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Washington Office of Superintendent of
PUBLIC INSTRUCTION
Chris Reykdal, Superintendent

2026–27 Educational Service District Accounting Manual Revisions – (260729 Gov Delivery)

Purpose/Background
The purpose of this bulletin is to advise Educational Service Districts (ESDs) of the revisions and distribution of the *Accounting Manual for Educational Service Districts in the State of Washington (ESD Accounting Manual).* The *Accounting Manual* is revised for the 2026–27 school year and the effective date of these revisions is September 1, 2026.

The *Accounting Manual* is distributed electronically; printed copies are not mailed to ESDs. The *Accounting Manual* can be accessed on the OSPI website under the School Apportionment and Financial Services (SAFS) webpage under ESD Reports and Resources. The *Accounting Manual* online "print version" is designed to produce double-sided copies. Hardcopies of the *Accounting Manual* can be ordered from School Apportionment and Financial Services (SAFS) for a fee by contacting Carrie Hert at 360-725-6300, Carrie.Hert@k12.wa.us, or OSPI SAFS, P.O. Box 47200, Olympia, WA 98504.

Information and Assistance
For questions regarding this newsletter announcement, 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 newsletter announcement is also available on the OSPI website under ESD Reports and Resources..

Note: Boxes surrounding narrative in this bulletin provide a synopsis of the revised accounting guidance.

CHAPTER 1 – Principles of Accounting — Changes

In Chapter 1, Page 2: Updating effective date.

[1]*All GASB Interpretations issued and currently in effect as of* ***June 15, 2026****, are also considered as being included in Category A until otherwise altered, amended supplemented, revoked or superseded by subsequent GASB pronouncements.*

In Chapter 1, Page 6: Removing the "Employee Health Benefit Fund" from the listing of Fund Types.

The following are enterprise fund types used by ESDs:

- Operating Fund—to account for all financial resources except those required to be accounted for in another fund. Required for all ESDs.
- ~~Employee Health Benefits Fund—to account for the activities of operating health benefits plans.~~
- Insurance Fund**—**to account for property liability, errors and omissions liability, and other self-insurance plans.
- Unemployment Compensation Fund—to account for the activities of the unemployment insurance cooperative.
- Worker's Compensation Fund—to account for the activities of the workers' compensation self-insurance plans.

CHAPTER 2 – Principles of Reporting — Changes

In Chapter 2, Page 6: The reporting guidance for the signed Certification Page is updated.

Report F-185—Annual Financial Statements

The signed Certification Page should be emailed in a PDF format to the Supervisor of ESD Financial Reporting, at mike.sando@k12.wa.us.

In Chapter 2, Page 6: The section is updated. Guidance pertaining to the outdated F-185 Excel Format is not applicable to the newer F-185 file format. The obsolete guidance is deleted.

Overview of Report F-185

F-185 financial reports not submitted to OSPI in the original format will not be accepted and will require resubmission. 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.

~~A number of informational edits can be found on the F-185. These should be corrected before the F-185 is submitted to OSPI.~~

~~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.~~

In Chapter 2, Page 7: The guidance in the section *Financial Reporting of Corrections* is updated to reference GASB 100 Accounting Changes and Error Corrections. The older guidance referencing FASB Statement No. 16 is deleted.

Financial Reporting of Corrections

Informational supplements (filings) to Report F-185 are generally only used for adjusting reimbursements that result from the correction of errors. They are not a replacement for the accounting and financial reporting of errors required in accordance with GAAP.

Since the informational supplement filing does not correct the actual Report F-185 filing, but only supplements it, the ESD must address the error correction in its current-year financial statements. These error corrections must be done in accordance with GASB Statement 100, Accounting Changes and Error Corrections. When the question of a prior period adjustment comes up, the ESD may wish to work with the SAO’s regional audit manager to obtain concurrence on how it should be handled.

~~These error corrections must be done in accordance with **Financial Accounting Standards Board (FASB) Statement No. 16, “Prior Period Adjustments,”** which states immaterial prior period error corrections must be shown in the current-year’s revenue and expense accounts. If the error corrections are material in amount, the ESD will need to reflect the changes to the beginning fund balance of the current fiscal year. (See the definition of “materiality” below.) These accounting and reporting steps should be included in Report F-185 for the current year, and **not** for the year in which the error occurred.~~

In Chapter 2, Page 10: The outline illustrates the statement format. The *Noncapital Subsidies* section is added to comply with GASB Statement 103. *Unusual or Infrequent Items* replaces *Special and extraordinary Items*.

Statement of Revenues, Expenditures, and Changes in Fund Net Position

The statement should present the following information, in the format and sequence indicated:

- Operating Revenues (detailed)
- Operating Expenditures (detailed)
  - Operating Income (Loss)
- Non-Capital Subsidies including transfers (detailed)
  - Operating Income (Loss) and Non-Capital Subsidies
- Other Nonoperating Revenues (Expenses) (detailed)
  - Income (Loss) before Unusual or Infrequent Items
- Unusual or Infrequent Items – Inflows and Outflows (detailed)
  - Increase (Decrease) in Net Position
- Net Position – Beginning Balance, as previously reported
  - Accounting Changes and Error Corrections
- Net Position – Beginning Balance, as restated
- Net Position – Ending Balance

In Chapter 2, Page 12: The guidance is modified. The Notes to the Financial Statements are now published on the SAO website.

Notes to the Financial Statements

~~Sample notes to the financial statements can be accessed on the OSPI site by selecting the ESD Reports and Resources link from the School Apportionment website.~~

Sample notes to the financial statements can be accessed on the SAO BARS Reporting Templates webpage.

In Chapter 2, Page 14: Minor edit to the report title in the guidance.

OTHER FINANCIAL REPORTS

The third is the Budgetary Comparison Report. On this report, ESDs will compare their approved and amended budgets to actual results by revenue and expense, consistent with the Statement of Changes in Net Position. This report is prepared for the General Expense Fund ~~Expenses~~ only.

CHAPTER 3 – Chart of Accounts — Changes

In Chapter 3, Pages 22 and 23: Resource codes 73 and 83 are retitled to identify noncapital subsidies and two new resource codes 74 and 84 are added to the Chart of Accounts to identify operating revenues in cooperative programs or other programs to distinguish resources as described in GASB Statement 103.

Payments for Cooperative Programs (Revenue Codes 70–79)

73 Payments from Other Entities—Noncapital Subsidies
Record noncapital subsidies provided for programs funded on a cooperative basis pursuant to RCW 28A.310.180 or chapter 39.34 RCW.

74 Payments from Other Entities—Operating
Record revenue for programs funded on a cooperative basis pursuant to RCW 28A.310.180 or chapter 39.34 RCW

Payments for Other Programs (Revenue Codes 80–89)

83 Payments from Other Entities—Noncapital Subsidies
Record noncapital subsidies provided for programs or services not operated on a cooperative basis.

83 Payments from Other Entities—Operating
Record revenue for programs or services not operated on a cooperative basis.

In Chapter 3, Page 36: The title for Activity 89 Depreciation is modified to include Amortization. The narrative also includes amortization. This change aligns to the federal NCES title.

89 Depreciation and Amortization
Record expenditures for annual depreciation and amortization amounts. These amounts may either be charged to the appropriate program code that received the benefit or charged to a central account and then spread to other programs via debit and credit transfers. Only depreciation and amortization methods outlined in Generally Accepted Accounting Principles may be used.

CHAPTER 4 – Federal Grants Management — Changes

In Chapter 4, Page 2: The narrative describing regulations is outdated. The title of 2 CFR Part 200 is added. Obsolete narrative describing former guidance is deleted.

Regulations

Regulations are issued by agencies to answer questions regarding unclear areas in the statutes. Just like statutes, regulations are legally binding by law. The *Federal Register* is where all of the final regulations are published. The Code of Federal Regulations (CFR) contains all regulations. ED program regulations are published in Title 34 of the CFR. Education General Administrative Requirements (EDGAR) is a compilation of administrative requirements published in 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. ~~also published in the CFR~~.

~~On December 26, 2013, the federal Office of Management and Budget (OMB) issued rules that combined several OMB Circulars into one document titled "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." The document is also referred to as the Uniform Grant Guidance, Omni Circular, and Super Circular. It supersedes OMB circulars, including A-87 (Cost Principles), A-102 (Administrative Requirements), and A-133 (Audits). The Uniform Grant Guidance can be found in 2 CFR Part 200.~~

The table below illustrates the regulations applicable for ED programs.

Applicable Regulations for ED Programs	
Title 34	**Title 2**
Part 75 – Direct Grant Programs Part 76 – State-Administered Programs	Part 200 – Cost, Administrative, Audit Rules • Subpart A – Acronyms and Definitions • Subpart B – General Provisions

Applicable Regulations for ED Programs	
Part 77 – Definitions Part 81 – General Education Provisions Act (GEPA)	• Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards • Subpart D – Post Federal Award Requirements ~~**(formerly Part 80 EDGAR)**~~ • Subpart E – Cost Principles ~~**(formerly OMB Circular A-87)**~~ • Subpart F – Audit Requirements ~~(formerly OMB Circular A-133)~~

In Chapter 4, Page 11: The guidance is modified for increased federal procurement thresholds. Minimum thresholds of $10,000 increase to $15,000. Higher thresholds of $250,000 increase to $350,000.

Procurement

When federal funds are used to purchase goods (furniture, supplies, equipment, and textbooks):

- Purchases of $15,000 or less do not require quotes. However, ESDs must consider the price to be reasonable, and, to the extent practical, distribute equitably among suppliers. Further, the ESD should have a policy in place authorizing expenditures of $15,000 or less to be considered without quotes.
- Simplified Acquisitions between $15,000 and $75,000 must be procured using price or rate quotations from an adequate number of qualified sources (state law requires three sources).
- Purchases of $75,000 or more must be publicly solicited using sealed bids.

When federal funds are used to purchase services:

- Purchases of $15,000 or less do not require quotes. However, ESDs must consider the price to be reasonable, and, to the extent practical, distribute equitably among suppliers.
- Purchases between $15,000 and $350,000 must be procured using price or rate quotations from an adequate number of qualified sources.
- Purchases of $350,000 or more must be publicly solicited using sealed bids.

In Chapter 4, Page 16: The SEFA guidance is added to the OSPI webpage for school districts and ESDs to utilize. Accounting guidance modified.

Schedule of Expenditures of Federal Awards

The SEFA is included as a part of the ESD's financial statements. Further information on the SEFA can be found on the OSPI ABFR webpage ~~in the Administrative, Budgeting, and Financial Reporting (ABFR) Handbook,~~ or on the website for the State Auditor's Office.

Appendix A – ESD Cost Allocation Plan — Changes

In Appendix A, No Changes**.**

Appendix B – Program Expenditure Matrices — Changes

In Appendix B, No Changes.

For questions regarding this document, please reach out to Paul Stone at paul.stone@k12.wa.us.