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Washington Office of Superintendent of  
**PUBLIC INSTRUCTION**  
Chris Reykdal, Superintendent

August 23, 2023

TO: Educational Service District Fiscal Officers and Assistant Fiscal Officers

FROM: Michelle Matakas, Director, School Apportionment and Financial Services

RE: Fiscal Year 2022–23 Educational Service District Annual Financial Statements (F-185)

#### **PURPOSE**

Form F-185 requires ESDs to display amounts in a prescribed format to OSPI. This facilitates an accurate compilation of the ESDs' financial activities into a statewide financial summary. These instructions contain information for preparing and submitting Educational Service District (ESD) Annual Financial Statements (F-185) for Fiscal Year (FY) 2022–23.

#### **TIME SCHEDULE—FORM SPI F-185**

According to WAC 392-125-085, each ESD must submit a financial report to the Office of Superintendent of Public Instruction (OSPI) within 90 calendar days following the end of its fiscal year. For FY 2020–21 this due date is Wednesday, November 29, 2023. If financial information, applicable to all ESDs, is not available in a timely fashion and deprives the ESDs of the ability to complete their financial reporting by this deadline, OSPI is prepared to extend this due date by up to 30 calendar days, or Friday, December 29, 2023.

#### **Utilization of—FORM SPI F-185**

Form SPI F-185, ESD Annual Financial Statements, is the format specified by OSPI. The F-185 is a spreadsheet-driven report. The completed F-185 excel workbook should be returned without modifications to row descriptions or cells containing formulas. Row and columns in the F-185 worksheets should remain intact. Spreadsheets not applicable to an individual ESD should remain intact and not deleted. Adding rows or columns in any worksheets is not authorized without prior notification and approval from OSPI.

F-185 financial reports not submitted to OSPI in the original format will not be accepted and will require resubmission. A number of informational edits can be found on the F-185. These should be corrected before the F-185 is submitted to OSPI. The F-185 Annual Financial Statements and the F-185 template are available on the OSPI website by selecting the [ESD Reports and Resources](#) link from the School Apportionment website.

Because OSPI requires ESDs to prepare the F-185 on a template, the ESD's annual financial reports may need to be modified for GAAP-like financial reports necessary for audit purposes. If circumstances require the district to modify financial reports, retain a copy of the completed F-185 as submitted to OSPI and prepare appropriate GAAP-like financial statements for SAO audit purposes.

Immaterial differences are anticipated between the financial reports prepared for OSPI and GAAP-like financial statements. These differences include, but are not limited to: converting the document to PDF or Word format; modifications to row descriptions; changing cell formulas to values; deleting blank rows or columns; deleting spreadsheets or supplemental reports which are not applicable; adding rows or columns as necessary for appropriate financial statement presentation.

**PLEASE NOTE:** SAO provides general observations about the F-185 template below.

#### **GENERAL OBSERVATIONS FROM SAO REGARDING THE F-185 TEMPLATE**

Since ESDs are proprietary fund type entities, they can also refer to SAO's guidance on [proprietary fund financial statements](#) in BARS to help ensure their statements are fairly presented. The [GFOA checklist](#) is also an excellent resource.

#### **On the Statement of Revenues, Expenses, and Changes in Fund Net Position**

- **"Change in Compensated Absences"** balance could be misleading. Wages and benefits are an operating expense and we would expect any adjustment to be allocated to General Operations and Administration, Instructional Support Programs, and Non-Instructional Support Programs.

#### **OTHER SAO OBSERVATIONS**

- The template does not include a column for discreetly presented component units (if applicable).
- Intangible assets and infrastructure are not included in the template (if applicable).
- The template does not include other deferred outflows/inflows of resources prescribed by GAAP (i.e. "Grants Paid in Advance").
- Amounts in the financial statements and notes should be reported in whole dollars only, no cents.
- When presenting financial statements for audit, lines with nothing to report should not be included.
- ***From OSPI:*** Rows and lines in the F-185 must not be modified or removed before submitting the spreadsheet reports to OSPI.

- **From OSPI:** *Several line items include an underscore mark "\_" (i.e. "Unemployment\_"). The underscore markings are necessary for F-185 reports submitted to OSPI. These marks are not typical for financial reporting presentation and should be removed before presenting financial statements for audit.*

## **FILING**

Filing of the Annual Financial Statements is with School Apportionment and Financial Services at OSPI and with Audit Services at the Office of the State Auditor. Form F-185 may be filed electronically via email, with an attached file.

**The signed Certification Page must still be mailed to: OSPI, School Financial Services, Old Capitol Building, PO Box 47200, Olympia, WA; 98504-7200.**

If an ESD has a Property, Casualty, and Liability Risk Pool, please file that portion of the Annual Financial Statements within 150 days with State Risk Management, Office of Financial Management 360-902-7311, PO Box 41027, Olympia, WA 98504, and with each participating member of your insurance pool. The part of the statement concerning the Industrial Insurance Fund is to be filed with Certification Services Manager, Department of Labor and Industries, within six months after the end of the fiscal year 360-902-6867.

## **ASSISTANCE**

If you have any questions regarding the ESD Annual Financial Statements, please contact Mike Sando, Supervisor ESD Financial Reporting, at 360-725-6304 or Paul Stone, Supervisor ESD Accounting at 360-725-6303. The agency TTY number is 360-664-3631.