027 Special Education Grants to State	\$XX
• 84.027 COVID-19 Special Education Grants to State	\$XX
• 84.173 Special Education Preschool Grants	\$XX
• 84.173 COVID-19 Special Education Preschool Grants	\$XX
Total Special Education Cluster	\$XX

State and Local Fiscal Recovery Funds (SLFRF)

- SLFRF Apportionment Funding:

Title - Category	Apportionment Code	Funding Month(s)
SLFRF—Enroll Stabilization BEA	6111	May 2022
SLFRF—LEA Stabilization	6111-33	May 2022 & April 2023
SLFRF—LAP Stabilization	6111-55	January 2023
SLFRF—IE Stabilization	6111-57	May 2022
SLFRF—ESD IE Stabilization (ESDs only)	6801	May 2022

SLFRF - Origins

Revenue Code 6111 / Expenditure Program 11

- Legislature elected to fund enrollment stabilization payments with federal “State and Local Fiscal Recovery Funds” (SLFRF) dollars.
 - Federal funds from the US Department of Treasury,
 - Not the Department of Education.
 - ESSB 5693; Sec 504 (25)
- Revenue Loss: “For the provision of government services to the extent of a reduction in revenue to school districts due to the COVID–19 public health emergency”.
 - Sections 602(c)(1)(C) and 603(c)(1)(C) of the Social Security Act

SLFRF & SHB 1590 Sec.1

- “The legislature recognizes...*the pandemic has impacted the delivery of education...*
- The legislature...recognizes that state funding... [is] driven by enrollment, and the pandemic... *resulted in enrollment declines...*
- *Funding declines...affect a district’s ability to maintain staffing and resources needed to deliver education services.*
- Stabilization funding... provided important support to schools to maintain services ...
- The legislature intends to extend stabilization funding.

SLFRF – Districts as Beneficiaries

- School districts are deemed beneficiaries of SLFRF resources rather than subrecipients.
- If the recipient [state/OSPI] is providing funds to the entity [school district] for the purpose of directly benefitting the entity [school district] as a result of experiencing a public health impact or negative economic impact, the entity [school district] is acting as a beneficiary.
 - Project and Expenditure Report User Guide |
 - State and Local Fiscal Recovery Funds | Page 112 |
 - FAQ 1.20. Who are beneficiaries and are recipients required to report for them?
 - Similar narrative guidance in Final Rule and elsewhere

SLFRF – Districts as Beneficiaries

- The state [the recipient] is using SLFRF to benefit impacted school district experiencing “Revenue Loss”.
- For the state, as the recipient of the SLFRF resources, Revenue Loss is an eligible use.
- Enrollment stabilization (SLFRF) amounts allocated to school districts are not part of the state’s basic education, **but SLFRF may be used for any allowable cost** within any of the programs.
 - (SHB 1590, Sec. 2. (3))

SLFRF – Districts as Beneficiaries

- Acting as a beneficiary, the entity [school district] is not subject to subrecipient monitoring and reporting requirements.
- Beneficiaries are not subject to an audit pursuant to the Single Audit Act and 2 CFR part 200, subpart F.
- The use of SLFRF benefits provided to school districts are not reported on the Schedule of Expenditures of Federal Awards (SEFA).

SLFRF – Districts as Beneficiaries

- However, OSPI anticipates there will be expenditure reporting requirements back to the state on the use of the funds.
- Use Program 11 to account for SLFRF expenditures.
- SLFRF resources provided to school districts must be used for costs incurred on or after September 1, 2021, and the funds must be obligated and expended by August 31, 2023.