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Washington Office of Superintendent of
PUBLIC INSTRUCTION
Chris Reykdal, Superintendent

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() Action Required

(X) Informational

BULLETIN NO. 010-21 SCHOOL APPORTIONMENT AND FINANCIAL SERVICES

TO: Educational Service District Superintendents
School District Superintendents
School District Business Managers

FROM: Chris Reykdal, Superintendent of Public Instruction

RE: Second Addendum to the School District Accounting Manual for the 2020–21
School Year

CONTACT: Paul Stone, Supervisor, School District Accounting
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PURPOSE/BACKGROUND

The purpose of this bulletin is to advise school districts of the second addendum to the *Accounting Manual for Public School Districts in the State of Washington (Accounting Manual)*.

The addendums in this bulletin are segregated into sections:

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

Accounting for COVID-Related Federal Special Purpose Aid

The effective date of this section of the addendum is September 1, 2020, and the changes are applicable to the school district fiscal year beginning September 1, 2020.

Responding to the severe social, health, and economic impacts created by the Coronavirus pandemic, the federal government has passed several aid packages to prevent, prepare for, and respond to the coronavirus. Several chapters in the Accounting Manual are modified to provide guidance for administering these resources.

Currently, there is the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act, 2021(CRRSA) Act. These special purpose funding packages are being disbursed to school districts and other LEAs 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 segregate the receipt of funds and separately track expenditures in their Chart of Accounts.

In July 2020, federal aid under the Elementary and Secondary School Emergency Relief (ESSER I) was disbursed to districts. Districts were required to track ESSER costs with a district-specific accounting identifier. The ESSER I award will continue to be managed in this fashion through the award period. The ESSER I funds will continue to be identified under Revenue Code 6176.

Districts receiving grants and other allocations under the various federal aid packages must record the expenditures related to those grants in separate programs, or as directed by OSPI. Because the COVID relief packages identify costs as similar to other state and federal programs, school districts must be able to specifically identify related expenditures and not comeingle or mix the grant awards with their non-CARES Act, or non-CRRSA Act counterparts.

All uses of money received under the CARES Act or the CRRSA Act should be aligned with the allowable uses described in the program.

Because there is a high probability for additional federal aid packages, the modifications included in this addendum includes additional Revenue Codes and Program Codes to be held in reserve by OSPI for future designation.

Chapter 5—Revenues and Other Financing Sources

Beginning on page 5-28, under the section titled *6000 Federal Revenue—Special Purpose (GL 960)*, revenue codes, previously used for federal stimulus funding under American Recovery and Reinvestment Act of 2009 (ARRA), are being retitled for federal special purposes under the CARES Act, CRRSA Act, and held in reserve by OSPI for future designation. The repurposed revenue codes will be listed in the Accounting Manual chapter section in the numerical order of revenue codes.

The first two integers used for federal revenue codes designates the source of funds. Revenue codes beginning with "61" are federal revenues, received by the school district, that come through OSPI. The "62" codes designate federal revenues that are received by the school district directly from a federal agency. The "63" is the designation for federal revenues that come to the school district from a nonfederal agency other than OSPI. The last two integers of the revenue code can indicate the Program's expenditure designation.

6111 Federal Special Purpose—GEER

Applicable Fund: (GFS)

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 Federal Special Purpose—ESSER II

Applicable Fund: (GFS)

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 Federal Special Purpose—Reserved B

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 13.

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.

6114 Federal Special Purpose—Reserved C

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 14.

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.

6118 Federal Special Purpose—Reserved 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 Federal Special Purpose—Reserved 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.

6211 Federal Special Purpose—GEER

Applicable Fund: (GFS)

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 Federal Special Purpose—ESSER II

Applicable Fund: (GFS)

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 this type of revenue received from nonfederal agencies other than OSPI.

6213 Federal Special Purpose—Reserved B

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 13.

See 6113 for this type of revenue received from OSPI.

See 6313 for this type of revenue received from nonfederal agencies other than OSPI.

6214 Federal Special Purpose—Reserved C

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 14.

See 6114 for this type of revenue received from OSPI.

See 6314 for this type of revenue received from nonfederal agencies other than OSPI.

6218 Federal Special Purpose—Reserved 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 6218 for this type of revenue received from OSPI.

See 6318 for this type of revenue received from nonfederal agencies other than OSPI.

6219 Federal Special Purpose—Reserved 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 this type of revenue received from nonfederal agencies other than OSPI.

6311 Federal Special Purpose—GEER

Applicable Fund: (GFS)

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 Federal Special Purpose—ESSER II

Applicable Fund: (GFS)

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 Federal Special Purpose—Reserved B

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 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 Federal Special Purpose—Reserved C

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 14.

See 6114 for this type of revenue received from OSPI.
See 6214 for this type of revenue received directly from a federal agency.

6318 Federal Special Purpose—Reserved 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 6218 for this type of revenue received directly from a federal agency.

6319 Federal Special Purpose—Reserved 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 6219 for this type of revenue received directly from a federal agency.

Chapter 6—General Fund Expenditures

Beginning near page 6-14, Federal Special Purpose Programs are being added to the chart of accounts to segregate and track allowable costs. Several of these programs are being added into the Chart of Accounts for future reporting capacity. Programs 13, 14, 18, and 19 are reserved by OSPI for future use when assigned by the state agency.

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. These special purpose funding packages are being disbursed to LEAs 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 comingle or mix the grant awards.

11 Federal 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. Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136; Section 18002)

12 Federal 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. Coronavirus Response and Relief Supplemental Appropriations Act, 2021. (CRRSA) Public Law 116-260; Section 313)

13 Federal Special Purpose—Reserved B

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.

14 Federal Special Purpose—Reserved C

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.

18 Federal Special Purpose—Reserved 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 Federal Special Purpose—Reserved 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.

APPENDIX A—Program Expenditure Matrices

A single program expenditure matrix is created for Programs 11, 12, 13, 14, 18, and 19; called Program 10 Series—Federal Special Purpose Aid. The illustration shown below is added to Appendix A—Program Expenditure Matrices in the Accounting Manual.

This single design allows accounting system programmers to build a single expenditure matrix and copy this format to the other programs in the 10 series. The single design provides flexibility when assigning the reserved programs for future use.

It should be noted, that while the program expenditure matrix has an open and flexible design, districts must adhere to allowable cost guidance in the federal award.

Modifications to the Accounting Manual for Federal Micro-Purchase Guidance

The effective date of this section of the addendum is November 12, 2020, and the changes are applicable to the school district fiscal year beginning September 1, 2020.

Chapter 9—Federal Grants Management

School districts are required to comply with various procurement requirements. When a school district is using federal resources, districts must comply with the more restrictive of federal, state, and school district requirements.

The Uniform Grant Guidance categorizes certain procurement requirements by thresholds labeled: "Micro-Purchase" and "Small Purchase Procedures." Beginning on page 9-15, and under the heading titled "Procurement," the Accounting Manual is modified to provide narrative guidance; allowing for higher micro-purchase thresholds when using federal funds.

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.

Other Modifications to the Chart of Accounts and Accounting Instructions

The effective date of this section of the addendum is September 1, 2020, and the changes are applicable to the school district fiscal year beginning September 1, 2020.

Chapter 5—Revenues and Other Financing Sources

A new revenue code is added to the Chart of Accounts. Other government agencies may provide resources to school districts for enrichment programs. These resources are designated to Sub-Fund 1.

8101 Governmental Entities

Applicable Fund: (GFLS, 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)

Chapter 7—General Journal Entries

Journal entries related to interfund transfers are modified to illustrate the use of revenue code 9901, Other Financing Sources to Sub-Fund 1.

Interfund Transfer Entries: 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 / 9901	Other Financing Sources	GF, DSF, CPF, TVF		X

To record an interfund receivable. The applicable Revenue Account 9900 or 9901 is used.

Capital Projects Technology and Maintenance Transfers

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 resources transferred from the Capital Projects Fund for the above work. (Entry #2a)

Chapter 10—Capital Projects Fund and Transportation Vehicle Fund Accounting

The narrative guidance for Type Code 32 is modified to better distinguish certain expenditures related to technology levies.

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.

Chapter 12—Associated Student Body (ASB) Fund Accounting

The narrative guidance on page 12-3, regarding other forms of private donations into the ASB Fund is modified to highlight its applicability to the fund.

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.

Chapter 13—Fiduciary Activity

The narrative guidance on page 13-6; in the section titled Foundations, is modified to specifically disqualify InvestED as an activity accounted for in a Fiduciary-type fund. When school district personnel have administrative discretion on the use of a resource, the funds must be accounted for in a Government Fund such as the General Fund or ASB.

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.

BULLETIN NO. 010-21 SAFS

March 12, 2021

Page 17

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.

INFORMATION AND ASSISTANCE

For questions regarding this bulletin, please contact Paul Stone, Supervisor of School District and ESD Accounting at 360-725-6303 or by email at paul.stone@k12.wa.us. The OSPI TTY number is 360-664-3631. This bulletin is also available on the OSPI website under [bulletins](#).

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