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2025–26 School District Accounting Manual Addendum #4 – (260420 SAFS Hot Topics Delivery)

Good afternoon,

The purpose of this School Apportionment and Financial Services (SAFS) Accounting 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 2025, and the changes are applicable to the school district fiscal year beginning September 1, 2025.

2025–26 SCHOOL DISTRICT ACCOUNTING MANUAL ADDENDUM #4

Federal Forest resources provided to school districts are once again deductible revenues in accordance with RCW 28A.520.020. This requires that revenue code 5500—Federal Forest be designated as a Sub-Fund 0 resource to align with revenue code 3100—Apportionment and the other sources of deductible revenues.

In Chapter 5, near page 5-5: The section titled Deductible Revenues is edited to provide more information on the topic.

Deductible Revenues

Certain General Fund revenues of the school district reduce the state payment to the district in Revenue 3100 Apportionment, as determined by the legislature. These are:

- 1400 Local in Lieu of Taxes
- 5400 Federal in Lieu of Taxes
- 5500 Federal Forests

Revenue 5500 resources must initially be deposited in the General Fund. The funding in this account is deducted from apportionment as follows:

- Districts with 57% or greater of prior year students qualifying for free or reduced school lunch, will not have the lesser of \$70,000 or their actual 5500 funding reduced from their apportionment. This means that all 5500 revenues, in excess of \$70,000 will be reduced from apportionment for these districts.

- For Skamania County districts only, 30% of the lesser of the basic education allocation or federal forest revenue is deducted, such that districts with a 57% or greater of prior year students qualifying for free or reduced school lunch will not have the lesser of \$70,000 or their actual 5500 funding reduced from apportionment.
- For all districts outside Skamania County, with less than 57% of the prior year students qualifying for free or reduced school lunch will have 100% of the amount of 5500 funding reduced from apportionment.

Any local in lieu of taxes or federal in lieu of taxes (Revenues 1400 and 5400 resources) received in the debt service, capital project, and transportation vehicle funds are not considered deductible revenues.

All deductible revenues should be coded in sub-fund 0 as they are considered to be providing funding for the state's program of basic education.

After receiving the deductible revenues, districts should compare what they receive to what is deducted on apportionment to determine if it is appropriate to record a liability in General Ledger 630 Due to Other Government Units.

In Chapter 5, near page 5-30: The applicable fund designation for revenue code 5500 Federal Forest is changed from Sub-Fund 1–(GFL) to Sub-Fund 0–(GFS). The guidance is also edited to include more information.

5500 Federal Forests

Applicable Fund: (**GFS**, DSF, CPF)

Record revenue from the distribution of the federal forest allocation. These resources must initially be deposited in the General Fund. The funding in this account is deducted from apportionment as follows:

- Districts with 57% or greater of prior year students qualifying for free or reduced school lunch, will not have the lesser of \$70,000 or their actual 5500 funding reduced from their apportionment. This means that all 5500 revenues, in excess of \$70,000 will be reduced from apportionment for these districts.
- For Skamania County districts only, 30% of the lesser of the basic education allocation or federal forest revenue is deducted, such that districts with a 57% or greater of prior year students qualifying for free or reduced school lunch will not have the lesser of \$70,000 or their actual 5500 funding reduced from apportionment.
- For all districts outside Skamania County, with less than 57% of the prior year students qualifying for free or reduced school lunch will have 100% of the amount of 5500 funding reduced from apportionment.

Background Information

In the current biennium, the operating budget no longer contains language that allows federal forest resources to not be deducted from general apportionment payments. As such, the provisions in RCW 28A.520.020 are in effect.

This Revenue by Source of Fund Matrix illustrates how Federal Forest resources are aligned with other deductible revenues. The “na” is used to show what is not applicable.

Account	Title	GFS 10	GFL 11	DSF	CPF	TVF
1400	Local in Lieu of Taxes		na			
5400	Federal in Lieu of Taxes		na			
5500	Federal Forests		na			na

For questions regarding this SAFS Hot Topics Delivery notice, please reach out to Paul Stone at paul.stone@k12.wa.us.