

School District Accounting Advisory Committee

Review topics and prepare for changes to the
2026–27 School District Accounting Manual

October 3, 2025



Washington Office of Superintendent of
PUBLIC INSTRUCTION

Topics — Agenda Items

- Schedule of Liabilities
- CTE—CPF Type Codes
- Obsolete Federal Accounting Guidance
- New Funding & Accounting for Special Education
- MSOC Annual Reporting Requirement
- OSPI Financial Health Indicators
- Big Picture — Changes to School District Funds
- Other Topics



Changes to the Schedule of Liabilities (SLTL)

Word Document Provided

Changing the Title

- The "Schedule of Long-Term Liabilities".
- Becomes the "Schedule of Liabilities".
- Includes: "Amounts due in one year".
- The title change helps eliminate confusion on disclosure.



Changes to the Schedule of Liabilities

Three sections – retitled

1. Voted **General Obligation** Debt
2. Non-Voted **Limited General Obligation** Debt ~~and Liabilities~~
3. **Revenue Debt and** Other Liabilities – ~~Non-Voted Notes not Recorded as Debt~~

❖ Revenue Debt and Other Liabilities are not used in the Debt-Limit calculation.



Changes to the Schedule of Liabilities

- Line Item: "LOCAL Program Proceeds Issued in lieu of bonds"
- Retitled: "Voted LOCAL Program Financing".
- Line Item: "LOCAL Program Proceeds"
- Retitled: "Non-Voted LOCAL Program Financing"
- Similar title format

❖ "LOCAL" Program = Local Option Capital Asset Lending Program administered through the Office of the State Treasurer. (SDAM – Chapter 3, Page 43)



Changes to the Schedule of Liabilities

- Propose addition of a new line item:
- **Loans and Debt Obligations to Other Governments**
- Accounting Manual guidance should define other line items as excluding any loans or debts from other governments.



Changes to the Schedule of Liabilities

- Move Compensated Absences to lower section #3:
- Revenue Debt and Other Liabilities
- The Compensated Absences liability is not used in the Debt-Limit calculation



Changes to the Schedule of Liabilities

- Line Item: Anticipation Notes Payable
- Retitled: **Bond and Tax Anticipation Notes**
- Segregate RANs to new line
- New Line Item: **Revenue Anticipation Notes**
- Revenue Debt is different...



Segregating RANs from BANs & TANs

- BANs and TANs are used to calculate debt limit.
- RANs are not.
- Government agencies which operate public utilities (Enterprise Funds) generate “revenues” for that agency.
- Agencies that issue RANs are pledging future “revenues” to be earned by their enterprise operation.



Question about BANs, TANs, and RANs

- When school districts borrow money in anticipation of future resources: Describe the type of resources a district is pledging when classifying the “Anticipation Note” as a
 - Bond Anticipation Note (BAN) (easy answer)
 - Tax Anticipation Note (TAN) (easy answer)
 - Revenue Anticipation Note (RAN) (?)

Is Apportionment considered as a “tax” resource or a “revenue” resource?



Should School Districts be issuing RANs

- If the district is pledging future Apportionment resources to secure debt financing, this must be subject to debt-limit calculations. (TANs)
- Schools are primarily supported by taxes and bonds.
- Are RANs applicable to school districts?
 - Don't want to rule it out... (PPP)
- RANs categorized as "Other Debt on the Schedule of Liabilities.
- Need to review and edit RAN guidance in the SDAM.



Do we add **Registered Warrants** on the Schedule of Liabilities

- The BARS Manual includes this in section 3.10.5.60 —
- General obligation debt includes the following:
 - **Registered warrants** issued against the general fund (current expense) or other ***tax supported funds*** **at year-end**.
- Thinking...



SDAM Chapter 3 — Guidance for Debt and Leases

- Chapter 3 guidance on debt and leases should include sections and titles that match the categories displayed on the Schedule of Liabilities and / or directly to GL Codes in the LT DAG.
- Review and edit the guidance for RANs, BANs, & TANs.



SDAM Chapters 4 & 8 — GL Codes for the Long-Term Debt Account Group

- Synchronize the list of GL codes for the Long-Term Debt Account Group in Chapter 4 — to the Schedule of Liabilities — and includes definitions for each line item.
- Include a corresponding crosswalk in Chapter 8 in the Schedule of Liabilities instructions.
- **SDAAC Subcommittee: Can I have volunteers?**
 - Review the current list of GL Codes for the LT DAG; Create new GL Codes; Crosswalk GL Codes to the Schedule of Liabilities.





CTE in the Capital Projects Fund

CTE-CPF Account Codes

- Accounting Manual Addendum for FY 2025–26
 - Type Code 28—CTE Building Remodeling
 - Type Code 38—CTE Equipment
 - Type Code 48—CTE Energy Upgrades
- Need to add CTE Type Codes in the Capital Projects Fund.
- There are CTE Specific — CPF **Grant Awards in EGMS**
 - (These are Source/Use Code 3, Not new Source Code 8)



CTE-CPF Account Codes

- Accounting Manual Addendum for FY 2025–26
- I would like a volunteer to collaborate with — to create the narrative for the Type Code descriptions.
- It is an exercise in creative writing.
- I have a Word document available for the volunteer...





Remove Federal Stimulus and Other Programs from the Chart of Accounts

Accounting Manual — Remove COVID-19 and ESSER & APR Guidance

- Propose we remove ESSER and APR Program and Revenue Codes — and other COVID-19-related guidance — from the 2026–27 Accounting Manual.
- Make edits to 2026–27 Financial Reporting
 - F-195 and F-196: Remove the Revenue & Program codes from view.
- Adjust the S-275 for 26-27 to make codes invalid.
- Edits to the Chart of Accounts and Duty Code lists.



Accounting Manual — Remove COVID-19 and Federal Stimulus Guidance

Word document illustrating guidance being removed

- SLFRF, ARP, ESSER
- Revenue Codes 6111-6119, 6123 (62XX & 63XX)
- Programs 11-19, 23
- Guidance in CPF allowing the transfer of ESSER to CPF
- Closing ability to do Resource Transfers of Revenue Codes 6X76 Federal Assistance to the CPF.



Accounting Manual — Remove COVID-19 and ESSER Guidance

- Removing Federal Stimulus from the Financial Reports...
(F-195) & (F-196)
- This may take some time to update the reports...
- Cannot “delete” Programming. Must be put in Hibernation...
- Financial Statements may have to continue reporting zero amounts.



Accounting Manual — Remove Obsolete Program and Revenue Codes

- Propose we remove Federal Programs
- **Program 54 Reading First** / Revenues 6154, 6254, 6354
 - ❖ No Activity
- **Program 62 Math & Science PD** / Revenues 6162, 6262, 6362
 - ❖ No resources... Should not be expenditure activity





Special Education Funding and New Accounting Guidance

Major Changes for 2025-26



Eliminates multiple student funding tiers and increases the multiplier for all students to 1.16



Students requiring transition services continue to receive funding through the end of the school year in which they turn 22



Special Education Cost Allocation Changes

3121 Revenue Calculation Change
Resources to fund excess costs in Program 21 are defined
Local funding of Program 21 is allowed, but limited

Special Education Funding and Accounting

Guidance: E2SSB 5263 — Section 7

- Subsection (2) – requires that 25% of the per student allocation be moved from 3100 to 3121.
- Subsection (3)- requires that the remaining 75% of the per student allocation (3100) be used for excess costs prior to using other funding sources.
- Subsection (4) – clearly states that local funds can be used to support special education students.



Special Education Funding and New Accounting Guidance E2SSB 5263

- We interpret this to mean:
- For clear enrichment activities, districts can use local funds to support special education students and in many cases that can be charged to program 21, Sub-Fund 1.
- For non-enrichment activities and services, the district must first use state funds as provided by 4121, 3121, and then the remainder of the per student funding (3100) in subsection 3 –
 - Before using local (or other) funds.



Funding Tiers Eliminated – Deer Park Example

2024-2025

Students in LRE 1 222.22

Students in LRE 2 139.78

BEA Rate 9,872.56

$222.22 \times 1.12 \times 9,872.56 =$

- \$2,457,146

$139.78 \times 1.06 \times 9,872.56$

- \$1,462,786

Total K-12 Allotment for 4121

- **\$3,919,932**  8% Increase 

2025-2026 (with same enrollment)

Total Students 362

BEA Rate 10,097.47

$362 \times 1.16 \times 10,097.47 =$

- \$4,240,130

Total K-12 Allotment for 4121

- **\$4,240,130**

3121 Based on Standard 25% FTE

Deer
Park

3121 Revenue for 2024-25	
K-12 Students	362.00
BEA Rate	9,872.56
Average FTE in Instruction	.2383 (based on LRE data)
State Recovery Rate	.1657 (district specific)
$((362 * 9872.56)/1.1657) * .2383$	\$730,593.15

3121 Revenue for 2025-26	
K-12 Students	362.00
BEA Rate	10,097.47
Average FTE in Instruction	.25 (flat rate)
State Recovery Rate	.1657 (district specific)
$((362 * 10,097.47)/1.1657) * .25$	\$783,924.71

Che
ney

3121 Revenue for 2024-25	
K-12 Students	826.00
BEA Rate	10,035.21
Average FTE in Instruction	.2058 (based on LRE data)
State Recovery Rate	.1615 (district specific)
$((826 * 10035)/1.1615) * .2058$	\$1,468,698.56

3121 Revenue for 2025-26	
K-12 Students	826.00
BEA Rate	10,246.51
Average FTE in Instruction	.25 (flat rate)
State Recovery Rate	.1615 (district specific)
$((826 * 10246.51)/1.1615) * .25$	\$1,821,699.80

Special Ed Spending – State vs. Local (pg.1)

- Deer Park 2025-26
 - BEA Rate 10,097.47
 - Total Program Expenditures
 - **\$5,000,000**
 - Total 4121 Revenue
 - \$4,240,130
 - Total 3121 Revenue
 - \$783,925
 - Total 3121+4121 = **\$5,024,055**
- \$24,055 Surplus...“No Shortfall”**

- Cheney 2025-26
 - BEA Rate \$10,246.51
 - Total Program Expenditures
 - **\$14,900,000**
 - Total 4121 Revenue
 - \$11,097,447
 - Total 3121 Revenue
 - \$1,821,699
 - Total 3121+4121 = **\$12,919,146**
- \$1,980,854 “Shortfall”**

Funding shortfall – State vs. Local

- ANY Shortfall between Program 21 Expenses and a combination of 3121 and 4121 revenue is first covered by special education students' (3100) basic education funds.
 - How much? The other 75% of the BEA (3100) not already transferred to 3121. This equates to 3 times the 3121 revenue in total.
 - For the Cheney example: The shortfall was \$1,980,854. This is less than 3 times the 3121 revenue ($\$1,821,699 * 3$) – so the shortfall would be considered state funded through additional 3100 revenue.
- For any additional shortfall beyond the BEA allocation - other funds including levy funds - may cover the costs.

New Policy on Special Education Spending

Funding Driver Assumptions			New Fiscal Policy in State Budget	
BEA Rate	\$10,200	A	(Assume Exp'd Per Student)	(\$28,000)
SpEd BEA Rate	\$10,000	B	Revenue 4121	\$11,600
SpEd Multiplier	1.16	C	Unfunded Expenditure (A + B)	(\$16,400)
Revenue Per Student		D	Revenue 3121	\$ 2,550
Basic Education	\$10,200	E	Unfunded Expenditure (C + D)	(\$13,850)
Less 25% for SpEd (3121)	\$ 2,550	F	Remaining BEA (3100) (use 1 st)	\$ 7,650
Net BEA 75% (3100)	\$ 7,650	G	Remaining Balance (E + F)	(\$ 6,200)
Revenue 4121 – Multiplier 1.16	\$11,600	H	Local Levy Or Other Resources	\$ 6,200
Total	\$21,800	I	Remaining Balance (G + H)	\$ 0

Must shift (BEA 3100) \$7,650 from Program 01 or Program 97 to fund the special education costs for this student. Levy (enrichment) can only support \$6,200.



Defining Special Education Enrichment Activities

The use of Local Funds for Special Education is allowable:

- For clear enrichment activities — ([RCW 28A.150.276](#) (2)(b) & (3)).
- For “non-enrichment” activities & services, once the BEA and SpEd allocations are utilized for this purpose.
 - “Enrichment activities” are permitted if they provide supplementation beyond the state. (RCW 28A.150.276 (2)(a)).
- **SDAAC Subcommittee:** Volunteers to help further defined the allowable use Local Resources in Special Education.





MSOC Reporting Categories

The MSOC Bill: SB 5192

- We need an SDAAC Subcommittee to align the Chart of Accounts (PP-AA-NCES) to MSOC Expenditure Categories.
- Beginning in the 2026-27 school year, school districts will be required to annually report all expenditures for MSOCs including, **but not limited to**, the following disaggregated categories to OSPI.



The MSOC Bill: SB 5192

- (A) Technology – further disaggregation within this category for:
 - technology devices,
 - technology support staff,
 - software licensing, and
 - technology or software maintenance and repair;
- (B) Election fees associated with school district board of directors' elections;
 - Must isolate what the state says they are funding for election fees from other types of election costs. **New NCES Code (Sub-Fund 1 only)**



The MSOC Bill: SB 5192

- (C) Utilities;
- (D) Insurance;
- (E) Curriculum and textbooks not included under the technology category;
- (F) Library materials not included under the technology category;
- (G) Other supplies not included under other categories;
- (H) Nontechnology-related contracted instructional professional development for certificated and classified staff;



The MSOC Bill: SB 5192

- (I) Facilities maintenance materials, supplies, and operating costs not funded by transfers from other funds;
- (J) Security and central office administration;
- (K) Dues and fees; and
- (L) Property and equipment *not funded by transfers from other funds.*



The MSOC Bill: SB 5192

- Other categories are necessary to meet other state or federal reporting requirements
- MSOCs funded by the state... (SB 5192)
- MSOCs reimbursed through pass-through funding & grants
- MSOCs funded by resources transferred in from other Funds.
- MSOCs funded by enrichment resources
- Worksheet — Expenditure Reference Material



MSOC Reporting Categories - Worksheet

Activity Code	MSOCs by Activity Code	3,549,024,020		MSOCs by NCES Code	3,549,024,020
11	Board of Directors	62,031,960	5610	General Supplies: Instructional and Non-Instructional Resources	418,424,823
12	Superintendent's Office	16,200,472	5626	Motor Vehicle Fuels	62,083,272
13	Business Office	36,028,056	5630	Food	217,537,784
14	Human Resources	17,881,456	5640	Books and Periodicals	71,192,766
15	Public Relations	12,472,977	5650	Supplies - Technology Related	131,557,219
21	Supervision - Instruction	25,723,398	7310	Office and Administrative Services	19,505,913
22	Learning Resources	11,856,486	7311	Election Fees	13,161,897
23	Principal's Office	18,630,778	7320	Professional Educational Services	230,726,188
24	Guidance and Counseling	36,337,457	7321	Contracted Teachers	17,354,781
25	Pupil Management	17,789,354	7322	Contracted Educational Staff Associates	83,509,664
26	Health and Related Services	151,709,556	7330	Employee Training and Development	41,378,408
27	Teaching	1,022,658,138	7340	Other Professional Services	386,858,234





Financial Health Indicators

Review Financial Health Indicators

- This is an SDAAC Subcommittee.
- Looking for Volunteers
- Evaluate current Scoring and Weighting — Propose Changes
- Evaluate other Indicators for use



School District Financial Health Indicators

Financial Health Indicators/Weighted Value	
Fund Balance to Revenue	40%
Expenditures to Revenue	35%
Days Cash on Hand	15%
F195F 4-year Budget Plan Summary	10%

Unrestricted Fund Balance/Revenue

Expenditures/Revenue

Average Month End Cash/ Expenditures

Fund Balance Deficit Projection



School District Financial Health Indicators

SCHOOL DISTRICT	22-23	23-24
Shelton	1.80	0.75
Marysville	1.55	0.80
Bellevue	1.90	1.00
Prescott	0.30	1.10
Northshore	1.55	1.20
Orient	2.10	1.20
Mabton	2.90	1.35
Mount Baker	1.60	1.40
Arlington	1.55	1.50
Cascade	1.90	1.50
Freeman	2.25	1.50
Kalama	1.45	1.50
Vancouver	1.90	1.50
Ferndale	2.60	1.55
Lopez	1.70	1.60
Chehalis	1.45	1.70
Pioneer	2.15	1.70
Yakima	2.60	1.70
Tukwila	0.65	1.80
Richland	1.50	1.85

While only a few of these districts are on binding conditions now, we expect more before the end of the fiscal year. Several may move to financial oversight.

Financial Health is decreasing for many with inadequate legislative funding and uncertain federal funding on the horizon.

Number of Districts in Each Category					
Cut Score	Category	SY 20-21	SY 21-22	SY 22-23	SY 23-24
0	Financial Warning	2	5	18	18
1.751	Not labeled	295	295	295	295



OSPI Considering Changes for 2024-25

Financial Health Indicators/Weighted Value	
Fund Balance to Revenue	40%
Expenditures to Revenue	35%
Days Cash on Hand	15%
F195F 4-year Budget Plan Summary	10%

Why change the weights?

F-195F is a poor indicator of fiscal health



This weight will likely be higher



This weight will likely be higher



This weight will likely be slightly lower



This weight will likely be lower

For 2025-26 OSPI will re-examine the indicators and weights after receiving advice from the SDAAC



F-195 Changes for 2025-26

- **Warnings will show up based on some of the financial indicators**
 - **Fund Balance to Revenue Ratio low**
 - **Expenditure to Revenue Ratio is high**
 - **Fund Balance Projections are negative**

Why make these changes?

- **Help business officials highlight the importance of fiscal health with district leadership, school board members, and the community.**



Committee Involvement

- **Let us know your ideas for improving the Financial Health Indicators**
- **Let us know how we can help elevate the importance of Financial Health to stakeholders**
- **Let us know how we can support your messaging that Financial Health must be an organizational priority**



Potential Adjustments to Weights

Financial Health Indicator Weighted Values		
	Current Weights	Proposed Weights
Fund Balance to Revenue	40 %	45 %
Expenditures to Revenues	35 %	40 %
Days Cash on Hand	15 %	10 %
F195F 4-year Budget Plan Summary	10 %	5%



Potential Adjustments to Cut Scores

Fund Balance to Revenue (Current Weight 40%)					
Current Scoring			Proposed Scoring		New Scoring Indicates
< 0%	0		< 2.00%	0	Less than a week Fund Balance in reserve.
0.00% - 1.99	1		2.00% - 4.99%	1	A "7 to 18" day reserve
2.00% - 5.99	2		5.00% - 7.99%	2	Up to a 28-day reserve
6.00% - 12.49	3		8.00% - 12.49%	3	Up to a 45-day reserve
≥ 12.50%	4		≥ 12.50%	4	Greater than a 45-day FB



Potential Adjustments to Cut Scores

Expenditures to Revenues (Current Weight is 35%)					
Current Scoring			Proposed Scoring		New Scoring Indicates
0.00% - 99.99	4		0.00% - 97.99	4	Retaining more than 2% of Resources / Increasing Fund Balance.
100.00% - 101.99	3		98.00% - 99.99	3	Current Resources sufficient to pay Current Expenditures
102.00% - 104.99	2		100.00% - 101.99	2	Using Less than 2% of Fund Balance to pay Current Expds
105.00% - 109.99	1		102.00% - 109.99	1	Up to a 10% Fund Balance draw down.
≥ 110.00%	0		≥ 110.00%	0	Fund Balance draw down exceeds 10 %.



Review Scoring Methodology

Days Cash on Hand - Monthly			4-Year Budget Plan	
No Scoring Change – Yet...			No Scoring Change	
Days		Generally Speaking	0 Negative Years	4
0 - 30	0	Cash is not sufficient to pay one month's expenditures.	1 year	3
30 - Average	1	Sufficient cash for one month.	2 years	2
*Average - 60	2	Cash sufficient to pay two month's expenditures.	3 years	1
60 - 90	3	Better than two month's cash on hand.	4 years	0
> 90	4			





Big Picture — Changes to School District Funds

Combine CPF & TVF into one Capital Projects Fund

- The combined CPF/TVF would be Fund 2.
- This is only possible with Legislative approval.
- SDAAC — What are some initial thoughts?



CPF / TVF Type Codes

- Current Type Codes — No overlap.

30	EQUIPMENT – Type Codes		40	ENERGY – Type Codes
31	Initial		41	Audits
32	Additional		42	Capital Improvements
33	Transportation Equipment		43	Transportation Vehicle Energy Audits
34	Transportation Equipment Major Repair		44	Transportation Vehicle Energy Improvements
35	Instructional Technology			
38	CTE Equipment		48	CTE Energy Upgrades



The CPF / TVF Combo

- What's the temperature in the SDAAC?
- If we get the go ahead, an SDAAC Subcommittee will be created to help plan the process.
 - Impact to EDS / SASQUATCH
 - Chart of Accounts - New Equity GL Account Codes?
 - County Treasurer Considerations
 - Timing of the TVF Fund Balance Transfer over



Consideration: New Fund

Child Nutrition Services (Fund 9)

- Move Program 98 and all related nutrition programs into a Separate Fund.
- This is only possible with Legislative approval.
- SDAAC Subcommittee... at a later date.
- SDAAC — What are some initial thoughts?



Consideration: New Fund 9 for the Child Nutrition Program

- The Child Nutrition Program (The Local Food Service Account) is a separate Fund in School Districts across the Nation.
 - This change aligns us closer to Federal Guidelines.
- Better procedures to track the annual **Program 98 deficits**.
 - Interfund "**Loans**" from the General Fund.
- Interfund Transfers rules need to be researched... these may not be allowable without a change to Law.



Consideration: New Fund 9 for the Child Nutrition Program

- Impacts to EDS / SASQUATCH
 - Apportionment, Financial Reporting, S-275...
- District Payroll System – Fund 9 Accounting...
 - Possibly use Interfund Reimbursements to keep P/R in Fund 1
- CNS Programs and Services have distinct “Program & Resource” Codes.
 - In the New Fund 9, we do not have to pack everything into a single program (98) or revenue code (6198)



Other Topics?

- Debt Service Fund — Expenditure Type Codes
- F-197 System Upgrade — Subcommittee
 - Interfund Activity Subcommittee - Oversight.
- The Chart of Accounts (COA): Subcommittee
 - NCES Codes for Debit & Credit Transfers
- Other Topics?



2025–26 SDAAC Meeting Schedule

Friday, November 7	9-11 am	OSPI Webinar	Regular Meeting
Thursday, December 11	9-11 am	OSPI Webinar	Regular Meeting
Friday, January 23, 2026	9-11 am	OSPI Webinar	Regular Meeting



Final Thoughts

The next meeting is scheduled for Friday, November 7th.

OSPI will host an In-Person; and Broadcast the meeting via Zoom or through another media platform.

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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